UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 8, 2020 (April 2, 2020)

RAYTHEON TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	001-00812	06-0570975
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

870 Winter Street
Waltham, Massachusetts 02451
(Address of principal executive offices, including zip code)

(Registrant's telephone number, including area code)
(781) 522-3000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($1 par value) (CUSIP 75513E 101)	**RTX**	**New York Stock Exchange**
2.150% Notes due 2030 (CUSIP 75513E AB7)	**RTX 30**	**New York Stock Exchange**
Floating Rate Notes due 2020 (CUSIP 75513E AA9)	**RTX 20B**	**New York Stock Exchange**

Item 1.01. Entry into a Material Definitive Agreement.

On April 2, 2020, in connection with the Separation and the Distributions (each as defined below), United Technologies Corporation (since renamed Raytheon Technologies Corporation, as described below in Item 2.01 of this Current Report on Form 8-K) (the "Company"), entered into several agreements with Carrier Global Corporation ("Carrier") and Otis Worldwide Corporation ("Otis") that govern the relationship of the parties following the Distributions, including the following:

- Separation and Distribution Agreement;
- Transition Services Agreement;
- Tax Matters Agreement;
- Employee Matters Agreement; and
- Intellectual Property Agreement.

Separation and Distribution Agreement

Transfer of Assets and Assumption of Liabilities

The separation and distribution agreement identifies the assets transferred, the liabilities assumed and the contracts transferred to each of Carrier, Otis and the Company as part of the Separation, and provides for when and how these transfers and assumptions occurred. In particular, the separation and distribution agreement provides that, among other things, subject to the terms and conditions contained therein:

- certain assets of, or related to, the Company's Carrier operating segment prior to the Separation, covering HVAC, refrigeration, fire and security solutions (such business, the "Carrier Business" and such assets, the "Carrier Assets,") are retained by or transferred to Carrier or Carrier's subsidiaries, including:
  - equity interests of Carrier's subsidiaries as of immediately after the effective time of the Distributions;
  - assets (other than cash and cash equivalents) that are included on the Carrier unaudited pro forma balance sheet as of December 31, 2019, as well as assets that are of a nature or type that would have resulted in such assets being included on a pro forma combined balance sheet of Carrier and Carrier's subsidiaries;
  - contracts (or portions thereof) that, subject to limited exceptions, solely or primarily relate to the Carrier Business;
  - permits used or held for use solely or primarily in the Carrier Business;
  - certain intellectual property rights and technology used or held for use in the Carrier Business;
  - information solely or primarily related to the Carrier Assets, the Carrier Liabilities (as defined below), the Carrier Business or Carrier's subsidiaries;
  - cash and cash equivalents held in bank or brokerage accounts owned exclusively by Carrier or Carrier's subsidiaries as of the effective time of the Distributions;
  - other assets expressly allocated to Carrier or Carrier's subsidiaries pursuant to the terms of the separation and distribution agreement or the other agreements entered into in connection with the Separation; and

- subject to limited exceptions, other assets used or held for use solely or primarily in the Carrier Business.

- certain liabilities of, or related to, the Carrier Business (the "Carrier Liabilities") are retained by or transferred to Carrier or Carrier's subsidiaries, including:
  - liabilities that are included on the Carrier unaudited pro forma balance sheet as of December 31, 2019, as well as liabilities that are of a nature or type that would have resulted in such liabilities being included on a pro forma combined balance sheet of Carrier and Carrier's subsidiaries;
  - liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts, or circumstances to the extent related to, arising out of or resulting from the Carrier Business or the Carrier Assets;
  - liabilities to the extent relating to, arising out of or resulting from the contracts, intellectual property rights, technology, licenses, permits or financing arrangements that relate to the Carrier Business;
  - liabilities arising out of litigation or other claims (including in respect of environmental or asbestos-related matters) made by third parties including directors, officers, stockholders, employees and agents of Carrier, Otis or the Company, or any investigations, sanctions or orders, to the extent the facts underlying the applicable matter relate to, arise out of or result from the Carrier Business, the Carrier Assets or the other Carrier Liabilities;
  - other liabilities expressly allocated to Carrier or Carrier's subsidiaries pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the Separation; and
  - subject to limited exceptions, other liabilities to the extent arising out of or relating to the Carrier Business or a Carrier Asset.

- certain assets of, or related to, the Company's Otis operating segment prior to the Separation, covering elevator and escalator manufacturing, installation and service businesses (such business, the "Otis Business" and such assets, the "Otis Assets,") are retained by or transferred to Otis or Otis' subsidiaries, including:
  - equity interests of Otis' subsidiaries as of immediately after the effective time of the Distributions;
  - assets (other than cash and cash equivalents) that are included on the Otis unaudited pro forma balance sheet as of December 31, 2019, as well as assets that are of a nature or type that would have resulted in such assets being included on a pro forma combined balance sheet of Otis and Otis' subsidiaries;
  - contracts (or portions thereof) that, subject to limited exceptions, solely or primarily relate to the Otis Business;
  - permits used or held for use solely or primarily in the Otis Business;
  - certain intellectual property rights and technology used or held for use in the Otis Business;

- information solely or primarily related to the Otis Assets, the Otis Liabilities (as defined below), the Otis Business or Otis' subsidiaries;
- cash and cash equivalents held in bank or brokerage accounts owned exclusively by Otis or Otis' subsidiaries as of the effective time of the Distributions;
- other assets expressly allocated to Otis or Otis' subsidiaries pursuant to the terms of the separation and distribution agreement or the other agreements entered into in connection with the Separation; and
- subject to limited exceptions, other assets used or held for use solely or primarily in the Otis Business.

- certain liabilities of, or related to, the Otis Business (the "Otis Liabilities") are retained by or transferred to Otis or Otis' subsidiaries, including:
  - liabilities that are included on the Otis unaudited pro forma balance sheet as of December 31, 2019, as well as liabilities that are of a nature or type that would have resulted in such liabilities being included on a pro forma combined balance sheet of Otis and Otis' subsidiaries;
  - liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts, or circumstances to the extent related to, arising out of or resulting from the Otis Business or the Otis Assets;
  - liabilities to the extent relating to, arising out of or resulting from the contracts, intellectual property rights, technology, licenses, permits or financing arrangements that relate to the Otis Business;
  - liabilities arising out of litigation or other claims (including in respect of environmental or asbestos-related matters) made by third parties, including directors, officers, stockholders, employees and agents of Carrier, Otis or the Company, or any investigations, sanctions or orders, to the extent the facts underlying the applicable matter relate to, arise out of or result from the Otis Business, the Otis Assets or the other Otis Liabilities;
  - other liabilities expressly allocated to Otis or Otis' subsidiaries pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the Separation; and
  - subject to limited exceptions, other liabilities to the extent arising out of or relating to the Otis Business or an Otis Asset.
- all assets other than the Carrier Assets and the Otis Assets (the "Company Assets") are retained by or transferred to the Company or the Company's subsidiaries, including:

- assets expressly allocated to Company or the Company's subsidiaries pursuant to the terms of the separation and distribution agreement or the other agreements entered into in connection with the Separation;

- intellectual property rights and technology used or held for use in the Company's Pratt & Whitney operating segment prior to the Separation, which supplies aircraft engines and aftermarket services for the commercial, military, business jet and general aviation markets, and its Collins Aerospace Systems segment prior to the Separation, which provides technologically advanced aerospace products and aftermarket service solutions for aircraft manufacturers, airlines, regional, business and general aviation markets, military, space and undersea operations (the "Company Business");

- permits used or held for use solely or primarily in the Company Business;

- information not solely or primarily related to the Carrier Assets, the Carrier Liabilities, the Carrier Business, Carrier's subsidiaries, the Otis Assets, the Otis Liabilities, the Otis Business or Otis' subsidiaries; and

- cash and cash equivalents not held in bank or brokerage accounts owned exclusively by Carrier, Otis or their respective subsidiaries as of the effective time.

- all liabilities other than the Carrier Liabilities and the Otis Liabilities (the "Company Liabilities") are retained by or transferred to the Company or the Company's subsidiaries, including:

  - liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the effective time of the Distributions, of the Company or the Company's subsidiaries, in each case that are not Carrier Liabilities or Otis Liabilities;

  - liabilities arising out of litigation or other claims (including in respect of environmental or asbestos-related matters) made by third parties, including directors, officers, stockholders, employees and agents of Carrier, Otis or the Company, or any investigations, sanctions or orders, to the extent the facts underlying the applicable matter relate to, arise out of or result from the Company Business, the Company Assets or the other Company Liabilities; and

  - other liabilities expressly allocated to the Company or the Company's subsidiaries pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the Separation.

Except as expressly set forth in the separation and distribution agreement or any ancillary agreement, none of Carrier, Otis or the Company makes any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the Separation, as to any consents or approvals required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of any of Carrier, Otis or the Company, or as to the legal sufficiency of any document or instrument delivered to convey title to any asset to be transferred in connection with the Separation. All assets were transferred on an "as is," "where is" basis, and the respective transferees bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals or notifications are not obtained or made, or that any requirements of laws or judgments are not complied with.

The separation and distribution agreement provides that in the event that the transfer of certain assets and liabilities (or a portion thereof) to Carrier, Otis or the Company, as applicable, did not occur prior to the Separation, then until such assets or liabilities (or a portion thereof) are able to be transferred, Carrier, Otis or the Company, as applicable, will hold such assets on behalf and for the benefit of the transferee and will pay, perform and discharge such liabilities, for which the transferee will reimburse Carrier, Otis or the Company, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities.

The Distributions

The separation and distribution agreement also governs the rights and obligations of the parties regarding the Distributions following the completion of the Separation.

Releases

The separation and distribution agreement provides that Carrier and its affiliates released and discharged the Company, Otis and their respective affiliates and certain other non-recourse parties from all Carrier Liabilities, all liabilities arising from or in connection with the activities to implement the Separation and the Distributions, and all liabilities arising from or in connection with all actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing before April 3, 2020 to the extent relating to, arising out of or resulting from the Carrier Business, the Carrier Assets or the Carrier Liabilities, in each case except as expressly set forth in the separation and distribution agreement.

The separation and distribution agreement provides that Otis and its affiliates released and discharged the Company, Carrier and their respective affiliates and certain other non-recourse parties from all Otis Liabilities, all liabilities arising from or in connection with the activities to implement the Separation and the Distributions, and all liabilities arising from or in connection with all actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing before April 3, 2020 to the extent relating to, arising out of or resulting from the Otis Business, the Otis Assets or the Otis Liabilities, in each case except as expressly set forth in the separation and distribution agreement.

The separation and distribution agreement provides that the Company and its affiliates released and discharged Carrier, Otis and their respective affiliates and certain other non-recourse parties from all Company Liabilities, all liabilities arising from or in connection with the activities to implement the Separation and the Distributions, and all liabilities arising from or in connection with all actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing before April 3, 2020 to the extent relating to, arising out of or resulting from the Company Business, the Company Assets or the Company Liabilities, in each case except as expressly set forth in the separation and distribution agreement.

These releases do not extend to obligations or liabilities under any agreements among the parties that remain in effect following the Separation, which agreements include the separation and distribution agreement, the transition services agreement, the tax matters agreement, the employee matters agreement and the intellectual property agreement, or to any obligations or liabilities for the sale, lease, construction or receipt of goods, property or services in the ordinary course of business prior to April 3, 2020.

Indemnification

In the separation and distribution agreement, Carrier agreed to indemnify, defend and hold harmless the Company, Otis, each of the Company's and Otis' respective affiliates, and each of the Company's and Otis' and their respective affiliates' directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the Carrier Liabilities;

- Carrier's failure or the failure of any other person to pay, perform or otherwise promptly discharge any of the Carrier Liabilities, in accordance with their respective terms, whether prior to, at or after the Distributions;

- except to the extent relating to a Company Liability or an Otis Liability, any guarantee, indemnification or contribution obligation for the benefit of Carrier by the Company or Otis that survives the Distributions;

- any breach by Carrier of the separation and distribution agreement or any of the ancillary agreements; and

- any untrue statement or alleged untrue statement or omission or alleged omission of material fact with respect to (1) all information contained in Carrier's Form 10, including the Information Statement of Carrier, dated March 16, 2020, or certain other Carrier disclosure documents other than information relating to Otis or its business, assets or liabilities or the Otis distribution, or statements made explicitly in the Company's name, and (2) all information in respect of Carrier or its business, assets or liabilities or the Carrier distribution in any Company disclosure document in respect of a reporting period beginning prior to the completion of the Distributions, or in Otis' Form 10, including the Information Statement of Otis, dated March 16, 2020, or certain other Otis disclosure documents.

In the separation and distribution agreement, Otis agreed to indemnify, defend and hold harmless the Company, Carrier, each of the Company's and Carrier's respective affiliates, and each of the Company's and Carrier's and their respective affiliates' directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the Otis Liabilities;

- Otis' failure or the failure of any other person to pay, perform or otherwise promptly discharge any of the Otis Liabilities, in accordance with their respective terms, whether prior to, at or after the Distributions;

- except to the extent relating to a Company Liability or a Carrier Liability, any guarantee, indemnification or contribution obligation for the benefit of Otis by the Company or Carrier that survives the Distributions;

- any breach by Otis of the separation and distribution agreement or any of the ancillary agreements; and

- any untrue statement or alleged untrue statement or omission or alleged omission of material fact with respect to (1) all information contained in Otis' Form 10, including the Information Statement of Otis, dated March 16, 2020, or certain other Otis disclosure documents other than information relating to Carrier or its business, assets or liabilities or the Carrier distribution, or statements made explicitly in the Company's name, and (2) all information in respect of Otis or its business, assets or liabilities or the Otis distribution in any Company disclosure document in respect of a reporting period beginning prior to the completion of the Distributions, or in Carrier's Form 10, including the Information Statement of Carrier, dated March 16, 2020, or certain other Carrier disclosure documents.

The Company agreed to indemnify, defend and hold harmless each of Carrier and Otis and each of their respective affiliates and each of Carrier's and Otis' and their respective affiliates' directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the Company Liabilities;

- the failure of the Company or any other person to pay, perform or otherwise promptly discharge any of the Company Liabilities in accordance with their respective terms whether prior to, at or after the Distributions;

- except to the extent relating to an Otis Liability or a Carrier Liability, any guarantee, indemnification or contribution obligation for the benefit of the Company by Otis or Carrier, as applicable, that survives the Distributions;

- any breach by the Company of the separation and distribution agreement or any of the ancillary agreements; and

- any untrue statement or alleged untrue statement or omission or alleged omission of material fact with respect to (1) statements made explicitly in the Company's name in Carrier's Form 10, including the Information Statement of Carrier, dated March 16, 2020 and Otis' Form 10, including the Information Statement of Otis, dated March 16, 2020, or certain other Carrier disclosure documents or Otis disclosure documents and (2) statements in any Company disclosure document other than information in respect of Carrier or Otis or their respective businesses, assets or liabilities or the Distributions, made in any Company disclosure document in respect of a reporting period beginning prior to the Distributions.

The separation and distribution agreement contains procedures with respect to claims subject to indemnification and related matters.

Indemnification with respect to taxes, and the procedures related thereto, is governed by the tax matters agreement.

Insurance

The separation and distribution agreement provides for the allocation among the parties of rights and obligations under existing insurance policies. In general, no party has rights under the other parties' insurance policies, except to make occurrence-based claims in respect of losses incurred prior to specified coverage transition dates under the other parties' third-party occurrence-based policies to the extent such policies provided coverage for the Company, Carrier or Otis, as applicable, prior to such coverage transition dates. The party accessing the insurance policies is generally responsible for deductibles, retention amounts, and other fees and expenses to the extent arising out of its accessing such policies. The separation and distribution agreement also provides that each of Carrier and Otis has rights to access certain third-party insurance or reinsurance policies held by Company captive insurance entities.

Further Assurances

In addition to the actions specifically provided for in the separation and distribution agreement, except as otherwise set forth therein or in any ancillary agreement, Carrier, Otis and the Company agreed in the separation and distribution agreement to use reasonable best efforts, prior to, on and after April 3, 2020, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation and distribution agreement and the ancillary agreements.

Dispute Resolution

The separation and distribution agreement contains provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise among Carrier, Otis and the Company related to the Separation or the Distributions. These provisions contemplate that efforts will be made to resolve disputes, controversies and claims through a transition committee, then by escalation of the matter to executives of the parties in dispute. If such efforts are not successful, one of the parties in dispute may submit the dispute, controversy or claim to nonbinding mediation or, if such nonbinding mediation is not successful, binding arbitration, subject to the provisions of the separation and distribution agreement.

Expenses

Except as expressly set forth in the separation and distribution agreement or in any ancillary agreement, the party incurring the expense will be responsible for all costs and expenses incurred in connection with the Separation incurred prior to April 3, 2020, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the Separation. Except as expressly set forth in the separation and distribution agreement or in any ancillary agreement, or as otherwise agreed in writing by Carrier, Otis and the Company, all costs and expenses incurred in connection with the Separation after the Distributions will also be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation and distribution agreement include approvals and notifications of transfer, termination of intercompany agreements, shared contracts, financial information certifications, transition committee provisions, confidentiality, access to and provision of records, privacy and data protection, production of witnesses, privileged matters, and financing arrangements. The separation and distribution agreement does not provide for any of Carrier, Otis or the Company to be subject to restrictions on competition.

Amendment

The separation and distribution agreement may not be amended or terminated, except by an agreement in writing signed by Carrier, Otis and the Company.

Transition Services Agreement

Carrier, Otis and the Company entered into a transition services agreement in connection with the Separation pursuant to which the Company and its subsidiaries provide to Carrier and Otis and their respective subsidiaries, and Carrier and Otis and their respective subsidiaries provide to the Company and its subsidiaries, on an interim, transitional basis, various services, as applicable, including, but not limited to information technology services, technical and engineering support, application support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services. The agreed-upon charges for such services are generally intended to allow the servicing party to charge a price comprised of costs and expenses, including reasonably allocable overhead expenses. The party receiving each transition service will be provided with reasonable information that supports the charges for the transition services being provided.

The services commenced on April 3, 2020 and will generally terminate no later than 12 months (or in certain cases, 18 months) following such date. The receiving party may terminate any services by giving prior written notice to the provider of such services and paying any applicable wind-down charges.

Subject to certain exceptions, the liabilities of each party under the transition services agreement in respect of such party’s provision of services is generally limited to the aggregate charges actually paid or payable to such party by the recipient of such services pursuant to the transition services agreement. The transition services agreement also provides that the provider of a service will not be liable to the recipient of such service for any indirect, incidental, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of another party.

Tax Matters Agreement

In connection with the Separation, Carrier, Otis and the Company entered into a tax matters agreement that governs the parties’ respective rights, responsibilities and obligations with respect to taxes (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests, and other tax matters).

Under the tax matters agreement, the Company generally is responsible for all U.S. federal income taxes imposed on the Company consolidated tax return group and state and foreign income, franchise, capital gain, withholding and similar taxes imposed on a consolidated, combined or unitary group (or similar tax group under non-U.S. law) that includes the Company or one of its subsidiaries with respect to taxable periods (or portions thereof) that end on or prior to April 3, 2020, except (1) special rules apply with respect to certain taxes imposed in connection with the Separation and the Distributions, (2) Carrier and Otis are each responsible for a specified portion of any installment payment required to be paid after April 3, 2020 by the Company pursuant to Section 965(h)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), (3) Carrier and Otis are each responsible for specified taxes that exclusively relate to the Carrier Business or the Otis Business, as applicable and (4) Carrier and Otis are each responsible for taxes resulting from any breach of certain representations or covenants made by Carrier or Otis, as applicable, in the tax matters agreement or other separation-related agreements. Carrier and Otis generally are ach responsible for all federal, state, or foreign income, franchise, capital gain, withholding or similar taxes imposed on a separate return basis on Carrier (or any of its subsidiaries or any subgroup consisting solely of Carrier and its subsidiaries) or Otis (or any of its subsidiaries or any subgroup consisting solely of Otis and its subsidiaries), as applicable, with respect to taxable periods (or portions thereof) that end on or prior to April 3, 2020, except (a) special rules apply with respect to certain taxes imposed in connection with the Separation and the Distributions and (b) the Company is responsible for taxes resulting from any breach of any covenant made by the Company in the tax matters agreement or other separation-related agreements.

The tax matters agreement provides special rules that allocate tax liabilities in the event either (1) the Distributions, together with certain related transactions, fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or (2) any internal separation transaction that is intended to qualify as a transaction that is generally tax-free fails to so qualify. Under the tax matters agreement, each party generally is responsible for any taxes and related amounts imposed on the Company, Carrier or Otis as a result of the failure to so qualify, to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant covenants made by that party in the tax matters agreement. Further, under the tax matters agreement, each of the Company. Carrier and Otis are responsible for a specified portion of any taxes (and any related costs and other damages) (a) arising as a result of the failure of either of the Distributions and certain related transactions to qualify as a transaction that is generally tax-free (including as a result of Section 355(e) of the Code) or a failure of any internal separation transaction that is intended to qualify as a transaction that is generally tax-free to so qualify, in each case, to the extent such amounts did not result from a disqualifying action by, or acquisition of equity securities of, Carrier, Otis or the Company or (b) arising from an adjustment, pursuant to an audit or other tax proceeding, with respect to any separation transaction that is not intended to qualify as a transaction that is generally tax-free.

In addition, the tax matters agreement imposes certain restrictions on Carrier, Otis and their respective subsidiaries during the two-year period following the Distributions that is intended to prevent either of the Distributions, together with certain related transactions, from failing to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Specifically, during such period, except in specific circumstances, Carrier, Otis and their respective subsidiaries are generally prohibited from (1) ceasing to conduct certain businesses, (2) entering into certain transactions or series of transactions pursuant to which all or a portion of the shares of Carrier common stock or Otis common stock would be acquired or all or a portion of certain assets of Carrier, Otis and their respective subsidiaries would be acquired, (3) liquidating or merging or consolidating with any other person, (4) issuing equity securities beyond certain thresholds, (5) repurchasing Carrier stock or Otis common stock other than in certain open-market transactions or (6) taking or failing to take any other action that would cause the Distributions, together with certain related transactions, to fail to qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for other applicable non-U.S. income tax purposes. Further, the tax matters agreement imposes similar restrictions on Carrier, Otis and their respective subsidiaries during the two-year period following the Distributions that are intended to prevent certain transactions undertaken as part of the internal reorganization from failing to qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for applicable non-U.S. income tax purposes.

Employee Matters Agreement

Carrier, Otis and the Company entered into an employee matters agreement in connection with the Separation to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs, and other related matters. The employee matters agreement governs certain compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of each company.

The employee matters agreement provides that, unless otherwise specified, each party is responsible for liabilities associated with current and former employees of such party and its current and former subsidiaries.

The employee matters agreement also governs the terms of equity-based awards granted by the Company prior to the Separation.

The employee matters agreement restricts each of Carrier, Otis and the Company from soliciting certain employees of either of the other parties for a period of 18 months following the Distributions, subject to customary exceptions.

Intellectual Property Agreement

Carrier, Otis and the Company entered into an intellectual property agreement in connection with the Separation under which each party, on behalf of itself and its subsidiaries, as of the effective time of the Distributions, owns or has the right to use certain intellectual property rights relevant to the Carrier Business, the Otis Business or the UTC Aerospace Businesses, respectively. The intellectual property agreement provides that intellectual property rights that arose from certain services performed by one of the Carrier Business, the Otis Business and the UTC Aerospace Businesses (the “performer”) at the request of one of the other two businesses (the “requester”) generally are assigned to the requester or the performer in accordance with prior intercompany practice. Additionally, the intellectual property agreement provides that each of the Carrier Business, the Otis Business and the UTC Aerospace Businesses (the “licensor”) will grant to the other two businesses (each, a “licensee”) a license to intellectual property rights of the licensor that, prior to April 3, 2020, were used in connection with, necessary for the ongoing conduct of or subject to a documented plan for future use by, the licensee. The licenses are royalty-free, nonexclusive, perpetual, irrevocable, fully paid-up, and, in the field of the licensee’s business, worldwide. The licenses include the licensee’s right to sublicense, subject to certain customary limitations, and customary confidentiality requirements apply.

In addition, Carrier, Otis and the Company agreed that ownership of certain trademarks used by more than one of Carrier, Otis and the Company is allocated to one of Carrier, Otis and the Company and licensed to one or both of the other parties to the extent they use such trademarks.

The foregoing descriptions of these agreements set forth under this Item 1.01 are not complete and are subject to, and qualified in their entirety by reference to, the full text of the agreements, which are attached hereto as Exhibits 2.1, 10.1, 10.2, 10.3 and 10.4 and are incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

Completion of the Separation and the Distributions

On April 3, 2020, the Company completed the previously announced separation of its business into three independent, publicly traded companies – the Company, Carrier and Otis (the "Separation"). The Separation was effected by the distributions (the "Distributions") of all of the outstanding shares of Carrier common stock and all of the outstanding shares of Otis common stock to the Company's shareowners who held shares of the Company's common stock as of the close of business on March 19, 2020 (the "Record Date"). The Company's shareowners of record as of the Record Date received one share of Carrier common stock for each share of the Company's common stock held as of the Record Date and one-half share of Otis common stock for each share of the Company's common stock held as of the Record Date. The Company did not issue fractional shares of Carrier common stock or Otis common stock in the Distributions. Instead, each shareowner otherwise entitled to receive a fractional share of Carrier common stock and/or a fractional share of Otis common stock will receive cash in lieu of fractional shares.

The Company distributed approximately 866,158,910 shares of common stock of Carrier and approximately 433,079,455 shares of common stock of Otis in the Distributions. As a result of the Distributions, Carrier is now an independent public company trading under the symbol "CARR" on the New York Stock Exchange and Otis is now an independent public company trading under the symbol "OTIS" also on the New York Stock Exchange.

Completion of the Merger

On April 3, 2020, following the completion of the Distributions and pursuant to the terms and conditions of the Agreement and Plan of Merger, dated as of June 9, 2019, as amended by Amendment No. 1 (the "Amendment"), dated as of March 9, 2020 (the "Merger Agreement"), by and among the Company, Light Merger Sub Corp, a Delaware corporation and wholly owned subsidiary of the Company ("Merger Sub"), and Raytheon Company, a Delaware corporation ("Raytheon"), Merger Sub merged with and into Raytheon (the "Merger"), with Raytheon surviving the Merger as a wholly owned subsidiary of the Company. At the effective time of the Merger (the "Merger Effective Time"), the Company changed its name to Raytheon Technologies Corporation and its ticker symbol to "RTX" and continues to trade on the New York Stock Exchange.

On the terms and subject to the conditions set forth in the Merger Agreement, at the Merger Effective Time, each issued and outstanding share of Raytheon common stock, par value $0.01 per share ("Raytheon Common Stock"), (other than shares held by Raytheon as treasury stock) was converted into the right to receive 2.3348 (the "Exchange Ratio") fully paid and nonassessable shares of Company common stock, par value $1.00 per share ("Company Common Stock"), plus, if applicable, cash in lieu of fractional shares of Company Common Stock.

As of the Merger Effective Time, each outstanding award of unvested restricted shares of Raytheon Common Stock (each, a "Raytheon Restricted Stock Award") was automatically, and without any action on the part of the holder thereof, treated as follows: (1) if such Raytheon Restricted Stock Award became vested at the Merger Effective Time pursuant to its terms, such Raytheon Restricted Stock Award was converted into the right to receive a number of shares of Company Common Stock equal to the product of (a) the number of shares of Raytheon Common Stock subject to such Raytheon Restricted Stock Award immediately prior to the Merger Effective Time and (b) the Exchange Ratio (with a cash payment in respect of any fractional shares in accordance with the terms and conditions set forth in the Merger Agreement), less applicable tax withholding; or (2) if such Raytheon Restricted Stock Award did not become vested at the Merger Effective Time pursuant to its terms, such Raytheon Restricted Stock Award was converted into an award of unvested restricted shares of Company Common Stock with the same terms and conditions that applied to such Raytheon Restricted Stock Award immediately prior to the Merger Effective Time, relating to a number of shares of Company Common Stock equal to the product, rounded to the nearest whole number of shares, of (a) the number of shares of Raytheon Common Stock subject to such Raytheon Restricted Stock Award immediately prior to the Merger Effective Time and (b) the Exchange Ratio.

As of the Merger Effective Time, each outstanding award of time-based vesting restricted stock units relating to Raytheon Common Stock (each, a "Raytheon RSU Award") was automatically, and without any action on the part of the holder thereof, treated as follows: (1) if such Raytheon RSU Award became vested at the Merger Effective Time pursuant to its terms, such Raytheon RSU Award was cancelled and converted into the right to receive a number of shares of Company Common Stock equal to the product of (a) the number of shares of Raytheon Common Stock subject to such Raytheon RSU Award immediately prior to the Merger Effective Time and (b) the Exchange Ratio (plus a cash payment in respect of any fractional shares in accordance with the terms and conditions set forth in the Merger Agreement), less applicable tax withholding; or (2) if such Raytheon RSU Award did not become vested at the Merger Effective Time pursuant to its terms, such Raytheon RSU Award was converted into an award of Company restricted stock units with the same terms and conditions that applied to such Raytheon RSU Award immediately prior to the Merger Effective Time, relating to a number of shares of Company Common Stock equal to the product, rounded to the nearest whole number of shares, of (a) the number of shares of Raytheon Common Stock subject to such Raytheon RSU Award immediately prior to the Merger Effective Time and (b) the Exchange Ratio.

As of the Merger Effective Time, each outstanding award of performance-based vesting restricted stock units relating to Raytheon Common Stock (each, a "Raytheon PSU Award") was automatically, and without any action on the part of the holder thereof, converted into an award of Company restricted stock units with the same terms and conditions (other than performance-based vesting conditions) that applied to such Raytheon PSU Award immediately prior to the Merger Effective Time, relating to a number of shares of Company Common Stock equal to the product, rounded to the nearest whole number of shares, of (1) the number of shares of Raytheon Common Stock subject to such Raytheon PSU Award immediately prior to the Merger Effective Time (with such number of shares determined by deeming the applicable performance conditions to be achieved at (a) if the Merger Effective Time occurred within the first calendar year of the relevant performance cycle, target level of performance and (b) if the Merger Effective Time occurred on or after completion of the first calendar year of the relevant performance cycle, (i) with respect to the relative total shareholder return performance metric, actual performance through the last business day preceding April 3, 2020 and (ii) with respect to the return on invested capital and cumulative free cash flow performance metrics, actual performance for all completed calendar years in the relevant performance cycle and assumed performance at target for each remaining calendar year of the performance cycle (with determinations of actual performance made by the Management Development and Compensation Committee of Raytheon's Board of Directors after consultation with the Company)) and (2) the Exchange Ratio.

The total aggregate consideration payable in the Merger was approximately 649 million shares of Company Common Stock, excluding shares of Company Common Stock issued in respect of Raytheon Restricted Stock Awards as described above.

The above-described issuance of shares of Company Common Stock in connection with the Merger was registered under the Securities Act of 1933, as amended, pursuant to a registration statement on Form S-4 (File No. 333-232696) filed by the Company with the U.S. Securities and Exchange Commission (the "SEC") and declared effective on September 9, 2019. The joint proxy statement/prospectus, dated September 10, 2019, included in the registration statement (the "Joint Proxy Statement/Prospectus") contains additional information about the above-described transactions.

The foregoing description of the Merger is not complete and is subject to, and qualified in its entirety by reference to, (i) the Joint Proxy Statement/Prospectus and (ii) the Merger Agreement and the Amendment, attached hereto as Exhibit 2.2 and Exhibit 2.3, respectively, and incorporated herein by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Resignations of Officers

In connection with the Separation and the Distributions and effective as of immediately prior to the Separation, as previously reported, David L. Gitlin, former President and Chief Operating Officer of Collins Aerospace, and Judith F. Marks, former President of Otis, resigned from their respective positions with the Company. Mr. Gitlin became President and Chief Executive Officer of Carrier and Ms. Marks became President and Chief Executive Officer of Otis.

In connection with the Merger and effective as of immediately prior to the Merger Effective Time, Neil G. Mitchill, former Acting Chief Financial Officer of the Company and Robert J. Bailey, former Controller of the Company, resigned from their respective positions with the Company. Both Messrs. Mitchill and Bailey remain employees of the Company.

Appointment of Officers

In connection with the Merger and effective as of immediately prior to the Merger Effective Time, Anthony F. O'Brien became Chief Financial Officer of the Company and Michael J. Wood became Controller of the Company. Mr. O'Brien, 55, served as Raytheon's Vice President and Chief Financial Officer from March 2015 to April 2020. From March 2008 to March 2015, Mr. O'Brien was Vice President and Chief Financial Officer of Raytheon's Integrated Defense Systems (IDS) business unit. Mr. O'Brien joined Raytheon in 1986 and held numerous finance positions of increasing responsibility with Raytheon over the course of his 33-year career, including Vice President of Finance, the senior finance executive responsible for Raytheon Airline Aviation Services and Raytheon's international landed companies, and Chief Financial Officer for Raytheon Aircraft Company. Mr. Wood, 52, served as Raytheon's Vice President, Controller and Chief Accounting Officer from October 2006 to April 2020. Prior to joining Raytheon, Mr. Wood held positions of increasing responsibility over a 16-year career at KPMG LLP, an accounting firm, including as an Audit Partner serving various aerospace and defense clients.

Resignations of Directors

In connection with the Separation and the Distributions, as previously reported, Messrs. Christopher L. Kearney and Harold W. McGraw III resigned as directors of the Company to serve on the Board of Directors of Otis, and Messrs. John V. Faraci and Jean-Pierre Garnier resigned as directors of the Company to serve on the Board of Directors of Carrier, in each case effective as of immediately prior to the Separation.

In connection with the Merger and effective as of immediately prior to the Merger Effective Time, as previously reported, Mrs. Ellen J. Kullman and Ms. Diane M. Bryant resigned as directors of the Company, in connection with the assumption by each of them of chief executive officer positions at outside companies.

Appointment of Directors

In connection with the Merger and effective as of immediately prior to the Merger Effective Time, as previously reported, Messrs. Thomas A. Kennedy, George R. Oliver, Robert (Kelly) Ortberg, Dinesh C. Paliwal, James A. Winnefeld, Jr. and Robert O. Work and Mmes. Tracy A. Atkinson and Ellen M. Pawlikowski became directors of the Company. Mr. Kennedy became Executive Chairman and a member of the Finance and Special Activities Committees. Mr. Oliver became a member of the Governance and Public Policy and Finance Committees. Mr. Ortberg became a member of the Finance and Special Activities Committees. Mr. Paliwal became Lead Director and a member of the Governance and Public Policy and Compensation Committees. Mr. Winnefeld became Chair of the Special Activities Committee and a member of the Compensation and Finance Committees. Mr. Work became Chair of the Governance and Public Policy Committee and a member of the Audit and Special Activities Committees. Ms. Atkinson became Chair of the Compensation Committee and a member of the Audit and Finance Committees. Ms. Pawlikowski became a member of the Audit and Special Activities Committees.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On April 3, 2020, in connection with the consummation of the Merger and in accordance with the Merger Agreement, the Company filed a Certificate of Amendment for the purpose of amending its Restated Certificate of Incorporation to change the name of the Company from United Technologies Corporation to Raytheon Technologies Corporation (the "Name Change Amendment"), effective April 3, 2020, as well as a Restated Certificate of Incorporation (the "Restated Certificate"), effective April 3, 2020. The foregoing descriptions of the Name Change Amendment and the Restated Certificate are not complete and are subject to, and qualified in their entirety by reference to, the full text of the Name Change Amendment and the Restated Certificate, which are attached hereto as Exhibit 3.1(a) and Exhibit 3.1(b), respectively, and are incorporated herein by reference.

Effective April 3, 2020, in connection with the consummation of the Merger and in accordance with the Merger Agreement, the Bylaws of the Company were amended and restated to reflect certain governance matters and the change of the name of the Company from United Technologies Corporation to Raytheon Technologies Corporation (the "Amended and Restated Bylaws"). The changes to the bylaws of the Company reflected in the Amended and Restated Bylaws include governance changes that have been previously described in the section of the Joint Proxy Statement/Prospectus entitled "The Merger – Governance of the Combined Company," and in Item 1.01 of the Company's Current Report on Form 8-K filed on March 13, 2020, which descriptions are incorporated herein by reference. The foregoing description of the Amended and Restated Bylaws is not complete and is subject to, and qualified in its entirety by reference to, the full text of the Amended and Restated Bylaws, which is attached hereto as Exhibit 3.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of a Business Acquired.

The audited consolidated financial statements of Raytheon for the fiscal years ended December 31, 2019, 2018 and 2017, which Raytheon has previously filed with the SEC, are attached hereto as Exhibit 99.1 and incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma combined financial information reflecting the Separation, the Distributions and the Merger, including the unaudited pro forma combined balance sheet as of December 31, 2019 and the unaudited pro forma combined statement of operations for the years ended December 31, 2019, 2018 and 2017, are attached hereto as Exhibit 99.2 and incorporated herein by reference.

(d) Exhibits.

2.1	Separation and Distribution Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
2.2	Agreement and Plan of Merger, dated as of June 9, 2019, by and among United Technologies Corporation, Light Merger Sub Corp. and Raytheon Company (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 10, 2019)
2.3	Amendment No. 1 to the Agreement and Plan of Merger, dated as of March 9, 2020, by and among United Technologies Corporation, Light Merger Sub Corp. and Raytheon Company (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 13, 2020)
3.1(a)	Certificate of Amendment of Restated Certificate of Incorporation of United Technologies Corporation
3.1(b)	Restated Certificate of Incorporation of Raytheon Technologies Corporation
3.2	Amended and Restated Bylaws of Raytheon Technologies Corporation
10.1	Transition Services Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
10.2	Tax Matters Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
10.3	Employee Matters Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
10.4	Intellectual Property Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
23.1	Consent of PricewaterhouseCoopers LLP
99.1	Audited consolidated financial statements (and notes thereto) of Raytheon Company for the years ended December 31, 2019, 2018 and 2017
99.2	Unaudited pro forma combined financial information as of December 31, 2019 and for the years ended December 31, 2019, 2018 and 2017
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RAYTHEON TECHNOLOGIES CORPORATION

Date: April 8, 2020

By: /s/ Anthony F. O'Brien

Name: Anthony F. O'Brien

Title: Executive Vice President and Chief Financial Officer

Exhibit 2.1

EXECUTION VERSION

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND AMONG

UNITED TECHNOLOGIES CORPORATION,

CARRIER GLOBAL CORPORATION

AND

OTIS WORLDWIDE CORPORATION

DATED AS OF APRIL 2, 2020

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SCHEDULES

EXHIBITS

SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of April 2, 2020 (this "Agreement"), is by and among United Technologies Corporation, a Delaware corporation ("UTC"), Carrier Global Corporation, a Delaware corporation ("Carrier") and Otis Worldwide Corporation, a Delaware corporation ("Otis"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

R E C I T A L S

WHEREAS, the board of directors of UTC (the "UTC Board") has determined that it is in the best interests of UTC and its shareowners to separate UTC into three independent, publicly traded companies, one that shall operate the UTC Business, one that shall operate the Carrier Business and one that shall operate the Otis Business;

WHEREAS, in furtherance of the foregoing, the UTC Board has determined that it is appropriate and desirable to (a) separate the Carrier Business from the UTC Business and the Otis Business (the "Carrier Separation") and, following the Carrier Separation, make a distribution, on a *pro rata* basis, to holders of UTC Shares on the Carrier Record Date of all of the outstanding Carrier Shares owned by UTC (the "Carrier Distribution") and (b) separate the Otis Business from the UTC Business and the Carrier Business (the "Otis Separation," and the Carrier Separation, together or as applicable, the "Separation") and, following the Otis Separation, make a distribution, on a *pro rata* basis, to holders of UTC Shares on the Otis Record Date (which may be the same date as the Carrier Record Date) of all of the outstanding Otis Shares owned by UTC (the "Otis Distribution," and together with the Carrier Distribution, the "Distributions");

WHEREAS, each of Carrier and Otis has been incorporated solely for these purposes and has not engaged in activities, except those incidental to the Separation and the Distributions;

WHEREAS, for U.S. federal income tax purposes, it is intended that (a) the contribution by UTC of the Carrier Assets to Carrier in exchange for (i) the assumption by Carrier of the Carrier Liabilities, (ii) the actual or deemed issuance by Carrier to UTC of additional Carrier Shares and (iii) the Carrier Cash Transfer (the "Carrier Contribution") and the Carrier Distribution, taken together, shall qualify as a transaction that is generally tax-free pursuant to Sections 355(a) and 368(a)(1)(D) of the Code and (b) the contribution by UTC of the Otis Assets to Otis in exchange for (i) the assumption by Otis of the Otis Liabilities, (ii) the actual or deemed issuance by Otis to UTC of additional Otis Shares and (iii) the Otis Cash Transfer (the "Otis Contribution") and the Otis Distribution, taken together, shall qualify as a transaction that is generally tax-free pursuant to Sections 355(a) and 368(a)(1)(D) of the Code;

WHEREAS, the IRS has issued to UTC a private letter ruling regarding certain U.S. federal income tax matters relating to the transactions contemplated by this Agreement (the "IRS Ruling");

WHEREAS, UTC expects to receive (a) an opinion of outside legal counsel regarding the qualification of certain elements of the Carrier Distribution under Section 355 of the Code and (b) an opinion of outside legal counsel regarding the qualification of certain elements of the Otis Distribution under Section 355 of the Code;

WHEREAS, Carrier and UTC have prepared, and Carrier has filed with the SEC, the Carrier Form 10, which includes the Carrier Information Statement and which sets forth disclosure concerning Carrier, the Carrier Separation and the Carrier Distribution;

WHEREAS, Otis and UTC have prepared, and Otis has filed with the SEC, the Otis Form 10, which includes the Otis Information Statement and which sets forth disclosures concerning Otis, the Otis Separation and the Otis Distribution; and

WHEREAS, each of UTC, Carrier and Otis has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distributions and certain other agreements that will govern certain matters relating to the Separation and the Distributions and the relationship of UTC, Carrier and Otis and the members of their respective Groups following the Distributions.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings:

"Accounts" shall have the meaning set forth in Section 2.9(a).

"Action" shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" shall mean, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" (including, with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, at and after the applicable Effective Time, solely for purposes of this Agreement and the Ancillary Agreements, (a) no member of the Carrier Group shall be deemed to be an Affiliate of any member of the UTC Group or the Otis

Group, (b) no member of the Otis Group shall be deemed to be an Affiliate of any member of the UTC Group or the Carrier Group and (c) no member of the UTC Group shall be deemed to be an Affiliate of any member of the Carrier Group or the Otis Group.

"Agreement" shall have the meaning set forth in the Preamble.

"Ancillary Agreements" shall mean all agreements (other than this Agreement) entered into by the Parties or the members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation, the Distributions or the other transactions contemplated by this Agreement, including the Transition Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Intellectual Property Agreement and the Transfer Documents; it being understood that, for the avoidance of doubt, the Merger Agreement, and any documents or agreements ancillary thereto shall not be deemed to be Ancillary Agreements.

"Applicable Third-Party Insurance Separation Date" shall mean, (a) with respect to each relevant Third-Party occurrence-based insurance policy of Carrier or Otis obtained in connection with the Separation, the effective date of such policy, which in no event shall be later than the Effective Time, and (b) with respect to all other losses, damages and Liabilities, the Effective Time.

"Approvals or Notifications" shall mean any consents, waivers, approvals, Permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any Third Party, including any Governmental Authority.

"Arbitration Request" shall have the meaning set forth in Section 7.3(a).

"Assets" shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other Third Parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including rights and benefits pursuant to any contract, license, Permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

"Bound Member" shall have the meaning set forth in Section 2.5(b).

"Carrier" shall have the meaning set forth in the Preamble.

"Carrier Accounts" shall mean each bank or brokerage account, and all contracts or agreements governing each bank or brokerage account, owned by Carrier or any member of its Group.

"Carrier Assets" shall have the meaning set forth in Section 2.2(a).

"Carrier Balance Sheet" shall mean the pro forma combined balance sheet of the Carrier Business, including any notes and subledgers thereto, as of December 31, 2019, as presented in the Carrier Information Statement made available to the Record Holders.

"Carrier Business" shall mean, collectively, (a) the business, operations and activities of the "Carrier" (formerly known as UTC Climate, Controls & Security) reporting segment of UTC conducted at any time prior to the Effective Time by any of the Parties or any of their respective current or former Subsidiaries, (b) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to the business, operations and activities described in clause (a) as then conducted, including those set forth on Schedule 1.1, and (c) the Elliott Company.

"Carrier Bylaws" shall mean the Amended and Restated Bylaws of Carrier, substantially in the form of Exhibit B.

"Carrier Captive Liabilities" shall have the meaning set forth in Section 2.3(a)(vi).

"Carrier Captive Subsidiaries" shall mean (a) any unincorporated cell in a protected cell captive insurance company (or equivalent) with respect to which Carrier beneficially owns, directly or indirectly, more than fifty percent (50%) of the equity interests and (b) any Person that is a captive or cell captive insurance Subsidiary of Carrier as of the Effective Time.

"Carrier Cash Transfer" shall have the meaning set forth in Section 2.12(a).

"Carrier Certificate of Incorporation" shall mean the Amended and Restated Certificate of Incorporation of Carrier, substantially in the form of Exhibit A.

"Carrier Contracts" shall mean the following contracts and agreements to which any of the Parties or any member of their respective Groups is a party or by which any of the Parties or any member of their respective Groups or any of their respective Assets is bound, whether or not in writing (provided that Carrier Contracts shall not include (x) any contract or agreement that is contemplated to be retained by UTC or any member of the UTC Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement or (y) any contract or agreement that is contemplated to be an Otis Contract from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement):

(a) (i) any customer or distribution contract or agreement with a Third Party entered into prior to the Effective Time primarily related to the Carrier Business and (ii) with respect to any customer or distribution contract or agreement with a Third Party entered into prior to the Effective Time that relates to the Carrier Business but is not primarily related to the Carrier Business, that portion of any such customer or distribution contract or agreement that relates to the Carrier Business;

(b) (i) any supply or vendor contract or agreement with a Third Party entered into prior to the Effective Time exclusively related to the Carrier Business and (ii) with respect to any supply or vendor contract or agreement with a Third Party entered into

prior to the Effective Time that relates to the Carrier Business but is not exclusively related to the Carrier Business, that portion of any such supply or vendor contract or agreement that relates to the Carrier Business;

(c) (i) any license agreement entered into prior to the Effective Time primarily related to the Carrier Business and (ii) with respect to any license agreement entered into prior to the Effective Time that relates to the Carrier Business but is not primarily related to the Carrier Business, that portion of any such license agreement that relates to the Carrier Business;

(d) any guarantee, indemnity, representation, covenant, warranty or other contractual Liability of any of the Parties or any member of their respective Groups to the extent in respect of any other Carrier Contract or Carrier Liability or the Carrier Business;

(e) any contract or agreement that is expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to Carrier or any member of the Carrier Group;

(f) any credit agreement, indenture, note or other financing agreement or instrument entered into by Carrier and/or any member of the Carrier Group in connection with the Separation, including any Carrier Financing Arrangements;

(g) any other contract or agreement not otherwise set forth herein and primarily related to the Carrier Business or Carrier Assets;

(h) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with (i) any Carrier Group Employee (as defined in the Employee Matters Agreement) or (ii) any consultant or contractor of the Carrier Group (if such agreement is primarily related to the Carrier Business or Carrier Assets) that is in effect as of the Effective Time; and

(i) any contracts, agreements or settlements set forth on Schedule 1.2, including the right to recover any amounts under such contracts, agreements or settlements.

"Carrier Contribution" shall have the meaning set forth in the Recitals.

"Carrier Designees" shall mean any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by UTC that will be members of the Carrier Group as of immediately prior to the Effective Time.

"Carrier Disclosure Document" shall mean the Carrier Form 10, the Carrier Information Statement and any other registration statement, prospectus, offering memorandum, offering circular, periodic report, proxy statement or similar disclosure document, whether or not filed with the SEC and whether or not filed with any other Governmental Authority, in each case, (a) filed, distributed or otherwise made available by or on behalf of Carrier or any member of the

Carrier Group or (b) that primarily relates to the transactions with respect to Carrier contemplated hereby.

"Carrier Distribution" shall have the meaning set forth in the Recitals.

"Carrier Distribution Date" shall mean the date of the consummation of the Carrier Distribution, which shall be determined by the UTC Board in its sole and absolute discretion.

"Carrier Distribution Ratio" shall mean a number equal to one (1).

"Carrier Effective Time" shall mean 12:01 a.m., New York City time, on the Carrier Distribution Date.

"Carrier Financing Arrangements" shall have the meaning set forth in Section 2.12(a).

"Carrier Form 10" shall mean the registration statement on Form 10 filed by Carrier with the SEC to effect the registration of Carrier Shares pursuant to the Exchange Act in connection with the Carrier Distribution, as such registration statement may be amended or supplemented from time to time prior to the Carrier Distribution.

"Carrier Group" shall mean (a) prior to the Effective Time, Carrier and each Person that will be a Subsidiary of Carrier as of immediately after the Effective Time, including the Carrier Transferred Entities and their respective Subsidiaries, even if, prior to the Effective Time, such Person is not a Subsidiary of Carrier and (b) on and after the Effective Time, Carrier and each Person that is a Subsidiary of Carrier.

"Carrier Indemnitees" shall have the meaning set forth in Section 4.3.

"Carrier Information Statement" shall mean the information statement to be made available to the holders of UTC Shares in connection with the Carrier Distribution, as such information statement may be amended or supplemented from time to time prior to the Carrier Distribution.

"Carrier Intellectual Property Rights" shall mean (a) all Intellectual Property Rights owned by Carrier or any member of the Carrier Group as of immediately prior to the Effective Time, except for all Intellectual Property Rights to be assigned from Carrier or any member of the Carrier Group to UTC, Otis, any member of the UTC Group or any member of the Otis Group pursuant to Section 2.1 of the Intellectual Property Agreement, (b) all Intellectual Property Rights to be assigned from UTC, Otis, any member of the UTC Group or any member of the Otis Group to Carrier or any member of the Carrier Group pursuant to Section 2.1 of the Intellectual Property Agreement and (c) rights to bring claims or seek damages for infringement of the Intellectual Property Rights described in the foregoing clauses (a) and (b) against or from a Third Party.

"Carrier Liabilities" shall have the meaning set forth in Section 2.3(a).

"Carrier Permits" shall mean all Permits owned or licensed by any of the Parties or any member of their respective Groups used or held for use solely or primarily in the Carrier Business immediately prior to the Effective Time.

"Carrier Record Date" shall mean the close of business on the date determined by the UTC Board as the record date for determining holders of UTC Shares entitled to receive Carrier Shares pursuant to the Carrier Distribution.

"Carrier Separation" shall have the meaning set forth in the Recitals.

"Carrier Shares" shall mean the shares of common stock, par value $0.01 per share, of Carrier.

"Carrier Technology" shall mean all Technology that is used or held for use in the Carrier Business as of immediately prior to the Effective Time, the Intellectual Property Rights with respect to which are owned by any of the Parties or any member of their respective Groups as of immediately prior to the Effective Time.

"Carrier Transferred Entities" shall mean the entities set forth on Schedule 1.3.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Control Right" shall have the meaning set forth in Section 5.1(f).

"CPR" shall have the meaning set forth in Section 7.2.

"Delayed Asset" shall have the meaning set forth in Section 2.4(c).

"Delayed Liability" shall have the meaning set forth in Section 2.4(c).

"Designated Party" shall have the meaning set forth in Section 2.5(b).

"Dispute" shall have the meaning set forth in Section 7.1.

"Distribution Agent" shall mean the trust company or companies or bank or banks duly appointed by UTC to act as distribution agent(s), transfer agent(s) and registrar(s) for the Carrier Shares and the Otis Shares, respectively, in connection with the Distributions.

"Distribution Date" shall mean the Carrier Distribution Date or the Otis Distribution Date, as applicable.

"Distributions" shall have the meaning set forth in the Recitals.

"Effective Time" shall mean the Carrier Effective Time or the Otis Effective Time, as applicable; it being understood that except as otherwise specified herein, if the Carrier Effective Time and the Otis Effective Time do not occur at the same time, then: (a) as between Carrier or any member of the Carrier Group, on the one hand, and Otis or any member of the Otis Group, on the other hand, the term "Effective Time" shall refer to the First Effective Time; (b) as between Carrier or any member of the Carrier Group, on the one hand, and UTC or any

member of the UTC Group on the other hand, the term "Effective Time" shall refer to the Carrier Effective Time; and (c) as between Otis or any member of the Otis Group, on the one hand, and UTC or any member of the UTC Group on the other hand, the term "Effective Time" shall refer to the Otis Effective Time.

"e-mail" shall have the meaning set forth in Section 10.5.

"Employee Matters Agreement" shall mean the Employee Matters Agreement to be entered into by and among UTC, Carrier and Otis or the members of their respective Groups in connection with the Separation, the Distributions or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Environmental Law" shall mean any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

"Environmental Liabilities" shall mean all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take-back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"First Effective Time" shall mean (a) if the Carrier Effective Time and the Otis Effective Time do not occur at the same time, the first to occur of the Carrier Effective Time and the Otis Effective Time or (b) if the Carrier Effective Time and the Otis Effective Time occur at the same time, the Effective Time.

"Force Majeure" shall mean, with respect to a Party, an event beyond the reasonable control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, acts of terrorism, cyberattacks, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any significant and prolonged failure in electrical or air-conditioning equipment. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party's response thereto, shall not be deemed an event of Force Majeure**.**

"Form 10s" shall mean the Carrier Form 10 and the Otis Form 10.

"Governmental Authority" shall mean any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether domestic, foreign, multinational, national, supranational, federal, state, territorial, provincial or local, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, a government and any executive official thereof.

"Group" shall mean the UTC Group, the Carrier Group or the Otis Group, as the context requires.

"Hazardous Materials" shall mean any chemical, material, substance, waste, pollutant, emission, discharge, Release or contaminant that could result in Liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, per- and polyfluoroakyl substances, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

"Holding Member" shall have the meaning set forth in Section 2.4(c).

"Indemnifying Party" shall have the meaning set forth in Section 4.5(a).

"Indemnitee" shall have the meaning set forth in Section 4.5(a).

"Indemnity Payment" shall have the meaning set forth in Section 4.5(a).

"Information" shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, artwork, design, research and development files, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Information Statements" shall mean the Carrier Information Statement and the Otis Information Statement.

"Insurance Proceeds" shall mean those monies:

(a) received by an insured from an insurance carrier; or

(b) paid by an insurance carrier on behalf of the insured;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses (including attorneys' fees) incurred in the collection thereof; provided, that with respect to a captive insurance arrangement, Insurance Proceeds shall only include amounts received by the captive insurer from a Third Party in respect of any reinsurance arrangement.

"Intellectual Property Agreement" shall mean the Intellectual Property Agreement to be entered into by and among UTC, Carrier and Otis in connection with the Separation, the Distributions or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Intellectual Property Rights" shall have the meaning set forth in the Intellectual Property Agreement.

"IRS" shall mean the U.S. Internal Revenue Service.

"IRS Ruling" shall have the meaning set forth in the Recitals.

"Law" shall mean any domestic, foreign, multinational, national, supranational, federal, state, territorial, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" shall mean all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, attorneys' fees, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

"Linked" shall mean, with respect to any Accounts, linked by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to such Accounts.

"Losses" shall mean actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

"Mediation Request" shall have the meaning set forth in Section 7.2.

"Merger Agreement" shall mean the Agreement and Plan of Merger by and among UTC, Light Merger Sub Corp. and Raytheon Company, dated as of June 9, 2019.

"NYSE" shall mean the New York Stock Exchange.

"Officer Negotiation Request" shall have the meaning set forth in Section 7.1.

"Otis" shall have the meaning set forth in the Preamble.

"Otis Accounts" shall mean each bank or brokerage account, and all contracts or agreements governing each bank or brokerage account, owned by Otis or any member of its Group.

"Otis Assets" shall have the meaning set forth in Section 2.2(b).

"Otis Balance Sheet" shall mean the pro forma combined balance sheet of the Otis Business, including any notes and subledgers thereto, as of December 31, 2019, as presented in the Otis Information Statement made available to the Record Holders.

"Otis Business" shall mean, collectively, (a) the business, operations and activities of the "Otis" reporting segment of UTC conducted at any time prior to the Effective Time by any of the Parties or any of their respective current or former Subsidiaries and (b) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to the business, operations and activities described in clause (a) as then conducted, including those set forth on Schedule 1.4.

"Otis Bylaws" shall mean the Amended and Restated Bylaws of Otis, substantially in the form of Exhibit D.

"Otis Captive Liabilities" shall have the meaning set forth in Section 2.3(b)(vi).

"Otis Captive Subsidiaries" shall mean (a) any unincorporated cell in a protected cell captive insurance company (or equivalent) with respect to which Otis beneficially owns, directly or indirectly, more than fifty percent (50%) of the equity interests and (b) any Person that is a captive or cell captive insurance Subsidiary of Otis as of the Effective Time.

"Otis Cash Transfer" shall have the meaning set forth in Section 2.12(b).

"Otis Certificate of Incorporation" shall mean the Amended and Restated Certificate of Incorporation of Otis, substantially in the form of Exhibit C.

"Otis Contracts" shall mean the following contracts and agreements to which any of the Parties or any member of their respective Groups is a party or by which any of the Parties or any member of their respective Groups or any of their respective Assets is bound, whether or not in writing (provided that Otis Contracts shall not include (x) any contract or agreement that is contemplated to be retained by UTC or any member of the UTC Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement or (y)

any contract or agreement that is contemplated to be a Carrier Contract from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement):

(a) (i) any customer or distribution contract or agreement with a Third Party entered into prior to the Effective Time primarily related to the Otis Business and (ii) with respect to any customer or distribution contract or agreement with a Third Party entered into prior to the Effective Time that relates to the Otis Business but is not primarily related to the Otis Business, that portion of any such customer or distribution contract or agreement that relates to the Otis Business;

(b) (i) any supply or vendor contract or agreement with a Third Party entered into prior to the Effective Time exclusively related to the Otis Business and (ii) with respect to any supply or vendor contract or agreement with a Third Party entered into prior to the Effective Time that relates to the Otis Business but is not exclusively related to the Otis Business, that portion of any such supply or vendor contract or agreement that relates to the Otis Business;

(c) (i) any license agreement entered into prior to the Effective Time primarily related to the Otis Business and (ii) with respect to any license agreement entered into prior to the Effective Time that relates to the Otis Business but is not primarily related to the Otis Business, that portion of any such license agreement that relates to the Otis Business;

(d) any guarantee, indemnity, representation, covenant, warranty or other contractual Liability of any of the Parties or any member of their respective Groups to the extent in respect of any other Otis Contract or Otis Liability or the Otis Business;

(e) any contract or agreement that is expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to Otis or any member of the Otis Group;

(f) any credit agreement, indenture, note or other financing agreement or instrument entered into by Otis and/or any member of the Otis Group in connection with the Separation, including any Otis Financing Arrangements;

(g) any other contract or agreement not otherwise set forth herein and primarily related to the Otis Business or Otis Assets;

(h) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with (i) any Otis Group Employee (as defined in the Employee Matters Agreement) or (ii) any consultant of the Otis Group (if such agreement is primarily related to the Otis Business or Otis Assets) that is in effect as of the Effective Time; and

(i) any contracts, agreements or settlements set forth on Schedule 1.5, including the right to recover any amounts under such contracts, agreements or settlements.

"Otis Contribution" shall have the meaning set forth in the Recitals.

"Otis Designees" shall mean any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by UTC that will be members of the Otis Group as of immediately prior to the Effective Time.

"Otis Disclosure Document" shall mean the Otis Form 10, the Otis Information Statement and any other registration statement, prospectus, offering memorandum, offering circular, periodic report, proxy statement or similar disclosure document, whether or not filed with the SEC and whether or not filed with any other Governmental Authority, in each case, (a) filed, distributed or otherwise made available by or on behalf of Otis or any member of the Otis Group or (b) that primarily relates to the transactions with respect to Otis contemplated hereby.

"Otis Distribution" shall have the meaning set forth in the Recitals.

"Otis Distribution Date" shall mean the date of the consummation of the Otis Distribution, which shall be determined by the UTC Board in its sole and absolute discretion.

"Otis Distribution Ratio" shall mean a number equal to one-half (1/2).

"Otis Effective Time" shall mean 12:01 a.m., New York City time, on the Otis Distribution Date.

"Otis Financing Arrangements" shall have the meaning set forth in Section 2.12(b).

"Otis Form 10" shall mean the registration statement on Form 10 filed by Otis with the SEC to effect the registration of Otis Shares pursuant to the Exchange Act in connection with the Otis Distribution, as such registration statement may be amended or supplemented from time to time prior to the Otis Distribution.

"Otis Group" shall mean (a) prior to the Effective Time, Otis and each Person that will be a Subsidiary of Otis as of immediately after the Effective Time, including the Otis Transferred Entities and their respective Subsidiaries, even if, prior to the Effective Time, such Person is not a Subsidiary of Otis and (b) on and after the Effective Time, Otis and each Person that is a Subsidiary of Otis.

"Otis Indemnitees" shall have the meaning set forth in Section 4.2.

"Otis Information Statement" shall mean the information statement to be made available to the holders of UTC Shares in connection with the Otis Distribution, as such information statement may be amended or supplemented from time to time prior to the Otis Distribution.

"Otis Intellectual Property Rights" shall mean (a) all Intellectual Property Rights owned by Otis or any member of the Otis Group as of immediately prior to the Effective Time, except for all Intellectual Property Rights to be assigned from Otis or any member of the Otis

Group to UTC, Carrier, any member of the UTC Group or any member of the Carrier Group pursuant to Section 2.1 of the Intellectual Property Agreement, (b) all Intellectual Property Rights to be assigned from UTC, Carrier, any member of the UTC Group or any member of the Carrier Group to Otis or any member of the Otis Group pursuant to Section 2.1 of the Intellectual Property Agreement and (c) rights to bring claims or seek damages for infringement of the Intellectual Property Rights described in the foregoing clauses (a) and (b) against or from a Third Party.

"Otis Liabilities" shall have the meaning set forth in Section 2.3(b).

"Otis Permits" shall mean all Permits owned or licensed by any of the Parties or any member of their respective Groups used or held for use solely or primarily in the Otis Business immediately prior to the Effective Time.

"Otis Record Date" shall mean the close of business on the date determined by the UTC Board as the record date for determining holders of UTC Shares entitled to receive Otis Shares pursuant to the Otis Distribution.

"Otis Separation" shall have the meaning set forth in the Recitals.

"Otis Shares" shall mean the shares of common stock, par value $0.01 per share, of Otis.

"Otis Technology" shall mean all Technology that is used or held for use in the Otis Business as of immediately prior to the Effective Time, the Intellectual Property Rights with respect to which are owned by any of the Parties or any member of their respective Groups as of immediately prior to the Effective Time.

"Otis Transferred Entities" shall mean the entities set forth on Schedule 1.6.

"Parties" shall mean the parties to this Agreement.

"Permits" shall mean permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

"Person" shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity or any Governmental Authority.

"Plan of Reorganization" shall mean the plan and structure set forth on Schedule 2.1(a).

"Prime Rate" shall mean the rate that Bloomberg displays as "Prime Rate by Country United States" or "Prime Rate by Country US-BB Comp" at *http://www.bloomberg.com/quote/PRIME:IND* or on a Bloomberg terminal at PRIMBB Index.

"Privileged Information" shall mean any Information, including any communications by or to attorneys (including attorney-client privileged communications),

memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which a Party or any member of its Group would be entitled to assert or have asserted a privilege or other protection, including the attorney-client and attorney work product privileges.

"Receiving Member" shall have the meaning set forth in Section 2.4(c).

"Record Date" shall mean the Carrier Record Date or the Otis Record Date, as applicable.

"Record Holders" shall mean the holders of record of UTC Shares as of the applicable Record Date.

"Release" shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including ambient air, surface water, groundwater and surface or subsurface strata).

"Representatives" shall mean, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Second Distribution" shall mean, in the event the Carrier Effective Time and the Otis Effective Time do not occur at the same time, the second to occur of the Carrier Distribution and the Otis Distribution.

"Second Effective Time" shall mean, in the event the Carrier Effective Time and the Otis Effective Time do not occur at the same time, the second to occur of the Carrier Effective Time and the Otis Effective Time.

"Security Interest" shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

"Separation" shall have the meaning set forth in the Recitals.

"Shared Contract" shall have the meaning set forth in Section 2.8(a).

"Specified Ancillary Agreement" shall have the meaning set forth in Section 10.19(a).

"Straddle Period" shall have the meaning set forth in Section 2.13(a).

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, joint venture, partnership or other entity of which such Person (a) beneficially

owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has (i) the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body or (ii) the power to vote, either directly or indirectly, sufficient securities to elect half of the board of directors or similar governing body and a casting vote with respect to decisions of such board of directors or similar governing body.

"Tangible Information" shall mean Information that is contained in written, electronic or other tangible forms.

"Tax" shall have the meaning set forth in the Tax Matters Agreement.

"Tax Matters Agreement" shall mean the Tax Matters Agreement to be entered into by and among UTC, Carrier and Otis in connection with the Separation, the Distributions and the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Technology" shall mean embodiments, regardless of form, of Intellectual Property Rights, including, as the context requires, inventions (whether or not patentable), discoveries and improvements, works of authorship, documentation, diagrams, formulae, APIs, software (whether in source code or in executable code form), user interfaces, architectures, databases, data compilations and collections, know-how, technical data, mask works, models, prototypes, molds, methods, protocols, techniques, processes, devices, schematics, algorithms and molds, and embodiments of Trade Secrets; provided that Technology specifically excludes any and all Intellectual Property Rights.

"Third Party" shall mean any Person other than the Parties or any members of their respective Groups.

"Third-Party Claim" shall have the meaning set forth in Section 4.6(a).

"Trade Secrets" shall have the meaning set forth in the Intellectual Property Agreement.

"Transfer Documents" shall have the meaning set forth in Section 2.1(b).

"Transition Committee" shall have the meaning set forth in Section 2.14.

"Transition Services Agreement" shall mean the Transition Services Agreement to be entered into by and among UTC, Carrier and Otis or any member of their respective Group in connection with the Separation, the Distributions or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Unreleased Liability" shall have the meaning set forth in Section 2.5(b).

"UTC" shall have the meaning set forth in the Preamble.

"UTC Accounts" shall mean each bank or brokerage account, and all contracts or agreements governing each bank or brokerage account, owned by any of the Parties or any members of their respective Groups other than Carrier Accounts and Otis Accounts.

"UTC Assets" shall have the meaning set forth in Section 2.2(c).

"UTC Board" shall have the meaning set forth in the Recitals.

"UTC Business" shall mean all businesses, operations and activities (whether or not such businesses, operations or activities are or have been terminated, divested or discontinued) conducted at any time prior to the Effective Time by any of the Parties or their respective current or former Subsidiaries, other than the Carrier Business and the Otis Business.

"UTC Captive Entity" shall mean UT Insurance (Vermont) Inc. and any other insurer owned or controlled by UTC at any time prior to the applicable Effective Time, other than the Carrier Captive Subsidiaries and the Otis Captive Subsidiaries.

"UTC Disclosure Document" shall mean any registration statement, prospectus, offering memorandum, offering circular, periodic report, proxy statement or similar disclosure document, whether or not filed with the SEC and whether or not filed with any other Governmental Authority, in each case filed, distributed or otherwise made available by or on behalf of UTC or any member of the UTC Group.

"UTC Group" shall mean UTC and each Person that is a Subsidiary of UTC (other than Carrier and Otis and any other member of the Carrier Group or the Otis Group).

"UTC Indemnitees" shall have the meaning set forth in Section 4.2.

"UTC Intellectual Property Rights" shall mean all Intellectual Property Rights owned by any of the Parties or any member of their respective Groups as of immediately prior to the Effective Time, other than Otis Intellectual Property Rights and Carrier Intellectual Property Rights.

"UTC Liabilities" shall have the meaning set forth in Section 2.3(c).

"UTC Shares" shall mean the shares of common stock, par value $1.00 per share, of UTC.

"UTC Technology" shall mean all Technology that is used or held for use in the UTC Business as of immediately prior to the Effective Time, the Intellectual Property Rights with respect to which are owned by any of the Parties or any member of their respective Groups as of immediately prior to the Effective Time.

"UTC Trademarks" shall have the meaning set forth in the Intellectual Property Agreement.

ARTICLE II
THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

(a) On or prior to the Effective Time, in accordance with the plan and structure set forth in the Plan of Reorganization:

(i) *Transfer and Assignment of Carrier Assets*. UTC and Otis shall, and shall cause the applicable members of their respective Groups to, contribute, assign, transfer, convey and deliver to Carrier, or the applicable Carrier Designees, and Carrier or such Carrier Designees shall accept from UTC, Otis, any member of the UTC Group or any member of the Otis Group, as applicable, all of such Person's respective direct or indirect right, title and interest in and to all of the Carrier Assets (it being understood that if any Carrier Asset shall be held by a Carrier Transferred Entity or a wholly owned Subsidiary of a Carrier Transferred Entity, such Carrier Asset shall be deemed assigned, transferred, conveyed and delivered to Carrier as a result of the transfer of all of UTC's and Otis's and any member of their respective Group's (as applicable) equity interests in such Carrier Transferred Entity from UTC, Otis, such member of the UTC Group and/or such member of the Otis Group, as applicable, to Carrier or the applicable Carrier Designee);

(ii) *Acceptance and Assumption of Carrier Liabilities*. Carrier and the applicable Carrier Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all the Carrier Liabilities in accordance with their respective terms (it being understood that if any Carrier Liability is a liability of a Carrier Transferred Entity or a wholly owned Subsidiary of a Carrier Transferred Entity, such Carrier Liability may be assumed by Carrier as a result of the transfer of all of UTC's and Otis's and any member of their respective Group's (as applicable) equity interests in such Carrier Transferred Entity from UTC, Otis, such member of the UTC Group and/or such member of the Otis Group, to Carrier or the applicable Carrier Designee). Carrier and such Carrier Designees shall be responsible for all Carrier Liabilities, regardless of when or where such Carrier Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Carrier Liabilities are asserted or determined (including any Carrier Liabilities arising out of claims made by UTC's, Otis's or Carrier's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Otis Group or the Carrier Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Otis Group or the Carrier Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates;

(iii) *Transfer and Assignment of Otis Assets*. UTC and Carrier shall, and shall cause the applicable members of their respective Groups to, contribute, assign, transfer, convey and deliver to Otis, or the applicable Otis Designees, and Otis or such Otis Designees shall accept from UTC, Carrier, any member of the UTC Group or the

member of the Carrier Group, as applicable, such Person's respective direct or indirect right, title and interest in and to all of the Otis Assets (it being understood that if any Otis Asset shall be held by an Otis Transferred Entity or a wholly owned Subsidiary of an Otis Transferred Entity, such Otis Asset shall be deemed assigned, transferred, conveyed and delivered to Otis as a result of the transfer of all of UTC's and Carrier's and any member of their respective Group's (as applicable) equity interests in such Otis Transferred Entity from UTC, Carrier, any member of the UTC Group and/or any member of the Carrier Group, as applicable, to Otis or the applicable Otis Designee);

(iv) *Acceptance and Assumption of Otis Liabilities*. Otis and the applicable Otis Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all the Otis Liabilities in accordance with their respective terms (it being understood that if any Otis Liability is a liability of an Otis Transferred Entity or a wholly owned Subsidiary of an Otis Transferred Entity, such Otis Liability may be assumed by Otis as a result of the transfer of all of UTC's and Carrier's and any member of their respective Group's (as applicable) equity interests in such Otis Transferred Entity from UTC, Carrier, such member of the UTC Group and/or such member of the Carrier Group, to Otis or the applicable Otis Designee). Otis and such Otis Designees shall be responsible for all Otis Liabilities, regardless of when or where such Otis Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Otis Liabilities are asserted or determined (including any Otis Liabilities arising out of claims made by UTC's, Carrier's or Otis's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Carrier Group or the Otis Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Carrier Group or the Otis Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates;

(v) *Transfer and Assignment of UTC Assets*. Otis and Carrier, respectively shall, and UTC shall cause Carrier and the Carrier Designees and Otis and the Otis Designees to contribute, assign, transfer, convey and deliver to UTC or certain members of the UTC Group designated by UTC, and UTC or such other members of the UTC Group shall accept from Carrier, the Carrier Designees, Otis or the Otis Designees, as applicable, each of such Person's respective direct or indirect right, title and interest in and to all UTC Assets held by Carrier, a Carrier Designee, Otis or an Otis Designee; and

(vi) *Acceptance and Assumption of UTC Liabilities*. UTC and certain members of the UTC Group designated by UTC shall accept and assume and agree faithfully to perform, discharge and fulfill all of the UTC Liabilities held by Carrier, any Carrier Designee, Otis or any Otis Designee, and UTC and the applicable members of the UTC Group shall be responsible for all UTC Liabilities in accordance with their respective terms, regardless of when or where such UTC Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such UTC Liabilities are asserted or determined (including any such UTC Liabilities arising out of claims made by UTC's,

Carrier's or Otis's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Carrier Group or the Otis Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Carrier Group or the Otis Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) *Transfer Documents*. In furtherance of the contribution, assignment, transfer, conveyance and delivery of the Assets and the assumption of the Liabilities in accordance with Section 2.1(a), and without prejudice to any actions taken to implement, or documents entered into between or among any of the Parties or members of their respective Groups to implement or in furtherance of, the Plan of Reorganization prior to the date hereof, (i) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the applicable other Party, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of such Party's and the applicable members of its Group's right, title and interest in and to such Assets to the applicable other Party and the applicable members of its Group in accordance with Section 2.1(a); and (ii) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the applicable other Party, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Liabilities by such Party and the applicable members of its Group in accordance with Section 2.1(a). All of the foregoing documents contemplated by this Section 2.1(b) (including any documents entered into between or among any of the Parties or members of their respective Groups to implement or in furtherance of the Plan of Reorganization prior to the date hereof) shall be referred to collectively herein as the "Transfer Documents."

(c) *Misallocations*. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party (or any member of such Party's Group) shall receive or otherwise possess any Asset that is allocated to another Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset to the Party so entitled thereto (or to any member of such Party's Group), and such Party (or any member of such Party's Group) so entitled thereto shall accept such Asset. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for such other Person. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party hereto (or any member of such Party's Group) shall receive or otherwise assume any Liability that is allocated to another Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such other Party shall promptly transfer, or cause to be transferred, such Liability to the Party responsible therefor (or to any member of such Party's Group), and such Party (or any member of such Party's Group) responsible therefor shall accept, assume and agree to faithfully perform such Liability.

(d) *Waiver of Bulk-Sale and Bulk-Transfer Laws*. To the extent permissible under applicable Law, each of Carrier and Otis hereby waives compliance by each and every

member of the UTC Group and, in the case of Carrier, the Otis Group, and in the case of Otis, the Carrier Group, with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Carrier Assets or Otis Assets to any member of the Carrier Group or the Otis Group, respectively. To the extent permissible under applicable Law, UTC hereby waives compliance by each and every member of the Carrier Group and the Otis Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the UTC Assets to any member of the UTC Group.

2.2 Carrier Assets; Otis Assets; UTC Assets.

(a) *Carrier Assets*. For purposes of this Agreement, "Carrier Assets" shall mean:

(i) all issued and outstanding capital stock or other equity interests of the Carrier Transferred Entities and their respective Subsidiaries that are owned by any of the Parties or any member of their respective Groups as of the Effective Time;

(ii) all Assets (other than cash and cash equivalents) of any of the Parties or any member of their respective Groups included or reflected as assets of the Carrier Group on the Carrier Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Carrier Balance Sheet; provided, that the amounts set forth on the Carrier Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Carrier Assets pursuant to this clause (ii);

(iii) all Assets (other than cash and cash equivalents) of any of the Parties or any member of their respective Groups as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets of Carrier or members of the Carrier Group on a pro forma combined balance sheet of the Carrier Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the Carrier Balance Sheet), it being understood that (A) the Carrier Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of Carrier Assets pursuant to this clause (iii); and (B) the amounts set forth on the Carrier Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Carrier Assets pursuant to this clause (iii);

(iv) all Assets of any of the Parties or any member of their respective Groups as of the Effective Time that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be transferred to Carrier or any other member of the Carrier Group;

(v) all Carrier Contracts as of the Effective Time and all rights, interests or claims of any of the Parties or any members of their respective Groups thereunder as of the Effective Time;

(vi) all Carrier Intellectual Property Rights and Carrier Technology as of the Effective Time and all rights, interests or claims of any of the Parties or any member of their respective Groups thereunder as of the Effective Time;

(vii) all Carrier Permits as of the Effective Time and all rights, interests or claims of any of the Parties or any members of their respective Groups thereunder as of the Effective Time;

(viii) (A) all rights, interests and claims (other than those set forth in Section 2.2(b)(viii)(B)) of any of the Parties or any members of their respective Groups as of the Effective Time with respect to Information that is solely or primarily related to the Carrier Assets, the Carrier Liabilities, the Carrier Business or the Carrier Transferred Entities or their respective Subsidiaries and (B) subject to the provisions of the applicable Ancillary Agreements, a non-exclusive right to all Information of any of the Parties or any members of their respective Groups as of the Effective Time that is related to, but not solely or primarily related to, the Carrier Assets, the Carrier Liabilities, the Carrier Business or the Carrier Transferred Entities or their respective Subsidiaries;

(ix) any and all Assets (A) set forth on Schedule 2.2(a)(ix)(A) or (B) of any Carrier Captive Subsidiary;

(x) any and all Assets set forth on Schedule 2.2(a)(x);

(xi) subject to Section 2.9(d), all cash and cash equivalents held as of the Effective Time in bank or brokerage accounts owned exclusively by Carrier or any member of its Group; and

(xii) all other Assets of any of the Parties or any member of their respective Groups as of the Effective Time that are used or held for use solely or primarily in the Carrier Business to the extent the category of such Asset is not already covered by subclauses (i)–(xi) of this subsection.

Notwithstanding the foregoing, the Carrier Assets shall not in any event include any Asset referred to in Section 2.2(b) or clauses (i) through (vii) of Section 2.2(c).

(b) *Otis Assets*. For purposes of this Agreement, "Otis Assets" shall mean:

(i) all issued and outstanding capital stock or other equity interests of the Otis Transferred Entities and their respective Subsidiaries that are owned by any of the Parties or any member of their respective Groups as of the Effective Time;

(ii) all Assets (other than cash and cash equivalents) of any of the Parties or any member of their respective Groups included or reflected as assets of the Otis Group on the Otis Balance Sheet, subject to any dispositions of such Assets

subsequent to the date of the Otis Balance Sheet; provided, that the amounts set forth on the Otis Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Otis Assets pursuant to this clause (ii);

(iii) all Assets (other than cash and cash equivalents) of any of the Parties or any member of their respective Groups as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets of Otis or members of the Otis Group on a pro forma combined balance sheet of the Otis Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the Otis Balance Sheet), it being understood that (A) the Otis Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of Otis Assets pursuant to this clause (iii); and (B) the amounts set forth on the Otis Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Otis Assets pursuant to this clause (iii);

(iv) all Assets of any of the Parties or any member of their respective Groups as of the Effective Time that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be transferred to Otis or any other member of the Otis Group;

(v) all Otis Contracts as of the Effective Time and all rights, interests or claims of any of the Parties or any member of their respective Groups thereunder as of the Effective Time;

(vi) all Otis Intellectual Property Rights and Otis Technology as of the Effective Time and all rights, interests or claims of any of the Parties or any member of their respective Groups thereunder as of the Effective Time;

(vii) all Otis Permits as of the Effective Time and all rights, interests or claims of any of the Parties or any member of their respective Groups thereunder as of the Effective Time;

(viii) (A) all rights, interests and claims (other than those set forth in Section 2.2(a)(viii)(B)) of any of the Parties or any member of their respective Groups as of the Effective Time with respect to Information that is primarily related to the Otis Assets, the Otis Liabilities, the Otis Business or the Otis Transferred Entities or their respective Subsidiaries and (B) subject to the provisions of the applicable Ancillary Agreements, a non-exclusive right to all Information of any of the Parties or any members of their respective Groups as of the Effective Time that is related to, but not solely or primarily related to, the Otis Assets, the Otis Liabilities, the Otis Business or the Otis Transferred Entities or their respective Subsidiaries;

(ix) any and all Assets (A) set forth on Schedule 2.2(b)(ix)(A) or (B) of any Otis Captive Subsidiary;

(x) any and all Assets set forth on Schedule 2.2(b)(x);

(xi) subject to Section 2.9(d), all cash and cash equivalents held as of the Effective Time in bank or brokerage accounts owned exclusively by Otis or any member of its Group; and

(xii) all other Assets of any of the Parties or any member of their respective Groups as of the Effective Time that are used or held for use solely or primarily in the Otis Business to the extent the category of such Asset is not already covered by subclauses (i)–(xi) of this subsection.

Notwithstanding the foregoing, the Otis Assets shall not in any event include any Asset referred to in Section 2.2(a) or clauses (i) through (vii) of Section 2.2(c).

(c) *UTC Assets*. For the purposes of this Agreement, "UTC Assets" shall mean all Assets of any of the Parties or any member of their respective Groups as of the Effective Time, other than the Carrier Assets and Otis Assets, it being understood that, notwithstanding anything herein to the contrary, the UTC Assets shall include:

(i) all Assets that are contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by UTC or any other member of the UTC Group;

(ii) (A) the UTC Trademarks and (B) all UTC Intellectual Property Rights and UTC Technology as of the Effective Time and all rights, interests or claims of any of the Parties or any member of their respective Groups thereunder as of the Effective Time;

(iii) all Permits of any of the Parties or any member of their respective Groups as of the Effective Time other than the Carrier Permits and the Otis Permits;

(iv) (A) all rights, interests and claims (other than the rights, interests and claims set forth in Sections 2.2(a)(viii)(A), 2.2(a)(viii)(B), 2.2(b)(viii)(A) and 2.2(b)(viii)(B)) of any of the Parties or any member of their respective Groups as of the Effective Time with respect to Information and (B) subject to the provisions of the applicable Ancillary Agreements, a nonexclusive right to all Information described in Sections 2.2(a)(viii)(A) and 2.2(b)(viii)(A) that is related, but not solely or primarily related, to the UTC Assets, the UTC Liabilities or the UTC Business;

(v) all proceeds from, and all other rights, interests and claims in or pursuant to, any settlement of claims entered into by any of the Parties or any member of their respective Groups at any time prior to the Effective Time under any insurance policy or insurance policy-related contract, other than the Assets referred to in Sections 2.2(a)(ix), 2.2(a)(x), 2.2(b)(ix) and 2.2(b)(x);

(vi) all cash or cash equivalents of any of the Parties or any member of their respective Groups as of the Effective Time other than the cash or cash equivalents described in Sections 2.2(a)(xi) and 2.2(b)(xi); and

(vii) any and all Assets set forth on Schedule 2.2(c).

2.3 Carrier Liabilities; Otis Liabilities; UTC Liabilities.

(a) *Carrier Liabilities*. For the purposes of this Agreement, "Carrier Liabilities" shall mean the following Liabilities of any of the Parties or any members of their respective Groups:

(i) all Liabilities included or reflected as liabilities or obligations of Carrier or the members of the Carrier Group on the Carrier Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Carrier Balance Sheet; provided, that the amounts set forth on the Carrier Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Carrier Liabilities pursuant to this clause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of Carrier or the members of the Carrier Group on a pro forma combined balance sheet of the Carrier Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the Carrier Balance Sheet), it being understood that (B) the Carrier Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of Carrier Liabilities pursuant to this clause (ii); and (B) the amounts set forth on the Carrier Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Carrier Liabilities pursuant to this clause (ii);

(iii) all Liabilities arising out of any matter set forth on Schedule 2.3(a)(iii);

(iv) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the conduct of the Carrier Business or a Carrier Asset, including all Liabilities relating to, arising out of or resulting from any matter set forth on Schedule 2.3(a)(iv);

(v) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Carrier or any other member of the Carrier Group, and all agreements, obligations and Liabilities of any member of the Carrier Group under this Agreement or any of the Ancillary Agreements;

(vi) any and all Liabilities (A) of any UTC Captive Entity or that are or have been transferred from a UTC Captive Entity to any Third-Party insurer, in each case to the extent that such Liabilities relate to, arise out of or result from the conduct of the Carrier Business or a Carrier Asset and (B) of any Carrier Captive Subsidiary (the "Carrier Captive Liabilities");

(vii) all Liabilities to the extent relating to, arising out of or resulting from the Carrier Contracts, the Carrier Intellectual Property Rights, the Carrier Technology, the Carrier Permits or the Carrier Financing Arrangements; and

(viii) all Liabilities arising out of litigation or other claims (including in respect of Environmental Liabilities or asbestos Liabilities) made by any Third Party (including UTC's, Otis's or Carrier's respective directors, officers, stockholders, employees and agents) against, or any investigations, sanctions or orders of any Governmental Authority in respect of or binding upon, any member of the UTC Group, the Otis Group or the Carrier Group to the extent (A) the facts underlying such litigation, claim, investigation, sanction or order relate to, arise out of or result from the conduct of the Carrier Business or the Carrier Assets or the other Liabilities of Carrier referred to in the foregoing clauses (i) through (vii) or (B) such litigation, claim, investigation, sanction or order includes or is based on allegations relating to, arising out of or resulting from any member of the UTC Group's or of the Otis Group's direct or indirect beneficial ownership of the capital stock of any member of the Carrier Group prior to the Effective Time or any member of the UTC Group's or of the Otis Group's management, oversight, supervision or operation of the Carrier Business, the Carrier Assets or the Carrier Liabilities prior to the Effective Time, including all Liabilities relating to, arising out of or resulting from any matter set forth on Schedule 2.3(a)(viii), it being understood that to the extent any such litigation, claim, investigation, sanction or order includes or is based on allegations relating to, arising out of or resulting from any member of the Carrier Group's direct or indirect beneficial ownership of the capital stock of any member of the UTC Group or Otis Group prior to the Effective Time, any such Liabilities shall be UTC Liabilities and/or Otis Liabilities, as applicable, and not Carrier Liabilities;

provided that, notwithstanding anything to the contrary in this Section 2.3(a), the Parties agree that the Liabilities set forth on Schedule 2.3(b)(iii), Schedule 2.3(b)(iv), Schedule 2.3(b)(viii) and Schedule 2.3(c)(i) and any Liabilities of any member of the UTC Group or the Otis Group pursuant to the Ancillary Agreements shall not be Carrier Liabilities.

(b) *Otis Liabilities*. For the purposes of this Agreement, "Otis Liabilities" shall mean the following Liabilities of any of the Parties or any members of their respective Groups:

(i) all Liabilities included or reflected as liabilities or obligations of Otis or the members of the Otis Group on the Otis Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Otis Balance Sheet; provided, that the amounts set forth on the Otis Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Otis Liabilities pursuant to this clause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of Otis or the members of the Otis Group on a pro forma combined balance sheet of the Otis Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the Otis Balance Sheet), it being understood that (A) the Otis Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of Otis Liabilities pursuant to this clause (ii); and (B) the amounts set forth on the Otis Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Otis Liabilities pursuant to this clause (ii);

(iii) all Liabilities arising out of any matter set forth on Schedule 2.3(b)(iii);

(iv) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the conduct of the Otis Business or an Otis Asset, including all Liabilities relating to, arising out of or resulting from any matter set forth on Schedule 2.3(b)(iv);

(v) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Otis or any other member of the Otis Group, and all agreements, obligations and Liabilities of any member of the Otis Group under this Agreement or any of the Ancillary Agreements;

(vi) any and all Liabilities (A) of any UTC Captive Entity or that are or have been transferred from a UTC Captive Entity to a Third-Party insurer, in each case to the extent that such Liabilities relate to, arise out of or result from the conduct of the Otis Business or an Otis Asset and (B) of any Otis Captive Subsidiary (the "Otis Captive Liabilities");

(vii) all Liabilities to the extent relating to, arising out of or resulting from the Otis Contracts, the Otis Intellectual Property Rights, the Otis Technology, the Otis Permits or the Otis Financing Arrangements; and

(viii) all Liabilities arising out of litigation or other claims (including in respect of Environmental Liabilities or asbestos Liabilities) made by any Third Party (including UTC's, Carrier's or Otis's respective directors, officers, stockholders, employees and agents) against, or any investigations, sanctions or orders of any Governmental Authority in respect of or binding upon, any member of the UTC Group, the Carrier Group or the Otis Group to the extent (A) the facts underlying such litigation,

claim, investigation, sanction or order relate to, arise out of or result from the conduct of the Otis Business or the Otis Assets or the other Liabilities of Otis referred to in the foregoing clauses (i) through (vii) or (B) such litigation, claim, investigation, sanction or order includes or is based on allegations relating to, arising out of or resulting from any member of the UTC Group's or of the Carrier Group's direct or indirect beneficial ownership of the capital stock of any member of the Otis Group prior to the Effective Time or any member of the UTC Group's or of the Carrier Group's management, oversight, supervision or operation of the Otis Business, the Otis Assets or the Otis Liabilities prior to the Effective Time, including all Liabilities relating to, arising out of or resulting from any matter set forth on Schedule 2.3(b)(viii), it being understood that to the extent any such litigation, claim, investigation, sanction or order includes or is based on allegations relating to, arising out of or resulting from any member of the Otis Group's direct or indirect beneficial ownership of the capital stock of any member of the UTC Group or Carrier Group prior to the Effective Time, any such Liabilities shall be UTC Liabilities and/or Carrier Liabilities, as applicable, and not Otis Liabilities;

provided that, notwithstanding the foregoing, the Parties agree that the Liabilities set forth on Schedule 2.3(a)(iii), Schedule 2.3(a)(iv), Schedule 2.3(a)(viii) and Schedule 2.3(c)(i) and any Liabilities of any member of the UTC Group or the Carrier Group pursuant to the Ancillary Agreements shall not be Otis Liabilities.

(c) *UTC Liabilities*. For the purposes of this Agreement, "UTC Liabilities" shall mean (i) all Liabilities arising out of any matter set forth on Schedule 2.3(c)(i), (ii) all Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) of any member of the UTC Group and, prior to the Effective Time, any member of the Carrier Group or Otis Group, in each case that are not Carrier Liabilities or Otis Liabilities and (iii) all Liabilities arising out of litigation or other claims (including in respect of Environmental Liabilities and asbestos Liabilities) made by any Third Party (including UTC's, Carrier's or Otis's respective directors, officers, stockholders, employees and agents) against, or any investigations, sanctions or orders of any Governmental Authority in respect of or binding upon, any member of the UTC Group, the Carrier Group or the Otis Group to the extent the facts underlying such litigation, claim, investigation, sanction or order, relate to, arise out of or result from the conduct of the UTC Business or the UTC Assets or the other Liabilities of UTC referred to in the foregoing clauses (i) and (ii), it being understood that to the extent any such litigation, claim, investigation, sanction or order includes or is based on allegations relating to, arising out of or resulting from any member of the UTC Group's direct or indirect beneficial ownership of the capital stock of any member of the Carrier Group or Otis Group prior to the Effective Time or any member of the UTC Group's management, oversight, supervision or operation of the Carrier Business, the Otis Business, the Carrier Assets, the Otis Assets, the Carrier Liabilities or the Otis Liabilities, as applicable, prior to the Effective Time (including all Liabilities relating to, arising out of or resulting from any matter set forth on Schedule 2.3(a)(viii) or Schedule 2.3(b)(viii)), any such Liabilities shall be Carrier Liabilities and/or Otis Liabilities, as applicable, and not UTC Liabilities.

2.4 Approvals, Notifications and Delays.

(a) *Approvals and Notifications*. To the extent that the transfer or assignment of any Asset, the assumption of any Liability, the Separation, or the Distributions require any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between UTC, Carrier and Otis, none of UTC, Carrier or Otis shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation or agreeing to amended contract terms) to any Person in order to obtain or make such Approvals or Notifications.

(b) *Delayed Transfers*. If and to the extent that the valid, complete and perfected transfer or assignment to a Party's Group of any Asset or assumption by a Party's Group of any Liability in connection with the Separation or the Distributions would be a violation of applicable Law or require any Approval or Notification that has not been obtained or made by the applicable Effective Time then, unless the applicable Parties shall otherwise mutually determine, the transfer or assignment to the applicable Group of such Assets or the assumption by the applicable Group of such Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approval or Notification has been obtained or made. Notwithstanding the foregoing, any such Assets or Liabilities shall continue to constitute Assets of the applicable Party to which such Assets were to be transferred or assigned, or Liabilities of the applicable Party by which such Liabilities were to be assumed, respectively, for all other purposes of this Agreement.

(c) *Treatment of Delayed Assets and Delayed Liabilities*. If any transfer or assignment of any Asset (or a portion thereof) or any assumption of any Liability (or a portion thereof) intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the applicable Effective Time, whether as a result of the provisions of Section 2.4(b) or for any other reason (any such Asset (or a portion thereof), a "Delayed Asset" and any such Liability (or a portion thereof), a "Delayed Liability"), then, insofar as reasonably possible and subject to applicable Law, the Person retaining such Delayed Asset or such Delayed Liability (the "Holding Member"), as the case may be, shall thereafter hold such Delayed Asset or Delayed Liability, as the case may be, on behalf of the Person entitled to the benefits of such Delayed Asset or obligated to discharge such Delayed Liability, as applicable (the "Receiving Member") (at the expense of the Receiving Member). In addition, the Holding Member shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed Asset or Delayed Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Receiving Member in order to place the Receiving Member in a substantially similar position as if such Delayed Asset or Delayed Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Delayed Asset or Delayed Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed Asset or Delayed Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time to the Receiving Member's Group.

(d) *Transfer of Delayed Assets and Delayed Liabilities*. If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Delayed Asset or the deferral of assumption of any Delayed Liability pursuant to Section 2.4(b), are obtained or made, and, if and when any other legal impediments to the transfer or assignment of any Delayed Asset or the assumption of any Delayed Liability have been removed, the transfer or assignment of the applicable Delayed Asset or the assumption of the applicable Delayed Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) *Costs for Delayed Assets and Delayed Liabilities*. No Holding Member shall be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by the Receiving Member or another member of the Receiving Member's Group, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Receiving Member or another member of the Receiving Member's Group entitled to the benefits of such Delayed Asset or obligated to discharge such Delayed Liability, as applicable.

2.5 Novation of Liabilities.

(a) Except as set forth in Schedule 2.5(a) and in Section 5.1 of the Intellectual Property Agreement, each of UTC, Carrier and Otis, at the request of any other Party, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all UTC Liabilities, Carrier Liabilities or Otis Liabilities, as applicable, and obtain in writing the unconditional release of each member of each other Party's Group that is a party to any such arrangements, so that, in any such case, the members of the Carrier Group shall be solely responsible for such Carrier Liabilities, the members of the Otis Group shall be solely responsible for such Otis Liabilities, and the members of the UTC Group shall be solely responsible for such UTC Liabilities; provided, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, none of UTC, Carrier or Otis shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation or agreeing to amended contract terms) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(b) If the Parties are unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and a member of any Group (the "Bound Member") continues to be bound by any such arrangement or responsible for any such Liability with respect to which such Bound Member would not be bound or responsible had such required consent, substitution, approval, amendment or release been obtained (each, an "Unreleased Liability"), the Party to whose Group such Liability is allocated under this Agreement (the "Designated Party") shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for the Bound Member, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of the Bound Member that constitute Unreleased Liabilities from and after the Effective Time and (ii) use its commercially reasonable efforts to effect such payment, performance or discharge prior to the time any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any

member of the Bound Member's Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Liabilities shall otherwise become assignable or able to be novated, the Bound Member shall promptly assign, or cause to be assigned, and the Designated Party or the applicable member of its Group shall assume, such Unreleased Liabilities without exchange of further consideration.

(c) Without limiting the Parties' rights and obligations pursuant to Article IV:

(i) if Carrier or Otis, or any member of their respective Groups, is a named defendant in a Third-Party Claim that does not arise out of any UTC Liabilities but to which UTC or a member of its Group is a named defendant, Carrier or Otis, as applicable, shall promptly use, or cause the applicable member of its Group to use, commercially reasonable efforts to obtain the dismissal of UTC or any applicable members of the UTC Group as defendants to such Third-Party Claim;

(ii) if UTC or Carrier, or any member of their respective Groups, is a named defendant in a Third-Party Claim that does not arise out of any Otis Liabilities but to which Otis or a member of its Group is a named defendant, UTC or Carrier, as applicable, shall promptly use, or cause the applicable member of its Group to use, commercially reasonable efforts to obtain the dismissal of Otis or any applicable members of the Otis Group as defendants to such Third-Party Claim; and

(iii) if UTC or Otis, or any member of their respective Groups, is a named defendant in a Third-Party Claim that does not arise out of any Carrier Liabilities but to which Carrier or a member of its Group is a named defendant, UTC or Otis, as applicable, shall promptly use, or cause the applicable member of its Group to use, commercially reasonable efforts to obtain the dismissal of Carrier or any applicable members of the Carrier Group as defendants to such Third-Party Claim.

Notwithstanding the foregoing, no Party or member of its Group shall be required to take any action pursuant to this Section 2.5(c) that would reasonably be expected to be detrimental in any material respect to such Person's litigation strategy or defense of the applicable Third-Party Claim or any related Third-Party Claim.

2.6 Release of Guarantees. In furtherance of, and not in limitation of, the obligations set forth in Section 2.5:

(a) On or prior to the applicable Effective Time or as soon as practicable thereafter, each of UTC, Carrier and Otis, as applicable, shall, at the request of any other Party that serves (or a member of whose Group serves) as a guarantor of or obligor for any of such first Party's (or a member of such first Party's Group's) Liabilities, including through any Security Interest on or in any of such other Party's (or a member of such other Party's Group's) Assets that serve as collateral or security for any of such first Party's (or a member of such first Party's Group's) Liabilities, and with the reasonable cooperation of such other Party and the applicable member(s) of such other Party's Group, use commercially reasonable efforts to, as applicable: (i) have any member(s) of the UTC Group removed as guarantor of or obligor for any Carrier or Otis Liability to the extent that such guarantee or obligation relates to Carrier or Otis Liabilities,

including the removal of any Security Interest on or in any UTC Asset that may serve as collateral or security for any such Carrier or Otis Liability; (ii) have any member(s) of the Carrier Group removed as guarantor of or obligor for any UTC or Otis Liability to the extent that such guarantee or obligation relates to UTC or Otis Liabilities, including the removal of any Security Interest on or in any Carrier Asset that may serve as collateral or security for any such UTC or Otis Liability; and (iii) have any member(s) of the Otis Group removed as guarantor of or obligor for any UTC or Carrier Liability to the extent that such guarantee or obligation relates to UTC or Carrier Liabilities, including the removal of any Security Interest on or in any Otis Asset that may serve as collateral or security for any such UTC or Carrier Liability.

(b) Notwithstanding anything herein to the contrary, to the extent required to obtain a release from a guarantee of any member of another Party's Group, UTC, Carrier or Otis, as applicable, shall execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any Asset of such other Party that may serve as collateral or security for any UTC Liability, Carrier Liability or Otis Liability, as applicable, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions, either (i) with which UTC, Carrier or Otis, as applicable, would be reasonably unable to comply or (ii) which UTC, Carrier or Otis, as applicable, would not reasonably be able to avoid breaching.

(c) If UTC, Carrier or Otis is unable to obtain, or to cause to be obtained, any such required removal or release as set forth in clauses (a) and (b) of this Section 2.6, (i) the Party or the relevant member of its Group that has assumed the Liability that such guarantee relates to shall indemnify, defend and hold harmless the guarantor or obligor against or from any Liability arising from or relating thereto in accordance with the provisions of Article IV and shall, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder; and (ii) each of UTC, Carrier and Otis, on behalf of itself and the other members of its Group, agrees not to renew or extend the term of, increase any obligations under, or transfer to a Third Party, any loan, guarantee, lease, contract or other obligation for which the guarantor or obligor or a member of its Group is or may be liable unless all obligations of such guarantor or obligor and the members of such guarantor or obligor's Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to such guarantor or obligor.

2.7 Termination of Agreements.

(a) Except as set forth in Section 2.7(b), in furtherance of the releases and other provisions of Section 4.1, each of UTC, Carrier and Otis and each member of their respective Groups hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among a Party and/or any member of such Party's Group, on the one hand, and another Party and/or any member of such other Party's Group, on the other hand, effective as of the applicable Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof that purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.7(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups or to be continued from and after the Effective Time); (ii) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.7(b)(ii); (iii) any agreements, arrangements, commitments or understandings to which any Third Party is a party thereto (including any Shared Contracts); (iv) any intercompany accounts payable or accounts receivable accrued as of the Effective Time that are reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practices, which shall be settled in the manner contemplated by Section 2.7(c); (v) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of UTC, Carrier or Otis, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); and (vi) any agreements for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of any Group from a member of another Group prior to the Effective Time.

(c) All of the intercompany accounts receivable and accounts payable between any member of a Party's Group, on the one hand, and any member of another Party's Group, on the other hand, outstanding as of the Effective Time shall, as promptly as practicable after the Effective Time, be repaid, settled or otherwise eliminated in a manner as determined by UTC in its sole and absolute discretion (acting in good faith).

2.8 Treatment of Shared Contracts.

(a) Subject to applicable Law and without limiting the generality of the obligations set forth in Section 2.1, unless the applicable Parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.8 are expressly conveyed to the applicable Party pursuant to this Agreement or an Ancillary Agreement, any contract or agreement (i) a portion of which would, without taking into account the provisions of this Section 2.8, be a Carrier Contract or an Otis Contract, but the remainder of which would be a UTC Asset, (ii) a portion of which would, without taking into account the provisions of this Section 2.8, be a Carrier Contract, but the remainder of which would be an Otis Contract, or (iii) a portion of which would, without taking into account the provisions of this Section 2.8, be a Carrier Contract, a portion of which would, without accounting for the provisions of this Section 2.8, be an Otis Contract, but the remainder of which would be a UTC Asset (any such contract or agreement described in clauses (i), (ii) or (iii), a "Shared Contract"), shall be deemed to be, notwithstanding anything to the contrary in Section 2.1, (A) in the case of a customer or distribution contract that primarily relates to the Carrier Business, a Carrier Contract, (B) in the case of a customer or distribution contract that primarily relates to the Otis Business, an Otis Contract, (C) in the case of any other Shared Contract described in clauses (i) or (iii), a UTC Asset, (D) in the case of any other Shared Contract described in clause (ii) that primarily relates to the Carrier Business, a Carrier Contract and (F) in the case of any other Shared Contract described in clause (ii) that primarily relates to the Otis Business, an Otis Contract; provided, however, that the Parties will use commercially reasonable efforts so that as

of the Effective Time, each Party or the member of its Group that is party to a Shared Contract that was not allocated to it pursuant to this Agreement may be entitled to the rights and benefits of, and obligated to discharge any Liabilities with respect to, that portion of the Shared Contract that relates to the UTC Business, the Carrier Business or the Otis Business, as the case may be (in each case, to the extent so related), whether through new agreement, amendment or partial assignment of the relevant portion of such Shared Contract; provided, further, that (1) in no event shall any member of any Group be required to assign (or amend) a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment or amendment where such consents or conditions have not been obtained or fulfilled) and (2) if any Shared Contract cannot be so assigned by its terms or otherwise, or cannot be amended, or cannot be replaced with a new agreement, or if such assignment, amendment or new agreement would impair the benefit the parties thereto derive from such Shared Contract, then the Parties shall, and shall cause each of the members of their respective Groups to, take such other reasonable and permissible actions (including by providing prompt notice to the other applicable Parties with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other applicable Parties the ability to exercise any applicable rights under such Shared Contract) to cause a member of such other applicable Party's respective Group to receive the rights and benefits of that portion of each Shared Contract that relates to the UTC Business, the Carrier Business or the Otis Business, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to a member of the applicable Group or amended, or a new agreement had been entered into, in each case to allow a member of the applicable Group to exercise applicable rights under such Shared Contract pursuant to this Section 2.8, and to require a member of the applicable Group to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.8.

(b) Each of UTC, Carrier and Otis shall, and shall cause the members of its Group to, (i) treat for all income Tax purposes the portion of each Shared Contract inuring to its respective businesses as an Asset owned by, and/or a Liability of, as applicable, such Party, or the members of its Group, as applicable, not later than the Effective Time, and (ii) neither report nor take any income Tax position (on a Tax return or otherwise) inconsistent with such treatment (unless required by applicable Law).

(c) Nothing in this Section 2.8 shall require any member of any Group to make any non-*de minimis* payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any non-*de minimis* obligation or grant any non-*de minimis* concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.8.

2.9 Bank Accounts; Cash Balances.

(a) Each Party agrees to take, or cause the members of its Group to take, at the Effective Time (or such earlier time as the Parties may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by such Party or any member of its Group (collectively, the "Accounts") so that each such Account, if currently Linked to any Account of another Party is de-Linked from such other Party's Account, subject to

any transitory arrangements as may otherwise be agreed between members of the applicable Parties' respective Groups.

(b) It is intended that, following consummation of the actions contemplated by Section 2.9(a), there will be in place (i) cash management processes pursuant to which the Carrier Accounts will be managed and funds collected will be transferred into one (1) or more accounts maintained by Carrier or a member of the Carrier Group and (ii) cash management processes pursuant to which the Otis Accounts will be managed and funds collected will be transferred into one (1) or more accounts maintained by Otis or a member of the Otis Group.

(c) It is intended that, following consummation of the actions contemplated by Section 2.9(a), there will continue to be in place cash management processes pursuant to which the UTC Accounts will be managed and funds collected will be transferred into one (1) or more accounts maintained by UTC or a member of the UTC Group.

(d) With respect to any outstanding checks issued or payments initiated by UTC, Carrier, Otis or any members of their respective Group prior to the Effective Time, such outstanding checks and payments shall be honored following the Effective Time by the Person or Group owning the account on which the check is drawn or from which the payment was initiated, respectively.

(e) As between UTC, Carrier and Otis (and the members of their respective Groups), all payments or reimbursements received after the Effective Time by any of the Parties (or any member of their respective Groups) that relate to a business, Asset or Liability of another Party (or any member of such other Party's Group), shall be held by such first Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such first Party of any such payment or reimbursement, such first Party shall pay over, or shall cause the applicable member of its Group to pay over to the other Party the amount of such payment or reimbursement without right of set-off.

2.10 Ancillary Agreements. Effective on or prior to the Effective Time, each of UTC, Carrier and Otis will, or will cause the applicable members of its Group to, execute and deliver all Ancillary Agreements to which it is a party (other than Transfer Documents executed and delivered prior to the date hereof).

2.11 Disclaimer of Representations and Warranties. EACH OF UTC (ON BEHALF OF ITSELF AND EACH MEMBER OF THE UTC GROUP), CARRIER (ON BEHALF OF ITSELF AND EACH MEMBER OF THE CARRIER GROUP) AND OTIS (ON BEHALF OF ITSELF AND EACH MEMBER OF THE OTIS GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO: (A) THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, (B) ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION WITH SUCH TRANSFER OR ASSUMPTION, (C) THE VALUE OR

FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, (D) THE ABSENCE OF ANY DEFENSES OR RIGHT OF SET-OFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR (E) THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING OF THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT OR ANY ANCILLARY AGREEMENT. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE), AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.12 Financing Arrangements; Cash Transfers.

(a) Prior to the Carrier Effective Time, (i) Carrier and/or other members of the Carrier Group will enter into one or more financing arrangements and agreements, as set forth on Schedule 2.12(a) (the "Carrier Financing Arrangements"), pursuant to which it or they shall borrow prior to the Carrier Effective Time an aggregate principal amount of approximately $11,000,000,000 and (ii) Carrier shall distribute, convey or otherwise transfer in the manner determined by UTC some or all (as determined by UTC) of the proceeds of the Carrier Financing Arrangements to UTC as partial consideration for the transfer of Carrier Assets to Carrier in the Carrier Contribution pursuant to Section 2.1 (such transfer, distribution or conveyance, the "Carrier Cash Transfer"). UTC and Carrier agree to take all necessary actions to assure the full release and discharge of UTC and the other members of the UTC Group from all obligations (including any guarantees) in connection with the Carrier Financing Arrangements as of no later than the Carrier Effective Time. The Parties agree that Carrier or another member of the Carrier Group, as the case may be, and not UTC or Otis or any member of their respective Groups, are and shall be responsible for all costs and expenses incurred in connection with the Carrier Financing Arrangements.

(b) Prior to the Otis Effective Time, (i) Otis and/or other members of the Otis Group will enter into one or more financing arrangements and agreements, as set forth on Schedule 2.12(b) (the "Otis Financing Arrangements"), pursuant to which it or they shall borrow prior to the Otis Effective Time an aggregate principal amount of approximately $6,300,000,000 and (ii) Otis shall distribute, convey or otherwise transfer in the manner determined by UTC some or all (as determined by UTC) of the proceeds of the Otis Financing Arrangements to UTC as partial consideration for the transfer of Otis Assets to Otis in the Otis Contribution pursuant to Section 2.1 (such transfer, distribution or conveyance, the "Otis Cash Transfer"). UTC and Otis agree to take all necessary actions to assure the full release and discharge of UTC and the other

members of the UTC Group from all obligations (including any guarantees) in connection with the Otis Financing Arrangements as of no later than the Otis Effective Time. The Parties agree that Otis or another member of the Otis Group, as the case may be, and not UTC or Carrier or any member of their respective Groups, are and shall be responsible for all costs and expenses incurred in connection with the Otis Financing Arrangements.

(c) Prior to the Second Effective Time, UTC, Carrier and Otis shall cooperate as necessary in the preparation of all materials as may be necessary or advisable to execute the Carrier Financing Arrangements and the Otis Financing Arrangements, as applicable.

2.13 Financial Information Certifications.

(a) UTC's disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to Carrier and Otis as UTC's Subsidiaries. In order to enable the principal executive officer and principal financial officer of each of Carrier and Otis to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002 following the applicable Distribution in respect of any quarterly or annual fiscal period of Carrier or Otis, as applicable, that begins on or prior to the applicable Distribution Date (a "Straddle Period"), upon twenty (20) business days' (or such shorter period as may elapse between the Effective Time and the due date for such filing) advance written request by Carrier or Otis, as applicable, UTC shall provide Carrier or Otis, as applicable, with one (1) or more certifications with respect to such disclosure controls and procedures and the effectiveness thereof and whether there were any changes in the internal controls over financial reporting that have materially affected or are reasonably likely to materially affect the internal control over financial reporting, which certification(s) shall (i) be with respect to the portion of the applicable Straddle Period on or prior to the applicable Distribution Date (it being understood that no certification need be provided with respect to any period or portion of any period after the applicable Distribution Date) and (ii) be in substantially the same form as those that had been provided by officers or employees of UTC in similar certifications delivered prior to the applicable Distribution Date, with such changes thereto as UTC may reasonably determine. Such certification(s) shall be provided by UTC (and not by any officer or employee in their individual capacity).

(b) In order to enable the principal executive officer and principal financial officer of UTC to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002 for any Straddle Period, upon twenty (20) business days' (or such shorter period as may elapse between the Effective Time and the due date for such filing) advance written request by UTC, Carrier or Otis, as applicable, shall provide UTC with one or more certifications with respect to the applicable disclosure controls and procedures and internal controls over financial reporting (as each is contemplated by the Exchange Act), and the effectiveness thereof and whether there were any changes in such internal controls over financial reporting that have materially affected or are reasonably likely to materially affect such internal control over financial reporting, which certification(s) shall (i) be with respect to the portion of the applicable Straddle Period on or prior to the applicable Distribution Date (it being understood that no certification need be provided with respect to any period or portion of any period after the applicable Distribution Date) and (ii) be in substantially the same form as those that had been provided by officers or employees of UTC or any of its Subsidiaries in similar certifications

delivered prior to the applicable Distribution Date, with such changes thereto as Carrier or Otis, as applicable, may reasonably determine. Such certification(s) shall be provided by Carrier or Otis (and not by any officer or employee in their individual capacity).

2.14 Transition Committee. Prior to the First Effective Time, the Parties shall establish a transition committee (the "Transition Committee") that shall consist of an equal number of members from UTC, Carrier and Otis. From and after the applicable Effective Time, the Transition Committee shall be responsible for monitoring and managing all matters related to any of the transactions contemplated by this Agreement or any Ancillary Agreements. From and after the applicable Effective Time, the Transition Committee shall have the authority to (a) establish one or more subcommittees from time to time as it deems appropriate or as may be described in any Ancillary Agreements, with each such subcommittee comprised of one or more members of the Transition Committee or one or more employees of any of the Parties or any members of their respective Groups, and each such subcommittee having such scope of responsibility as may be determined by the Transition Committee from time to time; (b) delegate to any such committee any of the monitoring and managing authority of the Transition Committee; and (c) combine, modify the scope of responsibility of, and disband any such subcommittees, and to modify or reverse any such delegations. The Transition Committee shall establish general procedures for managing the responsibilities delegated to it under this Section 2.14 and may modify such procedures from time to time. All decisions by the Transition Committee or any subcommittee thereof shall be effective only if mutually agreed by each of the applicable Parties. The Parties shall utilize the procedures set forth in Article VII to resolve any matters as to which the Transition Committee is not able to reach a decision.

ARTICLE III
THE DISTRIBUTIONS

3.1 Sole and Absolute Discretion; Cooperation.

(a) Prior to the applicable Effective Time, subject to the applicable provisions of the Merger Agreement, UTC shall, in its sole and absolute discretion, determine the terms of each Distribution, including the form, structure and terms of any transaction(s) and/or offering(s) to effect each such Distribution and the timing and conditions to the consummation of each such Distribution. In addition, with respect to each Distribution, UTC may, at any time and from time to time until the consummation of such Distribution, modify or change the terms of such Distribution, including by accelerating or delaying the timing of the consummation of all or part of such Distribution or waiving or imposing conditions to the consummation of such Distribution. Prior to the First Effective Time, nothing in this Agreement shall in any way limit UTC's right to terminate this Agreement or either or each Distribution as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Following the First Effective Time, subject to Section 10.14, nothing in this Agreement shall in any way limit UTC's right to amend, modify or abandon the Second Distribution at any time prior to the Second Effective Time in its sole and absolute discretion, without approval or consent of any other Person, including Carrier and Otis.

(b) Each of Carrier and Otis shall cooperate with UTC to accomplish the Carrier Distribution and the Otis Distribution, respectively, and shall, at UTC's direction,

promptly take any and all actions necessary or desirable to effect the Carrier Distribution or the Otis Distribution, respectively, including in respect of the registration under the Exchange Act of Carrier Shares on the Carrier Form 10 or Otis Shares on the Otis Form 10, as applicable. UTC shall select any investment bank or manager in connection with each Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors in connection with each such Distribution. Carrier or Otis, as the case may be, will provide to the Distribution Agent any Information required in order to complete the Carrier Distribution or the Otis Distribution.

3.2 Actions Prior to the Distribution. Prior to the applicable Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with each Distribution:

(a) *Notice to NYSE*. UTC shall, to the extent practical, give the NYSE advance notice of the applicable Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) *Certificate of Incorporation and Bylaws of Carrier and Otis*. (i) On or prior to the Carrier Distribution Date, UTC and Carrier shall take all necessary actions so that, as of the Carrier Effective Time, the Carrier Certificate of Incorporation and the Carrier Bylaws shall become the certificate of incorporation and bylaws, respectively, of Carrier, and (ii) on or prior to the Otis Distribution Date, UTC and Otis shall take all necessary actions so that, as of the Otis Effective Time, the Otis Certificate of Incorporation and the Otis Bylaws shall become the certificate of incorporation and bylaws, respectively, of Otis.

(c) *Directors and Officers of Carrier and Otis*.

(i) On or prior to the Carrier Distribution Date, UTC and Carrier shall take all necessary actions so that as of the Carrier Effective Time: (A) the directors and executive officers of Carrier shall be those set forth in the Carrier Information Statement made available to the Record Holders prior to the Carrier Distribution Date, unless otherwise determined by UTC; (B) each individual referred to in clause (A) shall have resigned from his or her position, if any, as a member of the UTC Board and/or as an executive officer of UTC; and (C) Carrier shall have such other officers as Carrier shall appoint.

(ii) On or prior to the Otis Distribution Date, UTC and Otis shall take all necessary actions so that as of the Otis Effective Time: (A) the directors and executive officers of Otis shall be those set forth in the Otis Information Statement made available to the Record Holders prior to the Otis Distribution Date, unless otherwise determined by UTC; (B) each individual referred to in clause (A) shall have resigned from his or her position, if any, as a member of the UTC Board and/or as an executive officer of UTC; and (C) Otis shall have such other officers as Otis shall appoint.

(d) *NYSE Listing*. Each of Carrier and Otis shall prepare and file, and shall use its best efforts to have approved, an application for the listing of the Carrier Shares and the

Otis Shares, respectively, to be distributed in the Carrier Distribution and the Otis Distribution, respectively, on the NYSE, subject to official notice of distribution.

(e) *Securities Law Matters*. Each of Carrier and Otis shall file any amendments or supplements to the Carrier Form 10 and the Otis Form 10, respectively, as UTC may determine to be necessary or advisable in order to cause the Form 10s to become and remain effective as required by the SEC or federal, state or other applicable securities Laws. UTC, Carrier and Otis shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof that are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Each of UTC, Carrier and Otis will prepare, and Carrier and Otis will, to the extent required under applicable Law, file with the SEC, any such documentation and any requisite no-action letters which UTC determines are necessary or desirable to effectuate the Carrier Distribution or the Otis Distribution, as applicable, and UTC, Carrier and Otis shall each use its reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. UTC, Carrier and Otis shall take all such action as may be necessary or appropriate under the securities or blue sky Laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distributions.

(f) *Availability of Information Statement*. (i) UTC shall, as soon as is reasonably practicable after the Carrier Form 10 is declared effective under the Exchange Act and the UTC Board has approved the Carrier Distribution, cause the Carrier Information Statement to be made available to the Record Holders; and (ii) UTC shall, as soon as is reasonably practicable after the Otis Form 10 is declared effective under the Exchange Act and the UTC Board has approved the Otis Distribution, cause the Otis Information Statement to be made available to the Record Holders.

(g) *The Distribution Agent*. UTC shall enter into one or more distribution agent agreements with the Distribution Agent or otherwise provide instructions to the Distribution Agent regarding each Distribution.

(h) *Stock-Based Employee Benefit Plans*. Each of UTC, Carrier and Otis shall take all actions as may be necessary to approve any grants of adjusted equity awards by UTC (in respect of UTC Shares), Carrier (in respect of Carrier Shares) and Otis (in respect of Otis Shares) in connection with the Distributions in order to satisfy the requirements of Rule 16b-3 under the Exchange Act.

3.3 Conditions to Each Distribution.

(a) Subject to the applicable provisions of the Merger Agreement, the consummation of each Distribution will be subject to the satisfaction, or waiver by UTC in its sole and absolute discretion, of the following conditions:

(i) The SEC shall have declared effective the applicable Form 10 and the applicable Form 10 shall not be the subject of any stop order or any legal,

administrative, arbitral or other action, suit, investigation, proceeding, complaint, indictment or litigation by the SEC seeking a stop order.

(ii) The applicable Information Statement shall have been made available to the Record Holders.

(iii) UTC shall have received the IRS Ruling, and such IRS Ruling shall continue to be valid as of the applicable Effective Time.

(iv) UTC shall have received an opinion from its outside counsel regarding the qualification of certain elements of the applicable Distribution under Section 355 of the Code, and such opinion shall continue to be valid as of the applicable Effective Time.

(v) UTC shall have received one or more opinions (which have not been withdrawn or adversely modified) in customary form from one or more nationally recognized valuation or accounting firms or investment banks as to (A) the adequacy of surplus under Delaware Law with respect to Carrier or Otis, as applicable, to effect the Carrier Cash Transfer or Otis Cash Transfer, as applicable, and with respect to UTC, to effect the applicable Distribution, and (B) the solvency of each of UTC and, as applicable, Carrier or Otis after giving effect to the foregoing.

(vi) The transfer of the Carrier Assets or Otis Assets (other than any Delayed Asset), as applicable, and Carrier Liabilities or Otis Liabilities (other than any Delayed Liability), as applicable, contemplated to be transferred from UTC or Otis (or the applicable member of their respective Groups) to Carrier (or the applicable member of its Group) or UTC or Carrier (or the applicable member of their respective Groups) to Otis (or the applicable member of its Group), as applicable, on or prior to the applicable Distribution, and the transfer of the UTC Assets (other than any Delayed Asset) and UTC Liabilities (other than any Delayed Liability) contemplated to be transferred from Carrier or Otis, as applicable, to UTC on or prior to the applicable Distribution, in each case as contemplated by Section 2.1 and pursuant to the Plan of Reorganization, shall have been completed in all material respects.

(vii) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made and, where applicable, have become effective or been accepted by the applicable Governmental Authority.

(viii) Each of the Ancillary Agreements shall have been duly executed and delivered by the applicable parties thereto.

(ix) No Governmental Authority of competent jurisdiction shall have issued or entered into any injunction or other decree, order, judgment, writ, stipulation, award or temporary restraining order, and no applicable Law shall have been enacted or promulgated, in each case that (whether temporary or permanent) has the effect of enjoining or otherwise prohibiting the consummation of the Separation, the applicable Distribution or any of the transactions related thereto.

(x) The Carrier Shares, in the case of the Carrier Distribution, or the Otis Shares, in the case of the Otis Distribution, to be distributed to the Record Holders in the applicable Distribution shall have been accepted for listing on the NYSE, subject to official notice of distribution.

(xi) (A) Carrier and/or other members of its Group, in the case of the Carrier Distribution, or Otis and/or the members of its Group, in the case of the Otis Distribution, shall have assumed or entered into, in the case of the Carrier Distribution, the Carrier Financing Arrangements and incurred at least an aggregate of $11,000,000,000 of new indebtedness pursuant thereto, or in the case of the Otis Distribution, the Otis Financing Arrangements and incurred at least an aggregate of $6,300,000,000 of new indebtedness pursuant thereto; (B) UTC shall have received the proceeds from the Carrier Cash Transfer in the case of the Carrier Distribution or the Otis Cash Transfer in the case of the Otis Distribution; and (C) UTC shall be satisfied in its sole and absolute discretion that it shall have no further Liability whatsoever, in the case of the Carrier Distribution, under the Carrier Financing Arrangements as of the Carrier Effective Time, or in the case of the Otis Distribution, under the Otis Financing Arrangements, as of the Otis Effective Time.

(xii) No other events or developments shall exist or shall have occurred that, in the judgment of the UTC Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the applicable Distribution or the applicable transactions contemplated by this Agreement or any Ancillary Agreement.

(b) The foregoing conditions are for the sole benefit of UTC and shall not give rise to or create any duty on the part of UTC or the UTC Board to waive or not waive any such condition or in any way limit UTC's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by the UTC Board prior to the applicable Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.3(a) with respect to such Distribution shall be conclusive and binding on the Parties. If UTC waives any material condition, it shall promptly issue a press release disclosing such fact and file a Current Report on Form 8-K with the SEC describing such waiver.

3.4 The Distributions.

(a) Subject to Section 3.3, on or prior to the applicable Effective Time, Carrier or Otis, as applicable, will deliver to the Distribution Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding Carrier Shares or Otis Shares as is necessary to effect the Carrier Distribution or the Otis Distribution, as applicable, and shall cause the transfer agent for the UTC Shares to instruct the Distribution Agent to distribute at the applicable Effective Time the appropriate number of Carrier Shares or Otis Shares, as applicable, to each such Record Holder or designated transferee or transferees of such Record Holder by way of direct registration in book-entry form. Neither Carrier nor Otis will issue paper stock certificates in respect of such Carrier Shares or Otis Shares, respectively.

(b) Subject to Sections 3.3 and 3.4(c), each Record Holder will be entitled to receive (i) in the Carrier Distribution, a number of whole Carrier Shares equal to the number of UTC Shares held by such Record Holder on the applicable Record Date multiplied by the Carrier Distribution Ratio, rounded down to the nearest whole number, and (ii) in the Otis Distribution, a number of whole Otis Shares equal to the number of UTC Shares held by such Record Holder on the applicable Record Date multiplied by the Otis Distribution Ratio, rounded down to the nearest whole number.

(c) No fractional shares will be distributed or credited to book-entry accounts in connection with the Distributions, and any such fractional share interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a shareowner of Carrier or Otis. In lieu of any such fractional shares, each Record Holder who, but for the provisions of this Section 3.4(c), would be entitled to receive a fractional share interest of a Carrier Share or an Otis Share pursuant to the applicable Distribution, shall be paid cash, without any interest thereon, as hereinafter provided. As soon as practicable after the applicable Effective Time, UTC shall direct the Distribution Agent to determine the number of whole and fractional Carrier Shares or Otis Shares, as applicable, allocable to each Record Holder, to aggregate all such fractional shares into whole shares, and to sell the whole shares obtained thereby in the open market at the then prevailing prices on behalf of each Record Holder who otherwise would be entitled to receive fractional share interests (with the Distribution Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such Record Holder, in lieu of any fractional share, such Record Holder's ratable share of the total proceeds of such sale, after deducting any Taxes required to be withheld and applicable transfer Taxes, and after deducting the costs and expenses of such sale and distribution, including brokers fees and commissions. None of UTC, Carrier, Otis or the Distribution Agent will be required to guarantee any minimum sale price for the fractional Carrier Shares or Otis Shares sold in accordance with this Section 3.4(c). None of UTC, Carrier or Otis will be required to pay any interest on the proceeds from the sale of fractional shares. Neither the Distribution Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of UTC, Carrier or Otis. Solely for purposes of computing fractional share interests pursuant to this Section 3.4(c) and Section 3.4(d), the beneficial owner of UTC Shares held of record in the name of a nominee in any nominee account shall be treated as the Record Holder with respect to such shares.

(d) Any Carrier Shares or Otis Shares or cash in lieu of fractional shares with respect to Carrier Shares or Otis Shares that remain unclaimed by any Record Holder one hundred eighty (180) days after the applicable Distribution Date shall be delivered to Carrier or Otis, respectively, and each of Carrier and Otis, or its transfer agent on its behalf, shall hold such Carrier Shares or Otis Shares, as applicable, and cash for the account of such Record Holder, and the Parties agree that all obligations to provide such Carrier Shares or Otis Shares, as applicable, and cash, if any, in lieu of fractional share interests shall be obligations of Carrier and Otis, respectively, subject in each case to applicable escheat or other abandoned property Laws, and UTC shall have no Liability with respect thereto.

(e) Until the Carrier Shares and Otis Shares are duly transferred in accordance with this Section 3.4 and applicable Law, from and after the applicable Effective Time, each of

Carrier and Otis will regard the Persons entitled to receive such Carrier Shares or Otis Shares, as applicable, as record holders of Carrier Shares or Otis Shares, as applicable, in accordance with the terms of the Distributions without requiring any action on the part of such Persons. Each of Carrier and Otis agrees that, subject to any transfers of such shares, from and after the applicable Effective Time, (i) each such holder will be entitled to receive all dividends, if any, payable on, and exercise voting rights and all other rights and privileges with respect to, the Carrier Shares or Otis Shares, as applicable, then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership (as determined by Carrier or Otis, as applicable, or their respective transfer agent) of the Carrier Shares or Otis Shares, as applicable, then held by such holder.

ARTICLE IV
MUTUAL RELEASES; INDEMNIFICATION

4.1 Release of Pre-Distribution Claims.

(a) *Carrier Release of UTC and Otis.* Except as provided in Sections 4.1(d) and 4.1(e), effective as of the Effective Time, Carrier does hereby, for itself and each other member of the Carrier Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Carrier Group or have served as directors, officers, agents or employees of another Person at the request of any member of the Carrier Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) UTC, Otis and the members of their respective Groups, and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the UTC Group or the Otis Group or have served as directors, officers, agents or employees of another Person at the request of any member of the UTC Group or the Otis Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been stockholders, directors, officers, agents or employees of a Carrier Transferred Entity or any Subsidiary thereof and who are not, as of immediately following the Effective Time, directors, officers or employees of Carrier or a member of the Carrier Group (in each case, in their respective capacities as such), in each case from: (A) all Carrier Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distributions and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Carrier Business, the Carrier Assets, the Carrier Liabilities or any member of the UTC Group's or of the Otis Group's direct or indirect beneficial ownership of the capital stock of any member of the Carrier Group or any member of the UTC Group's or of the Otis Group's management, oversight, supervision or operation of the Carrier Business, the Carrier Assets or the Carrier Liabilities.

(b) *Otis Release of UTC and Carrier.* Except as provided in Sections 4.1(d) and 4.1(e), effective as of the Effective Time, Otis does hereby, for itself and each other member

of the Otis Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Otis Group or have served as directors, officers, agents or employees of another Person at the request of any member of the Otis Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) UTC, Carrier and the members of their respective Groups, and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the UTC Group or the Carrier Group or have served as directors, officers, agents or employees of another Person at the request of any member of the UTC Group or the Carrier Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been stockholders, directors, officers, agents or employees of an Otis Transferred Entity or any Subsidiary thereof and who are not, as of immediately following the Effective Time, directors, officers or employees of Otis or a member of the Otis Group (in each case, in their respective capacities as such), in each case from: (A) all Otis Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distributions and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Otis Business, the Otis Assets, the Otis Liabilities or any member of the UTC Group's or of the Carrier Group's direct or indirect beneficial ownership of the capital stock of any member of the Otis Group or any member of the UTC Group's or of the Carrier Group's management, oversight, supervision or operation of the Otis Business, the Otis Assets or the Otis Liabilities.

(c) *UTC Release of Carrier and Otis.* Except as provided in Sections 4.1(d) and 4.1(e), effective as of the Effective Time, UTC does hereby, for itself and each other member of the UTC Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the UTC Group or have served as directors, officers, agents or employees of another Person at the request of any member of the UTC Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Carrier, Otis and the members of their respective Groups and their respective successors and assigns, and (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Carrier Group or the Otis Group or have served as directors, officers, agents or employees of another Person at the request of any member of the Carrier Group or the Otis Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from (A) all UTC Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distributions and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent

relating to, arising out of or resulting from the UTC Business, the UTC Assets or the UTC Liabilities.

(d) *Obligations Not Affected.* Nothing contained in Section 4.1(a), 4.1(b) or 4.1(c) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.7(b) or the applicable Schedules to this Agreement or any Ancillary Agreement as not to terminate as of the Effective Time, in each case in accordance with its terms. Nothing contained in Section 4.1(a), 4.1(b) or 4.1(c) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the UTC Group, any members of the Carrier Group or any members of the Otis Group that is specified in Section 2.7(b) or the applicable Schedules to this Agreement or any Ancillary Agreement as not to terminate as of the Effective Time, or any other Liability specified in Section 2.7(b) or any Ancillary Agreement as not to terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of any Group from a member of another Group prior to the Effective Time;

(iv) any Liability that the Parties may have with respect to indemnification or contribution or other obligation pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by Third Parties, which Liability shall be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(v) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.1.

In addition, nothing contained in Section 4.1(a) or Section 4.1(b) shall release any member of the UTC Group from honoring its existing obligations to indemnify any director, officer or employee of Carrier or Otis who was a director, officer or employee of UTC or any of its Subsidiaries prior to the applicable Effective Time, to the extent such director, officer or employee becomes involved in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to such existing obligations; it being understood that, if the underlying obligation giving rise to such Action is a Carrier Liability or an Otis Liability, Carrier or Otis, respectively, shall indemnify UTC for such Liability (including UTC's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(e) *No Claims.* Carrier shall not make, and shall not permit any other member of the Carrier Group to make, any claim or demand, or commence any Action asserting any

claim or demand, including any claim of contribution or any indemnification, against UTC or Otis or any member of their respective Groups, or any other Person released pursuant to Section 4.1(a), with respect to any Liabilities released pursuant to Section 4.1(a). Otis shall not make, and shall not permit any other member of the Otis Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against UTC or Carrier or any member of their respective Groups, or any other Person released pursuant to Section 4.1(b), with respect to any Liabilities released pursuant to Section 4.1(b). UTC shall not make, and shall not permit any other member of the UTC Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Carrier or Otis or any member of their respective Groups, or any other Person released pursuant to Section 4.1(c), with respect to any Liabilities released pursuant to Section 4.1(c).

(f) *Execution of Further Releases.* At any time at or after the Effective Time, at the request of any Party, the other Parties shall cause each member of their respective Groups to execute and deliver releases reflecting the provisions of this Section 4.1.

4.2 Indemnification by Carrier. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Carrier shall, and shall cause the other members of the Carrier Group to, indemnify, defend and hold harmless (x) UTC, each member of the UTC Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "UTC Indemnitees"), and (y) Otis, each member of the Otis Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Otis Indemnitees"), from and against any and all Liabilities of the UTC Indemnitees and the Otis Indemnitees, respectively, relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any Carrier Liability;

(b) any failure of Carrier, any other member of the Carrier Group or any other Person to pay, perform or otherwise promptly discharge any Carrier Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Carrier or any other member of the Carrier Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a UTC Liability or Otis Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Carrier Group by any member of the UTC Group or the Otis Group, respectively, that survives following the Effective Time; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to

make the statements therein not misleading, with respect to (i) all Information contained in the Carrier Form 10, the Carrier Information Statement or any other Carrier Disclosure Document, other than the matters described in Section 4.3(e)(ii)(y) or Section 4.4(e); and (ii) any Information in respect of Carrier, any member of the Carrier Group, the Carrier Separation, the Carrier Distribution, the Carrier Business, the Carrier Assets or the Carrier Liabilities in (x) any UTC Disclosure Document filed or initially distributed or initially made available prior to the Carrier Distribution Date or that includes Information in respect of a quarterly or annual fiscal period of UTC that begins on or prior to the Carrier Distribution Date or (y) the Otis Form 10, the Otis Information Statement or any other Otis Disclosure Document.

4.3 Indemnification by Otis. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Otis shall, and shall cause the other members of the Otis Group to, indemnify, defend and hold harmless (x) the UTC Indemnitees and (y) Carrier, each member of the Carrier Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Carrier Indemnitees"), from and against any and all Liabilities of the UTC Indemnitees and the Carrier Indemnitees, respectively, relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any Otis Liability;

(b) any failure of Otis, any other member of the Otis Group or any other Person to pay, perform or otherwise promptly discharge any Otis Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Otis or any other member of the Otis Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a UTC Liability or Carrier Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Otis Group by any member of the UTC Group or the Carrier Group, respectively, that survives following the Effective Time; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to (i) all Information contained in the Otis Form 10, the Otis Information Statement or any other Otis Disclosure Document, other than the matters described in Section 4.2(e)(ii)(y) or Section 4.4(e); and (ii) any Information in respect of Otis, any member of the Otis Group, the Otis Separation, the Otis Distribution, the Otis Business, the Otis Assets or the Otis Liabilities in (x) any UTC Disclosure Document filed or initially distributed or initially made available prior to the Otis Distribution Date or that includes Information in respect of a quarterly or annual fiscal period of UTC that begins on or prior to the Otis Distribution Date or (y) the Carrier Form 10, the Carrier Information Statement or any other Carrier Disclosure Document.

4.4 Indemnification by UTC. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, UTC shall, and shall cause the other members of the UTC Group to, indemnify, defend and hold harmless (x) the Carrier Indemnitees and (y) the Otis Indemnitees from and against any and all Liabilities of the Carrier Indemnitees and the Otis Indemnitees, respectively, relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any UTC Liability;

(b) any failure of UTC, any other member of the UTC Group or any other Person to pay, perform or otherwise promptly discharge any UTC Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by UTC or any other member of the UTC Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Carrier Liability or Otis Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the UTC Group by any member of the Carrier Group or the Otis Group that survives following the Effective Time; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to statements (i) made explicitly in UTC's name in the Carrier Form 10 or the Otis Form 10, the Carrier Information Statement or the Otis Information Statement, or any other Carrier Disclosure Document or Otis Disclosure Document; it being agreed that the statements set forth on Schedule 4.4(e) shall be the only statements made explicitly in UTC's name in the Form 10s, the Information Statements or any other Carrier Disclosure Document or Otis Disclosure Document, and all other Information contained in the Form 10s, the Information Statements or any other Carrier Disclosure Document or Otis Disclosure Document shall be deemed to be Information supplied by Carrier or Otis, as applicable, or (ii) made in any UTC Disclosure Document, other than the matters described in Section 4.2(e)(ii)(x) or Section 4.3(e)(ii)(x).

4.5 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IV or Article V will be net of Insurance Proceeds or other amounts in either case actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount that any Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or contribution hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds or other amounts in either case actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related

Liability. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of such Liability, then within ten (10) calendar days of receipt of such Insurance Proceeds, the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a "windfall" (i.e., a benefit it would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification and contribution provisions hereof. Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorneys' fees and expenses) to collect or recover any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Article IV. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

4.6 Procedures for Indemnification of Third-Party Claims.

(a) *Notice of Claims.* If, at or following the Effective Time, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the UTC Group, the Carrier Group or the Otis Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Sections 4.2, 4.3 or 4.4, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as practicable, but in any event within twenty-one (21) days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification and include copies of all material notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide timely notice in accordance with this Section 4.6(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party is materially prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 4.6(a).

(b) *Control of Defense.* An Indemnifying Party may elect to defend (and seek to settle or compromise), at its own expense and with its own counsel, any Third-Party Claim; provided, that, prior to the Indemnifying Party assuming and controlling defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee are true, the Indemnifying Party shall indemnify the Indemnitee for any such damages to the extent resulting from, or arising out of, such Third-Party Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense, and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true in all material respects and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim, and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnitee in accordance with Section 4.6(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of the notice from an Indemnitee as provided in Section 4.6(a), then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) *Allocation of Defense Costs*. If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party shall be solely liable for all fees and expenses (including attorneys' fees) incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses (including attorneys' fees) incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim, or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee as provided in Section 4.6(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable, documented fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) *Right to Monitor and Participate.* An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that does not elect or is not entitled to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the

provisions of Section 4.6(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.7 and 6.8, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, Information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee reasonably determines in good faith that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as reasonably necessary) and to participate in (but not control) the defense, compromise or settlement thereof, and in such case the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for the applicable Indemnitee.

(e) *No Settlement.* None of the Parties may settle or compromise any Third-Party Claim for which any Party is seeking to be indemnified hereunder without the prior written consent of the other Parties who are Indemnifying Parties or are or are seeking to be Indemnitees, as applicable, in respect of such Third-Party Claim, which consent may not be unreasonably withheld, conditioned or delayed, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising Party; does not involve any admission, finding or determination of wrongdoing or violation of Law by any such other Party; and provides for a full, unconditional and irrevocable release of any such other Party from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party delivers to another Party a written notice containing a proposal to settle or compromise a Third-Party Claim for which such receiving Party is an Indemnifying Party or is or is seeking to be an Indemnitee in respect of such Third-Party Claim, and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within twenty (20) days (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

(f) *Tax Matters Agreement Coordination.* The provisions of Sections 4.6 through 4.10 (other than this Section 4.6(f)) shall not apply with respect to Taxes and Tax matters (it being understood and agreed that Taxes and Tax matters, including the control of Tax-related proceedings, shall be governed by the Tax Matters Agreement).

4.7 Additional Matters.

(a) *Timing of Payments.* Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this Article IV shall be paid reasonably promptly (but in any event within forty-five (45) days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this Article IV) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this Article IV shall remain operative and in full force and

effect, regardless of (i) any investigation made by or on behalf of any Indemnitee and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) *Notice of Direct Claims.* Any claim for indemnification or contribution under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this Section 4.7(b) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall, subject to the provisions of Article VII, be free to pursue such remedies as may be available to such Party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) *Pursuit of Claims Against Third Parties.* If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement; (ii) an adequate legal or equitable remedy is not available for any reason against another Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to another Party against a Third Party for such Liability, then such other Party, or Parties, as applicable, shall use its or their commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against the Third Party.

(d) *Subrogation.* In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(e) *Substitution.* In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in Section 4.6 and this Section 4.7.

4.8 Right of Contribution.

(a) *Contribution.* If any right of indemnification contained in Section 4.2, Section 4.3 or Section 4.4 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or Actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of its Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Allocation of Relative Fault.* Solely for purposes of determining relative fault pursuant to this Section 4.8: (i) any fault associated with (A) the business conducted with the Delayed Assets or Delayed Liabilities of Carrier or Otis (except for the gross negligence or intentional misconduct of (1) a member of the UTC Group or (2) (x) in the case of the business conducted with the Delayed Assets or Delayed Liabilities of Carrier, a member of the Otis Group, or (y) in the case of the business conducted with the Delayed Assets or Delayed Liabilities of Otis, a member of the Carrier Group) or (B) the ownership, operation or activities of the Carrier Business or Otis Business prior to the Effective Time shall be deemed to be the fault of Carrier and the other members of the Carrier Group or Otis and the other members of the Otis Group, respectively, and no such fault shall be deemed to be the fault of (1) UTC or any other member of the UTC Group or (2) (x) in the case of the ownership, operation or activities of the Carrier Business, Otis or any other member of the Otis Group or (y) in the case of the ownership, operation or activities of the Otis Business, Carrier or any other member of the Carrier Group; and (ii) any fault associated with (A) the business conducted with Delayed Assets or Delayed Liabilities of UTC (except for the gross negligence or intentional misconduct of a member of the Carrier or Otis Group) or (B) the ownership, operation or activities of the UTC Business prior to the Effective Time shall be deemed to be the fault of UTC and the other members of the UTC Group, and no such fault shall be deemed to be the fault of Carrier, Otis or any other member of their respective Groups.

4.9 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption or retention of any Carrier Liabilities by Carrier or a member of the Carrier Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the assumption or retention of any Otis Liabilities by Otis or a member of the Otis Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (c) the assumption or retention of any UTC Liabilities by UTC or a member of the UTC Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; or (d) the provisions of this Article IV are void or unenforceable for any reason.

4.10 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.11 Survival of Indemnities. The rights and obligations of each of UTC, Carrier and Otis and their respective Indemnitees under this Article IV shall survive (a) the sale or other transfer by any of the Parties or any member of their respective Groups of any assets or businesses or the assignment by any of the Parties of any Liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving any of the Parties or any members of their respective Groups; it being understood that in any such case, the applicable Party shall make proper provision so that the successor or acquiror, as applicable, expressly assumes the obligations of such Party set forth this Article IV.

ARTICLE V
CERTAIN OTHER MATTERS

5.1 Insurance Matters.

(a) In no event shall UTC, any other member of the UTC Group or any UTC Indemnitee have any Liability or obligation whatsoever to any member of the Carrier Group or the Otis Group in the event that any insurance policy or insurance policy-related contract has been or is terminated or otherwise ceases to be in effect for any reason, is or becomes unavailable or inadequate to cover any Liability of any member of the Carrier Group or the Otis Group for any reason whatsoever or has not been or is not renewed or extended beyond the current expiration date.

(b) Except as provided on Schedule 5.1(b) and except in the circumstances where Section 5.1(c) is applicable, with respect to any losses, damages and Liabilities incurred by any member of the Carrier Group or the Otis Group prior to the Applicable Third-Party Insurance Separation Date relating to such type of losses, damages and Liabilities, UTC will provide each of Carrier and Otis with access to, and each of Carrier and Otis may make occurrence-based claims under, UTC's Third-Party occurrence-based insurance policies in place immediately prior to the Applicable Third-Party Insurance Separation Date and UTC's historical Third-Party occurrence-based insurance policies (to the extent then remaining available), but solely to the extent that such policies provided coverage for members of the Carrier Group or the Carrier Business or members of the Otis Group or the Otis Business, respectively, for occurrence-based claims prior to the Applicable Third-Party Insurance Separation Date; provided, that Carrier and Otis shall access and make occurrence-based claims under such insurance policies in good faith and in a manner consistent with past practice; provided, further, that such access to, and the right to make occurrence-based claims under, such insurance policies, shall be subject to the terms, conditions and exclusions of such insurance policies, including any limits on coverage or scope, any deductibles, self-insured retentions and other fees and expenses, and shall be subject to the following additional conditions:

(i) Carrier or Otis shall notify UTC, as promptly as practicable, of any claim made by it pursuant to this Section 5.1(b);

(ii) Carrier or Otis and the members of their respective Groups shall indemnify, hold harmless and reimburse UTC and the members of the UTC Group for any deductibles, self-insured retention, fees, indemnity payments, settlements, judgments,

legal fees, allocated claims expenses and claim handling fees, and other expenses incurred by UTC or any member of the UTC Group to the extent resulting from any access to, or any claims made by Carrier or Otis or any other members of their respective Groups under, any insurance provided pursuant to this Section 5.1(b), whether such claims are made by Carrier, its employees or any Third Parties or Otis, its employees or any Third Parties, as applicable; and

(iii) Each of Carrier and Otis shall exclusively bear (and neither UTC nor any member of the UTC Group shall have any obligation to repay or reimburse Carrier or Otis or any member of their respective Groups for) and shall be liable for all excluded, uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by it or any member of its Group under the policies as provided for in this Section 5.1(b).

In the event that (A) any member of the UTC Group incurs any losses, damages or Liability prior to or in respect of the period prior to the Applicable Third-Party Insurance Separation Date for which such member of the UTC Group is entitled to coverage under any Third-Party occurrence-based insurance policies of Carrier or Otis or any member of their respective Groups, (B) any member of the Carrier Group incurs any losses, damages or Liability prior to or in respect of the period prior to the Applicable Third-Party Insurance Separation Date for which such member of the Carrier Group is entitled to coverage under any Third-Party occurrence-based insurance policies of Otis or any member of its Group, or (C) any member of the Otis Group incurs any losses, damages or Liability prior to or in respect of the period prior to the Applicable Third-Party Insurance Separation Date for which such member of the Otis Group is entitled to coverage under any Third-Party occurrence-based insurance policies of Carrier or any member of its Group, then the terms of this Section 5.1(b), Section 5.1(e) and Section 5.1(f) shall apply, *mutatis mutandis*.

(c) From and after the Effective Time, with respect to any Carrier Captive Liabilities or any Otis Captive Liabilities incurred prior to the Effective Time with respect to which the UTC Captive Entities retain Third-Party insurance or reinsurance coverage, the UTC Captive Entities will provide each of Carrier and Otis with access to, and each of Carrier and Otis may make claims under, the UTC Captive Entities' Third-Party insurance or reinsurance policies in place immediately prior to the Effective Time and the UTC Captive Entities' historical Third-Party insurance or reinsurance policies (in each case, solely to the extent coverage remains available), but solely to the extent that such policies provided coverage for such Carrier Captive Liabilities or Otis Captive Liabilities, as applicable; provided, that Carrier and Otis shall access and make claims under such insurance or reinsurance policies in good faith and in a manner consistent with past practice; provided, further, that such access to, and the right to make claims under, such insurance or reinsurance policies, shall be subject to the terms, conditions and exclusions of such insurance or reinsurance policies, including any limits on coverage or scope, any deductibles, self-insured retentions and other fees and expenses, and shall be subject to the following additional conditions:

(i) Carrier or Otis shall notify UTC, as promptly as practicable, of any claim made by it pursuant to this Section 5.1(c);

(ii) Carrier or Otis and the members of their respective Groups shall indemnify, hold harmless and reimburse UTC and the members of the UTC Group for any deductibles, self-insured retention, fees, indemnity payments, settlements, judgments, legal fees, allocated claims expenses and claim handling fees, and other expenses incurred by UTC or any member of the UTC Group to the extent resulting from any access to, or any claims made by Carrier or Otis or any other members of their respective Groups under, any insurance provided pursuant to this Section 5.1(c), whether such claims are made by Carrier, its employees or any Third Parties or Otis, its employees or any Third Parties, as applicable; and

(iii) each of Carrier and Otis shall exclusively bear (and neither UTC nor any member of the UTC Group shall have any obligation to repay or reimburse Carrier or Otis or any member of their respective Groups for) and shall be liable for all excluded, uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by it or any member of its Group under the policies as provided for in this Section 5.1(c).

(d) Except as expressly provided in Sections 5.1(b) and 5.1(c), none of UTC, Carrier, Otis or any member of their respective Groups shall have any rights to or under any of the insurance or reinsurance policies of the other Parties or any other member of their respective Groups, including, with respect to Carrier or Otis, any rights to or under, or any recourse to, any Assets or insurance policies or programs of any UTC Captive Entity. At the Effective Time, each of Carrier and Otis shall have in effect all insurance programs required to comply with its contractual obligations and such other insurance or reinsurance policies or insurance contracts required by Law or as reasonably necessary or appropriate for companies operating a business similar to Carrier's or Otis's, respectively. For the avoidance of doubt, from and after the applicable Effective Time, neither UTC nor any member of its Group (including any UTC Captive Entity) shall have any Liability or obligation whatsoever with respect to any Carrier Captive Liabilities or any Otis Captive Liabilities, each of which shall be Carrier Liabilities or Otis Liabilities, respectively, for all purposes hereunder.

(e) None of Carrier, Otis or any member of their respective Groups, in connection with making a claim under any insurance or reinsurance policy of UTC or any member of the UTC Group pursuant to this Section 5.1, shall take any action that would be reasonably likely to (i) have a material and adverse impact on the then-current relationship between UTC or any member of the UTC Group, on the one hand, and the applicable insurance company, on the other hand; (ii) result in the applicable insurance company terminating or materially reducing coverage, or materially increasing the amount of any premium owed by UTC or any member of the UTC Group under the applicable insurance or reinsurance policy; or (iii) otherwise compromise, jeopardize or interfere in any material respect with the rights of UTC or any member of the UTC Group under the applicable insurance or reinsurance policy.

(f) All payments and reimbursements by Carrier or Otis pursuant to this Section 5.1 will be made within forty-five (45) days after its receipt of an invoice therefor from UTC. UTC shall retain the exclusive right to control its insurance or reinsurance policies and programs (the "Control Right"), including the right to exhaust, settle, release, commute, buyback or otherwise resolve disputes with respect to any of its insurance or reinsurance policies and

programs and to amend, modify or waive any rights under any such insurance or reinsurance policies and programs, notwithstanding whether any such policies or programs apply to any Carrier Liabilities or Otis Liabilities and/or claims Carrier or Otis has made or could make in the future; provided that UTC does not exercise the Control Right with the specific and primary purpose of depriving Carrier or Otis of the ability to access or make claims under such policies and programs pursuant to this Section 5.1. Except to the extent in the exercise of such Person's express rights pursuant to this Section 5.1, no member of the Carrier Group or the Otis Group shall erode, exhaust, settle, release, commute, buyback or otherwise resolve disputes with UTC's insurers with respect to any of UTC's insurance or reinsurance policies and programs, or amend, modify or waive any rights under any such insurance or reinsurance policies and programs. Each of Carrier and Otis shall cooperate with UTC and share such Information as is reasonably necessary in order to permit UTC to manage and conduct its insurance matters as UTC deems appropriate. For the avoidance of doubt, notwithstanding the foregoing, each Party and any member of its applicable Group has the sole right to settle or otherwise resolve any incidents or injuries with respect to it or any member of its applicable Group vis-à-vis a Third-Party covered under an applicable insurance or reinsurance policy.

(g) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the UTC Group in respect of any insurance or reinsurance policy or any other contract or policy of insurance.

(h) Each of Carrier and Otis does hereby, for itself and each other member of its Group, agree that no member of the UTC Group shall have any Liability whatsoever as a result of the insurance or reinsurance policies and practices of UTC and the members of the UTC Group as in effect at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy or the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

5.2 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within forty-five (45) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two percent (2%).

5.3 Inducement. Each of Carrier and Otis acknowledges and agrees that UTC's willingness to cause, effect and consummate the Separation and Distributions has been conditioned upon and induced by the covenants and agreements of Carrier and Otis in this Agreement and the Ancillary Agreements, including Carrier's assumption of the Carrier Liabilities and Otis's assumption of the Otis Liabilities pursuant to the Separation and the provisions of this Agreement and the covenants and agreements of Carrier and Otis contained in Article IV.

5.4 Post-Effective Time Conduct. The Parties acknowledge that, after the applicable Effective Time, each Party shall be independent of the other Parties, with

responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the applicable Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Parties.

5.5 Director and Officer Insurance. For six (6) years after the applicable Effective Time, UTC shall provide officers' and directors' liability insurance in respect of acts or omissions occurring at or prior to the applicable Effective Time covering (a) each of the present and former officers and directors of UTC, Carrier and Otis and each of their Subsidiaries currently covered by UTC's officers' and directors' liability insurance policies and (b) each of the present and former management committee members of any joint venture of UTC, Carrier or Otis or any of their Subsidiaries currently covered by UTC's officers' and directors' liability insurance policies, on terms with respect to coverage and amount no less favorable than those of such policies as are in effect as of the applicable Effective Time with respect to UTC's and/or its Subsidiaries (as applicable) then-current officers, directors and management committee members, with fifty percent (50%) of the cost of such insurance deemed a UTC Liability, twenty-five percent (25%) of the cost of such insurance deemed a Carrier Liability and twenty-five percent (25%) of the cost of such insurance deemed an Otis Liability.

ARTICLE VI
EXCHANGE OF INFORMATION; CONFIDENTIALITY

6.1 Agreement for Exchange of Information.

(a) Subject to Section 6.9 and any other applicable confidentiality obligations, each of UTC, Carrier and Otis, on behalf of itself and each member of its Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to another Party and the members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after written request therefor, any Information (or a copy thereof) in the possession or under the control of such Party or any member of its Group that the requesting Party or any member of its Group requests, in each case to the extent that (i) such Information relates to the Carrier Business, or any Carrier Asset or Carrier Liability, if Carrier is the requesting Party, to the Otis Business, or any Otis Asset or Otis Liability, if Otis is the requesting Party, or to the UTC Business, or any UTC Asset or UTC Liability, if UTC is the requesting Party; (ii) such Information is required by the requesting Party to comply with its obligations under this Agreement or any Ancillary Agreement; or (iii) such Information is required by the requesting Party to comply with any obligation imposed by any Governmental Authority, including the obligation to verify the accuracy of internal controls over information technology reporting of financial data and related processes employed in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (it being understood that in the case of such verification, the obligations set forth in this sentence shall apply to access to the facilities, systems, infrastructure and personnel of the applicable Party or its Group); provided, however, that in the event that the Party to whom the request has been made determines that any such provision of Information could be detrimental to the Party providing the Information, violate any Law or agreement, or waive any privilege available under applicable Law, including any attorney-client privilege, then the Parties shall use commercially

reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing Information pursuant to this Section 6.1 shall only be obligated to provide such Information in the form, condition and format in which it then exists, and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such Information, and nothing in this Section 6.1 shall expand the obligations of any Party under Section 6.4. Each Party shall cause its employees and the employees of any members of its Group to, and shall use commercially reasonable efforts to cause the employees of its Representatives to, when on the property of another Party or a member of another Party's Group, conform to the policies and procedures of such Party or any member of such Party's Group concerning health, safety, conduct and security that are made known or provided to the accessing Party from time to time.

(b) Without limiting the generality of the foregoing, until the end of the fiscal year of UTC, Carrier or Otis during which the applicable Distribution Date occurs (whichever ends latest), and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the applicable Distribution Date occurs, each Party shall use its commercially reasonable efforts to cooperate and comply with any other Party's Information requests to enable (i) such other Party to meet its timetable for dissemination of its earnings releases, financial statements and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act and (ii) such other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws; provided, that, with respect to the first fiscal quarter in respect of which the activities described in the foregoing clauses (i) and (ii) are undertaken following the Effective Time, each Party shall effect the foregoing by using the same processes, resources and deliverables for purposes of preparing financial statements and recording transactions as were used in the immediately prior fiscal quarter.

6.2 Ownership of Information. The provision of any Information pursuant to Section 6.1 or Section 6.7 shall not affect the ownership of such Information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements) or constitute a grant of rights in or to any such Information.

6.3 Compensation for Providing Information. The Party requesting Information agrees to reimburse the providing Party for the reasonable costs, if any, of creating, gathering, copying, transporting and otherwise complying with the request with respect to such Information (including any reasonable costs and expenses incurred in any review of Information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested Information). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

6.4 Record Retention. To facilitate the possible exchange of Information pursuant to this Article VI and other provisions of this Agreement after the Effective Time, from and after the Effective Time until the twelfth (12th) anniversary of the Effective Time, the Parties agree to use their commercially reasonable efforts, which shall be no less rigorous than those used for retention of such Party's own Information, to retain all Information in their respective possession or control, or the possession or control of any member of their respective Group, at the Effective Time in accordance with the policies used for retention of such Party's own Information of a similar type. Notwithstanding the foregoing, Section 9.01 of the Tax Matters Agreement will govern the retention of Tax-related records, and Section 9.01 of the Employee Matters Agreement will govern the retention of employment- and benefits-related records.

6.5 Limitations of Liability. None of the Parties shall have any Liability to any other Party in the event that any Information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence, bad faith or willful misconduct by the Party providing such Information. None of the Parties shall have any Liability to any other Party if any Information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 6.4.

6.6 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Ancillary Agreement.

(b) Any Party that receives, pursuant to a request for Information in accordance with this Article VI, Tangible Information that is not relevant to its request shall, at the request of the providing Party, (i) return it to the providing Party or, at the providing Party's request, destroy such Tangible Information; and (ii) deliver to the providing Party written confirmation that such Tangible Information was returned or destroyed, as the case may be, which confirmation shall be signed by an authorized representative of the requesting Party.

6.7 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of a Dispute between the applicable Parties, or any member of their respective Groups, each Party shall use its commercially reasonable efforts to make available to any other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party (or any member of its Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the applicable other Party (or Parties) shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) The obligation of the Parties to provide witnesses pursuant to this Section 6.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses directors, officers, employees, other personnel and agents without regard to whether such Person or the employer of such Person could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.7(a)).

6.8 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the First Effective Time have been and will be rendered for the collective benefit of each of the members of the UTC Group, the Carrier Group and the Otis Group and that each of the members of the UTC Group, the Carrier Group and the Otis Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges that may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services may be provided following the First Effective Time and prior to the Second Effective Time, which services will be rendered (i) in the event the Carrier Effective Time is the First Effective Time, solely for the benefit of the Carrier Group on the one hand, and each of the members of the UTC Group and the Otis Group, on the other hand, as the case may be, or (ii) in the event the Otis Effective Time is the First Effective Time, solely for the benefit of the Otis Group on the one hand, and each of the members of the UTC Group and the Carrier Group, on the other hand. The Parties recognize that legal and other professional services will be provided following the Second Effective Time, which services will be rendered solely for the benefit of the UTC Group, the Carrier Group or the Otis Group, as the case may be. In furtherance of the foregoing, each Party shall authorize the delivery to and/or retention by the other Parties of materials existing as of the applicable Effective Time that are necessary for such services to be rendered for the benefit of the other applicable Parties.

(b) The Parties agree as follows:

(i) UTC shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the UTC Business and not to the Carrier Business or the Otis

Business, whether or not the Privileged Information is in the possession or under the control of any member of the UTC Group or any member of the Carrier Group or the Otis Group. UTC shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any UTC Assets or UTC Liabilities resulting from or arising out of any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the UTC Group or any member of the Carrier Group or the Otis Group;

(ii) Carrier shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Carrier Business and not to the UTC Business or the Otis Business, whether or not the Privileged Information is in the possession or under the control of any member of the Carrier Group or any member of the UTC Group or the Otis Group. Carrier shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Carrier Assets or Carrier Liabilities resulting from or arising out of any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Carrier Group or any member of the UTC Group or the Otis Group; and

(iii) Otis shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Otis Business and not to the UTC Business or the Carrier Business, whether or not the Privileged Information is in the possession or under the control of any member of the Otis Group or any member of the UTC Group or the Carrier Group. Otis shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Otis Assets or Otis Liabilities resulting from or arising out of any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Otis Group or any member of the UTC Group or the Carrier Group.

(iv) If the Parties do not agree as to whether certain Information is Privileged Information, then such Information shall be treated as Privileged Information, and the Party that believes that such Information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such Information unless the Parties otherwise agree. The Parties shall use the procedures set forth in Article VII to resolve any disputes as to whether any Information relates solely to the UTC Business, solely to the Carrier Business, solely to the Otis Business or to more than one of the UTC Business, the Carrier Business and the Otis Business.

(c) Subject to the remaining provisions of this Section 6.8, the Parties agree that they shall have a shared privilege or immunity with respect to all privileges and immunities not allocated pursuant to Section 6.8(b), including all privileges and immunities relating to any Actions or other matters that involve more than one of the Parties (or one or more members of

their respective Groups) or in respect of which more than one of the Parties has Liabilities under this Agreement; it being understood that such shared privilege or immunity shall not be shared by UTC, Carrier or Otis if the applicable Privileged Information does not relate to the UTC Business, Carrier Business or Otis Business, or any UTC Liabilities, Carrier Liabilities or Otis Liabilities, respectively. No such shared privilege or immunity may be waived by any of the Parties without the consent of the applicable other Parties who share such privilege or immunity.

(d) If any Dispute arises among any of the Parties or any members of their respective Groups regarding whether a privilege or immunity should be waived to protect or advance the interests of any of the Parties and/or any members of their respective Groups, each Party agrees that it shall (i) negotiate with the applicable other Parties in good faith; (ii) endeavor to minimize any prejudice to the rights of the applicable other Parties; and (iii) not unreasonably withhold, condition or delay consent to any request for waiver by the applicable other Parties. Further, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except in good faith to protect its own legitimate interests.

(e) In the event of any Dispute among two (2) or all of the Parties, or any members of their respective Groups, any of the applicable Parties may waive a privilege in which the applicable other Party or Parties or any member of such applicable other Party's Group or Parties' respective Groups has a shared privilege, without obtaining consent pursuant to Section 6.8(c); provided, that such Party intends such waiver of a shared privilege to be effective only as to the use of Information with respect to the Action among such Parties and/or the applicable members of their respective Groups, and is not intended to operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by any of the Parties, or by any member of their respective Groups, of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which another Party has the sole right hereunder to assert a privilege or immunity, or if any of the Parties obtains knowledge that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party shall promptly notify the applicable other Party(ies) of the existence of the request (which notice shall be delivered to such applicable other Party(ies) no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide the applicable other Party(ies) a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 6.8 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any Information pursuant to this Agreement is made in reliance on the agreement among UTC, Carrier and Otis set forth in this Section 6.8 and in Section 6.9 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that their respective rights to any access to Information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts among the Parties contemplated by this Agreement, and the transfer of Privileged Information among the Parties and members of their

respective Groups as needed pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

(h) In connection with any matter contemplated by Section 6.7 or this Section 6.8, the Parties agree to, and to cause the applicable members of their respective Groups to, use commercially reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

6.9 Confidentiality.

(a) *Confidentiality.* Subject to Section 6.10, from and after the Effective Time until the third (3rd) anniversary of the Effective Time, each of UTC, Carrier and Otis, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to UTC's confidential and proprietary Information pursuant to policies in effect as of the Effective Time, all confidential and proprietary Information concerning any other Party or any member of any other Party's Group or their respective businesses that is either in its possession (including confidential and proprietary Information in its possession prior to the date hereof) or furnished by any such other Party or any member of such Party's Group or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such confidential and proprietary Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary Information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by any Party or any member of any Party's Group or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves known by such Party (or any member of such Party's Group) to be bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary Information, or (iii) independently developed or generated by such Party (or any member of such Party's Group) without reference to or use of any proprietary or confidential Information of any other Party or any member of any such other Party's Group; provided, with respect to trade secrets of any other Party or any member of any other Party's Group or their respective businesses, the foregoing obligations and restrictions shall remain in effect for so long as the relevant information remains a trade secret under applicable Law. If any confidential and proprietary Information of one Party or any member of its Group is disclosed to another Party or any member of another Party's Group in connection with providing services to such first Party or any member of such first Party's Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary Information shall be used only as required to perform such services.

(b) *No Release; Return or Destruction.* Each Party agrees not to release or disclose, or permit to be released or disclosed, any Information addressed in Section 6.9(a) to any other Person, except its Representatives who need to know such Information in their capacities as such (who shall be advised of their obligations hereunder with respect to such Information) and except in compliance with Section 6.10. Without limiting the foregoing, when any such Information is no longer needed for the purposes contemplated by this Agreement or any

Ancillary Agreement, and is no longer subject to any legal hold or other document preservation obligation, each Party will promptly after request of the applicable other Party either return to such other Party all such Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify such other Party in writing that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that the Parties may retain electronic backup versions of such Information maintained on routine computer system backup tapes, disks or other backup storage devices; provided, further, that any such Information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(c) *Third-Party Information; Privacy or Data Protection Laws.* Each Party acknowledges that it and members of its Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary Information of, or legally protected personal Information relating to, Third Parties (i) that was received under privacy policies and/or confidentiality or nondisclosure agreements entered into between such Third Parties, on the one hand, and another Party or members of another Party's Group, on the other hand, prior to the Effective Time; or (ii) that, as between the three (3) Parties, was originally collected by another Party or members of such other Party's Group and that may be subject to and protected by privacy policies, as well as privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary Information of, or legally protected personal Information relating to, Third Parties in accordance with privacy policies and privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among another Party or members of another Party's Group, on the one hand, and such Third Parties, on the other hand.

6.10 Protective Arrangements. In the event that a Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide Information of another Party (or any member of another Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the applicable other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such Information and shall cooperate, at the expense of the applicable other Party, in seeking any appropriate protective order requested by the applicable other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such Information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide Information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority or to the extent necessary for such Party to not be so prejudiced, and the disclosing Party shall promptly provide the applicable other Party with a copy of the Information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such Information was disclosed, in each case to the extent legally permitted.

ARTICLE VII
DISPUTE RESOLUTION

7.1 Good Faith Officer Negotiation. Subject to Section 7.4, any of the Parties seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement or any Ancillary Agreement (including regarding whether any Assets are Carrier Assets, Otis Assets or UTC Assets, any Liabilities are Carrier Liabilities, Otis Liabilities or UTC Liabilities, or the validity, interpretation, breach or termination of this Agreement or any Ancillary Agreement) (a "Dispute"), which Dispute could not be resolved by the Transition Committee, shall provide written notice thereof to the applicable other Parties (the "Officer Negotiation Request"). Within fifteen (15) days of the delivery of the Officer Negotiation Request, the applicable Parties shall attempt to resolve the Dispute through good faith negotiation. All such negotiations shall be conducted by executives of the applicable Parties who hold, at a minimum, the title of Senior Vice President (or a position substantially equivalent thereto) and who have authority to settle the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the applicable Parties are unable for any reason to resolve a Dispute within thirty (30) days of receipt of the Officer Negotiation Request, and such thirty (30)-day period is not extended by mutual written consent of the applicable Parties, or if an applicable Party reasonably concludes that another applicable Party is not willing to negotiate in good faith as contemplated by this Section 7.1, any of the applicable Parties may submit the Dispute to mediation in accordance with Section 7.2.

7.2 Mediation. Any Dispute not resolved pursuant to Section 7.1 shall, at the written request of any applicable Party (a "Mediation Request"), be submitted to nonbinding mediation in accordance with the International Institute for Conflict Prevention and Resolution ("CPR") Mediation Procedure then in effect, except as modified herein. The mediation shall be held in New York, New York or such other place as the applicable Parties may mutually agree. The applicable Parties shall have twenty (20) days from receipt by a Party of a Mediation Request to agree on a mediator. If no mediator has been agreed upon by the applicable Parties within twenty (20) days of receipt by a Party of a Mediation Request, then any applicable Party may request (on written notice to the other applicable Parties) that CPR appoint a mediator in accordance with the CPR Mediation Procedure. All mediation pursuant to this Section 7.2 shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and no oral or documentary representations made by the applicable Parties during such mediation shall be admissible for any purpose in any subsequent proceedings. No Party shall disclose or permit the disclosure of any Information about the evidence adduced or the documents produced by another Party in the mediation proceedings or about the existence, contents or results of the mediation without the prior written consent of such other applicable Party, except in the course of a judicial or regulatory proceeding or as may be required by Law or securities exchange rules or requested by a Governmental Authority or securities exchange. Before making any disclosure permitted by the preceding sentence, the Party intending to make such disclosure shall, to the extent reasonably practicable, give the other applicable Party reasonable written notice of the intended disclosure and afford such other Party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within the earlier of sixty (60) days after the appointment of a mediator or ninety (90) days after receipt by a Party of a Mediation Request, or within such longer period as the applicable Parties may agree

to in writing, any of the applicable Parties may submit the Dispute to binding arbitration in accordance with Section 7.3; provided, that if one applicable Party fails to participate in the mediation for thirty (30) days after the appointment of a mediator, the other applicable Parties may commence arbitration in accordance with Section 7.3 prior to the expiration of the time periods set forth above.

7.3 Arbitration.

(a) In the event that a Dispute has not been resolved within the earlier of sixty (60) days after the appointment of a mediator or ninety (90) days after receipt by a Party of a Mediation Request in accordance with Section 7.2, or within such longer period as the applicable Parties may agree to in writing, then such Dispute shall, upon the written request of an applicable Party (the "Arbitration Request") be submitted to be finally resolved by binding arbitration in accordance with the then-current CPR arbitration procedure, except as modified herein. The arbitration shall be held in (i) New York City, New York or (ii) such other place as the applicable Parties may mutually agree in writing. Unless otherwise agreed by the applicable Parties in writing, any Dispute to be decided pursuant to this Section 7.3 will be decided before a sole independent arbitrator, and, subject only to Sections 7.1, 7.2 and 7.4, arbitration pursuant to this Section 7.3 shall be the sole and exclusive venue for resolution of any and all Disputes.

(b) The sole independent arbitrator will be appointed by agreement of the applicable Parties within fifteen (15) days of the date of receipt of the Arbitration Request. If the applicable Parties cannot agree to a sole independent arbitrator during such fifteen (15)-day period, then upon written application by any applicable Party, the sole independent arbitrator will be appointed pursuant to the CPR arbitration procedure.

(c) The arbitrator will have the right to award, on a preliminary or interim basis, or include in the final award, any relief that it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and attorneys' fees and costs; provided, that the arbitrator will not award any relief not specifically requested by the applicable Parties and, in any event, will not award any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other applicable Parties arising in connection with the transactions contemplated hereby (other than any such Liability arising from a payment actually made to a Third Party with respect to a Third-Party Claim). Upon selection of the arbitrator following any grant of interim relief by a special arbitrator or court pursuant to Section 7.4, the arbitrator may affirm or disaffirm that relief, and the applicable Parties will seek modification or rescission of the order entered by the court as necessary to accord with the decision of the arbitrator. The award of the arbitrator shall be final and binding on the applicable Parties and may be enforced in any court of competent jurisdiction. The initiation of arbitration pursuant to this Article VII will toll the applicable statute of limitations for the duration of any such proceedings. Notwithstanding applicable state Law, the arbitration and this agreement to arbitrate shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1, *et seq.*

7.4 Litigation and Unilateral Commencement of Arbitration. Notwithstanding the foregoing provisions of this Article VII, (a) a Party may seek preliminary provisional or injunctive judicial relief with respect to a Dispute without first complying with the procedures set

forth in Section 7.1, Section 7.2 and Section 7.3 if such action is reasonably necessary to avoid irreparable damage (it being understood that such initiating Party may, at its election, pursue arbitration, including seeking arbitral relief on a preliminary or interim basis, in lieu of such judicial relief) and (b) any of the applicable Parties may initiate arbitration before the expiration of the periods specified in Section 7.1, Section 7.2 and/or Section 7.3 if such Party has submitted an Officer Negotiation Request, a Mediation Request and/or an Arbitration Request and any of the other applicable Parties has failed to comply with Section 7.1, Section 7.2 and/or Section 7.3 in good faith with respect to such negotiation and/or the commencement and engagement in arbitration. In the circumstances contemplated by clause (b) of the immediately preceding sentence, such applicable Party may commence and prosecute such arbitration unilaterally in accordance with the CPR arbitration procedure.

7.5 Conduct During Dispute Resolution Process. Unless otherwise agreed in writing, the Parties shall, and shall cause the members of their respective Groups to, continue to honor all commitments under this Agreement and each Ancillary Agreement to the extent required by such agreements during the course of dispute resolution pursuant to the provisions of this Article VII, unless such commitments are the specific subject of the Dispute at issue.

7.6 Dispute Resolution Coordination. Except to the extent otherwise provided in Section 14 of the Tax Matters Agreement or Section 8.2 of the Intellectual Property Agreement (as applicable), the provisions of this Article VII (other than this Section 7.6) shall not apply with respect to the resolution of any dispute, controversy or claim arising out of or relating to (a) Taxes or Tax matters (it being understood and agreed that the resolution of any dispute, controversy or claim arising out of or relating to Taxes or Tax matters shall be governed by the Tax Matters Agreement) or (b) the Intellectual Property Agreement (it being understood and agreed that the resolution of any such dispute, controversy or claim arising out of or relating to the Intellectual Property Agreement shall be governed by the Intellectual Property Agreement).

ARTICLE VIII
FURTHER ASSURANCES AND ADDITIONAL COVENANTS

8.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Effective Time to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party hereto shall cooperate with the other Parties, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any Permit, license,

agreement, indenture or other instrument (including any consents or any Approval or Notification to be made to or obtained from, any Governmental Authority), and to take all such other actions as such Party may reasonably be requested to take by the other Parties from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the Carrier Assets, the Otis Assets and the UTC Assets and the assignment and assumption of the Carrier Liabilities, the Otis Liabilities and the UTC Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing but consistent with the terms of this Agreement (including Section 2.4) and the Ancillary Agreements, each Party will, at the reasonable request, cost and expense of the applicable other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, UTC, Carrier and Otis in their respective capacities as direct and indirect stockholders of the members of their Groups, shall each ratify any actions that are reasonably necessary or desirable to be taken by UTC, Carrier, Otis or any members of their respective Group, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) UTC, Carrier and Otis, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any member of any of the other Groups for any Liabilities or other claims relating to or arising out of: (i) the failure of a Party to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any Third Party arises out of any action or inaction described in the foregoing clause (i) or (ii), the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

ARTICLE IX
TERMINATION

9.1 Termination. This Agreement and all Ancillary Agreements may be terminated and either or both of the Distributions may be amended, modified or abandoned at any time prior to the First Effective Time by UTC, in its sole and absolute discretion, without the approval or consent of Carrier or Otis. After the First Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties, it being understood that, subject to Section 10.14, the Second Distribution may be

amended, modified or abandoned at any time prior to the Second Effective Time by UTC, in its sole and absolute discretion, without the approval or consent of Carrier or Otis.

9.2 Effect of Termination. In the event of any termination of this Agreement prior to the First Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to any other Party by reason of this Agreement.

ARTICLE X
MISCELLANEOUS

10.1 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties.

(b) This Agreement, the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement among the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings among the Parties other than those set forth or referred to herein or therein. This Agreement and the Ancillary Agreements together govern the arrangements in connection with the Separation and the Distributions and would not have been entered independently.

(c) UTC represents on behalf of itself and each other member of the UTC Group, Carrier represents on behalf of itself and each other member of the Carrier Group and Otis represents on behalf of itself and each other member of the Otis Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature and that delivery of an executed counterpart of a signature page to this Agreement or any Ancillary Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by e-mail in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement or any Ancillary Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by e-mail in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any

such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

10.2 Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

10.3 Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties and the parties thereto, respectively, and their respective successors and permitted assigns; provided, that none of the Parties nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Parties hereto or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (i.e., the assignment of a Party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Parties.

10.4 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement and each Ancillary Agreement of any UTC Indemnitee, Carrier Indemnitee or Otis Indemnitee in their respective capacities as such, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any Third Party with any remedy, claim, Liability, reimbursement, claim of Action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

10.5 Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements, shall be in writing and shall be given or made (and except as provided herein, shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by certified mail, return receipt requested, or by electronic mail ("e-mail"), so long as confirmation of receipt of such e-mail is requested and received, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.5):

If to UTC, to:

United Technologies Corporation
10 Farm Springs Road
Farmington, Connecticut 06032
Attention: Sean Moylan, Corporate Vice President and Associate General Counsel
E-mail: Sean.Moylan@utc.com

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Joshua R. Cammaker
Edward J. Lee
Jenna E. Levine
Mark A. Stagliano
E-mail: JRCammaker@wlrk.com
EJLee@wlrk.com
JELevine@wlrk.com
MAStagliano@wlrk.com

If to Carrier, to:

Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, Florida 33418
Attention: General Counsel
E-mail: Kevin.OConnor@carrier.com

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Joshua R. Cammaker
Edward J. Lee
Jenna E. Levine
Mark A. Stagliano
E-mail: JRCammaker@wlrk.com
EJLee@wlrk.com
JELevine@wlrk.com
MAStagliano@wlrk.com

If to Otis, to:

Otis Worldwide Corporation
One Carrier Place
Farmington, Connecticut 06032
Attention: General Counsel
E-mail: Nora.LaFreniere@otis.com

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Joshua R. Cammaker
Edward J. Lee
Jenna E. Levine
Mark A. Stagliano
E-mail: JRCammaker@wlrk.com
EJLee@wlrk.com
JELevine@wlrk.com
MAStagliano@wlrk.com

A Party may, by notice to the other Parties, change the address to which such notices are to be given or made.

10.6 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.7 Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Parties of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to

remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

10.8 No Set-Off. Except as expressly set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, none of the Parties nor any member of their respective Groups shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Parties or any member of their respective Groups arising out of this Agreement or any Ancillary Agreement.

10.9 Expenses. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all third party fees, costs and expenses, and all other fees, costs and expenses, in each case incurred in connection with the preparation, execution, delivery and implementation of this Agreement, including the Separation and the Distributions, and any Ancillary Agreement, the Information Statements, the Plan of Reorganization and the consummation of the transactions contemplated hereby and thereby will be borne, to the extent incurred at or prior to the Effective Time, by UTC, and to the extent incurred at any time following the Effective Time, by the Party or its applicable Subsidiary incurring such fees, costs or expenses. The Parties agree that certain specified costs and expenses shall be allocated between the Parties as set forth on Schedule 10.9.

10.10 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

10.11 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distributions and shall remain in full force and effect.

10.12 Waivers of Default. Waiver by a Party of any default by another Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of any other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

10.13 Specific Performance. Subject to the provisions of Article VII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any

loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

10.14 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representatives of the Parties against whom it is sought to enforce such waiver, amendment, supplement or modification; provided that, from the First Effective Time to the Second Effective Time, provisions of this Agreement or any Ancillary Agreement may be waived, amended, supplemented or modified (a) if the Carrier Distribution occurs prior to the Otis Distribution, without the consent of Carrier, so long as such waiver, amendment, supplement or modification does not adversely affect in any material respect any provisions of, or obligations under, this Agreement that are for the benefit of Carrier, or materially prejudice or otherwise adversely affect in any material respect any rights of Carrier or any member of its Group under this Agreement and (b) if the Otis Distribution occurs prior to the Carrier Distribution, without the consent of Otis, so long as such waiver, amendment, supplement or modification does not adversely affect in any material respect any provisions of, or obligations under, this Agreement that are for the benefit of Otis or materially prejudice or otherwise adversely affect in any material respect any rights of Otis or any member of its Group under this Agreement.

10.15 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes (including all Schedules, Exhibits and Appendixes) to such agreement; (e) the word “including” and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States, New York, New York, Palm Beach Gardens, Florida, or Farmington, Connecticut; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; (j) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall be references to April 2, 2020; and (k) the word “extent” and the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such word or phrase shall not merely mean “if.”

10.16 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, none of Carrier or any member of the Carrier Group, Otis or any member of the Otis Group or UTC or any member of the UTC Group shall be liable under this Agreement to any other Party or member of its Group for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of such other Party or member of its Group arising in connection with the transactions contemplated hereby (other than any such Liability paid or actually payable in respect of a Third-Party Claim).

10.17 Performance. UTC will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the UTC Group. Carrier will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Carrier Group. Otis will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Otis Group. Each Party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement and any applicable Ancillary Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

10.18 Mutual Drafting. This Agreement and the Ancillary Agreements shall be deemed to be the joint work product of the Parties, and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

10.19 Ancillary Agreements.

(a) In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Transition Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement or the Intellectual Property Agreement (each, a "Specified Ancillary Agreement"), the terms of the applicable Specified Ancillary Agreement, shall control with respect to the subject matter addressed by such Specified Ancillary Agreement to the extent of such conflict or inconsistency.

(b) In the event of any conflict or inconsistency between the terms of this Agreement or any Specified Ancillary Agreement, on the one hand, and any Transfer Document, on the other hand, including with respect to the allocation of Assets and Liabilities as among the Parties or the members of their respective Groups, this Agreement or such Specified Ancillary Agreement shall control.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives as of the date first written above.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Michael R. Dumais
Name: Michael R. Dumais
Title: Executive Vice President, Operations & Strategy

OTIS WORLDWIDE CORPORATION

By: /s/ Michael P. Ryan
Name: Michael P. Ryan
Title: Vice President, Controller

CARRIER GLOBAL CORPORATION

By: /s/ Kyle Crockett
Name: Kyle Crockett
Title: Vice President, Controller

[*Signature Page to Separation and Distribution Agreement*]

Exhibit 3.1(a)

CERTIFICATE OF AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION OF UNITED TECHNOLOGIES CORPORATION

United Technologies Corporation (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify:

FIRST: That Article FIRST of the Restated Certificate of Incorporation of the Corporation is hereby amended in its entirety to read as follows (the "Amendment"):

"The name of the Corporation is RAYTHEON TECHNOLOGIES CORPORATION."

SECOND: The Amendment was duly adopted in accordance with Section 242 of the DGCL.

THIRD: The Amendment shall become effective at 8:30 a.m. Eastern Time on April 3, 2020.

IN WITNESS WHEREOF, I have executed this certificate as of April 3, 2020.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Peter J. Graber-Lipperman

Name: Peter J. Graber-Lipperman
Title: Corporate Vice President, Secretary & Associate General Counsel

Exhibit 3.1(b)

RESTATED
CERTIFICATE OF INCORPORATION
of
RAYTHEON TECHNOLOGIES CORPORATION
Pursuant to Sections 242 and 245
of the General Corporation Law
of the State of Delaware

****

Original Certificate of Incorporation filed
with the Secretary of State
of the State of Delaware
on July 21, 1934,
under the name
United Aircraft Corporation

****

RAYTHEON TECHNOLOGIES CORPORATION, a corporation organized and existing under the laws of the State of Delaware, pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, as it may be amended (the "DGCL"), hereby certifies as follows:

1. The name of this corporation is RAYTHEON TECHNOLOGIES CORPORATION. The original Certificate of Incorporation was filed on July 21, 1934. The name under which this corporation was originally incorporated is United Aircraft Corporation.

2. This Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL, and is to become effective as of 8:31 a.m., Eastern Time, on April 3, 2020.

3. This Restated Certificate of Incorporation restates the original Certificate of Incorporation, as previously amended, including as it was amended on April 3, 2020, to read in its entirety as follows:

FIRST: The name of the Corporation is RAYTHEON TECHNOLOGIES CORPORATION.

SECOND: Its registered office or place of business in the State of Delaware is to be located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle 19801. The name of its registered agent is The Corporation Trust Company and the address of the said registered agent is Corporation Trust Center, 1209 Orange Street, in the said City of Wilmington.

THIRD: The nature of the business, or objects or purposes to be transacted, promoted or carried on, are those necessary to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock of all classes which the Corporation shall have authority to issue is 4,250,000,000 shares, of which 250,000,000 shares shall be Preferred Stock of the par value of $1.00 each (hereinafter called "Preferred Stock") and 4,000,000,000 shares shall be Common Stock of the par value of $1.00 each (hereinafter called "Common Stock").

The designations and the powers, preferences and rights and the qualifications, limitations or restrictions thereof of the shares of each class are as follows:

1. The Preferred Stock may be issued from time to time in one or more series, the shares of each series to have such voting powers, full or limited, and such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as are stated and expressed herein or in the resolution or resolutions providing for the issue of such series, adopted by the Board of Directors as hereinafter provided.

2. Authority is hereby expressly granted to the Board of Directors of the Corporation, subject to the provisions of this Article Fourth and to the limitations prescribed by law, to authorize the issue of one or more series of Preferred Stock and with respect to each such series to fix by resolution or resolutions providing for the issue of such series the voting powers, full or limited, if any, of the shares of such series and the designations, preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, the determination or fixing of the following:

(a) The designation of such series.

(b) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes of stock, and whether such dividends shall be cumulative or non-cumulative.

(c) Whether the shares of such series shall be subject to redemption by the Corporation and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption.

(d) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series.

(e) Whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of stock of the Corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange.

(f) The extent, if any, to which the holders of the shares of such series shall be entitled to vote with respect to the election of directors or otherwise.

(g) The restrictions, if any, on the issue or reissue or any additional Preferred Stock.

(h) The rights of the holders of the shares of such series upon the dissolution of, or upon the distribution of assets of, the Corporation.

3. Except as otherwise required by law and except for such voting powers with respect to the election of directors or other matters as may be stated in the resolution or resolutions of the Board of Directors providing for the issue of any series of Preferred Stock, the holders of any such series shall have no voting power whatsoever. Subject to such restrictions as may be stated in the resolution or resolutions of the Board of Directors providing for the issue of any series of Preferred Stock, any amendment to the Certificate of Incorporation which shall increase or decrease the authorized stock of any class or classes may be adopted by the affirmative vote of the holders of a majority of the outstanding shares of the voting stock of the Corporation.

4. No holder of stock of any class of the Corporation shall as such holder have any preemptive or preferential right of subscription to any stock of any class of the Corporation or to any obligations convertible into stock of the Corporation, issued or sold, or to any right of subscription to, or to any warrant or option for the purchase of any thereof, other than such (if any) as the Board of Directors of the Corporation, in its discretion, may determine from time to time.

5. The Corporation may from time to time issue and dispose of any of the authorized and unissued shares of Common Stock or of Preferred Stock for such consideration, not less than its par value, as may be fixed from time to time by the Board of Directors, without action by the stockholders. The Board of Directors may provide for payment therefor to be received by the Corporation in cash, property or services. Any and all such shares of the Preferred or Common Stock of the Corporation the issuance of which has been so authorized, and for which consideration so fixed by the Board of Directors has been paid or delivered, shall be deemed full paid stock and shall not be liable to any further call or assessment thereon.

FIFTH: The minimum amount of capital with which the Corporation will commence business is One Thousand Dollars.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders shall not be subject to the payment of corporate debts.

EIGHTH: Subject to the provisions of the laws of the State of Delaware, the following provisions are adopted for the management of the business and for the conduct of the affairs of the Corporation, and for defining, limiting and regulating the powers of the Corporation, the directors and the stockholders:

(a) The books of the Corporation may be kept outside the State of Delaware at such place or places as may, from time to time, be designated by the Board of Directors.

(b) The business of the Corporation shall be managed by its Board of Directors; and the Board of Directors shall have power to exercise all the powers of the Corporation, including (but without limiting the generality hereof) the power to create mortgages upon the whole or any part of the property of the Corporation, real or personal, without any action of or by the stockholders, except as otherwise provided by statute or by the Bylaws.

(c) The number of the directors shall be fixed by the Bylaws, subject to alteration, from time to time, by amendment of the Bylaws either by the Board of Directors or the stockholders. An increase in the number of directors shall be deemed to create vacancies in the Board, to be filled in the manner provided in the Bylaws. Any director or any officer elected or appointed by the stockholders or by the Board of Directors may be removed at any time, in such manner as shall be provided in the Bylaws.

(d) The Board of Directors shall have power to make and alter Bylaws, *subject* to such restrictions upon the exercise of such power as may be imposed by the incorporators or the stockholders in any Bylaws adopted by them from time to time.

(e) The Board of Directors shall have power, in its discretion, to fix, determine and vary, from time to time, the amount to be retained as surplus and the amount or amounts to be set apart out of any of the funds of the Corporation available for dividends as working capital or a reserve or reserves for any proper purpose, and to abolish any such reserve in the manner in which it was created.

(f) The Board of Directors shall have power, in its discretion, from time to time, to determine whether and to what extent and at what times and places and under what conditions and regulations the books and accounts of the Corporation, or any of them, other than the stock ledger, shall be open to the inspection of stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by law or authorized by resolution of the directors or of the stockholders.

(g) Upon any sale, exchange or other disposal of the property and/or assets of the Corporation, payment therefor may be made either to the Corporation or directly to the stockholders in proportion to their interests, upon the surrender of their respective stock certificates, or otherwise, as the Board of Directors may determine.

(h) [Reserved].

(i) In case the Corporation shall enter into any contract or transact any business with one or more of its directors, or with any firm of which any director is a member, or with any corporation or association of which any director is a stockholder, director or officer, such contract or transaction shall not be invalidated or in any way affected by the fact that such director has or may have an interest therein which is or might be adverse to the interests of the Corporation, even though the vote of such director might have been necessary to obligate the Corporation upon such contract or transaction; *provided*, that the fact of such interest shall have been disclosed to the other directors or the stockholders of the Corporation, as the case may be, acting upon or with reference to such contract or transaction.

(j) Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

(k) The Corporation reserves the right to amend, alter, change, add to or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute; and all rights herein conferred are granted subject to this reservation.

NINTH: The stockholder vote required to approve Business Combinations (hereinafter defined) shall be as set forth in this Article Ninth.

SECTION 1. *Higher Vote for Business Combinations.* In addition to any affirmative vote required by law or this Certificate of Incorporation, and except as otherwise expressly provided in Section 3 of this Article Ninth:

A. any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

B. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value of $25,000,000 or more; or

C. the issuance or transfer by the Corporation or any subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of $25,000,000 or more; or

D. the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Stockholder or any Affiliate of any Interested Stockholder; or

E. any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder; shall require the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the “Voting Stock”), voting together as a single class (it being understood that for purposes of this Article Ninth, each share of the Voting Stock shall have the number of votes granted to it pursuant to Article Fourth of this Certificate of Incorporation). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

SECTION 2. *Definition of "Business Combination".* The term "Business Combination" as used in this Article Ninth shall mean any transaction which is referred to in any one or more of paragraphs A through E of Section I.

SECTION 3. *When Higher Vote is Not Required.* The provisions of Section I of this Article Ninth shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of this Certificate of Incorporation, if in the case of a Business Combination that does not involve any cash or other consideration being received by the stockholders of the Corporation, solely in their capacities as stockholders, the condition specified in the following paragraph A is met, or if in the case of any other Business Combination, the conditions specified in either of the following paragraphs A or B are met:

A. *Approval by Disinterested Directors.* The Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined).

B. *Price and Procedure Requirements.* All of the following conditions shall have been met:

(i) The aggregate amount of the cash and the Fair Market Value (as hereinafter defined) as of the date of the consummation of the Business Combination (the "Consummation Date") of the consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be an amount at least equal to the higher of the following (it being intended that the requirements of this paragraph B(i) shall be required to be met with respect to all shares of Common Stock outstanding, whether or not the Interested Stockholder has previously acquired any shares of the Common Stock):

(a) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Common Stock acquired by it (1) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (2) in the transaction in which it became an Interested Stockholder, whichever is higher, plus interest compounded annually from the date on which the Interested Stockholder became an Interested Stockholder through the Consummation Date at the prime rate of interest of Citibank, N.A. (or other major bank headquartered in New York City selected by a majority of the Disinterested Directors) from time to time in effect in New York City, less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in other than cash, per share of Common Stock from the date on which the Interested Stockholder became an Interested Stockholder through the Consummation Date in an amount up to but not exceeding the amount of such interest payable per share of Common Stock; or

(b) the Fair Market Value per share of Common Stock on the Announcement Date.

(ii) The aggregate amount of the cash and the Fair Market Value as of the Consummation Date of the consideration other than cash to be received per share by holders of shares of any class of outstanding Voting Stock, other than the Common Stock, in such Business Combination shall be an amount at least equal to the highest of the following (it being intended that the requirements of this paragraph B (ii) shall be required to be met with respect to all shares of every such other class of outstanding Voting Stock, whether or not the Interested Stockholder has previously acquired any shares of a particular class of Voting Stock):

(a) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it (1) within the two-year period immediately prior to the Announcement Date or (2) in the transaction in which it became an Interested Stockholder, whichever is higher, plus interest compounded annually from the date on which the Interested Stockholder became an Interested Stockholder through the Consummation Date at the prime rate of interest of Citibank, N.A. (or other major bank headquartered in New York City selected by a majority of the Disinterested Directors) from time to time in effect in New York City, less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in other than cash, per share of such class of Voting Stock from the date on which the Interested Stockholder became an Interested Stockholder through the Consummation Date in an amount up to but not exceeding the amount of such interest payable per share of such class of Voting Stock;

(b) the Fair Market Value per share of such class of Voting Stock on the Announcement Date; or

(c) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(iii) The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Stockholder has previously paid for shares of such class of Voting Stock. If the Interested Stockholder has paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration for such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by it.

(iv) After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination: (a) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on the outstanding Preferred Stock; (b) there shall have been (1) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Disinterested Directors, and (2) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Disinterested Directors; and (c) such Interested Stockholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.

(v) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation.

(vi) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public stockholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

SECTION 4. *Certain Definitions.* For the purposes of this Article Ninth:

A. A "person" shall mean any individual, firm, corporation or other entity.

B. "Interested Stockholder" shall mean any person (other than the Corporation or any Subsidiary) who or which:

(i) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the outstanding Voting Stock; or

(ii) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding Voting Stock; or

(iii) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

C. A person shall be a "beneficial owner" of any Voting Stock:

(i) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or

(ii) which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

D. For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph B of this Section 4, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph C of this Section 4 but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

E. "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1983.

F. "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph B of this Section 4, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

G. "Disinterested Director" means any member of the Board of Directors of the Corporation (the "Board") who is unaffiliated with the Interested Stockholder and was a member of the Board prior to the time that the Interested Stockholder became an Interested Stockholder, and any successor of a Disinterested Director who is unaffiliated with the Interested Stockholder and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board.

H. "Fair Market Value" means: (i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc., Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Disinterested Directors in good faith; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Disinterested Directors in good faith.

I. In the event of any Business Combination in which the Corporation survives, the phrase "consideration other than cash to be received" as used in paragraph B(i) and (ii) of Section 3 of this Article Ninth shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

SECTION 5. *Powers of Disinterested Directors.* A majority of the Disinterested Directors of the Corporation shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article Ninth, including without limitation (A) whether a person is an Interested Stockholder, (B) the number of shares of Voting Stock beneficially owned by any person, (C) whether a person is an Affiliate or Associate of another, (D) whether the requirements of paragraph B of Section 3 have been met with respect to any Business Combination, and (E) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of $25,000,000 or more; and the good faith determination of a majority of the Disinterested Directors on such matters shall be conclusive and binding for all the purposes of this Article Ninth.

SECTION 6. *No effect on Fiduciary Obligations of Interested Stockholders.* Nothing contained in this Article Ninth shall be construed to relieve the Board of Directors or any Interested Stockholder from any fiduciary obligation imposed by law.

SECTION 7. *Amendment, Repeal, etc.* Notwithstanding any other provisions of this Certificate of Incorporation or the Bylaws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the Bylaws of the Corporation), the affirmative vote of the holders of 80% or more of the voting power of the shares of the then outstanding Voting Stock, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article Ninth of this Certificate of Incorporation; provided, however, that the preceding provisions of this Section 7 shall not be applicable to any amendment to this Article Ninth of this Certificate of Incorporation, and such amendment shall require only such affirmative vote as is required by law and any other provisions of this Certificate of Incorporation, if such amendment shall have been approved by a majority of the Disinterested Directors.

TENTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law for payment of unlawful dividends or unlawful stock repurchases or redemption, or (iv) for any transaction from which the director derived an improper personal benefit.

IN WITNESS WHEREOF, I have executed this certificate as of April 3, 2020.

RAYTHEON TECHNOLOGIES CORPORATION

By:	/s/ Frank R. Jimenez
Name:	Frank R. Jimenez
Title:	Executive Vice President and General Counsel

Exhibit 3.2

BYLAWS
OF
RAYTHEON TECHNOLOGIES CORPORATION
AS AMENDED AND RESTATED EFFECTIVE
APRIL 3, 2020

SECTION 1 – Meetings of Shareholders

SECTION 1.1 *Annual Meetings.*

Annual meetings of shareholders shall be held each year on such date and at such time as may be fixed by the Board of Directors for the purpose of electing directors and transacting such other proper business as may come before the meeting.

SECTION 1.2 *Special Meetings.*

(A) Special meetings of shareholders may be called from time to time by the Board of Directors, by the Chairman, by the Chief Executive Officer of the Corporation or by the Secretary of the Corporation at the valid written request of shareholders of record who own (for all purposes under this Section 1.2, as defined in Section 1.12(A)(3) of these Bylaws), or are acting on behalf of one or more beneficial owners who own, capital stock representing at least 15% of the Voting Stock (the "Special Meeting Request Required Shares"), and who continue to own the Special Meeting Request Required Shares at all times between the Ownership Record Date (as defined in paragraph (B) of this Section 1.2) and the date of the applicable meeting of shareholders. Special meetings shall be held solely for the purpose or purposes specified in the notice of meeting delivered by the Corporation. For purposes of these Bylaws, "Voting Stock" shall mean outstanding shares of capital stock of the Corporation entitled to vote generally for the election of directors.

(B) Any record shareholder (whether acting for him, her or itself, or at the direction of a beneficial owner) may, by written notice to the Secretary of the Corporation, request that the Board of Directors fix a record date to determine the record shareholders who are entitled to deliver a written request to call a special meeting (such record date, the "Ownership Record Date"). A valid written request to fix an Ownership Record Date shall include all of the information that must be included in a written request to call a special meeting, as set forth in paragraph (D) of this Section 1.2. The Board of Directors may fix the Ownership Record Date within 10 days of the Secretary's receipt of a valid written request to fix the Ownership Record Date. The Ownership Record Date shall not precede, and shall not be more than 10 days after, the date upon which the resolution fixing the Ownership Record Date is adopted by the Board of Directors. If an Ownership Record Date is not fixed by the Board of Directors within the period set forth above, the Ownership Record Date shall be the date that the first valid written request to call a special meeting is received by the Secretary with respect to the proposed business to be submitted for shareholder approval at a special meeting.

(C) A beneficial owner who wishes to deliver a written request to call a special meeting must cause the nominee or other person who serves as the record shareholder of such beneficial owner's stock to sign the written request to call a special meeting. If a record shareholder is the nominee for more than one beneficial owner of stock, the record shareholder may deliver a valid written request to call a special meeting solely with respect to the capital stock of the Corporation beneficially owned by the beneficial owner who is directing the record shareholder to sign such written request to call a special meeting.

(D) Each valid written request to call a special meeting shall include the following and shall be delivered to the Secretary of the Corporation:

(1) the signature of the record shareholder submitting such request and the date such request was signed;

(2) the text of each business proposal desired to be submitted for shareholder approval at the special meeting; and

(3) as to the beneficial owner, if any, directing such record shareholder to sign the written request to call a special meeting and as to such record shareholder (unless such record shareholder is acting solely as a nominee for a beneficial owner) (each such beneficial owner and each record shareholder who is not acting solely as a nominee, a "Disclosing Party"):

(a) all of the information required to be disclosed pursuant to Section 1.10(A)(2) of these Bylaws, which information shall be supplemented (by delivery to the Secretary) by each Disclosing Party (i) not later than 10 days after the record date for determining the record shareholders entitled to notice of, and to vote at, the special meeting (such record date, the "Meeting Record Date"), to disclose the foregoing information as of the Meeting Record Date and (ii) not later than the 5th day before the special meeting or any adjournment or postponement thereof, to disclose the foregoing information as of the date that is 10 days prior to the special meeting or any such adjournment or postponement thereof, as applicable;

(b) with respect to each business proposal to be submitted for shareholder approval at the special meeting, a statement whether or not any Disclosing Party will deliver a proxy statement and form of proxy to holders of at least the percentage of voting power of all of the shares of Voting Stock of the Corporation required under these Bylaws, the certificate of incorporation and statute to carry such proposal (such statement, a "Solicitation Statement"); and

(c) any additional information reasonably requested by the Board of Directors to verify the Voting Stock ownership position of such Disclosing Party.

Each time the Disclosing Party's Voting Stock ownership position decreases following the delivery of the foregoing information to the Secretary, such Disclosing Party shall notify the Corporation of his, her or its decreased Voting Stock ownership position, together with any information reasonably requested by the Board of Directors to verify such position, within 10 days of such decrease or as of the 5th day before the special meeting, whichever is earlier.

(E) The Secretary shall not accept, and shall consider ineffective, an otherwise valid written request to call a special meeting pursuant to Clause (A) of this Section 1.2:

(1) that does not comply with the provisions of this Section 1.2;

(2) that relates to an item of business that is not a proper subject for shareholder action under applicable law;

(3) that is delivered during the period commencing 90 days prior to the first anniversary of the date of the notice of annual meeting for the immediately preceding annual meeting and ending on the date of the next annual meeting;

(4) if the Board of Directors has called or calls an annual or special meeting of shareholders to be held not more than 90 days after receipt by the Secretary of such written request to call a special meeting and the purpose of such shareholder meeting called by the Board of Directors includes (among any other matters properly brought before the meeting) an identical or substantially similar item (as determined in good faith by the Board of Directors, a "Similar Item") as the purpose specified in such written request to call a special meeting; or

(5) if a Similar Item (a) other than the election of directors, has been presented at any meeting of shareholders held within 180 to 91 days prior to receipt by the Secretary of such written request to call a special meeting or (b) has been presented at any meeting of shareholders held within 90 days prior to receipt by the Secretary of such written request to call a special meeting (and, for purposes of clarity, for purposes of this clause (b), the election of directors shall deemed to be a "Similar Item" with respect to all items of business involving the election or removal of directors).

(F) Revocations:

(1) A record shareholder may revoke a request to call a special meeting at any time before the special meeting by sending written notice of such revocation to the Secretary of the Corporation.

(2) All written requests for a special meeting shall be deemed revoked:

(a) upon the first date that, after giving effect to revocation(s) and notice(s) of ownership position decrease(s) (pursuant to Section 1.2(D)(3) and the last sentence of Section 1.2(D), respectively), the aggregate Voting Stock ownership position of all the Disclosing Parties who are listed on the unrevoked valid written requests to call a special meeting with respect to the applicable proposal decreases to a number of shares of Voting Stock less than the Special Meeting Request Required Shares;

(b) if any Disclosing Party who has provided a Solicitation Statement with respect to any business proposal to be submitted for shareholder approval at such special meeting does not act in accordance with the representations set forth therein; or

(c) if any Disclosing Party does not provide the information required by Section 1.2(D) in accordance with such provisions.

(3) If an actual or deemed revocation of all valid written requests to call a special meeting has occurred after the special meeting has been called by the Secretary, the Board of Directors shall have the discretion to determine whether or not to proceed with the special meeting.

(G) The Board of Directors may submit its own proposal or proposals for consideration at a special meeting called at the request of one or more shareholders pursuant to this Section 1.2. The Meeting Record Date for, and the place, date and time of, any special meeting shall be fixed by the Board of Directors; *provided*, that the date of any such special meeting shall not be more than 120 days after the date on which valid special meeting request(s) from holder(s) of the Special Meeting Required Shares are delivered to the Secretary of the Corporation in accordance with this Section 1.2.

SECTION 1.3 *Time and Place of Meetings.*

Subject to the provisions of Section 1.1 and Section 1.2, each meeting of shareholders shall be held on such date, at such hour and at such place as fixed by the Board of Directors or in the notice of the meeting delivered by the Corporation or, in the case of an adjourned meeting, as announced by the Corporation at the meeting at which the adjournment is taken.

SECTION 1.4 *Notice of Meetings.*

A notice of each meeting of shareholders, stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by the Corporation personally, by mail or by electronic transmission as set forth below to each shareholder entitled to vote at the meeting. Unless otherwise provided by statute, the notice shall be given not less than 10 nor more than 60 days before the date of the meeting and, if mailed, shall be deposited in the United States mail, postage prepaid, directed to the shareholder at his or her address as it appears on the records of the Corporation. No notice need be given to any person with whom communication is unlawful, nor shall there be any duty to apply for any permit or license to give notice to any such person. If the time and place of an adjourned meeting of shareholders are announced by the Corporation at the meeting at which the adjournment is taken, no notice need be given of the adjourned meeting unless that adjournment is for more than 30 days or unless, after the adjournment, a new record date is fixed for the adjourned meeting. Without limiting the manner by which notice otherwise may be given effectively to shareholders, any notice to shareholders under the Corporation's Certificate of Incorporation and these Bylaws may be given by the Corporation by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law (the "DGCL").

SECTION 1.5 *Waiver of Notice.*

Anything herein to the contrary notwithstanding, notice of any meeting of shareholders need not be given to any shareholder who in person or by proxy shall have waived in writing notice of the meeting, either before or after such meeting, or who shall attend the meeting in person or by proxy, unless such shareholder attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 1.6 *Quorum and Manner of Acting.*

Subject to the provisions of these Bylaws, the Corporation's Certificate of Incorporation and statute as to the vote that is required for a specified action, the presence in person or by proxy of the holders of a majority of the outstanding shares of the Corporation entitled to vote at any meeting of shareholders shall constitute a quorum for the transaction of business, and the vote in person or by proxy of the holders of a majority of the shares constituting such quorum shall be binding on all shareholders of the Corporation. The Chairman of the Board of Directors or the Chief Executive Officer or a majority of the shares present in person or by proxy and entitled to vote may, regardless of whether or not they constitute a quorum, adjourn the meeting to another time and place. No notice of the time and place, if any, of adjourned meetings need be given except as required by applicable law. The shareholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding withdrawal of enough shareholders to leave is less than a quorum. Any business which might have been transacted at the original meeting may be transacted at any adjourned meeting at which a quorum is present.

SECTION 1.7 *Voting.*

A shareholder may authorize another person or persons to vote for him, her or itself by proxy. Such authorization may be accomplished by the shareholder or his, her or its authorized officer, director, employee or agent signing such writing or causing his, her or its signature to be affixed to such writing by any reasonable means including facsimile signature or by electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service, or similar agent duly authorized by the intended proxy holder to receive such transmission; *provided*, that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the shareholder. No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

SECTION 1.8 *Inspectors of Election; Opening and Closing the Polls.*

The Board of Directors may, and to the extent required by law, shall, in advance of any meeting of shareholders appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including without limitation as officers, employees, fiduciaries or agents, to act at the meeting and make a written report thereof. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of shareholders, the chairman of the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors of election shall have the duties prescribed by law. The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the shareholders will vote at a meeting.

SECTION 1.9 *List of Shareholders.*

A complete list of the shareholders entitled to vote at each meeting of shareholders, arranged in alphabetical order, and showing the address and number of shares registered in the name of each shareholder, shall be prepared and made available for examination during regular business hours by any shareholder for any purpose germane to the meeting. The list shall be available for such examination at the principal place of business of the Corporation for a period of not less than 10 days prior to the meeting and during the whole time of the meeting.

SECTION 1.10 *Notice of Shareholder Business and Nominations.*

(A) *Annual Meetings of Shareholders*.

(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any shareholder of the Corporation who was a shareholder of record at the time of giving of notice provided for in this Section 1.10 and, at the time of the annual meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 1.10 as to such business or nomination; clause (c) shall be the exclusive means for a shareholder to make nominations or submit other business (other than nominations at an annual meeting made pursuant to Section 1.12 of these Bylaws and matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and included in the Corporation's notice of meeting) before an annual meeting of shareholders.

(2) Without qualification, for any nominations or any other business to be properly brought before an annual meeting by a shareholder pursuant to clause (c) of paragraph (A)(1) of this Section 1.10, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; *provided*, *however*, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period or extend any time period for the giving of a shareholder's notice as described above. To be in proper form, such shareholder's notice (whether given pursuant to this paragraph (A)(2) or paragraph (B) of Section 1.10) to the Secretary must: (a) set forth, as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (such shareholder or beneficial owner, a "holder"), (i) the name and address of each such holder (as they appear on the Corporation's books in the case of the record holder), (ii) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially or of record by each such holder, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument"), directly or indirectly owned beneficially or of record by each such holder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which each such holder, directly or indirectly, has a right to vote any shares of any security of the Corporation, (D) any short interest in any security of the Corporation (for purposes of these Bylaws a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially or of record by each such holder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, beneficially or of record by a general or limited partnership in which each such holder is a general partner or, directly or indirectly, beneficially or of record owns an interest in a general partner and (G) any performance-related fees (other than an asset-based fee) that each such holder is, directly or indirectly, entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held, directly or indirectly, beneficially or of record by members of such holder's immediate family sharing the same household (which information shall be supplemented by such holder not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), and (iii) any other information relating to each such holder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; (b) if the notice relates to any business other than a nomination of a director or directors that the shareholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of any such holder in such business and (ii) a description of all agreements, arrangements and understandings between any such holder and any other person or persons (including their

names) in connection with the proposal of such business by such shareholder; (c) set forth, as to each person, if any, whom the shareholder proposes to nominate for election or reelection to the Board of Directors (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among any such holder and its affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if any such holder or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (d) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire, representation and agreement required by paragraph (C) of this Section 1.10. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 1.10 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this Section 1.10 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) *Special Meetings of Shareholders*. Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. To be properly brought before a special meeting, proposals of business must be specified in the Corporation's notice of meeting (or any supplement thereto) (a) given by or at the direction of the Board of Directors or (b) given by the Corporation pursuant to a valid shareholder written request in accordance with Section 1.2 of these Bylaws; *provided*, *however*, that nothing herein shall prohibit the Board of Directors from submitting additional matters to shareholders at any such special meeting. Without qualification, and subject to Section 1.2 and paragraph (A)(2) of this Section 1.10, for any business to be properly requested to be brought before a special meeting by a shareholder pursuant to this paragraph (B), the shareholder must have given timely notice thereof and timely updates and supplements thereof in each case in proper form, in writing to the Secretary and such business must otherwise be a proper matter for shareholder action. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this Section 1.10 and at the time of the special meeting, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.10 as to such nomination. In the event the Corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any such shareholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the shareholder's notice required by paragraph (A)(2) of this Section 1.10 with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by paragraph (C) of this Section 1.10) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to the date of such special meeting and not later than the close of business on the later of the 90th day prior to the date of such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and, if applicable, of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting or the announcement thereof commence a new time period or extend any time period for the giving of a shareholder's notice as described above. This paragraph (B) of this Section 1.10 (and subject to Section 1.2) shall be the exclusive means for a shareholder to make nominations or business proposals (other than matters properly brought pursuant to Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting) before a special meeting of shareholders.

(C) *Submission of Questionnaire, Representation and Agreements*. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under this Section 1.10 or Section 1.12 of these Bylaws, as applicable) to the Secretary at the principal executive offices of the Corporation a completed and signed written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (1) is not and will not become a party to (a) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (b) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (2) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (3) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable law and with the Corporation's Code of Ethics, corporate governance guidelines, conflict of interest policy, confidentiality policies, stock ownership and trading policies and guidelines, and any other code of conduct, policies and guidelines adopted by the Corporation or any rules, regulations and listing standards, in each case as applicable to other members of the Board of Directors.

(D) *General*.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.10 or Section 1.12 of these Bylaws, as applicable, shall be eligible to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.10. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.10 or Section 1.12 of these Bylaws, as applicable, and, if any proposed nomination or business is not in compliance with this Section 1.10 or Section 1.12 of these Bylaws, as applicable, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this Section 1.10, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the foregoing provisions of this Section 1.10 and/or Section 1.12 of these Bylaws, as applicable, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.10 and/or Section 1.12 of these Bylaws, as applicable; *provided*, *however*, that any references in this Section 1.10 and/or Section 1.12 of these Bylaws, as applicable, to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 1.10 (A)(1)(c), Section 1.10 (B) or Section 1.12 of these Bylaws, as applicable. Nothing in this Section 1.10 or in Section 1.12 of these Bylaws, as applicable, shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or of the holders of any series of preferred stock if and to the extent provided for under law, the Corporation's Certificate of Incorporation or these Bylaws.

SECTION 1.11

(A) *Consents to Corporate Action*. Any action which is required to be or may be taken at any annual or special meeting of shareholders of the Corporation, subject to the provisions of Subsections (B) and (C) of this Section 1.11, may be taken without a meeting, without prior notice and without a vote if consents in writing, setting forth the action so taken, shall have been signed by the holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or to take such action at a meeting at which all shares entitled to vote thereon were present and voted; *provided*, *however*, that prompt notice of the taking of the corporate action without a meeting and by less than unanimous written consent shall be given to those shareholders who have not consented in writing.

(B) *Determination of Record Date of Action by Written Consent*. The record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be fixed by the Board of Directors of the Corporation. Any shareholder of record seeking to have the shareholders authorize or take corporate action by written consent without a meeting shall, by written notice to the Secretary, request the Board of Directors to fix a record date. Upon receipt of such a request, the Secretary shall place such request before the Board of Directors at its next regularly scheduled meeting; *provided, however*, that if the shareholder represents in such request that he or she intends, and is prepared, to commence a consent solicitation as soon as is permitted by the Exchange Act and the regulations thereunder and other applicable law, the Secretary shall as promptly as practicable, call a special meeting of the Board of Directors, which meeting shall be held as promptly as practicable. At such regular or special meeting, the Board of Directors shall fix a record date as provided in Section 213 (or its successor provision) of the DGCL. Should the Board fail to fix a record date as provided for in this Subsection (B), then the record date shall be the day on which the first written consent is expressed.

(C) *Procedures for Written Consent*. In the event of the delivery to the Corporation of a written consent or consents purporting to represent the requisite voting power to authorize or take corporate action and/or related revocations, the Secretary shall provide for the safekeeping of such consents and revocations and shall, as promptly as practicable, engage nationally recognized independent judges of election for the purpose of promptly performing a ministerial review of the validity of the consents and revocations. No action by written consent and without a meeting shall be effective until such judges have completed their review, determined that the requisite number of valid and unrevoked consents has been obtained to authorize or take the action specified in the consents, and certified such determination for entry in the records of the Corporation kept for the purpose of recording the proceedings of meetings of shareholders.

SECTION 1.12 *Inclusion of Shareholder Director Nominations in the Corporation's Proxy Materials.*

(A) Subject to the terms and conditions set forth in these Bylaws, the Corporation shall include in its proxy materials for an annual meeting of shareholders the name, together with the Required Information (defined below), of any person nominated for election (the "Shareholder Nominee") to the Board of Directors by a shareholder or group of shareholders that satisfy the requirements of this Section 1.12 (such person or group, the "Eligible Shareholder"), and that expressly elects at the time of providing the written notice required by this Section 1.12 (a "Proxy Access Notice") to have its nominee included in the Corporation's proxy materials pursuant to this Section 1.12.

(1) For purposes of this Section 1.12 and Section 1.2 of these Bylaws, "Constituent Holder" shall mean any shareholder, beneficial holder or collective investment fund included within a Qualifying Fund (as defined in paragraph (E) below) whose stock ownership is counted for the purposes of qualifying as holding the Special Meeting Request Required Shares (in Section 1.2) or the Proxy Access Request Required Shares (in this Section 1.12, as defined in paragraph (E) below) or qualifying as an Eligible Shareholder (in this Section 1.12, as defined in paragraph (E) below);

(2) For purposes of this Section 1.12 and Section 1.2 of these Bylaws, "affiliate" and "associate" shall have the meanings ascribed thereto in Rule 405 under the Exchange Act; *provided*, *however*, that the term "partner" as used in the definition of "associate" shall not include any limited partner that is not involved in the management of the relevant partnership; and

(3) For purposes of this Section 1.12 and Section 1.2 of these Bylaws, a shareholder shall be deemed to "own" only those outstanding shares of Voting Stock as to which the shareholder (or any Constituent Holder) possesses both (a) the full voting and investment rights pertaining to the shares and (b) the full economic interest in (including the opportunity for profit and risk of loss on) such shares. The number of shares calculated in accordance with the foregoing clauses (a) and (b) shall be deemed not to include (and to the extent any of the following arrangements have been entered into by affiliates of the shareholder (or of any Constituent Holder), shall be reduced by) any shares (x) sold by such shareholder (or any of its affiliates) in any transaction that has not been settled or closed, including any short sale, (y) borrowed by such shareholder (or any of its affiliates) for any purposes or purchased by such shareholder (or any of its affiliates) pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such shareholder (or any of its affiliates), whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of Voting Stock, in any such case which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of (i) reducing in any manner, to any extent or at any time in the future, such shareholder's (or affiliate's) full right to vote or direct the voting of any such shares, and/or (ii) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such shareholder (or affiliate), other than any such arrangements solely involving an exchange listed multi-industry market index fund in which Voting Stock represents at the time of entry into such arrangement less than 10% of the proportionate value of such index. A shareholder shall "own" shares held in the name of a nominee or other intermediary so long as the shareholder retains the right to instruct how the shares are voted with respect to the election of directors and the right to direct the disposition thereof and possesses the full economic interest in the shares. A shareholder's ownership of shares shall be deemed to continue during any period in which the shareholder has loaned such shares or delegated any voting power over such shares by means of a proxy, power of attorney or other instrument or arrangement which in either case is revocable at any time by the shareholder. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings.

(B) For purposes of this Section 1.12, the "Required Information" that the Corporation will include in its proxy statement is (1) the information concerning the Shareholder Nominee and the Eligible Shareholder that the Corporation determines is required to be disclosed in the Corporation's proxy statement by the regulations promulgated under the Exchange Act and (2) if the Eligible Shareholder so elects, a Statement (defined below). The Corporation shall also include the name of the Shareholder Nominee in its proxy card. For the avoidance of doubt, and any other provision of these Bylaws notwithstanding, the Corporation may in its sole discretion solicit against, and include in the proxy statement its own statements or other information relating to, any Eligible Shareholder and/or Shareholder Nominee, including any information provided to the Corporation with respect to the foregoing.

(C) To be timely, a shareholder's Proxy Access Notice must be delivered to the principal executive offices of the Corporation not earlier than the close of business on the 150th day and not later than the close of business on the 120th day prior to the anniversary of the date that the Corporation first issued its proxy statement for the preceding year's annual meeting. In no event shall any adjournment or postponement of an annual meeting, the date of which has been announced by the Corporation, commence a new time period for the giving of a Proxy Access Notice.

(D) The number of Shareholder Nominees (including Shareholder Nominees that were submitted by an Eligible Shareholder for inclusion in the Corporation's proxy materials pursuant to this Section 1.12 but either are subsequently withdrawn or that the Board of Directors decides to nominate as Board of Directors' nominees) appearing in the Corporation's proxy materials with respect to an annual meeting of shareholders shall be the greater of (x) one and (y) the largest whole number that does not exceed 20% of the number of directors in office as of the last day on which a Proxy Access Notice may be delivered in accordance with the procedures set forth in this Section 1.12 (such greater number, the "Permitted Number"); *provided*, *however*, that the Permitted Number shall be reduced by:

(1) the number of such director candidates for which the Corporation shall have received one or more valid shareholder notices nominating director candidates pursuant to Section 1.10 (A)(1)(c) of these Bylaws;

(2) the number of directors in office or director candidates that in either case will be included in the Corporation's proxy materials with respect to such annual meeting as an unopposed (by the Corporation) nominee pursuant to any agreement, arrangement or other understanding with any shareholder or group of shareholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of Voting Stock, by such shareholder or group of shareholders, from the Corporation), other than any such director referred to in this clause (2) who at the time of such annual meeting will have served as a director continuously, as a nominee of the Board of Directors, for at least two annual terms, but only to the extent the Permitted Number after such reduction with respect to this clause (2) equals or exceeds one; and

(3) the number of directors in office that will be included in the Corporation's proxy materials with respect to such annual meeting for whom access to the Corporation's proxy materials was previously provided pursuant to this Section 1.12, other than any such director referred to in this clause (3) who at the time of such annual meeting will have served as a director continuously, as a nominee of the Board of Directors, for at least two annual terms;

provided, *further*, that in the event the Board of Directors resolves to reduce the size of the Board of Directors effective on or prior to the date of the annual meeting, the Permitted Number shall be calculated based on the number of directors in office as so reduced. In the event that the number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Section 1.12 exceeds the Permitted Number, each Eligible Shareholder will select one Shareholder Nominee for inclusion in the Corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of Voting Stock each Eligible Shareholder disclosed as owned in its Proxy Access Notice submitted to the Corporation. If the Permitted Number is not reached after each Eligible Shareholder has selected one Shareholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(E) An "Eligible Shareholder" is one or more shareholders of record who own and have owned, or are acting on behalf of one or more beneficial owners who own and have owned (in each case as defined above), continuously for at least three years as of both the date that the Proxy Access Notice is received by the Corporation pursuant to this Section 1.12, and as of the record date for determining shareholders eligible to vote at the annual meeting, at least 3% of the aggregate voting power of the Voting Stock (the "Proxy Access Request Required Shares"), and who continue to own the Proxy Access Request Required Shares at all times between the date such Proxy Access Notice is received by the Corporation and the date of the applicable annual meeting; *provided* that the aggregate number of shareholders, and, if and to the extent that a shareholder is acting on behalf of one or more beneficial owners, of such beneficial owners, whose stock ownership is counted for the purpose of satisfying the foregoing ownership requirement shall not exceed 20. Two or more collective investment funds that are part of the same family of funds or sponsored by the same employer (a "Qualifying Fund") shall be treated as one shareholder for the purpose of determining the aggregate number of shareholders in this paragraph (E); *provided* that each fund included within a Qualifying Fund otherwise meets the requirements set forth in this Section 1.12. No shares may be attributed to more than one group constituting an Eligible Shareholder under this Section 1.12, and no shareholder may be a member of more than one such group. A record holder acting on behalf of one or more beneficial owners will not be counted separately as a shareholder with respect to the shares owned by beneficial owners on whose behalf such record holder has been directed in writing to act, but each such beneficial owner will be counted separately, subject to the other provisions of this paragraph (E), for purposes of determining the number of shareholders whose holdings may be considered as part of an Eligible Shareholder's holdings. For avoidance of doubt, Proxy Access Request Required Shares will qualify as such only if the beneficial owner of such shares as of the date of the Proxy Access Notice has itself individually beneficially owned such shares continuously for the three-year period ending on that date and through other applicable dates referred to above (in addition to other applicable requirements being met).

(F) No later than the final date when a nomination pursuant to this Section 1.12 may be delivered to the Corporation, an Eligible Shareholder (including each Constituent Holder) must provide the following information in writing to the Secretary of the Corporation:

(1) with respect to each Constituent Holder, the information required by Section 1.10 (A)(2)(a) of these Bylaws;

(2) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven calendar days prior to the date the Proxy Access Notice is delivered to the Corporation, such person owns, and has owned continuously for the preceding three years, the Proxy Access Request Required Shares, and such person's agreement to provide:

(a) within 10 days after the record date for the annual meeting, written statements from the record holder and intermediaries verifying such person's continuous ownership of the Proxy Access Request Required Shares through the record date, together with any additional information reasonably requested to verify such person's ownership of the Proxy Access Request Required Shares; and

(b) immediate notice if the Eligible Shareholder ceases to own any of the Proxy Access Request Required Shares prior to the date of the applicable annual meeting of shareholders;

(3) a representation that such person:

(a) acquired the Proxy Access Request Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent;

(b) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Shareholder Nominee(s) being nominated pursuant to this Section 1.12;

(c) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Shareholder Nominee(s) or a nominee of the Board of Directors;

(d) will not distribute to any shareholder any form of proxy for the annual meeting other than the form distributed by the Corporation; and

(e) will provide facts, statements and other information in all communications with the Corporation and its shareholders that are and will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and will otherwise comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Section 1.12;

(4) in the case of a nomination by a group of shareholders that together is such an Eligible Shareholder, the designation by all group members of one group member that is authorized to act on behalf of all members of the nominating shareholder group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and

(5) an undertaking that such person:

(a) with respect to any shares held or controlled by the Eligible Shareholder, to the extent that cumulative voting would otherwise be permitted, agrees not to cumulate votes in favor of the election of any Shareholder Nominee(s) nominated by such Eligible Shareholder;

(b) agrees to assume all liability stemming from, and indemnify and hold harmless the Corporation and each of its directors, officers, employees, agents and advisors individually from and against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any legal or regulatory violation arising out of the Eligible Shareholder's (including such person's) communications with the shareholders of the Corporation or out of the information that the Eligible Shareholder (including such person) provided to the Corporation; and

(c) agrees to file with the Securities and Exchange Commission any solicitation by the Eligible Shareholder of shareholders of the Corporation relating to the annual meeting at which the Shareholder Nominee will be nominated.

In addition, no later than the final date on which a Proxy Access Notice may be submitted under this Section 1.12, a Qualifying Fund whose stock ownership is counted for purposes of qualifying as an Eligible Shareholder must provide to the Secretary of the Corporation documentation reasonably satisfactory to the Board of Directors that demonstrates that the funds included within the Qualifying Fund are either part of the same family of funds or sponsored by the same employer. In order to be considered timely, any information required by this Section 1.12 to be provided to the Corporation must be supplemented (by delivery to the Secretary of the Corporation) (1) no later than 10 days following the record date for the applicable annual meeting, to disclose the foregoing information as of such record date, and (2) no later than the fifth day before the annual meeting, to disclose the foregoing information as of the date that is no later than 10 days prior to such annual meeting. For the avoidance of doubt, the requirement to update and supplement such information shall not permit any Eligible Shareholder or other person to change or add any proposed Shareholder Nominee or be deemed to cure any defects or limit the remedies (including without limitation under these Bylaws) available to the Corporation relating to any defect.

(G) The Eligible Shareholder may provide to the Secretary of the Corporation, at the time the information required by this Section 1.12 is originally provided, a written statement for inclusion in the Corporation's proxy statement for the annual meeting, not to exceed 500 words, in support of the candidacy of such Eligible Shareholder's Shareholder Nominee (the "Statement"). Notwithstanding anything to the contrary contained in this Section 1.12, the Corporation may omit from its proxy materials any information or Statement that it, in good faith, believes is materially false or misleading, omits to state any material fact, or would violate any applicable law or regulation.

(H) No later than the final date when a nomination pursuant to this Section 1.12 may be delivered to the Corporation, each Shareholder Nominee must:

(1) provide an executed agreement, in a form deemed satisfactory by the Board of Directors or its designee (which form shall be provided by the Corporation reasonably promptly upon written request of a shareholder), that such Shareholder Nominee consents to being named in the Corporation's proxy statement and form of proxy card (and will not agree to be named in any other person's proxy statement or form of proxy card) as a nominee and to serving as a director of the Corporation if elected;

(2) complete, sign and submit all questionnaires, representations and agreements required by these Bylaws (including Section 1.10(C) of these Bylaws) or of the Corporation's directors generally; and

(3) provide such additional information as necessary to permit the Board of Directors to determine if such Shareholder Nominee:

(a) is independent under the listing standards of each principal U.S. exchange upon which the common stock of the Corporation is listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors;

(b) would not, by serving as a member of the Board of Directors, violate or cause the Corporation to be in violation of these Bylaws, the Corporation's Certificate of Incorporation, the rules and listing standards of the principal U.S. exchange upon which the common stock of the Corporation is traded or any applicable law, rule or regulation;

(c) has any direct or indirect relationship with the Corporation other than those relationships that have been deemed categorically immaterial pursuant to the Corporation's Corporate Governance Guidelines; and

(d) is not and has not been subject to any event specified in Item 401(f) of Regulation S-K (or successor rule) of the Securities and Exchange Commission.

In the event that any information or communications provided by the Eligible Shareholder (or any Constituent Holder) or the Shareholder Nominee to the Corporation or its shareholders ceases to be true and correct in all material respects or omits a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Shareholder or Shareholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any defect in such previously provided information and of the information that is required to correct any such defect; it being understood for the avoidance of doubt that providing any such notification shall not be deemed to cure any such defect or limit the remedies (including without limitation under these Bylaws) available to the Corporation relating to any such defect.

(I) Any Shareholder Nominee who is included in the Corporation's proxy statement for a particular annual meeting of shareholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 1.12 or any other provision of these Bylaws, the Corporation's Certificate of Incorporation or other applicable regulation any time before the annual meeting of shareholders, will not be eligible for election at such annual meeting of shareholders.

(J) The Corporation shall not be required to include, pursuant to this Section 1.12, a Shareholder Nominee in its proxy materials for any annual meeting of shareholders, or, if the proxy statement already has been filed, to allow the nomination of a Shareholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation:

(1) who is not independent under the listing standards of the principal U.S. exchange upon which the common stock of the Corporation is listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing independence of the Corporation's directors, in each case as determined by the Board of Directors;

(2) whose service as a member of the Board of Directors would violate or cause the Corporation to be in violation of these Bylaws, the Corporation's Certificate of Incorporation, the rules and listing standards of the principal U.S. exchange upon which the common stock of the Corporation is traded or any applicable law, rule or regulation;

(3) if the Eligible Shareholder (or any Constituent Holder) or applicable Shareholder Nominee otherwise breaches or fails to comply in any material respect with its obligations pursuant to this Section 1.12 or any agreement, representation or undertaking required by this Section; or

(4) if the Eligible Shareholder ceases to be an Eligible Shareholder for any reason, including but not limited to not owning the Proxy Access Request Required Shares through the date of the applicable annual meeting.

For the purposes of this paragraph (J), clauses (1) and (2) and, to the extent related to a breach or failure by the Shareholder Nominee, clause (3) will result in the exclusion from the proxy materials pursuant to this Section 1.12 of the specific Shareholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of such Shareholder Nominee to be nominated; *provided*, *however*, clause (4) and, to the extent related to a breach or failure by an Eligible Shareholder (or any Constituent Holder), clause (3), will result in the Voting Stock owned by such Eligible Shareholder (or Constituent Holder) being excluded from the Proxy Access Request Required Shares (and, if as a result the Proxy Access Notice shall no longer have been filed by an Eligible Shareholder, the exclusion from the proxy materials pursuant to this Section 1.12 of all of the applicable shareholder's Shareholder Nominees from the applicable annual meeting of shareholders or, if the proxy statement has already been filed, the ineligibility of all of such shareholder's Shareholder Nominees to be nominated).

SECTION 2 – Board of Directors

SECTION 2.1 *Number and Term of Office.*

The number of directors shall be not less than 10 nor more than 19; *provided*, that such number may be increased to the extent necessary to comply with Section 2.18(F) of these Bylaws. The exact number, within those limits, shall be determined from time to time by the Board of Directors. Each director shall be elected annually to serve until the annual meeting of shareholders held in the following fiscal year and shall hold office until a successor is elected and qualified or until his or her earlier death, resignation or removal.

SECTION 2.2 *Election.*

A nominee for director shall be elected to the Board of Directors if the votes cast "for" such nominee's election exceed 50% of the votes cast with respect to such nominee's election at a meeting for the election of directors at which a quorum is present. Votes cast shall include "against" votes, but shall exclude abstentions with respect to that nominee's election or with respect to the election of directors in general.

Notwithstanding the foregoing, in the event of a contested election of directors, directors shall be elected by a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. For purposes of this Section 2.2, a contested election shall mean any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof being made by the Secretary (a) as of the close of the applicable notice of nomination period(s) set forth in Section 1.12 and Section 1.10 of these Bylaws based on whether one or more notice(s) of nomination were timely filed in accordance with said Section 1.12 and/or Section 1.10 or (b) if later, reasonably promptly following the determination by any court or other tribunal of competent jurisdiction that one or more notice(s) of nomination were timely filed in accordance with said Section 1.12 and/or Section 1.10; *provided*, that the determination that an election is a "contested election" by the Secretary pursuant to clause (a) or (b) shall be determinative only as to the timeliness of a notice of nomination and not otherwise as to its validity. If, prior to the tenth day before the Corporation first mails its notice of meeting for such meeting to the shareholders, one or more notices of nomination are withdrawn (or declared invalid or untimely by any court or other tribunal of competent jurisdiction) such that the number of candidates for election as director no longer exceeds the number of directors to be elected, the election shall not be considered a contested election, but in all other cases, once an election is determined to be a contested election, directors shall be elected by the vote of a plurality of the votes cast.

SECTION 2.3 *Organizational Meetings*

As promptly as practicable after each annual meeting of shareholders, and more frequently if the Board of Directors determines, the Board of Directors shall hold an organizational meeting for the purpose of organization and the transaction of other business.

SECTION 2.4 *Stated Meetings.*

The Board of Directors may provide for stated meetings of the Board.

SECTION 2.5 *Special Meetings.*

Special meetings of the Board of Directors may be called from time to time by any four directors, by the Chairman, the Lead Director (if applicable), or by the Chief Executive Officer.

SECTION 2.6 *Business of Meetings.*

Except as otherwise expressly provided in these Bylaws, any and all business may be transacted at any meeting of the Board of Directors; *provided*, that if so stated in the notice of meeting, the business transacted at a special meeting shall be limited to the purpose or purposes specified in the notice.

SECTION 2.7 *Time and Place of Meetings.*

Subject to the provisions of Section 2.3, each meeting of the Board of Directors shall be held on such date, at such hour and in such place as fixed by the Board or in the notice or waivers of notice of the meeting or, in the case of an adjourned meeting, as announced at the meeting at which the adjournment is taken.

SECTION 2.8 *Notice of Meetings.*

No notice need be given of any organizational or stated meeting of the Board of Directors for which the Board has fixed the date, hour and place. Notice of the date, hour and place of all other organizational and stated meetings, and of all special meetings, shall be given to each director personally, by telephone, by mail or by electronic transmission. If given by mail, the notice shall be sent to the director at his or her residence or usual place of business as the same appears on the books of the Corporation not later than four days before the meeting. If given by electronic transmission, the notice shall be sent to the director not later than at any time during the day before the meeting. If given personally or by telephone, the notice shall be given not later than at any time during the day before the meeting.

SECTION 2.9 *Waiver of Notice.*

Anything herein to the contrary notwithstanding, notice of any meeting of the Board of Directors need not be given to any director who shall have waived in writing notice of the meeting, either before or after the meeting, or who shall attend such meeting, unless such director attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 2.10 *Attendance by Telephone or Other Means of Communication.*

Directors may participate in meetings of the Board of Directors by means of conference telephone or other communications equipment by means of which all directors participating in the meeting can hear one another, and such participation shall constitute presence in person at the meeting.

SECTION 2.11 *Quorum and Manner of Acting.*

(A) One-third of the total number of directors at the time provided for pursuant to Section 2.1 shall constitute a quorum for the transaction of business at any meeting of the Board of Directors and, except as otherwise provided in these Bylaws, in the Corporation's Certificate of Incorporation or by statute, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. A majority of the directors present at any meeting, regardless of whether or not they constitute a quorum, may adjourn the meeting to another time or place. Any business which might have been transacted at the original meeting may be transacted at any adjourned meeting at which a quorum is present.

(B) Notwithstanding anything to the contrary in these Bylaws, until April 3, 2022 (the "Specified Date"), unless the then serving directors shall have adopted a resolution to the contrary in accordance with Section 2.11(E) of these Bylaws:

(1) the Board of Directors shall be composed of (i) six RTN Continuing Independent Directors (as defined in Section 2.18(H) below), (ii) six UTC Continuing Independent Directors (as defined in Section 2.18(H) below), (iii) one UTC Continuing Independent Director or one UTC Continuing Non-Independent Non-CEO Director (defined in Section 2.18(H) below), (iv) until the Succession Date (as defined in Section 2.18(A) below), the executive Chairman of the Board and (v) the Chief Executive Officer, and any vacancy on the Board of Directors will be filled as provided in Section 2.18(F) of these Bylaws;

(2) the Board shall not fail to nominate the Former RTN CEO (as defined in Section 2.18(A) below) for election as a director of the Corporation;

(3) the Lead Director shall be selected as provided in Section 2.18(G) of these Bylaws;

(4) the Board shall have five standing committees as set forth in Section 2.18(I) of these Bylaws, and the chairs and composition of such standing committees shall be as provided in Section 2.18(I) of these Bylaws;

(5) the headquarters of the Corporation shall be located in the Greater Boston Metropolitan Area; and

(6) the name of the Corporation shall be Raytheon Technologies Corporation.

Notwithstanding anything to the contrary in these Bylaws, until the later of the Specified Date and the one-year anniversary of the Succession Date (as defined in Section 2.18(A) below), unless the then serving directors shall have adopted a resolution to the contrary in accordance with Section 2.11(E) of these Bylaws, the Board shall not fail to nominate the Pre-Closing CEO (as defined in Section 2.18(A) below) for election as a director of the Corporation.

(C) Notwithstanding anything to the contrary in these Bylaws, unless the then-serving independent directors (for this purpose, deemed to include the UTC Continuing Non-Independent Non-CEO Director, if any) shall have adopted a resolution to the contrary in accordance with Section 2.11(E) of these Bylaws, (1) prior to the Succession Date (as defined in Section 2.18(A) below), the executive Chairman of the Board shall have the roles and responsibilities set forth in Section 2.18(B) of these Bylaws, and (2) prior to the Specified Date, the Chief Executive Officer of the Corporation shall have the roles and responsibilities set forth in Section 2.18(C) of these Bylaws.

(D) Notwithstanding anything to the contrary in these Bylaws, the affirmative written approval of then serving directors adopted in accordance with Section 2.11(E) of these Bylaws shall be required to bring before any meeting of the Board of Directors (whether organizational, stated, special or otherwise) any of the following items of business to be transacted at such meeting (or to present such items for business to be transacted pursuant to action by written consent of the Board of Directors), or to validly include any such item as an item of business in any notice of any such meeting: (1) until the Specified Date, any (A) removal, or other action that would result in any failure to appoint or re-elect, the Former RTN CEO as executive Chairman of the Board of Directors, or (B) approval or authorization of any unilateral termination by the Corporation of his employment agreement; (2) until the later of the Specified Date and the one-year anniversary of the Succession Date (as defined in Section 2.18(A) below), any (A) removal, or other action that would result in any failure to appoint or re-elect, the Pre-Closing CEO as Chief Executive Officer or, from and after the Succession Date, as Chairman of the Board, or (B) approval or authorization of any unilateral termination by the Corporation of his employment agreement; and (3) any amendment, repeal or adoption of any provision of these Bylaws.

(E) Any resolution of the type specified in Sections 2.11(B) and (C) of these Bylaws, and any approval of the type specified in Section 2.11(D) of these Bylaws, must be adopted or approved, respectively, by directors representing at least 75% of the then-serving directors or the then-serving independent directors (including, if applicable, the UTC Continuing Non-Independent Non-CEO Director, if any), as applicable.

(F) In the event of any inconsistency between the provisions of this Section 2.11, on the one hand, and any other provision of these Bylaws, on the other hand, the provisions of this Section 2.11 shall control.

SECTION 2.12 *Action Without a Meeting.*

Any action which could be taken at a meeting of the Board of Directors may be taken without a meeting if all of the directors consent to the action in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of the Board. Such filings shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 2.13 *Compensation of Directors.*

Each director of the Corporation who is not a salaried officer or employee of the Corporation, or of a subsidiary of the Corporation, may receive compensation for serving as a director and for serving as a member of any Committee of the Board, and may also receive fees for attendance at any meetings of the Board or any Committee of the Board, and the Board may from time to time fix the amount and method of payment of such compensation and fees; *provided*, that no director of the Corporation shall receive any bonus or share in the earnings or profits of the Corporation or any subsidiary of the Corporation except pursuant to a plan approved by the shareholders at a meeting called for the purpose. The Board may also, by vote of a majority of disinterested directors, provide for and pay fair compensation to directors rendering services to the Corporation not ordinarily rendered by directors as such.

SECTION 2.14 *Resignation of Directors.*

Any director may resign at any time upon written notice to the Corporation. The resignation shall become effective at the time specified in the notice and, unless otherwise provided in the notice, acceptance of the resignation shall not be necessary to make it effective.

SECTION 2.15 *Removal of Directors.*

Any director may be removed, either for or without cause, at any time, by the affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote at a meeting of the shareholders called for the purpose, and the vacancy on the Board caused by any such removal may be filled by the shareholders at such meeting or at any subsequent meeting; *provided*, that no director elected by a class vote of less than all the outstanding shares of the Corporation may, so long as the right to such a class vote continues in effect, be removed pursuant to this Section 2.15, except for cause and by the affirmative vote of the holders of record of a majority of the outstanding shares of such class at a meeting called for the purpose, and the vacancy in the Board caused by the removal of any such director may, so long as the right to such class vote continues in effect, be filled by the holders of the outstanding shares of such class at such meeting or at any subsequent meeting.

SECTION 2.16 *Filling of Vacancies Not Caused by Removal.*

Subject to Section 2.18(F) of these Bylaws, vacancies and newly created directorships resulting from an increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director; *provided*, that if the vacancy to be filled would, at an election of the whole Board of Directors, be filled by a class vote of less than all of the outstanding shares of the Corporation, and if any of the directors remaining in office were elected by the same class, such majority vote of the directors shall be effective only if it is concurred in by a majority of the remaining directors elected by such class or by a sole remaining director elected by such class. If for any reason there shall be no directors in office, any officer, any shareholder or any executor, administrator, trustee or guardian of a shareholder, or other fiduciary with like responsibility for the person or estate of a shareholder, may call a special meeting of shareholders in accordance with the provisions of these Bylaws for the purpose of electing directors.

SECTION 2.17 *Chairman of the Board.*

Subject to Section 2.18(B) of these Bylaws, the Board of Directors shall annually elect one of its members to be Chairman of the Board (the "Chairman") and shall fill any vacancy in the position at such time and in such manner as the Board of Directors shall determine. The Chairman shall preside, when present, at each meeting of shareholders and at all meetings of the Board of Directors, and shall have such other powers and duties as are described in Section 2.18(B) of these Bylaws or as otherwise may from time to time be committed to him or her by the Board of Directors. The Board of Directors may designate the Chairman as an executive or non-executive Chairman.

SECTION 2.18 *Executive Chairman and CEO Positions; Succession; Board Composition.*

(A) The Board of Directors has, as of April 3, 2020, elected (1) the Chairman and Chief Executive Officer of Raytheon Company as of immediately prior to April 3, 2020 (the "Former RTN CEO") as a member of the Board of Directors and to serve as executive Chairman of the Board of Directors, and (2) the Chairman and Chief Executive Officer of the Corporation as of immediately prior to April 3, 2020 (the "Pre-Closing CEO") as a member of the Board of Directors and to serve as Chief Executive Officer of the Corporation. The foregoing appointments shall continue until the Specified Date or any such earlier date as of which the Former RTN CEO ceases for any reason in accordance with these Bylaws to serve in the position of executive Chairman (the "Succession Date"), as of which time the Board of Directors shall elect the Pre-Closing CEO to serve as Chairman of the Board of Directors (upon which such election the Pre-Closing CEO shall continue to serve as Chief Executive Officer). Until the Succession Date (in the case of the Former RTN CEO) or the later of the Specified Date and the one-year anniversary of the Succession Date (in the case of the Pre-Closing CEO), at each annual meeting of shareholders the Board of Directors shall nominate the Former RTN CEO and the Pre-Closing CEO for election to the Board of Directors at such annual meeting.

(B) Until the Succession Date, the executive Chairman of the Board shall (1) have responsibility for chairing the Board of Directors in accordance with these Bylaws, (2) serve as an executive officer of the Corporation and report directly to the Board of Directors and (3) have all such powers and perform all such duties as may be assigned by the Board of Directors from time to time consistent with this Section 2.18 and his employment agreement.

(C) Until the Succession Date, the Chief Executive Officer shall (1) report directly to the Board of Directors and (2) have all such powers and perform all such duties as are customarily had and performed by the Chief Executive Officer and/or as may be assigned by the Board of Directors from time to time consistent with this Section 2.18 and his employment agreement.

(D) Prior to the Specified Date the replacement of the Pre-Closing CEO as the Chief Executive Officer upon his ceasing for any reason in accordance with these Bylaws to serve in the position of Chief Executive Officer shall be determined by the Independent Directors on the Board of Directors (for this purpose, deemed to include the UTC Continuing Non-Independent Non-CEO Director, if any), including at least two of the UTC Continuing Directors (other than the Pre-Closing CEO), and at least two of the RTN Continuing Independent Directors.

(E) Any RTN Continuing Independent Director, UTC Continuing Independent Director or UTC Continuing Non-Independent Non-CEO Director who is then serving as a member of the Board of Directors and whose term is expiring at an annual meeting of shareholders held on a date that is prior to the Specified Date shall be nominated by the Committee on Governance and Public Policy of the Board of Directors (or its successor committee) for election to the Board of Directors at such annual meeting, (1) so long as, other than with respect to the UTC Continuing Non-Independent Non-CEO Director, if any, such RTN Continuing Independent Director or UTC Continuing Independent Director qualifies as an Independent Director and (2) unless such RTN Continuing Independent Director, UTC Continuing Independent Director or UTC Continuing Non-Independent Non-CEO Director, as applicable, notifies the Board of Directors of his or her desire not be so nominated. Until the Specified Date, in the event that any RTN Continuing Independent Director, UTC Continuing Independent Director or UTC Continuing Non-Independent Non-CEO Director is not nominated for election to the Board of Directors by the Committee on Governance and Public Policy of the Board of Directors (or its successor committee) or the Board of Directors in accordance with the immediately preceding clauses (1) (which shall not apply to the UTC Continuing Non-Independent Non-CEO Director) or (2), the nominee to serve as the successor to such RTN Continuing Independent Director, UTC Continuing Independent Director or UTC Continuing Non-Independent Non-CEO Director, as applicable, shall be determined in accordance with paragraph (F) of this Section 2.18.

(F) Until the Specified Date, all vacancies on the Board of Directors created by the cessation of service of a RTN Continuing Independent Director, a UTC Continuing Independent Director or a UTC Continuing Non-Independent Non-CEO Director, if any, or any increase in the number of directors comprising the whole Board of Directors pursuant to the last sentence of this paragraph (F) of this Section 2.18 shall be filled by an individual proposed for nomination to the Committee on Governance and Public Policy of the Board of Directors (or its successor committee) by a majority of the remaining RTN Continuing Directors (in the case of a RTN Continuing Independent Director) or UTC Continuing Directors (in the case of a UTC Continuing Independent Director or a UTC Continuing Non-Independent Non-CEO Director), as applicable, provided, in each case, that such individual qualifies as an Independent Director. Until the Specified Date, in the event that any such proposed individual is not nominated for election to the Board of Directors by the Committee on Governance and Public Policy of the Board of Directors (or its successor committee) or the Board of Directors in accordance with the immediately preceding proviso, a majority of the remaining RTN Continuing Directors or UTC Continuing Directors, as applicable, shall propose another individual (and this process shall be repeated) until such an individual proposed by a majority of the remaining RTN Continuing Directors or UTC Continuing Directors, respectively, is duly nominated to serve as a member of the Board of Directors by the Committee on Governance and Public Policy of the Board of Directors (or its successor committee) in accordance with this paragraph (F) of this Section 2.18. Until the Specified Date, if any RTN Continuing Independent Director, UTC Continuing Independent Director or UTC Continuing Non-Independent Non-CEO Director is removed from the Board of Directors (and the resulting vacancy is filled) by the shareholders pursuant to Section 2.15 of these Bylaws, or any nominee for election to the Board of Directors pursuant to paragraph (E) or this paragraph (F) of this Section 2.18 is not elected to the Board of Directors (and his or her successor (who would not constitute a RTN Continuing Independent Director or UTC Continuing Independent Director, as applicable) is elected and qualified) in a contested election of directors, then the number of directors composing the whole Board of Directors shall be increased to account for the removal of such RTN Continuing Independent Director, UTC Continuing Independent Director or UTC Continuing Non-Independent Non-CEO Director, if any, or the failure of such nominee to be elected, as the case may be, and the resulting vacancy shall be filled in accordance with this paragraph (F) of this Section 2.18.

(G) The Independent Directors on the Board of Directors shall designate from among themselves a director to serve as Lead Director. Until the Specified Date, the Lead Director shall be selected from among the RTN Continuing Independent Directors.

(H) For purposes of these Bylaws, (1) the term "RTN Continuing Independent Directors" shall mean the members of the Board of Directors who (A) were directors as of April 3, 2020 and designated to serve on the Board of Directors pursuant to Section 2.2(d)(ii) of the Agreement and Plan of Merger, dated as of June 9, 2019, by and among the Corporation, Light Merger Sub Corp. and Raytheon Company (the "Merger Agreement"), or (B) became members of the Board of Directors subsequent to April 3, 2020 and were proposed for nomination to the Committee on Governance and Public Policy of the Board of Directors (or its successor committee) by a majority of the RTN Continuing Directors then on the Board of Directors and (2) the term "RTN Continuing Directors" shall mean the RTN Continuing Independent Directors and the Former RTN CEO. For purposes of these Bylaws, (1) the term "UTC Continuing Independent Directors" shall mean the members of the Board of Directors who (A) were directors as of April 3, 2020 and designated to serve on the Board of Directors as Independent Directors pursuant to Section 2.2(d)(i) of the Merger Agreement or (B) became members of the Board of Directors subsequent to April 3, 2020 and were proposed for nomination to the Committee on Governance and Public Policy of the Board of Directors (or its successor committee) by a majority of the UTC Continuing Directors then on the Board of Directors and (2) the term "UTC Continuing Directors" shall mean the UTC Continuing Independent Directors, the Pre-Closing CEO and one additional director who is not an Independent Director and was designated to serve on the Board of Directors pursuant to Section 2.2(d)(i) of the Merger Agreement (the "UTC Continuing Non-Independent Non-CEO Director"). For purposes of these Bylaws, the term "Independent Director" shall mean an individual who qualifies as independent under the listing standards of the principal U.S. exchange upon which the common stock of the Corporation is listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing independence of the Corporation's directors.

(I) Notwithstanding anything to the contrary in these Bylaws, until the Specified Date: (1) the Board of Directors shall designate, establish and maintain the following standing committees: (a) the Audit Committee, (b) the Committee on Governance and Public Policy, (c) the Compensation Committee, (d) the Finance Committee and (e) the Special Activities Committee; (2) the chairperson of each standing Committee of the Board of Directors shall be selected by the Board of Directors, with the chairperson of each of the Special Activities Committee, the Committee on Governance and Public Policy and the Compensation Committee being a RTN Continuing Director and the chairperson of each of the Audit Committee and the Finance Committee being a UTC Continuing Director; and (3) each committee of the Board shall be composed of an equal number of appropriately qualified RTN Continuing Directors and UTC Continuing Directors.

(J) In the event of any inconsistency between the provisions of this Section 2.18, on the one hand, and any other provision of these Bylaws (other than Section 2.11), on the other hand, the provisions of this Section 2.18 shall control.

SECTION 3 – Committees of the Board of Directors

SECTION 3.1 *Committees.*

By resolution adopted by an affirmative vote of the majority of the whole Board of Directors, the Board may from time to time appoint such Committees of the Board, consisting of one or more directors and, if deemed desirable, one or more directors who shall act as alternate members and who may replace any absentee or disqualified member at any meeting of the Committee, and may delegate to each such Committee any of the powers and authority of the Board in the management of the business and affairs of the Corporation not reserved to the Board pursuant to Section 3.2. Each such Committee shall keep a record of its acts and proceedings.

SECTION 3.2 *Powers Reserved to the Board.*

No Committee of the Board shall take any action to amend the Corporation's Certificate of Incorporation or these Bylaws, adopt any agreement to merge or consolidate the Corporation, declare any dividend or recommend to the shareholders a sale, lease or exchange of all or substantially all of the assets and property of the Corporation, a dissolution of the Corporation or a revocation of a dissolution of the Corporation. No Committee of the Board shall take any action which is required in these Bylaws, in the Corporation's Certificate of Incorporation or by statute to be taken by a vote of a specified proportion of the whole Board of Directors.

SECTION 3.3 *Election of Committee Members; Vacancies.*

So far as practicable, members of the Committees of the Board and their alternates (if any) shall be appointed at each organizational meeting of the Board of Directors and, unless sooner discharged by an affirmative vote of the majority of the whole Board, shall hold office until the next organizational meeting of the Board and until their respective successors are appointed. In the absence or disqualification of any member of a Committee of the Board, the member or members (including alternates) present at any meeting of the Committee and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another director to act at the meeting in place of any absent or disqualified member. Vacancies in Committees of the Board created by death, resignation or removal may be filled by an affirmative vote of a majority of the whole Board of Directors.

SECTION 3.4 *Meetings.*

Each Committee of the Board may provide for stated meetings of such Committee. Special meetings of each Committee may be called by any two members of the Committee (or, if there is only one member, by that member in concert with the Chairman, except if that member is the Chairman then by the Chairman) or by the Chairman of the Board of Directors and/or the Chief Executive Officer of the Corporation. The provisions of Section 2 regarding the business, time and place, notice and waivers of notice of meetings, attendance at meetings and action without a meeting shall apply to each Committee of the Board, except that the references in such provisions to the directors and the Board of Directors shall be deemed, respectively, to be references to the members of the Committee and to the Committee.

SECTION 3.5 *Quorum and Manner of Acting.*

A majority of the members of any Committee of the Board shall constitute a quorum for the transaction of business at meetings of the Committee, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Committee. A majority of the members present at any meeting, regardless of whether or not they constitute a quorum, may adjourn the meeting to another time or place. Any business which might have been transacted at the original meeting may be transacted at any adjourned meeting at which a quorum is present.

SECTION 4 – Officers

SECTION 4.1 *Election and Appointment.*

The elected officers of the Corporation shall consist of a Chief Executive Officer, a President, one or more Vice Presidents, including a Chief Financial Officer and a General Counsel, a Controller, a Treasurer, a Secretary and such other elected officers as may from time to time be elected by the Board of Directors (including, without limitation, prior to the Succession Date, an executive Chairman). The Board may also appoint, or provide for the appointment of, such other officers and agents as may from time to time appear necessary or advisable in the conduct of the affairs of the Corporation. The same person may hold more than one office.

SECTION 4.2 *Duties of the Chief Executive Officer.*

Under the general supervision of the Board, the Chief Executive Officer of the Corporation shall, in the absence of the Chairman, preside at all meetings of shareholders and, except to the extent otherwise provided in these Bylaws or by the Board, shall have general authority to execute any and all documents in the name of the Corporation and general and active supervision and control of all of the business and affairs of the Corporation. In the absence of the Chief Executive Officer, his or her duties shall be performed and his or her powers may be exercised by such other officer as shall be designated either by the Chief Executive Officer in writing or (failing such designation) by the Board of Directors.

SECTION 4.3 *Duties of Other Officers.*

The other officers of the Corporation shall have such powers and duties not inconsistent with these Bylaws as may from time to time be conferred upon them in or pursuant to resolutions of the Board of Directors, and shall have such additional powers and duties not inconsistent with such resolutions as may from time to time be assigned to them by any competent superior officer. The Board shall assign to one or more of the officers of the Corporation the duty to record the proceedings of the meetings of the shareholders and the Board of Directors in a book to be kept for that purpose.

SECTION 4.4 *Term of Office and Vacancy.*

So far as practicable, the elected officers shall be elected at each organizational meeting of the Board, and shall hold office until the next organizational meeting of the Board and until their respective successors are elected and qualified. If a vacancy shall occur in any elected office, the Board of Directors may elect a successor for the remainder of the term. Appointed officers shall hold office at the pleasure of the Board or of the officer or officers authorized by the Board to make such appointments. Any officer may resign by written notice to the Corporation.

SECTION 4.5 *Removal of Elected Officers.*

Elected officers may be removed at any time, either for or without cause, by the affirmative vote of a majority of the whole Board of Directors at a meeting called for that purpose.

SECTION 4.6 *Compensation of Elected Officers.*

The compensation of all elected officers of the Corporation shall be fixed from time to time by the Board of Directors; *provided*, that no elected officer of the Corporation shall receive any bonus or share in the earnings or profits of the Corporation or any subsidiary of the Corporation except pursuant to a plan approved by the shareholders at a meeting called for the purpose.

SECTION 5 – Shares and Transfer of Shares

SECTION 5.1 *Certificates.*

The shares of the Corporation shall be represented by certificates or, if and to the extent the Board of Directors determines, shall be uncertificated shares. Notwithstanding any such determination by the Board of Directors, every shareholder shall be entitled to a certificate signed by the Chairman or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, certifying the class and number of shares owned by such shareholder in the Corporation; *provided*, that, where such certificate is countersigned by a Transfer Agent or a Registrar, the signature of any such Chairman, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be a facsimile. In case any officer or officers who shall have signed or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers, whether because of death, resignation or otherwise, before such certificate or certificates shall have been issued by the Corporation, such certificate or certificates may be issued by the Corporation with the same effect as if such person or persons continued to serve such officer or officers at the date of issue.

SECTION 5.2 *Transfer Agents and Registrars.*

The Board of Directors may, in its discretion, appoint one or more responsible banks or trust companies in the City of New York or in such other city or cities (if any) as the Board may deem advisable, from time to time, to act as Transfer Agents and Registrars of shares of the Corporation; and, when such appointments shall have been made, no certificate for shares of the Corporation shall be valid until countersigned by one of such Transfer Agents and registered by one of such Registrars.

SECTION 5.3 *Transfers of Shares.*

Shares of the Corporation may be transferred upon authorization by the record holder thereof, or by an attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a Transfer Agent and Registrar, and by the delivery of the certificates therefor, *provided* such shares are represented by certificates, accompanied either by an assignment in writing on the back of the certificates or by written power of attorney to sell, assign or transfer the same, signed by the record holder thereof, but no transfer shall affect the right of the Corporation to pay any dividend upon the shares to the holder of record thereof, or to treat the holder of record as the holder in fact thereof for all purposes; and no transfer shall be valid, except between the parties thereto, until such transfer shall have been made upon the books of the Corporation.

SECTION 5.4 *Lost Certificates.*

In case any certificate for shares of the Corporation shall be lost, stolen or destroyed, the Board of Directors, in its discretion, or any Transfer Agent thereunto duly authorized by the Board, may authorize the issuance of a substitute certificate in place of the certificate so lost, stolen or destroyed, and may cause such substitute certificate to be countersigned by the appropriate Transfer Agent (if any) and registered by the appropriate Registrar (if any); *provided*, that in each such case, the applicant for a substitute certificate shall furnish to the Corporation and to such of its Transfer Agents and Registrars as may require same, evidence to their satisfaction, in their discretion, of the loss, theft or destruction of such certificate and of the ownership thereof, and such security or indemnity as may be required by them.

SECTION 5.5 *Record Dates.*

In order that the Corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or to consent to action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date which shall be not more than 60 nor less than 10 days before the date of any meeting of shareholders, and not more than 60 days prior to any other action. In such case, those shareholders, and only those shareholders, who are shareholders of record on the date fixed by the Board of Directors shall, notwithstanding any subsequent transfer of shares on the books of the Corporation, be entitled to notice of and to vote at such meeting of shareholders, or any adjournment thereof, or to consent to such corporate action in writing without a meeting, or be entitled to receive payment of such dividend or other distribution or allotment of rights, or be entitled to exercise rights in respect of any such change, conversion or exchange of shares or to participate in any such other lawful action.

SECTION 6 – Miscellaneous

SECTION 6.1 *Fiscal Year.*

The fiscal year of the Corporation shall be the calendar year.

SECTION 6.2 *Surety Bonds.*

The Chief Financial Officer, the Controller, the Treasurer, each Assistant Treasurer, and such other officers and agents of the Corporation as the Board of Directors may from time to time direct shall be bonded at the expense of the Corporation for the faithful performance of their duties in such amounts and by such surety companies as the Board may from time to time determine.

SECTION 6.3 *Signature of Negotiable Instruments.*

All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned in such manner as from time to time may be prescribed by resolution of the Board of Directors.

SECTION 6.4 *Independent Accountants.*

At each annual meeting, the shareholders shall appoint an independent public accountant or firm of independent public accountants to act as the Independent Accountants of the Corporation until the next annual meeting. Among other duties, it shall be the duty of the Independent Accountants so appointed to make periodic audits of the books and accounts of the Corporation. As soon as reasonably practicable after the close of the fiscal year, the shareholders shall be furnished with consolidated financial statements of the Corporation and its consolidated subsidiaries, as at the end of such fiscal year, duly certified by such Independent Accountants, subject to such notes or comments as the Independent Accountants shall deem necessary or desirable for the information of the shareholders. In case the shareholders shall at any time fail to appoint Independent Accountants or in case the Independent Accountants appointed by the shareholders shall decline to act or shall resign or otherwise become incapable of acting, the Board of Directors shall appoint Independent Accountants to discharge the duties provided for herein. Any Independent Accountants appointed pursuant to any of the provisions hereof shall be directly responsible to the shareholders, and the fees and expenses of any such Independent Accountants shall be paid by the Corporation.

SECTION 6.5 *Indemnification of Officers, Directors, Employees and Fiduciaries; Insurance.*

(A) The Corporation shall indemnify and hold harmless, in accordance with and to the full extent permitted by the laws of the State of Delaware as in effect at the time of the adoption of this Section 6.5 or as such laws may be amended from time to time (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), any person (and the heirs and legal representatives of any such person) made or threatened to be made a party to (or, in the case of directors and officers, otherwise involved in), any threatened, pending, or completed action, suit, arbitration, alternative dispute resolution procedure, legislative hearing or inquiry or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "proceeding"), by reason of the fact that such person is or was a director, officer or employee of the Corporation, of any constituent corporation absorbed in a consolidation or merger or of a Subsidiary of the Corporation, or serves or served as such or in a fiduciary capacity with another enterprise at the request of the Corporation, any such constituent corporation or a Subsidiary, whether the basis of such proceeding is an alleged action in an official capacity as a director, officer or employee or in any other capacity while serving as a director, officer or employee, against all expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by any such person in connection with such proceeding.

(B) In furtherance of the foregoing indemnification provisions and not in limitation thereof, the Corporation shall pay or reimburse all expenses (including attorneys' fees) reasonably incurred by any person who is or was a director or officer of the Corporation, any such constituent corporation or any Subsidiary and any such person who serves or served as such or in a fiduciary capacity at the request of one of the foregoing entities with another enterprise in advance of the final disposition of any such proceeding, promptly upon receipt by the Corporation of an undertaking of such person to repay such expenses if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such person is not entitled to be indemnified by the Corporation. Subject to the approval of either (i) the Chief Executive Officer or (ii) the General Counsel and the Chief Financial Officer acting together and upon such terms and conditions as the approving officer or officers deem appropriate, the Corporation may provide independent legal counsel or pay or reimburse the expenses (including attorneys' fees) reasonably incurred by any person who is or was an employee of the Corporation, any constituent corporation or any Subsidiary and any such person who serves or served as such or in a fiduciary capacity at the request of one of the foregoing entities with another enterprise in advance of the final disposition of any such proceeding, promptly upon receipt by the Corporation of an undertaking of such person to repay such expenses if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such person is not entitled to be indemnified by the Corporation.

(C) The rights provided by this Section 6.5 to any person who serves or served as a director or officer of the Corporation, a constituent corporation or a Subsidiary or as such or in a fiduciary capacity with another enterprise at the request of one of the foregoing entities shall be rights of contract enforceable against the Corporation by such person, who shall be presumed to have relied upon such rights in determining to serve or continuing to serve in such capacity, and shall vest at the time such person begins serving in such capacity. In addition, the rights provided to any such person by this Section 6.5 shall survive the termination of such person's service in any such capacity. Such rights shall continue as long as such person shall be subject to any possible proceeding. No amendment of this Section 6.5 shall impair the rights of any such person arising at any time with respect to events occurring prior to such amendment.

(D) Notwithstanding anything contained in this Section 6.5, except for proceedings to enforce rights provided in this Section 6.5, the Corporation shall not be obligated under this Section 6.5 to provide any indemnification or any payment or reimbursement of expenses to any director, officer, employee or other person in connection with a proceeding (or part thereof) initiated by such person (which shall not include counterclaims or cross-claims initiated by others) unless the Board of Directors has authorized or consented to such proceeding (or part thereof) in a resolution adopted by the Board.

(E) For purposes of this Section 6.5, the term "Subsidiary" shall mean any corporation, partnership, limited liability company or other entity in which the Corporation owns, directly or indirectly, a majority of the economic or voting ownership interest or voting power to elect a majority of the directors of such entity; the term "other enterprise" shall include any corporation, partnership, limited liability company, joint venture, trust, association or other unincorporated organization or other entity and any employee benefit plan; service "at the request of the Corporation" shall include service as a director, officer, employee or fiduciary of the Corporation, a constituent corporation or a Subsidiary which imposes duties on, or involves services by, such person with respect to an employee benefit plan, its participants or beneficiaries; any excise taxes assessed on a person with respect to an employee benefit plan shall be deemed to be indemnifiable expenses; and action by a person with respect to an employee benefit plan which such person reasonably believes to be in the interest of the participants and beneficiaries of such plan shall be deemed to be action not opposed to the best interests of the Corporation.

(F) Nothing in this Section 6.5 shall limit the power of the Corporation or the Board of Directors to provide rights of indemnification and to make payment and reimbursement of expenses, including attorneys' fees, to directors, officers, employees, agents, fiduciaries and other persons otherwise than pursuant to this Section 6.5. The rights to indemnification and to receive payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 6.5 shall not be exclusive of any other rights which any person may have or hereafter acquire under any statute, provision of the Corporation's Certificate of Incorporation, these Bylaws, agreement or otherwise.

(G) If any provision or provisions of this Section 6.5 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Section 6.5 (including, without limitation, each portion of any paragraph of this Section 6.5 containing any such provision held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Section 6.5 (including, without limitation, each such portion of any paragraph of this Section 6.5 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(H) Subject to the approval of either (i) the Chief Executive Officer or (ii) the General Counsel and the Chief Financial Officer acting together and upon such terms and conditions as the approving officer or officers deem appropriate, the Corporation may provide to any person who is or was an agent or fiduciary of the Corporation, a constituent corporation, a Subsidiary or an employee benefit plan of one of such entities rights of indemnification and to receive payment or reimbursement of expenses (including in advance of the final disposition of any proceeding), including attorneys' fees, to the fullest extent of the provisions of this Section 6.5 with respect to the indemnification of and payment or reimbursement of expenses of directors and officers of the Corporation, constituent corporations, Subsidiaries or other enterprises. Any such rights, if provided, shall have the same force and effect as they would have if they were conferred in this Section 6.5.

(I) Subject to the approval of either the Chief Financial Officer or the Vice President, Treasurer, the Corporation may purchase and maintain insurance in such amounts as the Board of Directors deems appropriate to protect each of itself and any person who is or was a director, officer, employee, agent or fiduciary of the Corporation, a constituent corporation, or a Subsidiary or is or was serving at the request of one of such entities as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation shall have the power to indemnify such person against such liability under the provisions of this Section 6.5 and the laws of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director, officer or employee, and each such agent or fiduciary to which rights of indemnification have been provided pursuant to paragraph (H) of this Section 6.5, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current or former director, officer, employee, agent or fiduciary.

SECTION 6.6 *Exclusive Forum for Adjudication of Certain Disputes.*

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of the Corporation to the Corporation or the Corporation's shareholders, (iii) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's Certificate of Incorporation or these Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation governed by the internal affairs doctrine shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware).

SECTION 7 – Bylaws Amendments

SECTION 7.1 *By the Shareholders.*

These Bylaws may be amended by the shareholders at a meeting called for such purpose in any manner not inconsistent with any provision of law or of the Corporation's Certificate of Incorporation.

SECTION 7.2 *By the Directors.*

These Bylaws may be amended by the affirmative vote of a majority of the whole Board of Directors in any manner not inconsistent with any provision of law or of the Corporation's Certificate of Incorporation; *provided*, that the Board may not amend this Section 7.2, or the bonus proviso of Section 2.13 (Compensation of Directors), or Section 2.15 (Removal of Directors), Section 4.5 (Removal of Elected Officers) or Section 4.6 (Compensation of Elected Officers).

Exhibit 10.1

EXECUTION VERSION

TRANSITION SERVICES AGREEMENT

BY AND AMONG

UNITED TECHNOLOGIES CORPORATION,

CARRIER GLOBAL CORPORATION

AND

OTIS WORLDWIDE CORPORATION

DATED AS OF APRIL 2, 2020

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TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of April 2, 2020 (as it may be amended and in effect from time to time, this "Agreement"), is by and among United Technologies Corporation, a Delaware corporation ("UTC"), Carrier Global Corporation, a Delaware corporation ("Carrier") and Otis Worldwide Corporation, a Delaware corporation ("Otis").

R E C I T A L S:

WHEREAS, the board of directors of UTC (the "UTC Board") has determined that it is in the best interests of UTC and its shareowners to separate UTC into three independent, publicly traded companies, one that shall operate the UTC Business, one that shall operate the Carrier Business and one that shall operate the Otis Business;

WHEREAS, in furtherance of the foregoing, the UTC Board has determined that it is appropriate and desirable to (a) separate the Carrier Business from the UTC Business and the Otis Business (the "Carrier Separation") and, following the Carrier Separation, make a distribution, on a *pro rata* basis, to holders of UTC Shares on the Carrier Record Date of all of the outstanding Carrier Shares owned by UTC (the "Carrier Distribution") and (b) separate the Otis Business from the UTC Business and the Carrier Business (the "Otis Separation," and the Carrier Separation, together or as applicable, the "Separation") and, following the Otis Separation, make a distribution, on a *pro rata* basis, to holders of UTC Shares on the Otis Record Date (which may be the same date as the Carrier Record Date) of all of the outstanding Otis Shares owned by UTC (the "Otis Distribution," and together with the Carrier Distribution, the "Distributions");

WHEREAS, in order to effectuate the Separation and the Distributions, UTC, Carrier and Otis have entered into a Separation and Distribution Agreement, dated as of April 2, 2020 (as it may be amended and in effect from time to time, the "Separation and Distribution Agreement"); and

WHEREAS, in order to facilitate and provide for an orderly transition in connection with the Separation and the Distributions, the Parties desire to enter into this Agreement which sets forth the terms of certain relationships and other agreements among the Parties as set forth herein;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement:

"Action" shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Additional Services" shall have the meaning set forth in Section 2.01(b).

"Affiliate" shall have the meaning set forth in the Separation and Distribution Agreement.

"Agreement" shall have the meaning set forth in the Preamble.

"Ancillary Agreements" shall have the meaning set forth in the Separation and Distribution Agreement.

"Carrier" shall have the meaning set forth in the Preamble.

"Carrier Business" shall have the meaning set forth in the Separation and Distribution Agreement.

"Carrier Change of Control" means the first of the following events, if any, to occur following the Carrier Effective Time:

(i) the acquisition by any person, entity or "group" (as defined in Section 13(d) of the Exchange Act) of beneficial ownership of fifty percent (50%) or more of the combined voting power of Carrier's then-outstanding voting securities, other than any such acquisition by Carrier, any of its Subsidiaries, any employee benefit plan of Carrier, or any of its Subsidiaries, or any Affiliates of any of the foregoing;

(ii) the merger, consolidation or other similar transaction involving Carrier, as a result of which persons who were stockholders of Carrier immediately prior to such merger, consolidation, or other similar transaction do not, immediately thereafter, own, directly or indirectly, more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the merged or consolidated company;

(iii) within any twelve (12)-month period commencing after the Carrier Effective Time, (A) the persons who were directors of Carrier at the beginning of such period shall cease to constitute at least a majority of the directors of Carrier and (B) the persons constituting a majority of the directors of Carrier shall cease to be made up of (1) persons who were directors of Carrier at the beginning of such period and (2) persons who were elected, appointed or nominated for election by at least a majority of the directors of Carrier at the time of such election, appointment or nomination who were directors of Carrier at the beginning of such period or who were previously elected, appointed or nominated pursuant to this clause (2); or

(iv) the sale, transfer or other disposition of all or substantially all of the

assets of Carrier and its Subsidiaries.

"Carrier Distribution" shall have the meaning set forth in the Recitals.

"Carrier Distribution Date" shall mean the date of the consummation of the Carrier Distribution, which shall be determined by the UTC Board in its sole and absolute discretion.

"Carrier Effective Time" shall mean 12:01 a.m., New York City time, on the Carrier Distribution Date.

"Carrier Group" shall mean (a) prior to the Effective Time, Carrier and each Person that will be a Subsidiary of Carrier as of immediately after the Effective Time, including the Carrier Transferred Entities and their respective Subsidiaries, even if, prior to the Effective Time, such Person is not a Subsidiary of Carrier; and (b) on and after the Effective Time, Carrier and each Person that is a Subsidiary of Carrier.

"Carrier Record Date" shall mean the close of business on the date determined by the UTC Board as the record date for determining holders of UTC Shares entitled to receive Carrier Shares pursuant to the Carrier Distribution.

"Carrier Separation" shall have the meaning set forth in the Recitals.

"Carrier Shares" shall mean the shares of common stock, par value $0.01 per share, of Carrier.

"Charge" and "Charges" shall have the meaning set forth in Section 2.03.

"Confidential Information" shall mean all Information that is either confidential or proprietary.

"Dispute" shall have the meaning set forth in Section 8.15(a).

"Distribution Date" shall mean the Carrier Distribution Date or the Otis Distribution Date, as applicable.

"Distributions" shall have the meaning set forth in the Recitals.

"Effective Time" shall mean the Carrier Effective Time or the Otis Effective Time, as applicable; it being understood that except as otherwise specified herein, if the Carrier Effective Time and the Otis Effective Time do not occur at the same time, then: (a) as between Carrier or any member of the Carrier Group, on the one hand, and Otis or any member of the Otis Group, on the other hand, the term "Effective Time" shall refer to the First Effective Time; (b) as between Carrier or any member of the Carrier Group, on the one hand, and UTC or any member of the UTC Group on the other hand, the term "Effective Time" shall refer to the Carrier Effective Time; and (c) as between Otis or any member of the Otis Group, on the one hand, and UTC or any member of the UTC Group on the other hand, the term "Effective Time" shall refer to the Otis Effective Time.

"e-mail" shall have the meaning set forth in Section 8.10.

"First Effective Time" shall mean (a) if the Carrier Effective Time and the Otis Effective Time do not occur at the same time, the first to occur of the Carrier Effective Time and the Otis Effective Time, or (b) if the Carrier Effective Time and the Otis Effective Time occur at the same time, the Effective Time.

"Force Majeure" shall mean, with respect to a Party, an event beyond the reasonable control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, acts of terrorism, cyberattacks, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any significant and prolonged failure in electrical or air conditioning equipment. Notwithstanding the foregoing, (i) the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party's response thereto, and (ii) the inability to obtain sufficient funds needed for the performance of a Party's obligation hereunder, shall not be deemed an event of Force Majeure.

"Governmental Authority" shall mean any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether domestic, foreign, multinational, national, supranational, federal, state, territorial, provincial or local, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, a government and any executive official thereof.

"Information" shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, artwork, design, research and development files, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Interest Payment" shall have the meaning set forth in Section 4.02.

"Law" shall mean any domestic, foreign, multinational, national, supranational, federal, state, territorial, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"Level of Service" shall have the meaning set forth in Section 2.02(a).

"Liabilities" shall mean all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

"Local Agreement" shall have the meaning set forth in Section 2.08.

"Losses" shall mean actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

"Minimum Service Period" means the period commencing on the Distribution Date and ending ninety (90) days after the Distribution Date, unless otherwise specified with respect to a particular service on the Schedules hereto.

"Otis" shall have the meaning set forth in the Preamble.

"Otis Business" shall have the meaning set forth in the Separation and Distribution Agreement.

"Otis Change of Control" means the first of the following events, if any, to occur following the Otis Effective Time:

(i) the acquisition by any person, entity or "group" (as defined in Section 13(d) of the Exchange Act) of beneficial ownership of fifty percent (50%) or more of the combined voting power of Otis' then-outstanding voting securities, other than any such acquisition by Otis, any of its Subsidiaries, any employee benefit plan of Otis, or any of its Subsidiaries, or any Affiliates of any of the foregoing;

(ii) the merger, consolidation or other similar transaction involving Otis as a result of which persons who were stockholders of Otis immediately prior to such merger, consolidation, or other similar transaction do not, immediately thereafter, own, directly or indirectly, more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the merged or consolidated company;

(iii) within any twelve (12)-month period commencing after the Otis Effective Time, (A) the persons who were directors of Otis at the beginning of such

period shall cease to constitute at least a majority of the directors of Otis and (B) the persons constituting a majority of the directors of Otis shall cease to be made up of (1) persons who were directors of Otis at the beginning of such period and (2) persons who were elected, appointed or nominated for election by at least a majority of the directors of Otis at the time of such election, appointment or nomination who were directors of Otis at the beginning of such period or who were previously elected, appointed or nominated pursuant to this clause (2); or

(iv) the sale, transfer or other disposition of all or substantially all of the assets of Otis and its Subsidiaries.

"Otis Distribution" shall have the meaning set forth in the Recitals.

"Otis Distribution Date" shall mean the date of the consummation of the Otis Distribution, which shall be determined by the UTC Board in its sole and absolute discretion.

"Otis Effective Time" shall mean 12:01 a.m., New York City time, on the Otis Distribution Date.

"Otis Group" shall mean (a) prior to the Effective Time, Otis and each Person that will be a Subsidiary of Otis as of immediately after the Effective Time, including the Otis Transferred Entities and their respective Subsidiaries, even if, prior to the Effective Time, such Person is not a Subsidiary of Otis; and (b) on and after the Effective Time, Otis and each Person that is a Subsidiary of Otis.

"Otis Record Date" shall mean the close of business on the date determined by the UTC Board as the record date for determining holders of UTC Shares entitled to receive Otis Shares pursuant to the Otis Distribution.

"Otis Separation" shall have the meaning set forth in the Recitals.

"Otis Shares" shall mean the shares of common stock, par value $0.01 per share, of Otis.

"Party" or "Parties" shall mean the parties to this Agreement.

"Person" shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Representatives" shall mean, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"Routine Communication" shall mean any notice, request or communication exclusively regarding routine matters under this Agreement, including any notice, request or communication regarding operational matters under this Agreement (*e.g.*, early termination of a

Service, extension of a Service Period, billing or payment matters or other ordinary course matters relating to the provision or receipt of a Service).

"Separation" shall have the meaning set forth in the Recitals.

"Separation and Distribution Agreement" shall have the meaning set forth in the Recitals.

"Service Baseline Period" shall have the meaning set forth in Section 2.02(a).

"Service Period" shall mean, with respect to any Service, the period commencing on the applicable Distribution Date and ending on the earliest to occur of (a) the date that a Party terminates the provision of such Service pursuant to Section 5.03 and (b) the date, if any, specified for termination of such Service on the Schedules hereto, or, if no such date is specified, the date that is the eighteen (18)-month anniversary of the applicable Distribution Date.

"Service Provider" shall mean, with respect to any Service, the Party providing such Service.

"Service Provider Indemnitees" shall have the meaning set forth in Section 7.03.

"Service Recipient" shall mean, with respect to any Service, the Party receiving such Service.

"Service Recipient Indemnitees" shall have the meaning set forth in Section 7.04.

"Services" shall have the meaning set forth in Section 2.01(a).

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, joint venture, partnership or other entity of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has (i) the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body or (ii) the power to vote, either directly or indirectly, sufficient securities to elect half of the board of directors or similar governing body and a casting vote with respect to decisions of such board of directors or similar governing body.

"Tax" shall have the meaning set forth in the Tax Matters Agreement.

"Taxing Authority" shall mean a national, foreign, municipal, state, federal or other Governmental Authority responsible for the administration of any Tax.

"Tax Matters Agreement" shall mean the Tax Matters Agreement to be entered into by and among UTC, Carrier and Otis in connection with the Separation, the Distributions and the other transactions contemplated by the Separation and Distribution Agreement, as it may be amended and in effect from time to time.

"Termination Charges" shall mean, with respect to the termination of any Service pursuant to Section 5.03(a)(i), any and all costs, fees and expenses (other than any severance or retention costs, unless otherwise specified with respect to a particular Service on the Schedules hereto or in the other Ancillary Agreements) payable by UTC or its Subsidiaries to a Third Party directly as a result of such termination; provided, however, that UTC shall use commercially reasonable efforts to minimize any costs, fees or expenses payable to any Third Party in connection with any such termination and shall credit any resulting reductions against the Termination Charges payable by Carrier or Otis, as applicable.

"Third Party" shall mean any Person other than the Parties or any of their respective Affiliates.

"Third-Party Claim" shall mean any Action commenced by any Third Party against any Party or any of its Affiliates.

"TSA Committee" shall have the meaning set forth in Section 8.15(a).

"UTC" shall have the meaning set forth in the Preamble.

"UTC Board" shall have the meaning set forth in the Recitals.

"UTC Business" shall have the meaning set forth in the Separation and Distribution Agreement.

"UTC Shares" shall mean the shares of common stock, par value $1.00 per share, of UTC.

ARTICLE II
SERVICES

Section 2.01. Services.

(a) Commencing as of the applicable Effective Time, each Service Provider agrees to provide, or to cause one or more of its Subsidiaries to provide, to the applicable Service Recipient, or any Subsidiary of such Service Recipient, the applicable services (the "Services") set forth on the Schedules hereto.

(b) After the date of this Agreement, if (i) Carrier or Otis identifies a service that UTC provided to it or any of its Subsidiaries prior to the applicable Distribution Date that it reasonably needs in order for the Carrier Business or Otis Business, as applicable, to continue to operate in substantially the same manner in which the Carrier Business or Otis Business, as applicable, operated prior to the applicable Distribution Date, and such service was not included on the Schedules hereto (other than because the Parties agreed such service shall not be provided), or (ii) UTC identifies a service that Carrier or Otis provided to it or any of its Subsidiaries prior to the applicable Distribution Date that it reasonably needs in order for the UTC Business to continue to operate in substantially the same manner in which the UTC Business operated prior to the applicable Distribution Date, and such service was not included on the Schedules hereto (other than because the Parties agreed such service shall not be provided),

then, in each case, if such Party provides written notice to the applicable other Party within sixty (60) days after the applicable Distribution Date requesting such additional services, then the applicable other Party shall use its commercially reasonable efforts to provide such requested additional services (such requested additional services, the "Additional Services"); provided, however, that no Party shall be obligated to provide any Additional Service if it does not, in its reasonable judgment, have adequate resources to provide such Additional Service or if the provision of such Additional Service would significantly disrupt the operation of Service Provider's business; and provided, further, that the applicable Party shall not be required to provide any Additional Services if the applicable Parties are unable to reach agreement on the terms thereof (including with respect to Charges therefor). In connection with any request for Additional Services in accordance with this Section 2.01(b), the applicable Parties shall negotiate in good faith the terms of a supplement to the applicable Schedule, which terms shall be consistent with the terms of, and the pricing methodology used for, similar Services provided under this Agreement. Upon the mutual written agreement of the applicable Parties, the supplement to the applicable Schedule shall describe in reasonable detail the nature, scope, Service Period(s), termination provisions and other terms applicable to such Additional Services in a manner similar to that in which the Services are described in the existing Schedules. Each supplement to the applicable Schedule, as agreed to in writing by the applicable Parties, shall be deemed part of this Agreement as of the date of such agreement and the Additional Services set forth therein shall be deemed "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.02. Performance of Services.

(a) Subject to Section 2.05 and unless otherwise provided with respect to a specific Service on the Schedules hereto, Service Provider shall perform (directly, through one (1) or more of its Subsidiaries, or through a Third Party service provider in accordance herewith), all Services to be provided in a manner that is substantially similar in all material respects to the analogous services provided by Service Provider or any of its applicable Subsidiaries to its applicable functional group or Subsidiary (collectively referred to as the "Level of Service") during the one (1)-year period ending on the last day of Service Provider's last fiscal quarter completed on or prior to the applicable Distribution Date (the "Service Baseline Period").

(b) Nothing in this Agreement shall require Service Provider to perform or cause to be performed any Service to the extent that the manner of such performance would constitute a violation of any applicable Law or any existing contract or agreement with a Third Party. If Service Provider is or becomes aware that any such violation is reasonably likely, Service Provider shall use commercially reasonable efforts to promptly advise Service Recipient of such potential violation, and the applicable Parties shall mutually seek an alternative that addresses such potential violation. The Parties agree to cooperate in good faith and use commercially reasonable efforts to obtain any necessary Third Party consents required under any existing contract or agreement with a Third Party to allow Service Provider to perform, or cause to be performed, all Services to be provided hereunder in accordance with the standards set forth in this Section 2.02. Service Recipient shall reimburse Service Provider for all reasonable out-of-pocket costs and expenses (if any) to the extent incurred by Service Provider or any of its Subsidiaries at any time following the First Effective Time in connection with obtaining any

such Third Party consent that is required to allow Service Provider to perform or cause to be performed such Services (it being understood that to the extent any such consent is required in respect of a Service to be provided to more than one Party hereunder, each applicable Service Recipient shall be responsible for fifty percent (50%) of such reimbursement); provided, however, that any such out-of-pocket cost or expense incurred in excess of one hundred thousand dollars ($100,000.00) shall require advance written approval of Service Recipient; provided, further, that if Service Recipient does not provide such advance written approval and the incurrence of such cost or expense is reasonably necessary for Service Provider to provide the applicable Service in accordance with the standards set forth in this Agreement, Service Provider shall not be required to perform such Service. If the applicable Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required Third Party consent with respect to a Service, or the performance of a Service by Service Provider would constitute a violation of any applicable Law, Service Provider shall have no obligation whatsoever to perform or cause to be performed such Service.

(c) If Service Recipient requests that Service Provider perform or cause to be performed any Service in a manner that is more burdensome (with respect to service quality or quantity, other than in a *de minimis* respect) than the Level of Service during the Service Baseline Period, then the applicable Parties shall cooperate and negotiate in good faith to determine whether Service Provider will be required to provide such requested increased Level of Service. If the applicable Parties determine that Service Provider shall provide the requested increased Level of Service, then such increased Level of Service shall be documented in a written agreement signed by the applicable Parties. Each amended section of the Schedules hereto, as agreed to in writing by the applicable Parties, shall be deemed part of this Agreement as of the date of such written agreement and the Level of Service increases set forth in such written agreement shall be deemed a part of the "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(d) (i) Without prejudice to Section 8.08(b), neither Service Provider nor any of its Subsidiaries shall be required to perform or cause to be performed any of the Services for the benefit of any Third Party or any other Person other than Service Recipient and its Subsidiaries, and (ii) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 2.02 OR ARTICLE VII, EACH PARTY ACKNOWLEDGES AND AGREES (A) THAT ALL SERVICES ARE PROVIDED ON AN "AS-IS" BASIS, (B) THAT SERVICE RECIPIENT, AS APPLICABLE, ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND (C) THAT SERVICE PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES. SERVICE PROVIDER SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(e) Each Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement. No Party shall knowingly take any

action in violation of any such applicable Law that results in Liability being imposed on the other Party.

Section 2.03. Charges for Services. Unless otherwise provided with respect to a specific Service on the Schedules hereto, Service Recipient shall pay Service Provider a fee for such Services (or category of Services, as applicable) (each fee, a "Charge" and, collectively, "Charges"), which Charges shall be set forth on the applicable Schedules hereto, or if not so set forth, then, unless otherwise provided with respect to a specific Service on the Schedule hereto, based upon the cost of providing such Services as shall be agreed by the applicable Parties from time to time. During the term of this Agreement, the amount of a Charge for any Service may be modified to the extent of (a) any adjustments mutually agreed by the applicable Parties, (b) any adjustments due to a change in Level of Service requested by Service Recipient, and agreed upon by Service Provider, and (c) any adjustment in the rates or charges imposed by any Third Party provider that is providing Services, provided that Service Provider will notify Service Recipient in writing of any such change in rates at least thirty (30) days prior to the effective date of such rate change. Together with any invoice for Charges, Service Provider shall provide Service Recipient with reasonable documentation, including any additional documentation reasonably requested by Service Recipient to the extent that such documentation is in Service Provider's or its Subsidiaries' possession or control, to support the calculation of such Charges.

Section 2.04. Reimbursement for Out-of-Pocket Costs and Expenses. Service Recipient shall reimburse Service Provider for reasonable out-of-pocket costs and expenses to the extent incurred by Service Provider or any of its Subsidiaries at any time following the First Effective Time in connection with providing the Services to Service Recipient (including reasonable travel-related expenses) to the extent that such costs and expenses are not reflected in the Charges for such Services or otherwise reimbursed to Service Provider pursuant to another provision of this Agreement; provided, however, that any such costs or expenses (including business travel and related expenses) incurred in excess of an aggregate amount of (a) fifty thousand dollars ($50,000.00) with respect to Carrier or Otis as Service Recipient shall require advance written approval of Carrier or Otis, as applicable, (b) fifteen thousand dollars ($15,000.00) with respect to UTC as Service Recipient and Carrier as Service Provider shall require advance written approval of UTC and (c) fifteen thousand dollars ($15,000.00) with respect to UTC as Service Recipient and Otis as Service Provider shall require advance written approval of UTC; provided, further, that if Service Recipient does not provide such advance written approval and the incurrence of such cost or expense is reasonably necessary for Service Provider to provide such Service in accordance with the standards set forth in this Agreement, Service Provider shall not be required to perform such Service. Any authorized travel-related expenses to the extent incurred at any time following the Effective Time in performing the Services shall be charged to Service Recipient in accordance with Service Provider's then-applicable business travel policies.

Section 2.05. Changes in the Performance of Services.

(a) Subject to the performance standards for Services set forth in Section 2.02(a), Section 2.02(b) and Section 2.02(c), Service Provider may make changes from time to time in the manner of performing the Services if Service Provider is making similar changes in performing analogous services for itself and if Service Provider furnishes to Service Recipient

prompt and reasonable prior written notice (in content and timing) of such changes; provided, if such change shall materially adversely affect the timeliness or quality of, or the Charges for, the applicable Service, Service Recipient shall be permitted to terminate this Agreement or the applicable specific Service pursuant to Section 5.03(a)(i) without being required to (i) pay any Termination Charges pursuant to Section 5.05 or (ii) comply with the notice requirements set forth in Section 5.03(a)(i) or with clauses (x), (y) or (z) of Section 5.03(a)(i).

(b) Subject to the limitations set forth in Section 2.02(b), Service Recipient may request a change to a Service by submitting a request in writing to Service Provider describing the proposed change in reasonable detail. Service Provider shall respond to the request as soon as reasonably practicable, and the applicable Parties shall use commercially reasonable efforts to agree to arrangements for Service Provider to accommodate such change in a manner that would not adversely impact (other than *de minimis* impacts) the cost, burden, liability or risk associated with providing the applicable Service or cause any other non-commercially reasonable disruption or adverse impact on Service Provider's business. Each agreed upon change shall be documented by an amendment in writing to the applicable Schedule.

Section 2.06. Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services and agree to cooperate in good faith and to use commercially reasonable efforts to avoid a disruption in the transition of the Services from Service Provider to Service Recipient (or its designee) including to assist with exiting a Service or portion thereof, it being understood that any incremental costs and expenses incurred by Service Provider in compliance with any request of Service Recipient pursuant to this Section 2.06 will be paid by the Service Recipient. Service Recipient agrees to use commercially reasonable efforts to reduce or eliminate its and its Subsidiaries' dependency on each Service to the extent and as soon as is reasonably practicable (it being understood that this Section 2.06 shall not require Service Recipient to terminate any Service during the Minimum Service Period or otherwise prior to the initial termination date for such Service set forth on the applicable Schedule).

Section 2.07. Subcontracting. Service Provider may hire or engage one or more Third Parties to perform any or all of its obligations under this Agreement; provided, however, that (a) Service Provider shall use the same degree of care (but at least reasonable care) in selecting each such Third Party as it would if such Third Party was being retained to provide similar services to Service Provider and (b) Service Provider shall in all cases remain responsible (as primary obligor) for all of its obligations under this Agreement with respect to the scope of the Services, the performance standard for Services set forth in Section 2.02(a), Section 2.02(b) and Section 2.02(c) and the content of the Services provided to Service Recipient. Service Provider shall be liable for any breach of its obligations under this Agreement by any Third Party service provider engaged by Service Provider.

Section 2.08. Local Agreements. Each of UTC, Carrier and Otis recognize and agree that it may be necessary or desirable to separately document certain matters relating to the Services provided hereunder in various jurisdictions from time to time or to otherwise modify the scope or nature of such Services, in each case to the extent necessary to comply with applicable Law. If such an agreement or modification of any of the Services is required by applicable Law, or if the applicable Parties mutually determine entry into such an agreement or modification of

Services would be desirable, in each case in order for Service Provider or its Subsidiaries to provide any of the Services in a particular jurisdiction, Service Provider and Service Recipient shall, or shall cause their applicable Subsidiaries to, to enter into local implementing agreements (as each may be amended and in effect from time to time, each a "Local Agreement") in form and content reasonably acceptable to the applicable Parties; provided that the execution or performance of any such Local Agreement shall in no way alter or modify any term or condition of this Agreement or the effect of any such term or condition, except to the extent expressly specified in such Local Agreement. Except as used in this Section 2.08, any references herein to this Agreement and the Services to be provided hereunder, shall include any Local Agreement and any local services to be provided thereunder. Except as expressly set forth in any Local Agreement, in the event of a conflict between the terms contained in a Local Agreement and the terms contained in this Agreement (including the applicable Schedules), the terms in this Agreement shall take precedence.

ARTICLE III
OTHER ARRANGEMENTS

Section 3.01. Access.

(a) Upon reasonable advance notice, and subject to the confidentiality provisions of this Agreement, Carrier shall, and shall cause its Subsidiaries to, allow UTC and its Subsidiaries and their respective Representatives reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of Carrier and its Subsidiaries (i) as reasonably necessary for UTC and its Subsidiaries to fulfill their obligations under this Agreement and, as applicable, to verify the accuracy of internal controls over information technology, reporting of financial data and related processes employed in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002 or (ii) as required to comply with any other Law or the terms of any contract with a Governmental Authority; provided that in each case (x) such access shall not unreasonably interfere with any of the business or operations of Carrier or any of its Subsidiaries and (y) in the event that Carrier determines that providing such access would violate any applicable Law or agreement or waive any attorney-client or similar privilege, then Carrier and UTC shall use commercially reasonable efforts to permit such access in a manner that avoids any such consequence. UTC agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Carrier or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Carrier or its Subsidiaries, conform to the policies and procedures of Carrier and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to UTC from time to time.

(b) Upon reasonable advance notice, and subject to the confidentiality provisions of this Agreement, Otis shall, and shall cause its Subsidiaries to, allow UTC and its Subsidiaries and their respective Representatives reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of Otis and its Subsidiaries (i) as reasonably necessary for UTC and its Subsidiaries to fulfill their obligations under this Agreement and, as applicable, to verify the accuracy of internal controls over information technology, reporting of financial data and related processes employed in connection with

verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002 or (ii) as required to comply with any other Law or the terms of any contract with a Governmental Authority; provided that in each case (x) such access shall not unreasonably interfere with any of the business or operations of Otis or any of its Subsidiaries and (y) in the event that Otis determines that providing such access would violate any applicable Law or agreement or waive any attorney-client or similar privilege, then Otis and UTC shall use commercially reasonable efforts to permit such access in a manner that avoids any such consequence. UTC agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Otis or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Otis or its Subsidiaries, conform to the policies and procedures of Otis and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to UTC from time to time.

(c) Upon reasonable advance notice, and subject to the confidentiality provisions of this Agreement, UTC shall, and shall cause its Subsidiaries to, allow Carrier, Otis and their respective Subsidiaries and Representatives reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of UTC and its Subsidiaries (i) as reasonably necessary for each of Carrier and Otis to fulfill its obligations under this Agreement and to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002 or (ii) as required to comply with any other Law or the terms of any contract with a Governmental Authority; provided that in each case (x) such access shall not unreasonably interfere with any of the business or operations of UTC or any of its Subsidiaries and (y) in the event that UTC determines that providing such access would violate any applicable Law or agreement or waive any attorney-client or similar privilege, then the applicable Parties shall use commercially reasonable efforts to permit such access in a manner that avoids any such consequence. Each of Carrier and Otis agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of UTC or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of UTC or its Subsidiaries, conform to the policies and procedures of UTC and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to Carrier or Otis, as applicable, from time to time.

Section 3.02. Controls.

(a) With respect to each Service, for the duration of the Service Period, Service Provider will continue to operate the controls and perform the corresponding testing for the Service in the same manner as is performed as of the date of this Agreement. Service Provider will promptly notify Service Recipient of any controls deficiencies or changes to controls. In the event that Service Provider reasonably determines that look-back procedures will be required for audit testing exceptions, Service Provider will provide Service Recipient a reasonable opportunity to evaluate the impact of such procedures.

(b) From the First Effective Time until the termination of this Agreement, each Service Provider agrees that Service Recipient-specific transactions will remain in testing populations for Service-applicable controls, such that such transactions will be eligible for selection and testing by the internal audit function in respect of the Sarbanes-Oxley Act of 2002.

ARTICLE IV
BILLING; TAXES

Section 4.01. Procedure. Service Recipient shall pay, or cause to be paid, to Service Provider the fees for the Charges for the applicable Services, and, without duplication, all other costs incurred by Service Provider to the extent required by this Agreement. Amounts payable pursuant to this Agreement shall be paid by wire transfer or Automated Clearing House payment (or such other method of payment as may be agreed between the applicable Parties from time to time) to Service Provider (as directed by Service Provider), which amounts shall be due (a) in the case of recurring fees, within sixty (60) days of the last day of the calendar month for which the applicable Service is to be provided, and (b) in the case of all other amounts, within sixty (60) days of Service Recipient's receipt of each invoice for Charges, including reasonable documentation pursuant to Section 2.03. All amounts due and payable hereunder shall be paid in U.S. dollars. In the event of any billing dispute, Service Recipient shall promptly pay any undisputed amount.

Section 4.02. Late Payments. Charges not paid when due pursuant to this Agreement and which are not disputed in good faith (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within sixty (60) days of the receipt of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two percent (2%) or the maximum rate under applicable Law, whichever is lower (the "Interest Payment").

Section 4.03. Taxes. Without limiting any provisions of this Agreement, Service Recipient shall bear any and all Taxes and other similar charges (and any related interest and penalties) imposed on, or payable with respect to, any fees or charges, including any Charges, payable by it pursuant to this Agreement, including all sales, use, value-added, and similar Taxes, but excluding any Taxes on Service Provider's income. Notwithstanding anything to the contrary in the previous sentence or elsewhere in this Agreement, Service Recipient shall be entitled to withhold from any payments to Service Provider any such Taxes that Service Recipient is required by applicable Law to withhold and shall pay such Taxes to the applicable Taxing Authority.

Section 4.04. No Set-Off. Except as mutually agreed in writing by Service Provider and Service Recipient, none of Service Recipient and its Affiliates shall have any right of set-off or other similar rights with respect to any amounts owed to Service Provider or any of its Subsidiaries pursuant to this Agreement on account of any obligation owed by Service Provider or any of its Subsidiaries to Service Recipient or any of its Subsidiaries.

Section 4.05. Audit Rights. Subject to the confidentiality provisions of this Agreement, Service Provider shall, and shall cause its Affiliates to, provide, upon ten (10) business days'

prior written notice from Service Recipient, any information within Service Provider's or its Affiliates' possession that Service Recipient reasonably requests in connection with any Services being provided to Service Recipient by Service Provider or a Third Party service provider, including any applicable invoices or other supporting documentation, or in the case of a Third Party service provider, agreements documenting the arrangements between such Third Party service provider and Service Provider; provided, however, that each of UTC, Carrier and Otis shall make no more than one (1) such request to each other applicable Party during any calendar month. Service Recipient shall reimburse Service Provider for any reasonable, documented, out-of-pocket costs incurred in connection with Service Provider providing such information.

ARTICLE V
TERM AND TERMINATION

Section 5.01. Term. This Agreement shall commence at the First Effective Time and shall terminate, as between UTC and Carrier and UTC and Otis, upon the earliest to occur of (a) (i) as between UTC and Carrier, the close of business on the last day of the last Service Period with respect to any Service UTC is obligated to provide to Carrier or Carrier is obligated to provide to UTC or (ii) as between UTC and Otis, the close of business on the last day of the last Service Period with respect to any Service UTC is obligated to provide to Otis or Otis is obligated to provide to UTC, in each case, in accordance with the terms of this Agreement; and (b) the mutual written agreement of UTC and Carrier or UTC and Otis, as applicable, to terminate this Agreement in its entirety as between such Parties. Unless otherwise terminated pursuant to Section 5.03, this Agreement shall terminate with respect to each Service as of the close of business on the last day of the Service Period for such Service.

Section 5.02. Extension of a Service Period. After the date of this Agreement, if Service Recipient (a) desires to extend the Service Period for any Service, as reflected on a Schedule to this Agreement, and (b) provides written notice to Service Provider at least thirty (30) days prior to expiration of the applicable Service Period for such Service, then Service Provider shall use its commercially reasonable efforts to continue to provide such Service for the extended Service Period; provided, however, that Service Provider shall not be obligated to extend a Service Period for any Service if (x) despite the use of commercially reasonable efforts, Service Provider would be unable to provide such Service without significant disruption to its or its Subsidiaries' businesses or unreasonable expenditures of time (relative to the time required to provide such Service during the initial Service Period) or unreimbursed costs or (y) there are interdependencies among such Service and any other Services for which the Service Period will expire prior to the end of such extension, and such interdependencies cannot be addressed despite good-faith negotiations between UTC and Carrier or UTC and Otis, as applicable; provided, further, that under no circumstances will any Service Period be extended beyond the date that is the eighteen (18)-month anniversary of the applicable Distribution Date. To the extent the costs to provide such Service will increase during such extended Service Period, the applicable Parties shall negotiate in good faith the Charges for such Service, which Charges shall be determined in a manner consistent with the methodology reflected in Section 2.03 and the applicable Schedule. The applicable Parties will amend the relevant Schedule to reflect such extended Service Period and any increased Charges applicable to the Service. Such amended Schedule, as agreed to in writing by the applicable Parties, shall be deemed part of this

Agreement as of the date of such agreement, in each case subject to the terms and conditions of this Agreement.

Section 5.03. Early Termination.

(a) Without prejudice to Service Recipient's rights with respect to Force Majeure, Service Recipient may from time to time terminate this Agreement with respect to the entirety of any Service (for the avoidance of doubt, Service Recipient may terminate any Service set forth on any part of the Schedules hereto without terminating all or any other Services set forth on the same Schedule as such terminated Service):

(i) for any reason or no reason, upon the giving of at least sixty (60) days' prior written notice (or such other number of days specified in the Schedules hereto) to Service Provider; provided, however, that any such termination (x) may not be effective prior to the end of the Minimum Service Period, (y) may only be effective as of the last day of a calendar month and (z) shall be subject to the obligation to pay any applicable Termination Charges pursuant to Section 5.05; or

(ii) if Service Provider has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to be uncured by Service Provider for a period of at least thirty (30) days after receipt by Service Provider of written notice of such failure from Service Recipient; provided, however, that Service Recipient shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the applicable Parties (undertaken in accordance with the terms of Section 8.15) as to whether Service Provider has cured the applicable breach.

(b) Service Provider may terminate this Agreement with respect to the entirety of any Service at any time upon prior written notice to Service Recipient if Service Recipient has failed to perform any of its material obligations under this Agreement with respect to such Service, including making payment of Charges for such Service when due, and such failure shall continue to be uncured by Service Recipient for a period of at least thirty (30) days after receipt by Service Recipient of a written notice of such failure from Service Provider; provided, however, that Service Provider shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the applicable Parties (undertaken in accordance with the terms of Section 8.15) as to whether Service Recipient has cured the applicable breach.

(c) UTC may terminate this Agreement with respect to all Services provided to Carrier if there is a Carrier Change of Control and with respect to all Services provided to Otis if there is an Otis Change of Control.

(d) The Schedules hereto shall be updated to reflect any terminated Service.

Section 5.04. Interdependencies.

(a) UTC and Carrier acknowledge and agree that (a) there may be interdependencies among the Services being provided to Carrier under this Agreement; (b) upon the request of UTC or Carrier, UTC and Carrier shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that Carrier is seeking to terminate pursuant to Section 5.03 and (ii) in the case of such termination, UTC's ability to provide a particular Service to Carrier in accordance with this Agreement would be materially and adversely affected by such termination of another Service by Carrier; and (c) in the event that UTC and Carrier have determined that such interdependencies exist and such termination would materially and adversely affect UTC's ability to provide a particular Service to Carrier in accordance with this Agreement, UTC and Carrier shall (i) negotiate in good faith to amend the Schedules hereto with respect to such impacted Service prior to such termination, which amendment shall be consistent with the terms of comparable Services, and (ii) if after such negotiation, UTC and Carrier are unable to agree on such amendment, UTC's obligation to provide such Service to Carrier shall terminate automatically with such termination.

(b) UTC and Otis acknowledge and agree that (a) there may be interdependencies among the Services being provided to Otis under this Agreement; (b) upon the request of UTC or Otis, UTC and Otis shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that Otis is seeking to terminate pursuant to Section 5.03 and (ii) in the case of such termination, UTC's ability to provide a particular Service to Otis in accordance with this Agreement would be materially and adversely affected by such termination of another Service by Otis; and (c) in the event that UTC and Otis have determined that such interdependencies exist and such termination would materially and adversely affect UTC's ability to provide a particular Service to Otis in accordance with this Agreement, UTC and Otis shall (i) negotiate in good faith to amend the Schedules hereto with respect to such impacted Service prior to such termination, which amendment shall be consistent with the terms of comparable Services, and (ii) if after such negotiation, UTC and Otis are unable to agree on such amendment, UTC's obligation to provide such Service to Otis shall terminate automatically with such termination.

Section 5.05. Effect of Termination. Upon the termination of any Service pursuant to this Agreement, Service Provider shall have no further obligation to provide the terminated Service, and Service Recipient shall have no obligation to pay any future Charges relating to such Service; provided, however, that Service Recipient shall remain obligated to Service Provider for (a) the Charges owed and payable in respect of Services provided prior to the effective date of termination for such Service, and (b) any applicable Termination Charges (which, in the case of clause (b), shall not be payable in the event that Service Recipient terminates any Service pursuant to Section 5.03(a)(ii)); provided, further, that, any Termination Charges relating to fixed costs in respect of any terminated Service shall be due at the time such Service is terminated. In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement, Article I, this Article V, Article VII and Article VIII, all confidentiality obligations under this Agreement and Liability for all due and unpaid Charges, and Termination Charges shall continue to survive indefinitely.

Section 5.06. Information Transmission. Service Provider, on behalf of itself and its Subsidiaries, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, Service Recipient in accordance with Section 6.1 of the Separation and Distribution Agreement, any Information received or computed by Service Provider for the benefit of Service Recipient concerning the relevant Service during the Service Period; provided, however, that, except as otherwise agreed to in writing by the applicable Parties (a) Service Provider shall not have any obligation to provide, or cause to be provided, Information in any nonstandard format, (b) Service Provider and its Subsidiaries shall be reimbursed for their reasonable costs in accordance with Section 6.3 of the Separation and Distribution Agreement for creating, gathering, copying, transporting and otherwise providing such Information, and (c) Service Provider shall use commercially reasonable efforts to maintain any such Information in accordance with Section 6.4 of the Separation and Distribution Agreement.

ARTICLE VI
CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS

Section 6.01. Obligations of UTC, Carrier and Otis.

(a) Subject to Section 6.04, until the third (3rd) anniversary of the date of the termination of this Agreement with respect to UTC and Carrier, each of UTC and Carrier, on behalf of itself and each of its Subsidiaries, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to UTC's Confidential Information pursuant to policies in effect as of the Effective Time, all Confidential Information concerning such other Party or its Subsidiaries or their respective businesses that is either in its possession (including Confidential Information in its possession prior to the date hereof) or furnished by such other Party or such other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement (including pursuant to Section 3.01, Section 4.05, Section 5.06 and Section 8.03), and shall not use any such Confidential Information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such Confidential Information (a) is in the public domain or is generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) is lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves known by such Party or any of its Subsidiaries to be bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such Confidential Information; or (c) is independently developed or generated without reference to or use of the Confidential Information of such other Party or any of its Subsidiaries. If any Confidential Information of a Party or any of its Subsidiaries is disclosed to such other Party or any of its Subsidiaries in connection with providing the Services, then such disclosed Confidential Information shall be used only as required to perform such Services.

(b) Subject to Section 6.04, until the third (3rd) anniversary of the date of the termination of this Agreement with respect to UTC and Otis, each of UTC and Otis, on behalf of itself and each of its Subsidiaries, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to UTC's Confidential Information pursuant to policies in effect as of the Effective Time, all Confidential

Information concerning such other Party or its Subsidiaries or their respective businesses that is either in its possession (including Confidential Information in its possession prior to the date hereof) or furnished by such other Party or such other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement (including pursuant to Section 3.01, Section 4.05, Section 5.06 and Section 8.03), and shall not use any such Confidential Information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such Confidential Information (a) is in the public domain or is generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) is lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves known by such Party or any of its Subsidiaries to be bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such Confidential Information; or (c) is independently developed or generated without reference to or use of the Confidential Information of such other Party or any of its Subsidiaries. If any Confidential Information of a Party or any of its Subsidiaries is disclosed to such other Party or any of its Subsidiaries in connection with providing the Services, then such disclosed Confidential Information shall be used only as required to perform such Services.

Section 6.02. No Release; Return or Destruction. Each Party agrees not to release or disclose, or permit to be released or disclosed, any Confidential Information of another Party pursuant to Section 6.01 to any other Person, except its Representatives who need to know such Confidential Information in their capacities as such (who shall be advised of their obligations hereunder with respect to such Confidential Information) and except in compliance with

Section 6.04. Without limiting the foregoing, when any such Confidential Information is no longer needed for the purposes contemplated by the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreements, each Party will promptly after the request of another Party either return to such other Party all such Confidential Information of such other Party in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify such other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided that the Parties may retain electronic back-up versions of such Confidential Information maintained on routine computer system back-up tapes, disks or other backup storage devices; and provided, further, that any such retained back-up information shall remain subject to the confidentiality provisions of this Agreement.

Section 6.03. Privacy and Data Protection Laws. Each Party shall comply with all applicable state, federal and foreign privacy and data protection Laws that are or that may in the future be applicable to the provision of the Services under this Agreement.

Section 6.04. Protective Arrangements. In the event that a Party or any of its Subsidiaries either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process (including from any Governmental Authority) to disclose or provide information of another Party (or any of its Subsidiaries) that is subject to the confidentiality provisions hereof, such Party shall notify such other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of such other Party, in seeking any appropriate protective order requested by such other

Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process (including by such Governmental Authority), and the disclosing Party shall promptly provide such other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII
LIMITED LIABILITY AND INDEMNIFICATION

Section 7.01. Limitations on Liability.

(a) Service Provider Limitations on Liability.

(i) SUBJECT TO SECTION 7.02, THE LIABILITIES OF UTC AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, TO CARRIER UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE SERVICES PROVIDED BY UTC TO CARRIER (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY OR PROVISION OF ANY SERVICES PROVIDED TO CARRIER OR ITS SUBSIDIARIES BY UTC UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE CHARGES PAID OR PAYABLE BY CARRIER TO UTC UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO THE SERVICES GIVING RISE TO SUCH LIABILITY.

(ii) SUBJECT TO SECTION 7.02, THE LIABILITIES OF UTC AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, TO OTIS UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE SERVICES PROVIDED BY UTC TO OTIS (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY OR PROVISION OF ANY SERVICES PROVIDED TO OTIS OR ITS SUBSIDIARIES BY UTC UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE CHARGES PAID OR PAYABLE BY OTIS TO UTC UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO THE SERVICES GIVING RISE TO SUCH LIABILITY.

(iii) SUBJECT TO SECTION 7.02, THE LIABILITIES OF CARRIER AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, TO UTC UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE SERVICES PROVIDED BY CARRIER TO UTC (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY OR PROVISION OF ANY SERVICES PROVIDED TO UTC OR ITS SUBSIDIARIES BY CARRIER UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE CHARGES PAID OR PAYABLE BY UTC TO CARRIER UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO THE SERVICES GIVING RISE TO SUCH LIABILITY.

(iv) SUBJECT TO SECTION 7.02, THE LIABILITIES OF OTIS AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, TO UTC UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE SERVICES PROVIDED BY OTIS TO UTC (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY OR PROVISION OF ANY SERVICES PROVIDED TO UTC OR ITS SUBSIDIARIES BY OTIS UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE CHARGES PAID OR PAYABLE BY UTC TO OTIS UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO THE SERVICES GIVING RISE TO SUCH LIABILITY.

(b) Service Recipient Limitations on Liability.

(i) SUBJECT TO SECTION 7.02, EXCEPT FOR THE FAILURE OF CARRIER TO PAY FOR SERVICES, AND WITHOUT LIMITING CARRIER'S OBLIGATIONS PURSUANT TO SECTION 7.03, THE LIABILITIES OF CARRIER AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT TO UTC RELATING TO THE RECEIPT OF ANY SERVICES PROVIDED BY UTC TO CARRIER UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES (EXCLUDING ANY FEES CHARGED BY UTC FOR REIMBURSEMENT OF THIRD PARTY FEES) PAID OR PAYABLE BY CARRIER UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR

TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO ALL SERVICES PROVIDED BY UTC TO CARRIER PURSUANT THIS AGREEMENT.

(ii) SUBJECT TO SECTION 7.02, EXCEPT FOR THE FAILURE OF OTIS TO PAY FOR SERVICES, AND WITHOUT LIMITING OTIS' OBLIGATIONS PURSUANT TO SECTION 7.03, THE LIABILITIES OF OTIS AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT TO UTC RELATING TO THE RECEIPT OF ANY SERVICES PROVIDED BY UTC TO OTIS UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES (EXCLUDING ANY FEES CHARGED BY UTC FOR REIMBURSEMENT OF THIRD PARTY FEES) PAID OR PAYABLE BY OTIS UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO ALL SERVICES PROVIDED BY UTC TO OTIS PURSUANT THIS AGREEMENT.

(iii) SUBJECT TO SECTION 7.02, EXCEPT FOR THE FAILURE OF UTC TO PAY FOR SERVICES, AND WITHOUT LIMITING UTC'S OBLIGATIONS PURSUANT TO SECTION 7.03, THE LIABILITIES OF UTC AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT TO CARRIER RELATING TO THE RECEIPT OF ANY SERVICES PROVIDED BY CARRIER TO UTC UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES (EXCLUDING ANY FEES CHARGED BY CARRIER FOR REIMBURSEMENT OF THIRD PARTY FEES) PAID OR PAYABLE BY UTC UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO ALL SERVICES PROVIDED BY CARRIER TO UTC PURSUANT THIS AGREEMENT.

(iv) SUBJECT TO SECTION 7.02, EXCEPT FOR THE FAILURE OF UTC TO PAY FOR SERVICES, AND WITHOUT LIMITING UTC'S OBLIGATIONS PURSUANT TO SECTION 7.03, THE LIABILITIES OF UTC AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT TO OTIS RELATING TO THE RECEIPT OF ANY SERVICES PROVIDED BY OTIS TO UTC UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES (EXCLUDING ANY FEES CHARGED BY OTIS FOR REIMBURSEMENT OF THIRD PARTY FEES) PAID OR PAYABLE BY UTC UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE

FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO ALL SERVICES PROVIDED BY OTIS TO UTC PURSUANT THIS AGREEMENT.

(c) IN NO EVENT SHALL ANY OF THE PARTIES, THEIR SUBSIDIARIES OR THEIR RESPECTIVE REPRESENTATIVES BE LIABLE TO ANOTHER PARTY FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, REMOTE, SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER PARTY IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT (OTHER THAN ANY SUCH LIABILITY WITH RESPECT TO A THIRD-PARTY CLAIM), AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF, ITS SUBSIDIARIES AND ITS REPRESENTATIVES ANY CLAIM FOR SUCH DAMAGES, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

(d) The limitations in Section 7.01(a)(i), Section 7.01(a)(ii), Section 7.01(a)(iii), Section 7.01(a)(iv), Section 7.01(b)(i), Section 7.01(b)(ii), Section 7.01(b)(iii), Section 7.01(b)(iv) and Section 7.01(c) shall not apply in respect of any Liability arising out of or in connection with (i) any Party's Liability for breaches of confidentiality under Article VI, (ii) the Parties' respective obligations under Section 7.03 or 7.04 or (iii) the willful misconduct or fraud of or by the Party to be charged.

Section 7.02. Obligation to Re-Perform; Liabilities. In the event of any breach of this Agreement by Service Provider with respect to the provision of any Services (with respect to which Service Provider can reasonably be expected to re-perform in a commercially reasonable manner), Service Provider shall, at the request of Service Recipient, promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the sole cost and expense of Service Provider. The remedy set forth in this Section 7.02 shall be the sole and exclusive remedy of Service Recipient for any such breach of this Agreement; provided, however, that the foregoing shall not prohibit Service Recipient from exercising its right to terminate this Agreement in accordance with the provisions of Section 5.03(a)(ii) or seeking specific performance in accordance with Section 8.16. Any request for re-performance in accordance with this Section 7.02 by Service Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than one month from the later of (x) the date on which such breach occurred and (y) the date on which such breach was reasonably discovered by Service Recipient.

Section 7.03. Third-Party Claims. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, Service Recipient shall indemnify, defend and hold harmless Service Provider, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Service Provider Indemnitees"), from and against any and all claims of Third Parties relating to, arising out of or resulting from Service Recipient's use or receipt of the Services provided by Service Provider hereunder, other than Third-Party Claims arising out of the gross negligence, willful misconduct or fraud of any Service Provider Indemnitee.

Section 7.04. Service Provider Indemnity. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this

Agreement or any other Ancillary Agreement, Service Provider shall indemnify, defend and hold harmless Service Recipient, its Subsidiaries and each of their respective Subsidiaries and Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Service Recipient Indemnitees"), from and against any and all Liabilities relating to, arising out of or resulting from the sale, delivery or provision of any Services provided by Service Provider to Service Recipient hereunder, but only to the extent that such Liability relates to, arises out of or results from Service Provider's gross negligence, willful misconduct or fraud.

Section 7.05. Indemnification Procedures. The procedures for indemnification set forth in Article IV of the Separation and Distribution Agreement shall govern claims for indemnification under this Agreement.

ARTICLE VIII
MISCELLANEOUS

Section 8.01. Mutual Cooperation.

(a) Each of UTC and Carrier shall, and shall cause its Subsidiaries to, cooperate with the other Party and its Subsidiaries in connection with the performance of the Services hereunder; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of such Party or its Subsidiaries; and, provided, further, that this Section 8.01(a) shall not require such Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed in writing by the applicable Parties.

(b) Each of UTC and Otis shall, and shall cause its Subsidiaries to, cooperate with the other Party and its Subsidiaries in connection with the performance of the Services hereunder; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of such Party or its Subsidiaries; and, provided, further, that this Section 8.01(b) shall not require such Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed in writing by the applicable Parties.

Section 8.02. Further Assurances. Subject to the terms of this Agreement, each Party shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party may reasonably request to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 8.03. Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by a Governmental Authority (including a Taxing Authority), standards organizations, customers or other parties to contracts with such Parties or their respective Subsidiaries under applicable Law, standards or contract provisions. If a Governmental Authority, standards organization, customer or other party to a contract with a Party or its Subsidiary exercises its right to examine or audit such Party's or its Subsidiary's books, records, documents or accounting practices and procedures pursuant to such applicable Law, standards or contract provisions, and such examination or audit relates to the Services, then, subject to the confidentiality provisions of this Agreement, the applicable other Party shall

provide, at the sole cost and expense of the requesting Party, all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for Information, to the extent that such assistance or Information is within the reasonable control of the cooperating Party and is related to the Services.

Section 8.04. Title to Intellectual Property. Except as expressly provided for under the terms of this Agreement, the Separation and Distribution Agreement or the Intellectual Property Agreement, Service Recipient acknowledges that it shall acquire no right, title or interest (including any license rights or rights of use) in any intellectual property that is owned or licensed by Service Provider, by reason of the provision of the Services hereunder. Service Recipient shall not remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by Service Provider, and Service Recipient shall reproduce any such notices on any and all copies thereof. Service Recipient shall not attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by Service Provider, and Service Recipient shall promptly notify Service Provider of any such attempt, regardless of whether by Service Recipient or any Third Party, of which Service Recipient becomes aware.

Section 8.05. Independent Contractors. The Parties each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship between or among any of the Parties. Employees performing Services hereunder do so on behalf of, under the direction of, and as employees of, Service Provider, and Service Recipient shall have no right, power or authority to direct such employees, unless otherwise specified with respect to a particular Service on the Schedules hereto.

Section 8.06. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one (1) or more counterparts, all of which shall be considered one (1) and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties.

(b) This Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement among the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings among the Parties other than those set forth or referred to herein or therein with respect to such subject matter. This Agreement, the Separation and Distribution Agreement, and the other Ancillary Agreements govern the arrangements in connection with the Separation and the Distributions and would not have been entered independently.

(c) UTC represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, and each of Carrier and Otis represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it and is enforceable in accordance with the terms hereof.

(d) Each Party acknowledges and agrees that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by e-mail in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by e-mail in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of another Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 8.07. Governing Law. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 8.08. Assignability.

(a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that (i) Carrier may not assign its rights or delegate its obligations under this Agreement without the express prior written consent of UTC, (ii) Otis may not assign its rights or delegate its obligations under this Agreement without the express prior written consent of UTC, (iii) UTC may not assign its rights or delegate its obligations with respect to Carrier under this Agreement without the express prior written consent of Carrier and (iv) UTC may not assign its rights or delegate its obligations with respect to Otis under this Agreement without the express prior written consent of Otis.

(b) Notwithstanding the foregoing and without limiting UTC's rights pursuant to Section 5.03(c), no consent shall be required pursuant to Section 8.08(a) for the assignment of a Party's rights and obligations under the Separation and Distribution Agreement, this Agreement and the other Ancillary Agreements in whole (*i.e.*, the assignment of such Party's rights and obligations under the Separation and Distribution Agreement, this Agreement and all the other Ancillary Agreements all at the same time) in connection with a merger, consolidation

or other business combination of such Party with or into any other Person or a sale of all or substantially all of the assets of such Party to another Person, in each case so long as the resulting, surviving or acquiring Person assumes all the obligations of such applicable Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the Party or Parties whose consent would otherwise be required pursuant to Section 8.08(a). The Parties agree that if Carrier or Otis divests a business or portion of a business to a third party buyer while such business (or portion thereof, as applicable) is receiving Services under this Agreement, and the unavailability of the Services for the remaining applicable Service Period would materially and adversely impact such divested business (or portion thereof, as applicable) or Carrier's or Otis', as applicable, ability to successfully complete such divestiture, upon the written request of Carrier or Otis, as applicable, UTC and Carrier or Otis, as applicable, will cooperate in good faith and use commercially reasonable efforts to agree on a mutually acceptable and commercially reasonable plan to permit such divested business (or portion thereof, as applicable), but, for clarity, not any portion of the applicable third party buyer's businesses or operations other than solely such divested business (or portion thereof, as applicable), to continue to receive the applicable Services during the remaining applicable Service Period consistent with the terms and conditions hereof, such plan to include, if mutually acceptable and commercially reasonable, any appropriate set-up or similar activities to segregate, as appropriate, the services provided to the divested business (or portion thereof, as applicable) from those provided to Carrier or Otis, as appropriate, and if and when such plan to segregate the services for such divested business (or portion thereof, as applicable) is mutually agreed (or if not mutually agreed, so long as UTC and Carrier or Otis, as applicable, shall have determined that such plan is not necessary after cooperating in good faith), UTC shall provide such services to such divested business (or portion thereof, as applicable) on the terms set out herein; provided that (a) the third party buyer, pursuant to an agreement with Carrier or Otis, as applicable, assumes all obligations of Carrier or Otis, as applicable, under this Agreement in respect of such divested business (or portion thereof) and such applicable Services which agreement shall be in form and substance reasonably satisfactory to UTC, and shall also specify that other than the preparation for and provision of the applicable Services and any necessary interaction with the third party buyer in connection therewith, UTC need only communicate and interact with Carrier or Otis, as applicable, and not such third party buyer, including with respect to invoicing, for which UTC shall invoice Carrier or Otis, as applicable, and Carrier or Otis, as applicable, shall remit payment to UTC, (b) notwithstanding the foregoing clause (a) and in addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, Carrier or Otis, as applicable, shall indemnify, defend and hold harmless UTC, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing, from and against any and all Liabilities relating to, arising out of or resulting from the sale, delivery or provision of any such Services to such third party buyer (except to the extent that such Liability relates to, arises out of or results from UTC's gross negligence, willful misconduct or fraud), and (c) the provision of such applicable Services to such third party buyer shall be not be materially more burdensome to UTC, its Subsidiaries and each of their respective Representatives (either alone or in the aggregate with all other Services hereunder) than the provision of such applicable Services prior to such divestiture, including by requiring no greater amount or frequency of any such Services and being subject to no greater requirements or standards (other than the segregation of the services as contemplated above); provided, further, that under no

circumstances shall UTC be required to agree to provide any such applicable Services to such third party buyer if doing so would adversely impact (other than *de minimis* impacts) the cost, burden, liability or risk associated with providing such applicable Services compared to the cost, burden, liability and risk associated with providing such applicable Services to Carrier or Otis, as applicable, prior to such divestiture, or otherwise cause any other non-*de minimis* disruption to or adverse impact on the UTC Business.

Section 8.09. Third-Party Beneficiaries. Except as provided in Article VII with respect to the Service Provider Indemnitees and the Service Recipient Indemnitees in their respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder; and (b) there are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 8.10. Notices. Except with respect to a Routine Communication (which shall be governed by Section 8.15), all notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and except as provided herein shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by certified mail, return receipt requested, or by electronic mail ("e-mail"), so long as confirmation of receipt of such e-mail is requested and received, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8.10):

If to UTC, to:

United Technologies Corporation
10 Farm Springs Road
Farmington, CT 06032
Attention: Sean Moylan
E-mail: Sean.Moylan@utc.com

If to Carrier, to:

Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418
Attention: General Counsel
E-mail: Kevin.OConnor@carrier.com

If to Otis, to:

Otis Worldwide Corporation
One Carrier Place
Farmington, CT 06032
Attention: General Counsel
E-mail: Nora.LaFreniere@otis.com

Any Party may, by notice to the other Parties, change the address to which such notices are to be given.

Section 8.11. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable provision to effect the original intent of the Parties.

Section 8.12. Force Majeure. No Party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation hereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. Without limiting the termination rights contained in this Agreement, in the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such Force Majeure, (a) provide written notice to the applicable other Parties of the nature and extent of such Force Majeure; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable (and in no event later than the date that the affected Party resumes analogous performance under any other agreement or for itself, its Affiliates or any Third Party) unless this Agreement has previously been terminated under Article V or this Section 8.12. Service Recipient shall be (i) relieved of the obligation to pay Charges for the affected Service(s) throughout the duration of such Force Majeure and (ii) entitled to permanently terminate such Service(s) if the delay or failure in providing such Services because of a Force Majeure shall continue to exist for more than thirty (30) consecutive days (it being understood that Service Recipient shall not be required to provide any advance notice of such termination to Service Provider).

Section 8.13. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.14. Waivers of Default. Waiver by any Party of any default by another Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate

as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 8.15. Dispute Resolution.

(a) Prior to the First Effective Time, the Parties shall establish a committee (the "TSA Committee") that shall initially consist of the six individuals set forth on Annex A hereto. Each of UTC, Carrier and Otis may replace any member of the TSA Committee appointed by such Party at any time upon notice to the other Parties in accordance with Section 8.10. The TSA Committee shall be responsible for monitoring and managing all matters related to any of the transactions contemplated by this Agreement and shall use commercially reasonable efforts to meet monthly (or with such other frequency mutually agreed by each of the applicable Parties) for the purposes of reviewing and discussing cooperatively and in good faith the status of the Services, including any approaching terminations of Service Periods and the effective transition of Services from Service Provider to Service Recipient in connection therewith. Notwithstanding the requirements of Section 8.10, any Routine Communication shall be delivered via e-mail (with confirmation of receipt requested and received) to the members of the TSA Committee appointed by the relevant Party or Parties. For all Routine Communications other than Routine Communications which are exclusively related to ordinary course payment or billing of a Service, a copy shall also be delivered via e-mail (with confirmation of receipt requested and received) to the Persons listed in Section 8.10 with respect to the relevant Party or Parties. All decisions by the TSA Committee or any subcommittee thereof shall be effective only if mutually agreed by each of the applicable Parties implicated in the applicable matter. The Parties shall utilize the procedures set forth in Section 8.15(b) to resolve any matters as to which the TSA Committee is not able to reach a decision. In the event of any controversy, dispute or claim (a "Dispute") arising out of or relating to any Party's rights or obligations under this Agreement (whether arising in contract, tort or otherwise), calculation or allocation of the costs of any Service or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), such Dispute shall be resolved by submitting such Dispute first to the TSA Committee, and the members of the TSA Committee from the Parties involved in such Dispute shall seek to resolve such Dispute through informal good-faith negotiation. In the event that the relevant members of the TSA Committee fail to meet, or if they meet and fail to resolve a Dispute within twenty (20) business days, then either Party involved in such Dispute may pursue the remedy set forth in Section 8.15(b).

(b) If the procedures set forth in Section 8.15(a) have been followed with respect to a Dispute and such Dispute remains unresolved, such Dispute shall be resolved in accordance with the dispute resolution process referred to in Article VII of the Separation and Distribution Agreement.

(c) In any Dispute regarding the amount of a Charge or a Termination Charge, if such Dispute is finally resolved pursuant to the dispute resolution process set forth or referred to in Section 8.15(a) or Section 8.15(b) and it is determined that the Charge or the Termination Charge, as applicable, that Service Provider has invoiced Service Recipient, and that Service Recipient has paid to Service Provider, is greater or less than the amount that the Charge or the Termination Charge, as applicable, should have been, then (i) if it is determined that Service Recipient has overpaid the Charge or the Termination Charge, as applicable, Service Provider

shall within ten (10) days after such determination reimburse Service Recipient an amount of cash equal to such overpayment, plus the Interest Payment, accruing from the date of payment by Service Recipient to the time of reimbursement by Service Provider; and (ii) if it is determined that Service Recipient has underpaid the Charge or the Termination Charge, as applicable, Service Recipient shall within ten (10) days after such determination reimburse Service Provider an amount of cash equal to such underpayment, plus the Interest Payment, accruing from the date such payment originally should have been made by Service Recipient to the time of payment by Service Recipient.

Section 8.16. Specific Performance. Subject to Section 8.15, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its rights or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach are inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties. Unless otherwise agreed in writing, Service Provider shall continue to provide Services and the Parties shall honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of Section 8.15 and this Section 8.16 with respect to all matters not subject to such Dispute; provided, however, that this obligation shall only exist during the term of this Agreement.

Section 8.17. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom enforcement of such waiver, amendment, supplement or modification is sought.

Section 8.18. Precedence of Schedules. Each Schedule attached to or referenced in this Agreement is hereby incorporated into and shall form a part of this Agreement; provided, however, that the terms contained in such Schedule shall only apply with respect to the Services provided under that Schedule. In the event of a conflict between the terms contained in an individual Schedule and the terms in the body of this Agreement, the terms in the Schedule shall take precedence with respect to the Services under such Schedule only. No terms contained in individual Schedules shall otherwise modify the terms of this Agreement.

Section 8.19. Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Annexes and Exhibits hereto) and not to any particular provision of this Agreement; (c) Article, Section, Exhibit, Annex and Schedule references are to the Articles, Sections, Exhibits, Annexes and Schedules to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of

similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) unless otherwise specified in a particular case, the word "days" refers to calendar days; (h) references to "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by Law to close in New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; (j) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to April 2, 2020; (k) the word "extent" and the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such word or phrase shall not merely mean "if"; and (l) any local currency conversion to U.S. dollars shall be based on the appropriate foreign exchange conversion rate for the then-current month, based upon the average for such month, as calculated consistently with how such local currency conversion was calculated in the twelve (12)-month period prior to the date of this Agreement.

Section 8.20. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Michael R. Dumais
Name: Michael R. Dumais
Title: Executive Vice President, Operations & Strategy

CARRIER GLOBAL CORPORATION

By: /s/ Kyle Crockett
Name: Kyle Crockett
Title: Vice President, Controller

OTIS WORLDWIDE CORPORATION

By: /s/ Michael P. Ryan
Name: Michael P. Ryan
Title: Vice President, Controller

Exhibit 10.2

EXECUTION VERSION

TAX MATTERS AGREEMENT

BY AND AMONG

UNITED TECHNOLOGIES CORPORATION,

CARRIER GLOBAL CORPORATION

AND

OTIS WORLDWIDE CORPORATION

DATED AS OF APRIL 2, 2020

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TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT, dated as of April 2, 2020 (this "Agreement"), is by and among United Technologies Corporation, a Delaware corporation ("UTC"), Carrier Global Corporation, a Delaware corporation and a wholly owned subsidiary of UTC ("Carrier") and Otis Worldwide Corporation, a Delaware corporation and a wholly owned subsidiary of UTC ("Otis" and, together with Carrier, the "SpinCos" and each, a "SpinCo") (collectively, the "Companies" and each a "Company").

R E C I T A L S

WHEREAS, UTC, Carrier, and Otis have entered into a Separation and Distribution Agreement, dated as of April 2, 2020 (the "Separation and Distribution Agreement"), providing for the separation of the Carrier Group from the UTC Group and the Otis Group and the separation of the Otis Group from the UTC Group and the Carrier Group;

WHEREAS, pursuant to the terms of the Separation and Distribution Agreement, among other things, UTC has taken or will take the following actions: (a) (i) contribute the Carrier Assets to Carrier and cause Carrier to assume the Carrier Liabilities, in actual or constructive exchange for (A) the issuance by Carrier to UTC of Carrier Shares and (B) the transfer by Carrier to UTC of some or all of the proceeds of the Carrier Financing Arrangements, in an amount approximately equal to $11,000,000,000 (the "Carrier Debt Proceeds" and such contribution, the "Carrier Contribution") and (ii) transfer the Carrier Debt Proceeds to one or more third-party creditors of UTC (the "Carrier Debt Repayment") in connection with the Plan of Reorganization; (b) effect the Carrier Distribution; (c) (i) contribute the Otis Assets to Otis and cause Otis to assume the Otis Liabilities, in actual or constructive exchange for (A) the issuance by Otis to UTC of Otis Shares and (B) the transfer by Otis to UTC of some or all of the proceeds of the Otis Financing Arrangements, in an amount approximately equal to $6,300,000,000 (the "Otis Debt Proceeds" and such contribution, the "Otis Contribution") and (ii) transfer the Otis Debt Proceeds to one or more third-party creditors of UTC (the "Otis Debt Repayment") in connection with the Plan of Reorganization; and (d) effect the Otis Distribution;

WHEREAS, for Federal Income Tax purposes, it is intended that each of the Internal Distributions, the Carrier Distribution (together with the Carrier Contribution), and the Otis Distribution (together with the Otis Contribution) shall qualify as a transaction that is generally tax-free pursuant to Section 355(a) (or Sections 355(a) and 368(a)(1)(D)) of the Code;

WHEREAS, as of the date hereof, UTC is the common parent of an affiliated group (as defined in Section 1504 of the Code) of corporations, including Otis and Carrier, which has elected to file consolidated Federal Income Tax Returns;

WHEREAS, as a result of the Carrier Distribution, Carrier and its subsidiaries will cease to be members of the affiliated group of which UTC is the common parent (the "Carrier Deconsolidation");

WHEREAS, as a result of the Otis Distribution, Otis and its subsidiaries will cease to be members of the affiliated group of which UTC is the common parent (the "Otis Deconsolidation");

WHEREAS, the Parties desire to provide for and agree upon the allocation between the Parties of liabilities for Taxes arising prior to, as a result of, and subsequent to the Distributions, and to provide for and agree upon other matters relating to Taxes;

NOW THEREFORE, in consideration of the mutual agreements contained herein, the Parties hereby agree as follows:

Section 1. Definition of Terms. For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement:

"Action" shall have the meaning set forth in the Separation and Distribution Agreement.

"Adjustment Request" shall mean any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset, and (c) any claim for refund or credit of Taxes previously paid.

"Affiliate" shall mean any entity that is directly or indirectly "controlled" by either the Person in question or an Affiliate of such Person. "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. The term Affiliate shall refer to Affiliates of a Person as determined immediately after the relevant Distribution.

"Agreement" shall mean this Tax Matters Agreement.

"business day" shall have the meaning set forth in the Separation and Distribution Agreement.

"Capital Stock" shall mean all classes or series of capital stock, including (a) common stock, (b) all options, warrants and other rights to acquire such capital stock and (c) all instruments properly treated as stock for U.S. Federal Income Tax purposes.

"Carrier" shall have the meaning provided in the first sentence of this Agreement, and references herein to Carrier shall include any entity treated as a successor to Carrier.

"Carrier Active Trade or Business" shall mean the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by Carrier and its "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the Carrier Distribution (as described in the IRS Ruling Request and the Representation Letters), as conducted immediately prior to the Carrier Distribution.

"Carrier Adjustment" shall mean any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent Carrier would be exclusively liable for any

resulting Tax under this Agreement or exclusively entitled to receive any resulting Tax Benefit under this Agreement.

"Carrier Affiliated Group" shall mean the affiliated group (as defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which Carrier is the common parent.

"Carrier Business" shall have the meaning set forth in the Separation and Distribution Agreement.

"Carrier Carryback" shall mean any net operating loss, net capital loss, excess tax credit, or other similar Tax item of any member of the Carrier Group that may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Tax Law.

"Carrier CFO Certificate" shall have the meaning set forth in Section 7.02(e)(i).

"Carrier Contribution" shall have the meaning provided in the Recitals.

"Carrier Debt Proceeds" shall have the meaning provided in the Recitals.

"Carrier Debt Repayment" shall have the meaning provided in the Recitals.

"Carrier Deconsolidation" shall have the meaning provided in the Recitals.

"Carrier Deconsolidation Date" shall mean the last date on which Carrier qualifies as a member of the affiliated group (as defined in Section 1504 of the Code) of which UTC is the common parent.

"Carrier Distribution" shall mean the distribution by UTC of all the Carrier Shares *pro rata* to holders of UTC Shares.

"Carrier Distribution Date" shall have the meaning set forth in the Separation and Distribution Agreement.

"Carrier Federal Consolidated Income Tax Return" shall mean any United States Federal Income Tax Return for the affiliated group (as defined in Section 1504 of the Code) of which Carrier is the common parent.

"Carrier Foreign Distribution" shall have the meaning set forth on Schedule 7.02(d)(iii).

"Carrier Foreign SpinCo" shall have the meaning set forth on Schedule 7.02(d)(iii).

"Carrier Foreign SpinCo Holdings" shall have the meaning set forth on Schedule 7.02(d)(iii).

"Carrier Group" shall mean Carrier and its Affiliates, as determined immediately after the Carrier Distribution.

"Carrier Group Employee" shall have the meaning set forth in the Employee Matters Agreement.

"Carrier/Otis Filing Date" shall have the meaning set forth in Section 7.05(e)(iii)(A).

"Carrier Post-Deconsolidation Period" shall mean any Post-Deconsolidation Period determined by reference to the Carrier Deconsolidation Date.

"Carrier Pre-Deconsolidation Period" shall mean any Pre-Deconsolidation Period determined by reference to the Carrier Deconsolidation Date.

"Carrier Proposed Acquisition Transaction" shall mean a Proposed Acquisition Transaction with respect to Carrier.

"Carrier Separate Return" shall mean any Separate Return of Carrier or any member of the Carrier Group.

"Carrier Shares" shall have the meaning set forth in the Separation and Distribution Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Companies" and "Company" shall have the meaning provided in the first sentence of this Agreement.

"Compensatory Equity Interests" shall have the meaning set forth in Section 6.02(a).

"Contributions" shall mean the Carrier Contribution and the Otis Contribution, taken together.

"Debt Reallocation" shall mean (a) (i) any actual or deemed assumption of UTC debt by Carrier in connection with the Carrier Contribution, (ii) the receipt by UTC of the Carrier Debt Proceeds, and (iii) the Carrier Debt Repayment, and (b) (i) any actual or deemed assumption of UTC debt by Otis in connection with the Otis Contribution, (ii) the receipt by UTC of the Otis Debt Proceeds, and (iii) the Otis Debt Repayment.

"Deconsolidation Date" shall mean the Carrier Deconsolidation Date or the Otis Deconsolidation Date, as the context requires.

"DGCL" shall mean the Delaware General Corporation Law.

"Distribution Date" shall have the meaning set forth in the Separation and Distribution Agreement.

"Distributions" shall mean the Carrier Distribution and the Otis Distribution, taken together.

"Effective Time" shall have the meaning set forth in the Separation and Distribution Agreement.

"Employee Matters Agreement" shall have the meaning set forth in the Separation and Distribution Agreement.

"External Separation Transaction" shall mean each of (a) the Carrier Contribution and the Carrier Distribution, (b) the Otis Contribution and the Otis Distribution, and (c) the Debt Reallocation.

"Federal Income Tax" shall mean any Tax imposed by Subtitle A of the Code, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Federal Other Tax" shall mean any Tax imposed by the federal government of the United States other than any Federal Income Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Fifty-Percent or Greater Interest" shall have the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code.

"Final Determination" shall mean the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of a State, local, or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or a comparable agreement under the laws of a State, local, or foreign taxing jurisdiction; (d) by any allowance of a refund or credit in respect of an overpayment of Income Tax or Other Tax, but only after the expiration of all Tax Periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Income Tax or Other Tax; or (e) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the Parties.

"First Effective Time" shall have the meaning set forth in the Separation and Distribution Agreement.

"Foreign Income Tax" shall mean any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, which is an income tax as defined in Treasury Regulations Section 1.901-2, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Foreign Other Tax" shall mean any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, other than any Foreign Income Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Foreign Separations" shall mean the internal restructuring transactions intended to effect the separation of (a) the UTC Assets and UTC Liabilities from the Carrier Assets and Carrier Liabilities and/or the Otis Assets and Otis Liabilities, (b) the Carrier Assets and Carrier Liabilities from the UTC Assets and UTC Liabilities and/or the Otis Assets and Otis Liabilities, and/or (c) the Otis Assets and Otis Liabilities from the UTC Assets and UTC Liabilities and/or the Carrier Assets and Carrier Liabilities, in each case, held by certain subsidiaries of UTC

organized in jurisdictions outside of the United States (including through the transfer of equity interests in any such subsidiary).

"Foreign Tax" shall mean any Foreign Income Taxes or Foreign Other Taxes.

"Foreign Tax-Free Status" shall mean, with respect to (a) each of the Foreign Separations, the qualification thereof for non-recognition of income or gain (or similar treatment) for Foreign Income Tax purposes under the laws of the relevant foreign jurisdiction and (b) any Foreign Separation that is covered by a Tax Opinion/Ruling or other written guidance addressing the Foreign Tax treatment thereof, the qualification of such transaction for the Foreign Tax treatment set forth in such Tax Opinion/Ruling or other written guidance.

"Former Carrier Group Employee" shall have the meaning set forth in the Employee Matters Agreement.

"Former Otis Group Employee" shall have the meaning set forth in the Employee Matters Agreement.

"Former UTC Group Employee" shall have the meaning set forth in the Employee Matters Agreement.

"Governmental Authority" shall have the meaning set forth in the Separation and Distribution Agreement.

"Group" shall mean the UTC Group, the Carrier Group, the Otis Group, or any combination thereof, as the context requires.

"Income Tax" shall mean any Federal Income Tax, State Income Tax or Foreign Income Tax.

"Internal Distributions" shall mean the separation of (a) the UTC Assets and UTC Liabilities from the Carrier Assets and Carrier Liabilities and/or the Otis Assets and Otis Liabilities, (b) the Carrier Assets and Carrier Liabilities from the UTC Assets and UTC Liabilities and/or the Otis Assets and Otis Liabilities, and/or (c) the Otis Assets and Otis Liabilities from the UTC Assets and UTC Liabilities and/or the Carrier Assets and Carrier Liabilities, in each case, (i) held by certain subsidiaries of UTC and (ii) in a transaction intended to qualify, for Federal Income Tax purposes, as a distribution that is generally tax-free pursuant to Section 355(a) (or Sections 355(a) and 368(a)(1)(D)) of the Code.

"Internal Separation Transaction" shall mean any internal restructuring transaction, other than the Internal Distributions, that is (a) undertaken pursuant to the Plan of Reorganization and (b) covered by a Tax Opinion/Ruling addressing the Federal Income Tax treatment thereof.

"IRS" shall mean the U.S. Internal Revenue Service.

"IRS Ruling Request" shall mean the request for private letter rulings filed by UTC on July 31, 2019 with the IRS (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendments or supplements to such request.

"Joint Adjustment" shall mean any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest that is not a Carrier Adjustment, an Otis Adjustment, or a UTC Adjustment.

"Joint Return" shall mean any Return of a member of the UTC Group or a SpinCo Group that is not a Separate Return.

"Notified Action" shall have the meaning set forth in Section 7.04(a).

"Other Tax" shall mean any Federal Other Tax, State Other Tax, or Foreign Other Tax.

"Otis" shall have the meaning provided in the first sentence of this Agreement, and references herein to Otis shall include any entity treated as a successor to Otis.

"Otis Active Trade or Business" shall mean the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by Otis and its "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the Otis Distribution (as described in the IRS Ruling Request and the Representation Letters), as conducted immediately prior to the Otis Distribution.

"Otis Affiliated Group" shall mean the affiliated group (as defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which Otis is the common parent.

"Otis Adjustment" shall mean any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent Otis would be exclusively liable for any resulting Tax under this Agreement or exclusively entitled to receive any resulting Tax Benefit under this Agreement.

"Otis Business" shall have the meaning set forth in the Separation and Distribution Agreement.

"Otis Carryback" shall mean any net operating loss, net capital loss, excess tax credit, or other similar Tax item of any member of the Otis Group that may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Tax Law.

"Otis CFO Certificate" shall have the meaning set forth in Section 7.02(e)(ii).

"Otis Contribution" shall have the meaning provided in the Recitals.

"Otis Debt Proceeds" shall have the meaning provided in the Recitals.

"Otis Debt Repayment" shall have the meaning provided in the Recitals.

"Otis Deconsolidation" shall have the meaning provided in the Recitals.

"Otis Deconsolidation Date" shall mean the last date on which Otis qualifies as a member of the affiliated group (as defined in Section 1504 of the Code) of which UTC is the common parent.

"Otis Distribution" shall mean the distribution by UTC of all the Otis Shares *pro rata* to holders of UTC Shares.

"Otis Distribution Date" shall have the meaning set forth in the Separation and Distribution Agreement.

"Otis Federal Consolidated Income Tax Return" shall mean any United States Federal Income Tax Return for the affiliated group (as defined in Section 1504 of the Code) of which Otis is the common parent.

"Otis Foreign Distribution" shall have the meaning set forth on Schedule 7.02(d)(iv).

"Otis Foreign SpinCo" shall have the meaning set forth on Schedule 7.02(d)(iv).

"Otis Foreign SpinCo Holdings" shall have the meaning set forth on Schedule 7.02(d)(iv).

"Otis Group" shall mean Otis and its Affiliates, as determined immediately after the Otis Distribution.

"Otis Group Employee" shall have the meaning set forth in the Employee Matters Agreement.

"Otis Post-Deconsolidation Period" shall mean any Post-Deconsolidation Period determined by reference to the Otis Deconsolidation Date.

"Otis Pre-Deconsolidation Period" shall mean any Pre-Deconsolidation Period determined by reference to the Otis Deconsolidation Date.

"Otis Proposed Acquisition Transaction" shall mean a Proposed Acquisition Transaction with respect to Otis.

"Otis Separate Return" shall mean any Separate Return of Otis or any member of the Otis Group.

"Otis Shares" shall heave the meaning set forth in the Separation and Distribution Agreement.

"Parties" shall mean the parties to this Agreement.

"Past Practices" shall have the meaning set forth in Section 4.05(a).

"Payment Date" shall mean (a) with respect to any UTC Federal Consolidated Income Tax Return, the due date for any required installment of estimated Taxes determined under Section 6655 of the Code, the due date (determined without regard to extensions) for filing the Tax Return determined under Section 6072 of the Code, and the date the Tax Return is filed, and (b) with respect to any other Tax Return, the corresponding dates determined under applicable Tax Law; in each case, taking into account any automatic or validly elected extensions, deferrals or postponements of the due date for payment of any such estimated Taxes or any Tax shown on such Tax Return, as applicable.

"Payor" shall have the meaning set forth in Section 5.02(a).

"Person" shall mean any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or a Governmental Authority or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for Federal Income Tax purposes.

"Plan of Reorganization" shall have the meaning set forth in the Separation and Distribution Agreement.

"Post-Deconsolidation Period" shall mean any Tax Period beginning after the relevant Deconsolidation Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the relevant Deconsolidation Date.

"Pre-Deconsolidation Period" shall mean any Tax Period ending on or prior to the relevant Deconsolidation Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the relevant Deconsolidation Date.

"Prime Rate" shall have the meaning set forth in the Separation and Distribution Agreement.

"Private Letter Ruling" shall mean the private letter ruling issued to UTC on December 13, 2019 in response to the IRS Ruling Request.

"Privilege" shall mean any privilege that may be asserted under applicable law, including, any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

"Proposed Acquisition Transaction" shall mean, with respect to a SpinCo, a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulations Section 1.355-7, or any other Treasury Regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by the management or shareholders of such SpinCo, is a hostile acquisition, or otherwise, as a result of which such SpinCo would merge or consolidate with any other Person or as a result of which any Person or Persons would (directly or indirectly) acquire, or have the right to acquire, from such SpinCo and/or one or more holders of outstanding shares of Capital Stock of such SpinCo, a number of shares of Capital Stock of such SpinCo that would, when combined with any other changes in ownership of Capital Stock of such SpinCo pertinent for purposes of Section 355(e) of the Code, comprise 45% or more of (a) the value of all outstanding shares of stock of such SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding shares of voting stock of such SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by such SpinCo of a shareholder rights plan or (ii) issuances by such SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting

power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or Treasury Regulations promulgated under Section 355(e) of the Code shall be incorporated into this definition and its interpretation.
"PTEP" shall mean any earnings and profits of a foreign corporation that would be excluded from gross income pursuant to Section 959 of the Code.

"Representation Letters" shall mean the representation letters and any other materials (including, without limitation, a Ruling Request and any related supplemental submissions to the IRS or other Tax Authority) delivered by, or on behalf of, UTC, Carrier, Otis or others to a Tax Advisor (or a Tax Authority) in connection with the issuance by such Tax Advisor (or Tax Authority) of a Tax Opinion/Ruling.

"Required Party" shall have the meaning set forth in Section 5.02(a).

"Reserve" shall mean a financial statement reserve, in accordance with generally accepted accounting principles, pursuant to ASC Topic 740, excluding, for the avoidance of doubt, any reserve related to Taxes imposed with respect to the Transactions.

"Responsible Company" shall mean, with respect to any Tax Return, the Company having responsibility for filing such Tax Return.

"Responsible SpinCo(s)" shall have the meaning set forth in Section 10.02(e)(i).

"Restriction Period" shall mean the period beginning on the date hereof and ending on the two-year anniversary of the Second Distribution.

"Retention Date" shall have the meaning set forth in Section 9.01.

"Ruling Request" shall mean the IRS Ruling Request and/or any other request filed with the IRS or any other Tax Authority requesting rulings regarding the Tax consequences of any transactions contemplated by the Plan of Reorganization (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendments or supplements to such request.

"Second Distribution" shall have the meaning set forth in the Separation and Distribution Agreement.

"Section 7.02(e) Acquisition Transaction" shall mean any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 30% instead of 45%.

"Section 336(e) Election" shall have the meaning set forth in Section 7.06.

"Separate Return" shall mean (a) in the case of any Tax Return of any member of a SpinCo Group (including any consolidated, combined or unitary return), any such Tax Return that does not include any member of the UTC Group and (b) in the case of any Tax Return of any member of the UTC Group (including any consolidated, combined or unitary return), any such Tax Return that does not include any member of a SpinCo Group.

"Separation and Distribution Agreement" shall have the meaning set forth in the Recitals.

"Separation-Related Tax Contest" shall mean any Tax Contest in which the IRS, another Tax Authority or any other Person asserts a position that could reasonably be expected to adversely affect the (a) U.S. Tax-Free Status of any Internal Distribution or Internal Separation Transaction or any External Separation Transaction or (b) Foreign Tax-Free Status of any Foreign Separation.

"Shared Taxes" shall have the meaning set forth in Section 7.05(d).

"Specified Acquisition" shall have the meaning set forth on Schedule 7.07.

"Specified Income Taxes" shall mean (a) all Income Taxes imposed pursuant to any settlement, Final Determination, judgment or otherwise and (b) all accounting, legal and other professional fees, and court costs incurred in connection with such Income Taxes, in each case, resulting from an adjustment, pursuant to a Final Determination, with respect to any Transaction not intended to qualify for non-recognition of income or gain (or similar treatment) for Income Tax purposes.

"Specified Matter" shall have the meaning set forth on Schedule 10.02(e).

"Specified Percentage Interest" shall have the meaning set forth on Schedule 7.07.

"Specified Tax Contest" shall mean any Tax Contest in which the IRS, another Tax Authority or any other Person asserts a position that could reasonably be expected to increase the Specified Income Taxes imposed on any member of the UTC Group or any member of a SpinCo Group.

"SpinCo" and "SpinCos" shall have the meaning provided in the first sentence of this Agreement, and references herein to any SpinCo shall include any entity treated as a successor to such SpinCo.

"SpinCo Adjustment" shall mean a Carrier Adjustment and/or an Otis Adjustment, as the context requires.

"SpinCo Group" shall mean the Carrier Group and/or the Otis Group, as the context requires.

"SpinCo Reserved Income Taxes" shall mean, in the case of Carrier, Income Taxes for which Carrier is responsible pursuant to Section 2.02(a)(i), 2.03(a)(i), or 2.04(a)(i) and, in the case of Otis, Income Taxes for which Otis is responsible pursuant to Section 2.02(a)(ii), 2.03(a)(ii), or 2.04(a)(ii).

"SpinCo Separate Return" shall mean a Carrier Separate Return and/or an Otis Separate Return, as the context requires.

"State Income Tax" shall mean any Tax imposed by any State of the United States (or by any political subdivision of any such State) or the District of Columbia, or any city or municipality located therein, which is imposed on or measured by net income, including state and local franchise or similar Taxes measured by net income, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"State Other Tax" shall mean any Tax imposed by any State of the United States (or by any political subdivision of any such State) or the District of Columbia, or any city or municipality located therein, other than any State Income Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Straddle Period" shall mean any Tax Period that (a) with respect to Carrier, begins on or before and ends after the Carrier Deconsolidation Date or (b) with respect to Otis, begins on or before and ends after the Otis Deconsolidation Date.

"Tax" or "Taxes" shall mean any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, *ad valorem*, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value added, alternative minimum, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any Governmental Authority or political subdivision thereof, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Tax Advisor" shall mean any Tax counsel or accountant of recognized national standing in the United States (or, in the case of any Tax Opinion/Ruling that is an opinion regarding the Foreign Tax treatment of any Foreign Separation, in the relevant foreign jurisdiction(s)).

"Tax Advisor Dispute" shall have the meaning set forth in Section 14.

"Tax Attribute" shall mean a net operating loss, net capital loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit or any other Tax Item that could reduce a Tax.

"Tax Authority" shall mean, with respect to any Tax, the Governmental Authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

"Tax Benefit" shall mean any reduction in liability for Tax as a result of any loss, deduction, refund, credit, or other item reducing Taxes otherwise payable.

"Tax Contest" shall mean an audit, review, examination, assessment or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund).

"Tax Item" shall mean, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

"Tax Law" shall mean the law of any Governmental Authority or political subdivision thereof relating to any Tax.

"Tax Opinion/Ruling" shall mean (a) each opinion of a Tax Advisor or ruling by the IRS or another Tax Authority delivered or issued to UTC or any of its subsidiaries in connection with, and regarding the Federal Income Tax treatment of, (i) any External Separation Transaction, (ii) any Internal Distribution, or (iii) any other internal restructuring transaction undertaken pursuant to the Plan of Reorganization that is intended to qualify for non-recognition treatment for Federal Income Tax purposes and (b) each opinion of a Tax Advisor or ruling by a Tax Authority delivered or issued to UTC or any of its subsidiaries in connection with, and regarding the Foreign Tax treatment of, any Foreign Separation.

"Tax Period" shall mean, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

"Tax Records" shall mean any Tax Returns, Tax Return workpapers, documentation relating to any Tax Contests, and any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority.

"Tax-Related Losses" shall mean (a) all federal, state, local and foreign Taxes imposed pursuant to any settlement, Final Determination, judgment or otherwise (including Taxes required to be reflected on any Tax Return prepared in accordance with Section 4.05(b)); (b) all accounting, legal and other professional fees, and court costs incurred in connection with such Taxes; and (c) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by UTC (or any UTC Affiliate) or any SpinCo (or any SpinCo Affiliate) in respect of the liability of shareholders, whether paid to shareholders or to the IRS or any other Tax Authority; in each case, resulting from the failure of, (i) any External Separation Transaction, any Internal Distribution, or any Internal Separation Transaction to have U.S. Tax-Free Status, or (ii) any Foreign Separation to have Foreign Tax-Free Status.

"Tax Return" or "Return" shall mean any report of Taxes due, any claim for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document filed or required to be filed under the Code or other Tax Law, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

"Transactions" shall mean the External Separation Transactions and the other transactions contemplated by the Separation and Distribution Agreement (including the Internal Distributions, the Internal Separation Transactions, the Foreign Separations, and the other transactions contemplated by the Plan of Reorganization).

"Transition Services Agreement" shall have the meaning set forth in the Separation and Distribution Agreement.

"Treasury Regulations" shall mean the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

"Unqualified Tax Opinion" shall mean an unqualified opinion of a Tax Advisor on which UTC may rely to the effect that a transaction will not (a) affect the U.S. Tax-Free Status of any External Separation Transaction or any Internal Distribution or (b) adversely affect any of the conclusions set forth in any Tax Opinion/Ruling regarding the U.S. Tax-Free Status of any External Separation Transaction or any Internal Distribution; *provided*, that any Tax opinion obtained in connection with a proposed acquisition of Capital Stock of any SpinCo or any entity that was a "distributing corporation" or "controlled corporation" in any Internal Distribution entered into during the Restriction Period shall not qualify as an Unqualified Tax Opinion unless such Tax opinion concludes that such proposed acquisition will not be treated as "part of a plan (or series of related transactions)," within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes (x) the Carrier Distribution, (y) the Otis Distribution, or (z) any Internal Distribution. Any such opinion must assume that (i) the External Separation Transactions and/or the Internal Distributions, as relevant, would have qualified for U.S. Tax-Free Status if the transaction in question did not occur and (ii) except to the extent expressly ruled otherwise by the IRS in the Private Letter Ruling, (A) the Specified Acquisition is "part of a plan (or series of related transactions)" with each of the Distributions for purposes of Section 355(e) of the Code and (B) the Specified Acquisition resulted in one or more persons acquiring directly or indirectly common stock representing no less than the Specified Percentage Interest in each of the SpinCos and their respective Subsidiaries for purposes of Section 355(e) of the Code.

"U.S. Tax-Free Status" shall mean, with respect to (a) each External Separation Transaction and each Internal Distribution, the qualification thereof (i) as a transaction described in Section 368(a)(1)(D) and/or Section 355(a) of the Code, (ii) as a transaction in which the stock distributed thereby is "qualified property" for purposes of Sections 355(c)(2) and 361(c)(2) of the Code and (iii) as a transaction in which UTC, Carrier, Otis, and the members of their respective Groups (as relevant) recognize no income or gain for Federal Income Tax purposes pursuant to Sections 355, 361 and 1032 of the Code, other than (x) income or gain recognized pursuant to Sections 367(a), 367(b) and/or 1248 of the Code and the Treasury Regulations promulgated under such provisions (assuming, for this purpose, that any available elections to avoid the recognition of income or gain for Federal Income Tax purposes under such provisions have been duly and timely made), or (y) intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code; and (b) any Internal Separation Transaction, the qualification of such transaction for the Federal Income Tax treatment set forth in such Tax Opinion/Ruling.

"UTC" shall have the meaning provided in the first sentence of this Agreement, and references herein to UTC shall include any entity treated as a successor to UTC.

"UTC Adjustment" shall mean any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent UTC would be exclusively liable for any resulting Tax under this Agreement or exclusively entitled to receive any resulting Tax Benefit under this Agreement.

"UTC Affiliated Group" shall mean the affiliated group (as defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which UTC is the common parent.

"UTC/Carrier Filing Date" shall have the meaning set forth in Section 7.05(d)(ii).

"UTC Federal Consolidated Income Tax Return" shall mean any United States Federal Income Tax Return for the UTC Affiliated Group.

"UTC Foreign Combined Income Tax Return" shall mean (a) a consolidated, combined or unitary or other similar Foreign Income Tax Return or (b) any Foreign Income Tax Return with respect to any profit and/or loss sharing group, group payment or similar group or fiscal unity, in the case of each of clauses (a) and (b), that actually includes, by election or otherwise, one or more members of the UTC Group together with one or more members of a SpinCo Group; *provided*, that, for the avoidance of doubt, in the case of a Foreign Income Tax Return of a member of a SpinCo Group that (x) is required to be filed with respect to a Straddle Period and (y) would otherwise (without regard to this proviso) be a UTC Foreign Combined Income Tax Return, any portion of such Foreign Income Tax Return reflecting Tax Items with respect to any Post-Deconsolidation Period (i) shall in no event be a UTC Foreign Combined Income Tax Return and (ii) shall instead be a Separate Return of such member of the relevant SpinCo Group.

"UTC Group" shall mean UTC and its Affiliates, excluding any entity that is a member of a SpinCo Group.

"UTC Group Employee" shall have the meaning set forth in the Employee Matters Agreement.

"UTC/Otis Filing Date" shall have the meaning set forth in Section 7.05(d)(i).

"UTC Separate Return" shall mean any Separate Return of UTC or any member of the UTC Group.

"UTC Shares" shall have the meaning set forth in the Separation and Distribution Agreement.

"UTC State Combined Income Tax Return" shall mean a consolidated, combined or unitary Tax Return with respect to State Income Taxes that actually includes, by election or otherwise, one or more members of the UTC Group and one or more members of a SpinCo Group.

Section 2. Allocation of Tax Liabilities.

Section 2.01 General Rule.

(a) UTC Liability. UTC shall be liable for, and shall indemnify and hold harmless each SpinCo Group from and against any liability for, Taxes that are allocated to UTC under this Section 2.

(b) Carrier Liability. Carrier shall be liable for, and shall indemnify and hold harmless the UTC Group and the Otis Group from and against any liability for, Taxes that are allocated to Carrier under this Section 2.

(c) Otis Liability. Otis shall be liable for, and shall indemnify and hold harmless the UTC Group and the Carrier Group from and against any liability for, Taxes that are allocated to Otis under this Section 2.

Section 2.02 Allocation of United States Federal Income Tax and Federal Other Tax. Except as otherwise provided in Section 2.05, Federal Income Tax and Federal Other Tax shall be allocated as follows:

(a) Allocation of Tax Relating to UTC Federal Consolidated Income Tax Returns. With respect to any UTC Federal Consolidated Income Tax Return, UTC shall be responsible for any and all Federal Income Taxes due or required to be reported on any such Tax Return (including any increase in such Tax as a result of a Final Determination); *provided*, that:

(i) subject to Section 2.02(a)(iii), Carrier shall be responsible for any such Federal Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Carrier Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Carrier Distribution Date (including, for the avoidance of doubt, Carrier and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Carrier Distribution Date and (y) such matter exclusively relates to the Carrier Business;

(ii) subject to Section 2.02(a)(iii), Otis shall be responsible for any such Federal Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Otis Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Otis Distribution Date (including, for the avoidance of doubt, Otis and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Otis Distribution Date and (y) such matter exclusively relates to the Otis Business; and

(iii) irrespective of whether any amounts described in this clause (iii) are attributable to any matter described in clause (i)(x) or (ii)(x) of this Section 2.02(a), each of UTC, Carrier, and Otis shall be responsible for any and all installment payments (and any adjustments to any prior installment payments), in each case, that are required to be paid after the earlier to occur of the Carrier Distribution Date or the Otis Distribution Date by UTC pursuant to Section 965(h)(2) or (3) of the Code, in the proportions set forth on Schedule 2.02(a)(iii) (it being understood that (x) to the extent any such installment payment or adjustment is required to be paid after the Carrier Distribution Date and prior to the Otis Distribution Date, UTC shall be responsible for the amount for which Otis would otherwise be responsible pursuant to this Section 2.02(a)(iii) and (y) to the extent any such installment payment or adjustment is required to be paid after the Otis Distribution Date and prior to the Carrier Distribution Date, UTC shall be responsible for the amount for which Carrier would otherwise be responsible pursuant to this Section 2.02(a)(iii)).

(b) Allocation of Tax Relating to Federal Separate Income Tax Returns. (i) UTC shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any UTC Separate Return; (ii) Carrier shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Carrier Separate Return; and (iii) Otis shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Otis Separate Return; in each case, including any increase in such Tax as a result of a Final Determination.

(c) Allocation of Federal Other Tax. (i) UTC shall be responsible for any and all Federal Other Taxes due with respect to or required to be reported on any (A) UTC Separate Return or (B) Joint Return that UTC or any member of the UTC Group is obligated to file under the Code; (ii) Carrier shall be responsible for any and all Federal Other Taxes due with respect to or required to be reported on any (A) Carrier Separate Return or (B) Joint Return that Carrier or any member of the Carrier Group is obligated to file under the Code; and (iii) Otis shall be responsible for any and all Federal Other Taxes due with respect to or required to be reported on any (A) Otis Separate Return or (B) Joint Return that Otis or any member of the Otis Group is obligated to file under the Code; in each case, including any increase in such Tax as a result of a Final Determination.

Section 2.03 Allocation of State Income and State Other Taxes. Except as otherwise provided in Section 2.05, State Income Tax and State Other Tax shall be allocated as follows:

(a) Allocation of Tax Relating to UTC State Combined Income Tax Returns. With respect to any UTC State Combined Income Tax Return, UTC shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any such Tax Return (including any increase in such Tax as a result of a Final Determination); *provided*, that:

(i) Carrier shall be responsible for any such State Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Carrier Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Carrier Distribution Date (including, for the avoidance of doubt, Carrier and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Carrier Distribution Date and (y) such matter exclusively relates to the Carrier Business; and

(ii) Otis shall be responsible for any such State Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Otis Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Otis Distribution Date (including, for the avoidance of doubt, Otis and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Otis Distribution Date and (y) such matter exclusively relates to the Otis Business.

(b) Allocation of Tax Relating to State Separate Income Tax Returns. (i) UTC shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any UTC Separate Return; (ii) Carrier shall be responsible for any and all State Income Taxes

due with respect to or required to be reported on any Carrier Separate Return; and (iii) Otis shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any Otis Separate Return; in each case, including any increase in such Tax as a result of a Final Determination.

(c) Allocation of State Other Tax. (i) UTC shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any (A) UTC Separate Return or (B) Joint Return that UTC or any member of the UTC Group is obligated to file under applicable Tax Law; (ii) Carrier shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any (A) Carrier Separate Return or (B) Joint Return that Carrier or any member of the Carrier Group is obligated to file under applicable Tax Law; and (iii) Otis shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any (A) Otis Separate Return or (B) Joint Return that Otis or any member of the Otis Group is obligated to file under applicable Tax Law; in each case, including any increase in such Tax as a result of a Final Determination.

Section 2.04 Allocation of Foreign Taxes. Except as otherwise provided in Section 2.05, Foreign Income Tax and Foreign Other Tax shall be allocated as follows:

(a) Allocation of Tax Relating to UTC Foreign Combined Income Tax Returns. UTC shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any UTC Foreign Combined Income Tax Return (including any increase in such Tax as a result of a Final Determination); *provided*, that:

(i) Carrier shall be responsible for any such Foreign Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Carrier Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Carrier Distribution Date (including, for the avoidance of doubt, Carrier and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Carrier Distribution Date and (y) such matter exclusively relates to the Carrier Business; and

(ii) Otis shall be responsible for any such Foreign Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Otis Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Otis Distribution Date (including, for the avoidance of doubt, Otis and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Otis Distribution Date and (y) such matter exclusively relates to the Otis Business.

(b) Allocation of Tax Relating to Foreign Separate Income Tax Returns. (i) UTC shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any UTC Separate Return; (ii) Carrier shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any Carrier Separate Return; and (iii) Otis shall be responsible for any and all Foreign Income Taxes due with respect to or

required to be reported on any Otis Separate Return; in each case, including any increase in such Tax as a result of a Final Determination.

(c) Allocation of Foreign Other Tax. (i) UTC shall be responsible for any and all Foreign Other Taxes due with respect to or required to be reported on any (A) UTC Separate Return or (B) Joint Return that UTC or any member of the UTC Group is obligated to file under applicable Tax Law; (ii) Carrier shall be responsible for any and all Foreign Other Taxes due with respect to or required to be reported on any (A) Carrier Separate Return or (B) Joint Return that Carrier or any member of the Carrier Group is obligated to file under applicable Tax Law; and (iii) Otis shall be responsible for any and all Foreign Other Taxes due with respect to or required to be reported on any (A) Otis Separate Return or (B) Joint Return that Otis or any member of the Otis Group is obligated to file under applicable Tax Law; in each case, including any increase in such Tax as a result of a Final Determination.

Section 2.05 Certain Transaction and Other Taxes.

(a) Carrier Liability. Carrier shall be liable for, and shall indemnify and hold harmless the UTC Group and the Otis Group from and against any liability for:

(i) any stamp, sales and use, gross receipts, or other transfer Taxes imposed by any Tax Authority on any member of the Carrier Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any value-added or goods and services Tax imposed by any Tax Authority on any transfer occurring pursuant to the Transactions to the extent any member of the Carrier Group is the transferee with respect to the relevant transfer;

(iii) any Tax (other than Tax-Related Losses and Specified Income Taxes) (A) resulting from a breach by Carrier of any covenant made by Carrier in this Agreement, the Separation and Distribution Agreement, or any Ancillary Agreement or (B) imposed under Section 965(l)(1) of the Code as a result of Carrier or any member of the Carrier Group becoming an expatriated entity at any time during the ten-year period beginning on December 22, 2017 (within the meaning of Section 965(l) of the Code); and

(iv) any Tax-Related Losses and Specified Income Taxes for which Carrier is responsible pursuant to Section 7.05.

The amounts for which Carrier is liable pursuant to Section 2.05(a)(i), (ii), and (iii) shall include all accounting, legal, and other professional fees and court costs incurred in connection with the relevant Taxes.

(b) Otis Liability. Otis shall be liable for, and shall indemnify and hold harmless the UTC Group and the Carrier Group from and against any liability for:

(i) any stamp, sales and use, gross receipts, or other transfer Taxes imposed by any Tax Authority on any member of the Otis Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any value-added or goods and services Tax imposed by any Tax Authority on any transfer occurring pursuant to the Transactions to the extent any member of the Otis Group is the transferee with respect to the relevant transfer;

(iii) any Tax (other than Tax-Related Losses and Specified Income Taxes) (A) resulting from a breach by Otis of any covenant made by Otis in this Agreement, the Separation and Distribution Agreement, or any Ancillary Agreement or (B) imposed under Section 965(l)(1) of the Code as a result of Otis or any member of the Otis Group becoming an expatriated entity at any time during the ten-year period beginning on December 22, 2017 (within the meaning of Section 965(l) of the Code); and

(iv) any Tax-Related Losses and Specified Income Taxes for which Otis is responsible pursuant to Section 7.05.

The amounts for which Otis is liable pursuant to Section 2.05(b)(i), (ii), and (iii) shall include all accounting, legal, and other professional fees and court costs incurred in connection with the relevant Taxes.

(c) UTC Liability. UTC shall be liable for, and shall indemnify and hold harmless each SpinCo Group from and against any liability for:

(i) Any stamp, sales and use, gross receipts, or other transfer Taxes imposed by any Tax Authority on any member of the UTC Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any value-added or goods and services Tax imposed by any Tax Authority on any transfer occurring pursuant to the Transactions to the extent any member of the UTC Group is the transferee with respect to the relevant transfer;

(iii) any Tax (other than Tax-Related Losses and Specified Income Taxes) (A) resulting from a breach by UTC of any covenant made by UTC in this Agreement, the Separation and Distribution Agreement, or any Ancillary Agreement or (B) imposed under Section 965(l)(1) of the Code as a result of UTC or any member of the UTC Group becoming an expatriated entity at any time during the ten-year period beginning on December 22, 2017 (within the meaning of Section 965(l) of the Code); and

(iv) any Tax-Related Losses and Specified Income Taxes for which UTC is responsible pursuant to Section 7.05.

The amounts for which UTC is liable pursuant to Section 2.05(c)(i), (ii), and (iii) shall include all accounting, legal, and other professional fees and court costs incurred in connection with the relevant Taxes.

Section 3. Proration of Taxes for Straddle Periods.

(a) General Method of Proration. In the case of any Straddle Period, Tax Items shall be apportioned between Pre-Deconsolidation Periods and Post-Deconsolidation Periods in accordance with the principles of Treasury Regulations Section 1.1502-76(b) as reasonably

interpreted and applied by UTC. With respect to each UTC Federal Consolidated Income Tax Return for a taxable year that includes a Distribution, UTC may determine in its sole discretion whether to make a ratable election under Treasury Regulations Section 1.1502-76(b)(2)(ii) with respect to a SpinCo. Each SpinCo shall, and shall cause each member of such SpinCo Group to, take all actions necessary to give effect to any such election.

(b) Transactions Treated as Extraordinary Item. In determining the apportionment of Tax Items between Pre-Deconsolidation Periods and Post-Deconsolidation Periods, any Tax Items relating to the Transactions shall be treated as extraordinary items described in Treasury Regulations Section 1.1502-76(b)(2)(ii)(C) and shall (to the extent arising on or prior to the relevant Deconsolidation Date) be allocated to the relevant Pre-Deconsolidation Period(s), and any Taxes related to such items shall be treated under Treasury Regulations Section 1.1502-76(b)(2)(iv) as relating to such extraordinary item and shall (to the extent arising on or prior to the relevant Deconsolidation Date) be allocated to the relevant Pre-Deconsolidation Period(s).

Section 4. Preparation and Filing of Tax Returns.

Section 4.01 General. Except as otherwise provided in this Section 4, Tax Returns shall be prepared and filed when due (taking into account extensions) by the Person obligated to file such Tax Returns under the Code or applicable Tax Law. The Companies shall, and shall cause their respective Affiliates to, provide assistance and cooperation to one another in accordance with Section 8 with respect to the preparation and filing of Tax Returns (including by providing information required to be provided pursuant to Section 8).

Section 4.02 UTC's Responsibility. UTC has the exclusive obligation and right to prepare and file, or to cause to be prepared and filed:

(a) UTC Federal Consolidated Income Tax Returns for any Tax Periods ending before, on or after any Deconsolidation Date;

(b) UTC State Combined Income Tax Returns, UTC Foreign Combined Income Tax Returns and any other Joint Returns that UTC reasonably determines are required to be filed (or that UTC chooses to be filed) by UTC or any member of the UTC Group for Tax Periods ending before, on or after any Deconsolidation Date; and

(c) UTC Separate Returns and SpinCo Separate Returns that UTC reasonably determines are required to be filed by the Companies or any of their Affiliates for Tax Periods ending before, on or after any Deconsolidation Date (limited, in the case of SpinCo Separate Returns, to such Tax Returns as are required to be filed (taking into account extensions) on or before the relevant Deconsolidation Date).

Section 4.03 Carrier's Responsibility. Carrier shall prepare and file, or shall cause to be prepared and filed, all Tax Returns required to be filed by or with respect to members of the Carrier Group other than those Tax Returns that UTC is required or entitled to prepare and file under Section 4.02. The Tax Returns required to be prepared and filed by Carrier under this Section 4.03 shall include (a) any Carrier Federal Consolidated Income Tax Return for Tax

Periods ending after the Carrier Deconsolidation Date and (b) Carrier Separate Returns required to be filed (taking into account extensions) after the Carrier Deconsolidation Date.

Section 4.04 Otis's Responsibility. Otis shall prepare and file, or shall cause to be prepared and filed, all Tax Returns required to be filed by or with respect to members of the Otis Group other than those Tax Returns that UTC is required or entitled to prepare and file under Section 4.02. The Tax Returns required to be prepared and filed by Otis under this Section 4.04 shall include (a) any Otis Federal Consolidated Income Tax Return for Tax Periods ending after the Otis Deconsolidation Date and (b) Otis Separate Returns required to be filed (taking into account extensions) after the Otis Deconsolidation Date.

Section 4.05 Tax Accounting Practices.

(a) General Rule. Except as otherwise provided in Section 4.05(b), with respect to any Tax Return that a SpinCo has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 4.03 or Section 4.04, for any Pre-Deconsolidation Period or any Straddle Period (or any Tax Period beginning after the relevant Deconsolidation Date to the extent items reported on such Tax Return could reasonably be expected to affect items reported on any Tax Return that UTC has the obligation or right to prepare and file for any Pre-Deconsolidation Period or any Straddle Period), such Tax Return shall be prepared in accordance with past practices, accounting methods, elections or conventions ("Past Practices") used with respect to the Tax Returns in question (unless there is no reasonable basis for the use of such Past Practices), and to the extent any items are not covered by Past Practices (or in the event that there is no reasonable basis for the use of such Past Practices), in accordance with reasonable Tax accounting practices selected by such SpinCo. Except as otherwise provided in Section 4.05(b), UTC shall prepare any Tax Return that it has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 4.02, in accordance with reasonable Tax accounting practices selected by UTC.

(b) Reporting of Transactions. Except to the extent otherwise required (x) by a change in applicable law or (y) as a result of a Final Determination, (i) none of UTC, Carrier, or Otis shall (and shall not permit or cause any member of its respective Group to) take any position that is inconsistent with the treatment of (A) any External Separation Transaction, any Internal Distribution, or any Internal Separation Transaction, in each case, as having U.S. Tax-Free Status (or analogous status under state or local law) or (B) any Foreign Separation intended to have Foreign Tax-Free Status as having such status, and (ii) no SpinCo shall (and shall not permit or cause any member of the relevant SpinCo Group to) take any position with respect to any material item of income, deduction, gain, loss, or credit on a Tax Return, or otherwise treat such item in a manner that is inconsistent with the manner such item is reported on a Tax Return required to be prepared or filed by UTC pursuant to Section 4.02 (including, without limitation, the claiming of a deduction previously claimed on any such Tax Return); *provided*, *however*, that, notwithstanding anything to the contrary herein, (1) if UTC determines that (x) notwithstanding the receipt of the Tax Opinion/Ruling with respect to the Carrier Foreign Distribution and the Otis Foreign Distribution, either or both of the Carrier Foreign Distribution and the Otis Foreign Distribution do not qualify for Foreign Tax-Free Status, or (y) there has been a change in relevant facts after the Deconsolidation Date as a result of which (I) any External Separation Transaction, any Internal Distribution, or any Internal Separation

Transaction does not qualify for U.S. Tax-Free Status or (II) any Foreign Separation intended to have Foreign Tax-Free Status does not qualify for such status, then (2) UTC shall promptly notify Carrier and Otis in writing and, following such notice, each of the Parties shall report the Carrier Foreign Distribution and/or the Otis Foreign Distribution or such External Separation Transaction, Internal Distribution, Internal Separation Transaction, or Foreign Separation, as applicable, in the manner set forth in such notice (and shall not be permitted to take positions inconsistent with such notice).

Section 4.06 *Consolidated or Combined Tax Returns*. Each SpinCo will elect and join, and will cause its respective Affiliates to elect and join, in filing any UTC State Combined Income Tax Returns and any Joint Returns that UTC determines are required to be filed or that UTC chooses to file pursuant to Section 4.02(b). With respect to any Tax Return relating to any Tax Period (or portion thereof) ending on or prior to the Carrier Distribution Date, which Tax Return otherwise would be a Carrier Separate Return, Carrier will elect and join, and will cause its respective Affiliates to elect and join, in filing consolidated, unitary, combined, or other similar joint Tax Returns, to the extent each entity is eligible to join in such Tax Returns, upon UTC's request. With respect to any Tax Return relating to any Tax Period (or portion thereof) ending on or prior to the Otis Distribution Date, which Tax Return otherwise would be an Otis Separate Return, Otis will elect and join, and will cause its respective Affiliates to elect and join, in filing consolidated, unitary, combined, or other similar joint Tax Returns, to the extent each entity is eligible to join in such Tax Returns, upon UTC's request. In the event that, following the Carrier Distribution Date or the Otis Distribution Date, as applicable, UTC or a member of the UTC Group makes a Tax election with respect to a UTC Foreign Combined Income Tax Return and determines that the making of such Tax election would have a material impact on the Tax liability or Tax attributes of any member of the Carrier Group or the Otis Group, as applicable, in a Tax Period ending after the relevant Distribution Date, UTC shall provide written notice of such determination to the relevant SpinCo Group within a reasonable period of time following such determination.

Section 4.07 *Right to Review Tax Returns.*

(a) *General*. The Company that has responsibility for preparing and filing any material Tax Return under this Agreement shall make such Tax Return (or the relevant portions thereof) and related workpapers available for review by the other Company or Companies, as applicable, if requested, to the extent the requesting party (i) is or would reasonably be expected to be liable for Taxes reflected on such Tax Return, (ii) is or would reasonably be expected to be liable for any additional Taxes owing as a result of adjustments to the amount of such Taxes reported on such Tax Return, (iii) has or would reasonably be expected to have a claim for Tax Benefits under this Agreement in respect of items reflected on such Tax Return, or (iv) reasonably requires such documents to confirm compliance with the terms of this Agreement; *provided*, *however*, that notwithstanding anything in this Agreement to the contrary, UTC shall not be required to make any UTC Federal Consolidated Income Tax Return available for review by any other Company. The Company that has responsibility for preparing and filing such Tax Return under this Agreement shall use reasonable efforts to make such Tax Return (or the relevant portions thereof) and related workpapers available for review as required under this paragraph sufficiently in advance of the due date for filing of such Tax Return to provide the requesting Party (or Parties) with a meaningful opportunity to review and comment on such Tax Return and

shall consider such comments in good faith. The relevant Companies shall attempt in good faith to resolve any material disagreement arising out of the review of such Tax Return and, failing such resolution, any material disagreement shall be resolved in accordance with the provisions of Section 14 as promptly as practicable.

(b) Execution of Returns Prepared by Other Party. In the case of any Tax Return that is required to be prepared by one Company under this Agreement and that is required by law to be signed by another Company (or by its authorized representative), the Company that is legally required to sign such Tax Return shall not be required to sign such Tax Return under this Agreement unless there is at least a "reasonable basis" (or comparable standard under state, local or foreign law) for the Tax treatment of each material item reported on the Tax Return.

Section 4.08 SpinCo Carrybacks and Claims for Refund.

(a) Carrier hereby agrees that, unless UTC consents in writing, (i) no Adjustment Request with respect to any Joint Return shall be filed, and (ii) any available elections to waive the right to claim in any Carrier Pre-Deconsolidation Period with respect to any Joint Return any Carrier Carryback arising in a Carrier Post-Deconsolidation Period shall be made, and no affirmative election shall be made to claim any such Carrier Carryback; *provided, however,* that the Parties agree that any such Adjustment Request shall be made with respect to any Carrier Carryback related to Federal or State Income Taxes, upon the reasonable request of Carrier, if (x) such Carrier Carryback is necessary to prevent the loss of the Federal and/or State Income Tax Benefit of such Carrier Carryback (including, but not limited to, an Adjustment Request with respect to a Carrier Carryback of a federal or state capital loss arising in a Carrier Post-Deconsolidation Period to a Carrier Pre-Deconsolidation Period) and (y) such Adjustment Request will cause no Tax detriment to UTC, the UTC Group or any member of the UTC Group. Any Adjustment Request to which UTC consents under this Section 4.08(a) shall be prepared and filed by the Responsible Company with respect to the Tax Return to be adjusted.

(b) Otis hereby agrees that, unless UTC consents in writing, (i) no Adjustment Request with respect to any Joint Return shall be filed, and (ii) any available elections to waive the right to claim in any Otis Pre-Deconsolidation Period with respect to any Joint Return any Otis Carryback arising in an Otis Post-Deconsolidation Period shall be made, and no affirmative election shall be made to claim any such Otis Carryback; *provided, however*, that the Parties agree that any such Adjustment Request shall be made with respect to any Otis Carryback related to Federal or State Income Taxes, upon the reasonable request of Otis, if (x) such Otis Carryback is necessary to prevent the loss of the Federal and/or State Income Tax Benefit of such Otis Carryback (including, but not limited to, an Adjustment Request with respect to an Otis Carryback of a federal or state capital loss arising in an Otis Post-Deconsolidation Period to an Otis Pre-Deconsolidation Period) and (y) such Adjustment Request will cause no Tax detriment to UTC, the UTC Group or any member of the UTC Group. Any Adjustment Request to which UTC consents under this Section 4.08(b) shall be prepared and filed by the Responsible Company with respect to the Tax Return to be adjusted.

Section 4.09 *Apportionment of Earnings and Profits and Tax Attributes.*

(a) If the UTC Affiliated Group has a Tax Attribute, the portion, if any, of such Tax Attribute apportioned to a SpinCo or any member of a SpinCo Group and treated as a carryover to the first Post-Deconsolidation Period of such SpinCo (or such member) shall be determined by UTC in accordance with Treasury Regulations Sections 1.1502-21, 1.1502-21T, 1.1502-22, 1.1502-79 and, if applicable, 1.1502-79A.

(b) No Tax Attribute with respect to consolidated Federal Income Tax of the UTC Affiliated Group, other than those described in Section 4.09(a), and no Tax Attribute with respect to any consolidated, combined or unitary State or Foreign Income Tax, in each case, arising in respect of a Joint Return shall be apportioned to any SpinCo or any member of any SpinCo Group, except as UTC (or such member of the UTC Group as UTC shall designate) determines is otherwise required under applicable law.

(c) UTC shall use commercially reasonable efforts to determine or cause its designee to determine the portion, if any, of any Tax Attribute that must (absent a Final Determination to the contrary) be apportioned to a SpinCo or any member of a SpinCo Group in accordance with this Section 4.09 and applicable law and the amount of Tax basis and earnings and profits (including, for the avoidance of doubt, PTEP) to be apportioned to a SpinCo or any member of a SpinCo Group in accordance with this Section 4.09 and applicable law, and shall provide written notice of the calculation thereof to such SpinCo as soon as reasonably practicable after UTC or its designee prepares such calculation. For the absence of doubt, UTC shall not be liable to any SpinCo or any member of any SpinCo Group for any failure of any determination under this Section 4.09 to be accurate or sustained under applicable law, including as the result of any Final Determination.

(d) Any written notice delivered by UTC pursuant to Section 4.09(c) shall be binding on the relevant SpinCo and each member of the relevant SpinCo Group and shall not be subject to dispute resolution; *provided* that UTC shall consider in good faith any reasonable comments the relevant SpinCo may timely provide with respect to such written notice. Except to the extent otherwise required by a change in applicable law or pursuant to a Final Determination, no SpinCo shall take any position (whether on a Tax Return or otherwise) that is inconsistent with the information contained in any such written notice.

Section 4.10 *Gain Recognition Agreements*. Each SpinCo shall, and shall cause its applicable domestic subsidiaries to, enter into a new "gain recognition agreement" within the meaning of Treasury Regulations Section 1.367(a)-8(b)(1)(iv) and (c)(5) with respect to each of the transfers notified in writing by UTC to such SpinCo within 180 days following the relevant Distribution Date in order to avoid the occurrence of any "triggering event" within the meaning of Treasury Regulations Section 1.367(a)-8(j) that would otherwise occur as a result of the Transactions.

Section 4.11 *Transfer Pricing*. If, as the result of any Final Determination relating to intercompany transfer pricing with respect to any item or items reflected on any Income Tax Return of a member of any Company Group for a Pre-Deconsolidation Period, there is an increase in Income Taxes payable for such Tax Period by any member of such Company Group,

then, upon the reasonable written request of, and at the expense of, the relevant Company, the other Companies, as relevant, shall (and shall cause their respective Affiliates to) amend any Tax Returns of any member of such other Company Group(s), as applicable, to the extent such amendment would result in a corresponding or correlative reduction in Taxes otherwise payable by a member of such other Company Group(s) and shall promptly pay over any Tax Benefit actually realized in cash as a result of such amendment (determined on a "with or without" basis); *provided*, *however*, that no Company (or any Affiliates of any Company) shall (a) have any obligation to amend any Tax Return pursuant to this Section 4.11 to the extent doing so would have an adverse effect on such Company or any of its Affiliates that is material or (b) be obligated to make a payment otherwise required pursuant to this Section 4.11 to the extent making such payment would place such Company (or any of its Affiliates) in a less favorable net after-Tax position than such Company (or such Affiliate) would have been in if the relevant Tax Benefit had not been realized. If a Company or one of its Affiliates pays over any amount pursuant to the preceding sentence and such Tax Benefit is subsequently disallowed or adjusted, the Parties shall promptly make appropriate payments (including in respect of any interest paid or imposed by any Tax Authority) to reflect such disallowance or adjustment.

Section 5. Tax Payments.

Section 5.01 Payment of Taxes with Respect to Tax Returns. Subject to Section 5.02, (a) the Responsible Company with respect to any Tax Return shall pay any Tax required to be paid to the applicable Tax Authority on or before the relevant Payment Date, and (b) in the case of any adjustment pursuant to a Final Determination with respect to any Tax Return, the Responsible Company shall pay to the applicable Tax Authority when due (taking into account any automatic or validly elected extensions, deferrals or postponements) any additional Tax due with respect to such Tax Return required to be paid as a result of such adjustment pursuant to a Final Determination.

Section 5.02 Indemnification Payments.

(a) If any Company (the "Payor") is required pursuant to Section 5.01 (or otherwise under applicable Tax Law) to pay to a Tax Authority a Tax for which another Company (the "Required Party") is liable, in whole or in part, under this Agreement (including, for the avoidance of doubt, any administrative or judicial deposit required to be paid by the Payor to a Tax Authority or other Governmental Authority to pursue any Tax Contest, to the extent the Required Party would be liable under this Agreement for any Tax resulting from such Tax Contest), the Required Party shall reimburse the Payor within 15 days of delivery by the Payor to the Required Party of an invoice (which invoice shall not be delivered prior to the due date for payment of such Tax to the applicable Tax Authority, taking into account any automatic or validly elected extensions, deferrals or postponements) for the amount due from the Required Party, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. If the amount to be paid by the Required Party pursuant to this Section 5.02 is in respect of any Tax in excess of $25 million required to be paid by the Payor to a single Tax Authority on or prior to a single due date (taking into account any automatic or validly elected extensions, deferrals or postponements), then the Required Party shall pay the Payor such amount no later than the later of (i) seven business days after delivery by the Payor to the Required Party of an invoice for the amount due, accompanied

by a statement detailing the Taxes required to be paid and describing in reasonable detail the particulars relating thereto and (ii) three business days prior to the due date for the payment of such Tax (taking into account any automatic or validly elected extensions, deferrals or postponements).

(b) All indemnification payments under this Agreement shall be made by UTC directly to Carrier and/or Otis, by Carrier directly to UTC and/or Otis, and by Otis directly to UTC and/or Carrier; *provided*, *however*, that if the Companies mutually agree with respect to any such indemnification payment, (i) any member of the UTC Group, on the one hand, may make such indemnification payment to any member of the relevant SpinCo Group, on the other hand, (ii) any member of the Carrier Group, on the one hand, may make such indemnification payment to any member of the UTC Group or the Otis Group, as applicable, on the other hand, and (iii) any member of the Otis Group, on the one hand, may make such indemnification payment to any member of the UTC Group or the Carrier Group, as applicable, on the other hand.

Section 6. Tax Benefits.

Section 6.01 Tax Benefits.

(a) Except as set forth below, (i) UTC shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of (A) Income Taxes and Other Taxes for which UTC is liable hereunder and (B) Foreign Income Taxes reported on any Tax Return for a Tax Period ending on or prior to (or including) the relevant Deconsolidation Date to the extent such refund results in a disallowance or adjustment of any foreign Tax credit claimed by the UTC Group (and any interest payable to the applicable Tax Authority as a result of such disallowance or adjustment), (ii) Carrier shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Income Taxes and Other Taxes for which Carrier is liable hereunder, (iii) Otis shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Income Taxes and Other Taxes for which Otis is liable hereunder, and (iv) a Company receiving a refund to which another Company is entitled hereunder in whole or in part shall pay over such refund (or portion thereof) to such other Company within 30 days after such refund is received; it being understood that, with respect to any refund (or any interest thereon received from the applicable Tax Authority) of Shared Taxes or Taxes for which more than one Company is liable under Section 2.02(a)(iii) or Section 7.05(c)(i), each Company shall be entitled to the portion of such refund (or interest thereon) that reflects its proportionate liability for such Taxes.

(b) If (i) (A) a member of the Carrier Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination or reporting required by clause (x) or clause (y) of Section 4.05(b), in each case, that increases Taxes for which a member of the UTC Group or Otis Group is liable hereunder (or reduces any Tax Attribute of a member of the UTC Group or Otis Group) and such Tax Benefit would not have arisen but for such adjustment or reporting (determined on a "with and without" basis), (B) a member of the Otis Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination or reporting required by clause (x) or clause (y) of Section 4.05(b), in each case, that increases Taxes for which a member of the UTC Group or Carrier Group is liable hereunder (or reduces any Tax Attribute of a member of the UTC Group or Carrier Group) and such Tax Benefit would

not have arisen but for such adjustment or reporting (determined on a "with and without" basis), or (C) a member of the UTC Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination or reporting required by clause (x) or clause (y) of Section 4.05(b), in each case, that increases Taxes for which a member of any SpinCo Group is liable hereunder (or reduces any Tax Attribute of a member of any SpinCo Group) and such Tax Benefit would not have arisen but for such adjustment or reporting (determined on a "with and without" basis), and (ii) the aggregate Tax Benefit realized or realizable by such member of such SpinCo Group or such member of the UTC Group, as applicable, as a result of such adjustment or reporting would reasonably be expected to exceed $5 million, then, such SpinCo or UTC, as the case may be, shall make a payment to UTC, Otis, or Carrier, as appropriate, within 30 days following such actual realization of the Tax Benefit, in an amount equal to such Tax Benefit actually realized in cash (including any Tax Benefit actually realized as a result of the payment); *provided, however*, that no Company (or any Affiliates of any Company) shall be obligated to make a payment otherwise required pursuant to this Section 6.01(b) to the extent making such payment would place such Company (or any of its Affiliates) in a less favorable net after-Tax position than such Company (or such Affiliate) would have been in if the relevant Tax Benefit had not been realized. If a Company or one of its Affiliates pays over any amount pursuant to the preceding sentence and such Tax Benefit is subsequently disallowed or adjusted, the Parties shall promptly make appropriate payments (including in respect of any interest paid or imposed by any Tax Authority) to reflect such disallowance or adjustment.

(c) No later than 30 days after a Tax Benefit described in Section 6.01(b) is actually realized in cash by a member of the UTC Group or a member of a SpinCo Group, UTC (if a member of the UTC Group actually realizes such Tax Benefit) or such SpinCo (if a member of a SpinCo Group actually realizes such Tax Benefit) shall provide the other Company (or Companies) with a written calculation of the amount payable to such other Company (or Companies) by UTC or such SpinCo pursuant to this Section 6. In the event that UTC or any SpinCo disagrees with any such calculation described in this Section 6.01(c), UTC or such SpinCo shall so notify the other Company (or Companies) in writing within 30 days of receiving the written calculation set forth above in this Section 6.01(c). UTC, Carrier, and/or Otis, as applicable, shall endeavor in good faith to resolve such disagreement, and, failing that, the amount payable under this Section 6 shall be determined in accordance with the provisions of Section 14 as promptly as practicable.

(d) Carrier shall be entitled to any refund that is attributable to, and would not have arisen but for, a Carrier Carryback pursuant to the proviso set forth in Section 4.08(a); *provided, however*, that Carrier shall indemnify and hold the members of the UTC Group harmless from and against any and all collateral Tax consequences resulting from or caused by any such Carrier Carryback, including (but not limited to) the loss or postponement of any benefit from the use of Tax Attributes generated by a member of the UTC Group or an Affiliate thereof if (x) such Tax Attributes expire unutilized, but would have been utilized but for such Carrier Carryback, or (y) the use of such Tax Attributes is postponed to a later Tax Period than the Tax Period in which such Tax Attributes would have been utilized but for such Carrier Carryback. Any such payment of such refund made by UTC to Carrier pursuant to this Section 6.01(d) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a UTC Group Tax Attribute to a Tax Period in respect of which such refund is received) that would affect the amount to which Carrier

is entitled, and an appropriate adjusting payment shall be made by Carrier to UTC such that the aggregate amount paid pursuant to this Section 6.01(d) equals such recalculated amount.

(e) Otis shall be entitled to any refund that is attributable to, and would not have arisen but for, an Otis Carryback pursuant to the proviso set forth in Section 4.08(b); *provided, however*, that Otis shall indemnify and hold the members of the UTC Group harmless from and against any and all collateral Tax consequences resulting from or caused by any such Otis Carryback, including (but not limited to) the loss or postponement of any benefit from the use of Tax Attributes generated by a member of the UTC Group or an Affiliate thereof if (x) such Tax Attributes expire unutilized, but would have been utilized but for such Otis Carryback, or (y) the use of such Tax Attributes is postponed to a later Tax Period than the Tax Period in which such Tax Attributes would have been utilized but for such Otis Carryback. Any such payment of such refund made by UTC to Otis pursuant to this Section 6.01(e) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a UTC Group Tax Attribute to a Tax Period in respect of which such refund is received) that would affect the amount to which Otis is entitled, and an appropriate adjusting payment shall be made by Otis to UTC such that the aggregate amount paid pursuant to this Section 6.01(e) equals such recalculated amount.

Section 6.02 UTC, Carrier, and Otis Income Tax Deductions in Respect of Certain Equity Awards and Incentive Compensation.

(a) Allocation of Deductions. To the extent permitted by applicable law, Income Tax deductions arising by reason of exercises of options or vesting or settlement of stock appreciation rights, restricted stock units, performance stock units, or deferred stock units, in each case, following the relevant Distribution, with respect to UTC stock, Carrier stock, or Otis stock (such options, stock appreciation rights, restricted stock units, performance stock units, and deferred stock units, collectively, "Compensatory Equity Interests") held by any Person shall be claimed (i) in the case of a UTC Group Employee or Former UTC Group Employee, solely by the UTC Group, (ii) in the case of a Carrier Group Employee or Former Carrier Group Employee, solely by the Carrier Group, (iii) in the case of an Otis Group Employee or Former Otis Group Employee, solely by the Otis Group, and (iv) in the case of a non-employee director, by the Company for which the director serves as a director following the Distributions (*provided*, that in the case of any director who serves on the board of directors of two or more of UTC, Carrier, or Otis, each Company shall be entitled only to the deductions arising in respect of its own stock or equity awards).

(b) Withholding and Reporting. Tax reporting and withholding with respect to Compensatory Equity Interests shall be governed by Section 4.02(i) of the Employee Matters Agreement.

Section 7. Tax-Free Status.

Section 7.01 Representations.

(a) Each of UTC, Carrier, and Otis hereby represents and warrants that (i) it has reviewed each Ruling Request, the Representation Letters, and the Tax Opinions/Rulings and (ii) subject

to any qualifications therein, all information, representations and covenants contained therein that relate to such Company or any member of its Group are true, correct and complete.

(b) Each of Carrier and Otis hereby represents and warrants that it has no plan or intention of taking any action, or failing to take any action (or causing or permitting any member of its Group to take or fail to take any action), that could reasonably be expected to cause any representation or factual statement made in this Agreement, the Separation and Distribution Agreement, any Representation Letters, the Ruling Request, any of the Ancillary Agreements, or any of the Tax Opinions/Rulings to be untrue.

(c) Each of Carrier and Otis hereby represents and warrants (solely with respect to itself) that, during the two-year period ending on the Carrier Distribution Date or the Otis Distribution Date, as applicable, there was no "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Carrier Group or the Otis Group, as applicable, or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding an acquisition of all or a significant portion of the Carrier Capital Stock (or the Capital Stock of any member of the Carrier Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution or any predecessor of Carrier or such member of the Carrier Group) or the Otis Capital Stock (or the Capital Stock of any member of the Otis Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution or any predecessor of Otis or such member of the Otis Group), as applicable; *provided, however*, that no representation is made regarding the absence of any "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations 1.355-7(h)) by any one or more officers or directors of UTC (or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors) who are not officers or directors of Carrier or Otis, as applicable.

Section 7.02 Restrictions on Carrier and Otis.

(a) Each of Carrier and Otis agrees that it will not take or fail to take, and will not cause or permit any of its respective Affiliates to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements, any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling. Each of Carrier and Otis agrees that it will not take or fail to take, and will not cause or permit any of its respective Affiliates to take or fail to take, any action where such action or failure to act would, or could reasonably be expected to, prevent U.S. Tax-Free Status or Foreign Tax-Free Status.

(b) Carrier agrees that, from the date hereof until the first day after the Restriction Period, it will (and will cause its "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) to) (i) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the Carrier Active Trade or Business and (ii) not engage in any transaction that would result in it ceasing to be engaged in the Carrier Active

Trade or Business for purposes of Section 355(b)(2) of the Code. Carrier further agrees that, from the date hereof until the first day after the Restriction Period, it will cause each member of the Carrier Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution (and such member's "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code)) to (x) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the relevant Internal Distribution (as described in the IRS Ruling Request, relevant Representation Letters, and/or relevant Tax Opinion/Ruling), as conducted immediately prior to the relevant Internal Distribution and (y) not engage in any transaction that would result in such member ceasing to be engaged in the active conduct of such trade or business for purposes of Section 355(b)(2) of the Code.

(c) Otis agrees that, from the date hereof until the first day after the Restriction Period, it will (and will cause its "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) to) (i) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the Otis Active Trade or Business and (ii) not engage in any transaction that would result in it ceasing to be engaged in the Otis Active Trade or Business for purposes of Section 355(b)(2) of the Code. Otis further agrees that, from the date hereof until the first day after the Restriction Period, it will cause each member of the Otis Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution (and such member's "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code)) to (x) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the relevant Internal Distribution (as described in the IRS Ruling Request, relevant Representation Letters, and/or relevant Tax Opinion/Ruling), as conducted immediately prior to the relevant Internal Distribution and (y) not engage in any transaction that would result in such member ceasing to be engaged in the active conduct of such trade or business for purposes of Section 355(b)(2) of the Code.

(d)

(i) Carrier agrees that, from the date hereof until the first day after the Restriction Period, it will not:

(A) enter into any Carrier Proposed Acquisition Transaction or, to the extent Carrier has the right to prohibit any Carrier Proposed Acquisition Transaction, permit any Carrier Proposed Acquisition Transaction to occur (whether by (1) redeeming rights under a shareholder rights plan, (2) finding a tender offer to be a "permitted offer" under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Carrier Proposed Acquisition Transaction, or (3) approving any Carrier Proposed Acquisition Transaction, whether for purposes of Section 203 of the DGCL or any similar corporate statute, any "fair price" or other provision of Carrier's charter or bylaws or otherwise),

(B) merge or consolidate with any other Person or liquidate or partially liquidate,

(C) in a single transaction or series of transactions (1) sell or transfer (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of the assets that were transferred to Carrier pursuant to the Carrier Contribution, (2) sell or transfer to any Person that is not a member of Carrier's "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) 30% or more of the gross assets of the Carrier Active Trade or Business, or (3) sell or transfer 30% or more of the consolidated gross assets of Carrier and its Affiliates,

(D) redeem or otherwise repurchase (directly or through a Carrier Affiliate) any Carrier Capital Stock, or rights to acquire Carrier Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment by Revenue Procedure 2003-48),

(E) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of Carrier Capital Stock (including, without limitation, through the conversion of one class of Carrier Capital Stock into another class of Carrier Capital Stock),

(F) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling) that, in the aggregate (and taking into account any other transactions described in this subparagraph (d)), would be reasonably likely to have the effect of causing or permitting one or more persons to acquire, directly or indirectly, Capital Stock representing a Fifty-Percent or Greater Interest in Carrier or otherwise jeopardize the U.S. Tax-Free Status of the Carrier Distribution, the Otis Distribution, or any Internal Distribution, or

(G) cause or permit any member of the Carrier Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution to take any action or enter into any transaction described in the preceding clauses (B), (C), (D), (E) or (F) (substituting references therein to "Carrier", the "Carrier Contribution," the "Carrier Active Trade or Business" and "Carrier Capital Stock" with references to the relevant corporation, the transfer of assets to such corporation pursuant to the Transactions, the active conduct of the trade or business(es) relied upon with respect to such Internal Distribution (as described in the IRS Ruling Request, relevant Representation Letters, and/or relevant Tax Opinion/Ruling) for purposes of Section 355(b)(2) of the Code, and the Capital Stock of such corporation),

unless, in each case, prior to taking any such action set forth in the foregoing clauses (A) through (G), (x) Carrier shall have requested that UTC obtain a private letter ruling (or, if applicable, a supplemental private letter ruling) from the IRS and/or any other applicable Tax Authority in accordance with Section 7.04(b) and (d) to the effect that such transaction will not affect the U.S. Tax-Free Status of any External Separation Transaction or any Internal Distribution, and UTC shall have received such a private letter ruling in form and substance satisfactory to UTC in its discretion (and in determining whether a private letter ruling is satisfactory, UTC may consider, among other factors, the appropriateness of any underlying assumptions and management's representations made in connection with such private letter ruling), (y) Carrier shall have provided UTC with an Unqualified Tax Opinion in form and substance satisfactory to UTC in its discretion (and in determining whether an opinion is satisfactory, UTC may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion) or (z) UTC shall have waived the requirement to obtain such private letter ruling or Unqualified Tax Opinion.

(ii) Otis agrees that, from the date hereof until the first day after the Restriction Period, it will not:

(A) enter into any Otis Proposed Acquisition Transaction or, to the extent Otis has the right to prohibit any Otis Proposed Acquisition Transaction, permit any Otis Proposed Acquisition Transaction to occur (whether by (1) redeeming rights under a shareholder rights plan, (2) finding a tender offer to be a "permitted offer" under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Otis Proposed Acquisition Transaction, or (3) approving any Otis Proposed Acquisition Transaction, whether for purposes of Section 203 of the DGCL or any similar corporate statute, any "fair price" or other provision of Otis's charter or bylaws or otherwise),

(B) merge or consolidate with any other Person or liquidate or partially liquidate,

(C) in a single transaction or series of transactions (1) sell or transfer (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of the assets that were transferred to Otis pursuant to the Otis Contribution, (2) sell or transfer to any Person that is not a member of Otis's "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) 30% or more of the gross assets of the Otis Active Trade or Business, or (3) sell or transfer 30% or more of the consolidated gross assets of Otis and its Affiliates,

(D) redeem or otherwise repurchase (directly or through an Otis Affiliate) any Otis Capital Stock, or rights to acquire Otis Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment by Revenue Procedure 2003-48),

(E) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of Otis Capital Stock (including, without

limitation, through the conversion of one class of Otis Capital Stock into another class of Otis Capital Stock),

(F) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling) that, in the aggregate (and taking into account any other transactions described in this subparagraph (d)), would be reasonably likely to have the effect of causing or permitting one or more persons to acquire, directly or indirectly, Capital Stock representing a Fifty-Percent or Greater Interest in Otis or otherwise jeopardize the U.S. Tax-Free Status of the Carrier Distribution, the Otis Distribution, or any Internal Distribution, or

(G) cause or permit any member of the Otis Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution to take any action or enter into any transaction described in the preceding clauses (B), (C), (D), (E) or (F) (substituting references therein to "Otis", the "Otis Contribution," the "Otis Active Trade or Business" and "Otis Capital Stock" with references to the relevant corporation, the transfer of assets to such corporation pursuant to the Transactions, the active conduct of the trade or business(es) relied upon with respect to such Internal Distribution (as described in the IRS Ruling Request, relevant Representation Letters, and/or relevant Tax Opinion/Ruling)for purposes of Section 355(b)(2) of the Code, and the Capital Stock of such corporation),

unless, in each case, prior to taking any such action set forth in the foregoing clauses (A) through (G), (x) Otis shall have requested that UTC obtain a private letter ruling (or, if applicable, a supplemental private letter ruling) from the IRS and/or any other applicable Tax Authority in accordance with Section 7.04(b) and (d) to the effect that such transaction will not affect the U.S. Tax-Free Status of any External Separation Transaction or any Internal Distribution, and UTC shall have received such a private letter ruling in form and substance satisfactory to UTC in its discretion (and in determining whether a private letter ruling is satisfactory, UTC may consider, among other factors, the appropriateness of any underlying assumptions and management's representations made in connection with such private letter ruling), (y) Otis shall have provided UTC with an Unqualified Tax Opinion in form and substance satisfactory to UTC in its discretion (and in determining whether an opinion is satisfactory, UTC may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion) or (z) UTC shall have waived the requirement to obtain such private letter ruling or Unqualified Tax Opinion.

(iii) Carrier agrees that, from the date hereof until the first day after the Restriction Period, unless UTC consents in writing, it will not (and will not cause or permit any of its Affiliates to) (A) cease to control Carrier Foreign SpinCo or Carrier Foreign SpinCo Holdings, (B) dispose of any shares of Carrier Foreign SpinCo or Carrier Foreign SpinCo Holdings that were held at the time of the Carrier Foreign Distribution by Carrier or any of its Affiliates, (C) sell, transfer, or otherwise dispose of any assets, or otherwise take any action, in each case, that would be intended, or would reasonably be expected, to

result in the shares of either (1) Carrier Foreign SpinCo or (2) Carrier Foreign SpinCo Holdings having a value greater than 10% of the total value of the shares of Carrier, or (D) take any action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling) that, in the aggregate, would be reasonably likely to jeopardize the Foreign Tax-Free Status of the Carrier Foreign Distribution. For the avoidance of doubt, this Section 7.02(d)(iii) shall be interpreted in a manner consistent with the Income Tax Act (Canada).

(iv) Otis agrees that, from the date hereof until the first day after the Restriction Period, unless UTC consents in writing, it will not (and will not cause or permit any of its Affiliates to) (A) cease to control Otis Foreign SpinCo or Otis Foreign SpinCo Holdings, (B) dispose of any shares of Otis Foreign SpinCo or Otis Foreign SpinCo Holdings that were held at the time of the Otis Foreign Distribution by Otis or any of its Affiliates, (C) sell, transfer, or otherwise dispose of any assets, or otherwise take any action, in each case, that would be intended, or would reasonably be expected, to result in the shares of either (1) Otis Foreign SpinCo or (2) Otis Foreign SpinCo Holdings having a value greater than 10% of the total value of the shares of Otis, or (D) take any action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling) that, in the aggregate, would be reasonably likely to jeopardize the Foreign Tax-Free Status of the Otis Foreign Distribution. For the avoidance of doubt, this Section 7.02(d)(iv) shall be interpreted in a manner consistent with the Income Tax Act (Canada).

(e) Certain Acquisitions of Carrier Capital Stock or Otis Capital Stock.

(i) If Carrier proposes to enter into any Section 7.02(e) Acquisition Transaction or, to the extent Carrier has the right to prohibit any Section 7.02(e) Acquisition Transaction, proposes to permit any Section 7.02(e) Acquisition Transaction to occur, in each case, during the period from the date hereof until the first day after the Restriction Period, Carrier shall provide UTC, no later than ten days following the signing of any written agreement with respect to the Section 7.02(e) Acquisition Transaction, with a written description of such transaction (including the type and amount of Carrier Capital Stock to be issued in such transaction) and a certificate of the Chief Financial Officer of Carrier to the effect that the Section 7.02(e) Acquisition Transaction is not a Carrier Proposed Acquisition Transaction or any other transaction to which the requirements of Section 7.02(d)(i) apply (a "Carrier CFO Certificate").

(ii) If Otis proposes to enter into any Section 7.02(e) Acquisition Transaction or, to the extent Otis has the right to prohibit any Section 7.02(e) Acquisition Transaction, proposes to permit any Section 7.02(e) Acquisition Transaction to occur, in each case, during the period from the date hereof until the first day after the Restriction Period, Otis shall provide UTC, no later than ten days following the signing of any written agreement with respect to the Section 7.02(e) Acquisition Transaction, with a written description of such transaction (including the type and amount of Otis Capital Stock to be issued in such transaction) and a certificate of the Chief Financial Officer of Otis to the effect that the

Section 7.02(e) Acquisition Transaction is not an Otis Proposed Acquisition Transaction or any other transaction to which the requirements of Section 7.02(d)(ii) apply (an "Otis CFO Certificate").

Section 7.03 Restrictions on UTC. UTC agrees that it will not take or fail to take, or cause or permit any member of the UTC Group to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements, any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling. UTC agrees that it will not take or fail to take, or cause or permit any member of the UTC Group to take or fail to take, any action where such action or failure to act would or could reasonably be expected to prevent U.S. Tax-Free Status or Foreign Tax-Free Status.

Section 7.04 Procedures Regarding Opinions and Rulings.

(a) If any SpinCo (such SpinCo, the "Requesting SpinCo") notifies UTC that it desires to take one of the actions described in clauses (A) through (G) of Section 7.02(d)(i) or (ii), as applicable (a **"**Notified Action"), UTC and the Requesting SpinCo shall reasonably cooperate to attempt to obtain the private letter ruling or Unqualified Tax Opinion referred to in Section 7.02(d)(i) or (ii), as applicable, unless UTC shall have waived the requirement to obtain such private letter ruling or Unqualified Tax Opinion.

(b) Rulings or Unqualified Tax Opinions at SpinCo's Request. At the reasonable request of the Requesting SpinCo pursuant to Section 7.02(d)(i) or (ii), as applicable, UTC shall cooperate with the Requesting SpinCo and use commercially reasonable efforts to seek to obtain, as expeditiously as reasonably practicable, a private letter ruling from the IRS (or if applicable, a supplemental private letter ruling) or an Unqualified Tax Opinion for the purpose of permitting the Requesting SpinCo to take the Notified Action. Further, in no event shall UTC be required to file any request for a private letter ruling under this Section 7.04(b) unless the Requesting SpinCo represents that (i) it has reviewed the request for such private letter ruling, and (ii) all information and representations, if any, relating to any member of the relevant SpinCo Group, contained in the related documents are (subject to any qualifications therein) true, correct and complete. The Requesting SpinCo shall reimburse UTC for all reasonable costs and expenses incurred by the UTC Group in obtaining a private letter ruling or Unqualified Tax Opinion requested by the Requesting SpinCo within 15 business days after receiving an invoice from UTC therefor.

(c) Rulings or Tax Opinions at UTC's Request. UTC shall have the right to seek a private letter ruling (or other ruling) from the IRS (and/or any other applicable Tax Authority, or if applicable, a supplemental private letter ruling or other ruling) concerning any Transaction (including the impact of any transaction thereon) or an Unqualified Tax Opinion (or other opinion of a Tax Advisor with respect to any of the Transactions) at any time in its sole and absolute discretion. If UTC determines to seek such a private letter ruling (or other ruling) or an Unqualified Tax Opinion (or other opinion), each SpinCo shall (and shall cause each of its Affiliates to) cooperate with UTC and take any and all actions reasonably requested by UTC in connection with obtaining the private letter ruling (or other ruling) or Unqualified Tax Opinion

(or other opinion) (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS (and/or any other applicable Tax Authority) or any Tax Advisor; *provided*, that no SpinCo shall be required to make (or cause any of its Affiliate to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control). UTC, Carrier, and Otis shall each bear its own costs and expenses in obtaining such a private letter ruling (or other ruling) or an Unqualified Tax Opinion (or other opinion) requested by UTC.

(d) Ruling Process Control. Each of Carrier and Otis hereby agrees that UTC shall have sole and exclusive control over the process of obtaining any private letter ruling (or other ruling), and that only UTC shall apply for such a private letter ruling (or other ruling). In connection with obtaining a private letter ruling pursuant to Section 7.04(b), UTC shall (i) keep the Requesting SpinCo informed in a timely manner of all material actions taken or proposed to be taken by UTC in connection therewith; (ii) (A) reasonably in advance of the submission of any related private letter ruling documents provide the Requesting SpinCo with a draft copy thereof, (B) reasonably consider the Requesting SpinCo's comments on such draft copy, and (C) provide the Requesting SpinCo with a final copy; and (iii) UTC shall provide the Requesting SpinCo with notice reasonably in advance of, and the Requesting SpinCo shall have the right to attend, any formally scheduled meetings with the IRS (subject to the approval of the IRS) that relate to such private letter ruling. None of Carrier, Otis, or their respective directly or indirectly controlled Affiliates shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning any Transaction that is the subject of a Tax Opinion/Ruling (including the impact of any transaction on any of the foregoing).

Section 7.05 Liability for Tax-Related Losses and Specified Income Taxes.

(a)

(i) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.05(c), Carrier shall be responsible for, and shall indemnify and hold harmless UTC, Otis, their respective Affiliates and each of their respective officers, directors and employees from and against, 100% of any Tax-Related Losses that are attributable to or result from any one or more of the following: (A) the acquisition, after the Carrier Effective Time, of all or a portion of Carrier's Capital Stock and/or its or its subsidiaries' assets (including any Capital Stock of any member of the Carrier Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) by any means whatsoever by any Person, (B) any "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Carrier Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding transactions or events that cause the Carrier Distribution or any Internal Distribution to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, Capital Stock of Carrier or any member of the Carrier Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution, in each case, representing a

Fifty-Percent or Greater Interest therein, (C) any action or failure to act by Carrier after the Carrier Distribution (including, without limitation, any amendment to Carrier's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of Carrier Capital Stock (including, without limitation, through the conversion of one class of Carrier Capital Stock into another class of Carrier Capital Stock), (D) any act or failure to act by Carrier or any Carrier Affiliate described in Section 7.02 (regardless whether such act or failure to act is covered by a private letter ruling, Unqualified Tax Opinion or waiver described in clause (x), (y) or (z) of Section 7.02(d)(i) or in a Carrier CFO Certificate described in Section 7.02(e)(i)), or (E) any breach by Carrier of its agreement and representations set forth in Section 7.01 (other than Section 7.01(a)).

(ii) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.05(c), Otis shall be responsible for, and shall indemnify and hold harmless UTC, Carrier, their respective Affiliates and each of their respective officers, directors and employees from and against, 100% of any Tax-Related Losses that are attributable to or result from any one or more of the following: (A) the acquisition, after the Otis Effective Time, of all or a portion of Otis's Capital Stock and/or its or its subsidiaries' assets (including any Capital Stock of any member of the Otis Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) by any means whatsoever by any Person, (B) any "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Otis Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding transactions or events that cause the Otis Distribution or any Internal Distribution to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, Capital Stock of Otis or any member of the Otis Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution, in each case, representing a Fifty-Percent or Greater Interest therein, (C) any action or failure to act by Otis after the Otis Distribution (including, without limitation, any amendment to Otis's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of Otis Capital Stock (including, without limitation, through the conversion of one class of Otis Capital Stock into another class of Otis Capital Stock), (D) any act or failure to act by Otis or any Otis Affiliate described in Section 7.02 (regardless whether such act or failure to act is covered by a private letter ruling, Unqualified Tax Opinion or waiver described in clause (x), (y) or (z) of Section 7.02(d)(ii) or in an Otis CFO Certificate described in Section 7.02(e)(ii)), or (E) any breach by Otis of its agreement and representations set forth in Section 7.01 (other than Section 7.01(a)).

(b) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.05(c), UTC shall be responsible for, and shall indemnify and hold harmless Carrier, Otis, their respective Affiliates and each of their respective officers, directors and employees from and against, 100% of any Tax-Related Losses that are

attributable to, or result from any one or more of the following: (i) the acquisition, after the relevant Effective Time, of all or a portion of UTC's Capital Stock and/or its or its subsidiaries' assets (including any Capital Stock of any member of the UTC Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) by any means whatsoever by any Person, (ii) any "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the UTC Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding transactions or events that cause the Carrier Distribution, the Otis Distribution, or any Internal Distribution to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, Capital Stock of UTC or any member of the UTC Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution, in each case, representing a Fifty-Percent or Greater Interest therein, or (iii) any act or failure to act by UTC or a member of the UTC Group described in Section 7.03.

(c)

(i) To the extent that any Tax-Related Loss is subject to indemnity under two or more of Sections 7.05(a)(i), (a)(ii), and (b), responsibility for such Tax-Related Loss shall be shared by Carrier, Otis, and/or UTC, as applicable, according to relative fault.

(ii) Notwithstanding anything in Section 7.05(b) or (c)(i) or any other provision of this Agreement or the Separation and Distribution Agreement to the contrary:

(A) with respect to (1) any Tax-Related Loss resulting from the application of Section 355(e) or Section 355(f) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in UTC or any member of the UTC Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) and (2) any other Tax-Related Loss, in each case, resulting, in whole or in part, from an acquisition after the Carrier Distribution of any Capital Stock or assets of Carrier (or any Carrier Affiliate) by any means whatsoever by any Person or any action or failure to act by Carrier affecting the voting rights of Carrier, Carrier shall be responsible for, and shall indemnify and hold harmless UTC, Otis, their respective Affiliates, and each of their respective officers, directors and employees from and against, 100% of such Tax-Related Loss;

(B) with respect to (1) any Tax-Related Loss resulting from the application of Section 355(e) or Section 355(f) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in UTC or any member of the UTC Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) and (2) any other Tax-Related Loss, in each case, resulting, in whole or in part, from an acquisition after the Otis Distribution of any Capital Stock or assets of Otis (or any Otis Affiliate) by any means whatsoever by any Person or any action or failure to act by Otis affecting the voting rights of Otis, Otis shall be

responsible for, and shall indemnify and hold harmless UTC, Carrier, their respective Affiliates, and each of their respective officers, directors and employees from and against, 100% of such Tax-Related Loss;

(C) for purposes of calculating the amount and timing of any Tax-Related Loss for which Carrier is responsible under this Section 7.05, Tax-Related Losses shall be calculated by assuming that UTC, the UTC Affiliated Group, each member of the UTC Group, Otis, the Otis Affiliated Group, and each member of the Otis Group (1) pay Tax at the highest marginal corporate Tax rates in effect in each relevant Tax Period and (2) have no Tax Attributes in any relevant Tax Period; and

(D) for purposes of calculating the amount and timing of any Tax-Related Loss for which Otis is responsible under this Section 7.05, Tax-Related Losses shall be calculated by assuming that UTC, the UTC Affiliated Group, each member of the UTC Group, Carrier, the Carrier Affiliated Group, and each member of the Carrier Group (1) pay Tax at the highest marginal corporate Tax rates in effect in each relevant Tax Period and (2) have no Tax Attributes in any relevant Tax Period.

(iii) Notwithstanding anything in Section 7.05(a) or (c)(i) or any other provision of this Agreement or the Separation and Distribution Agreement to the contrary, with respect to (A) any Tax-Related Loss resulting from the application of Section 355(e) or Section 355(f) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in Carrier, Otis, or any member of either SpinCo Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) and (B) any other Tax-Related Loss, in each case, resulting, in whole or in part, from an acquisition after the Carrier Distribution or the Otis Distribution, as applicable, of any Capital Stock or assets of UTC (or any UTC Affiliate) by any means whatsoever by any Person (other than as a result of an acquisition in any Internal Distribution or Internal Separation Transaction), UTC shall be responsible for, and shall indemnify and hold harmless Carrier, Otis, their respective Affiliates and each of their respective officers, directors and employees from and against, 100% of such Tax-Related Loss.

(d) Allocation of Certain Separation-Related Taxes. Each of UTC, Carrier, and Otis shall be liable for, and shall indemnify and hold harmless the relevant SpinCo Group(s) and/or the UTC Group, as applicable, from and against any liability for the following amounts in the proportions set forth on Schedule 7.05(d) (the amounts described in clauses (i) and (ii), collectively, "Shared Taxes"):

(i) Tax-Related Losses with respect to Income Taxes, except to the extent (A) such Tax is a Tax-Related Loss for which Carrier, Otis, and/or UTC is responsible pursuant to Section 7.05(a)(i), (a)(ii), or (b), respectively, or (B) UTC, Carrier, or Otis would otherwise be responsible for such amounts pursuant to Section 7.05(c); and

(ii) any Specified Income Taxes imposed on any member of the UTC Group or any member of any SpinCo Group.

(e) Notwithstanding any other provision of this Agreement or the Separation and Distribution Agreement to the contrary:

(i) Carrier shall pay UTC and/or Otis, as applicable, the amount for which Carrier has an indemnification obligation under this Section 7.05: (A) in the case of (1) Tax-Related Losses described in clause (a) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (a) of the definition of Specified Income Taxes, in each case, no later than the later of (x) seven business days after delivery by UTC and/or Otis, as applicable, to Carrier of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date UTC or Otis, as applicable, files, or causes to be filed, the applicable Tax Return for the year of the relevant transaction, as applicable (the "UTC/Otis Filing Date") (*provided*, that if such Tax-Related Losses or Specified Income Taxes arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of "Final Determination," then Carrier shall pay UTC and/or Otis, as applicable, no later than the later of (x) seven business days after delivery by UTC and/or Otis, as applicable, to Carrier of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date for making payment with respect to such Final Determination) and (B) in the case of (1) Tax-Related Losses described in clause (b) or (c) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (b) of the definition of Specified Income Taxes, no later than the later of (x) seven business days after delivery by UTC and/or Otis, as applicable, to Carrier of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) two business days after the date UTC and/or Otis, as applicable pays such Tax-Related Losses or Specified Income Taxes.

(ii) Otis shall pay UTC and/or Carrier, as applicable, the amount for which Otis has an indemnification obligation under this Section 7.05: (A) in the case of (1) Tax-Related Losses described in clause (a) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (a) of the definition of Specified Income Taxes, in each case, no later than the later of (x) seven business days after delivery by UTC and/or Carrier, as applicable, to Otis of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date UTC or Carrier, as applicable, files, or causes to be filed, the applicable Tax Return for the year of the relevant transaction, as applicable (the "UTC/Carrier Filing Date") (*provided*, that if such Tax-Related Losses or Specified Income Taxes arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of "Final Determination," then Otis shall pay UTC and/or Carrier, as applicable, no later than the later of (x) seven business days after delivery by UTC and/or Carrier, as applicable, to Otis of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date for making payment with respect to such Final Determination) and (B) in the case of (1) Tax-Related Losses described in clause (b) or (c) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (b) of the definition of Specified Income Taxes, no later than the later of (x) seven

business days after delivery by UTC and/or Carrier, as applicable, to Otis of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) two business days after the date UTC and/or Carrier, as applicable pays such Tax-Related Losses or Specified Income Taxes.

(iii) UTC shall pay Carrier and/or Otis, as applicable, the amount for which UTC has an indemnification obligation under this Section 7.05: (A) in the case of (1) Tax-Related Losses described in clause (a) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (a) of the definition of Specified Income Taxes, in each case, no later than the later of (x) seven business days after delivery by Carrier and/or Otis, as applicable, to UTC of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date Carrier or Otis, as applicable, files, or causes to be filed, the applicable Tax Return for the year of the relevant transaction, as applicable (the "Carrier/Otis Filing Date") (*provided*, that if such Tax-Related Losses or Specified Income Taxes arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of "Final Determination," then UTC shall pay Carrier and/or Otis, as applicable, no later than the later of (x) seven business days after delivery by Carrier and/or Otis, as applicable, to UTC of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) than three business days prior to the date for making payment with respect to such Final Determination); and (B) in the case of (1) Tax-Related Losses described in clause (b) or (c) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (b) of the definition of Specified Income Taxes, no later than the later of (x) seven business days after delivery by Carrier and/or Otis, as applicable, to UTC of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) two business days after the date Carrier or Otis, as applicable, pays such Tax-Related Losses or Specified Income Taxes.

Section 7.06 Section 336(e) Election. If UTC determines, in its sole discretion, that one or more protective elections under Section 336(e) of the Code (each, a "Section 336(e) Election") shall be made with respect to the Carrier Distribution, the Otis Distribution, and/or any of the Internal Distributions, the relevant SpinCo(s) shall (and shall cause any relevant member of such SpinCo Group(s) to) join with UTC and/or any relevant member of the UTC Group, as applicable, in the making of any such election and shall take any action reasonably requested by UTC or that is otherwise necessary to give effect to any such election (including making any other related election). If a Section 336(e) Election is made with respect to the Carrier Distribution, the Otis Distribution, and/or any of the Internal Distributions, then this Agreement shall be amended in such a manner as is determined by UTC in good faith to take into account such Section 336(e) Election(s), including by requiring that, in the event (a) any Contribution, Distribution, or Internal Distribution fails to have U.S. Tax-Free Status and (b) a Company (or such Company's Group) that does not have exclusive responsibility pursuant to this Agreement for Tax-Related Losses arising from such failure actually realizes in cash a Tax Benefit from the step-up in Tax basis resulting from the relevant Section 336(e) Election(s), such Company shall pay over to the Company that has exclusive responsibility pursuant to this Agreement for such Tax-Related Losses any such Tax Benefits realized (*provided*, that, if such Tax-Related Losses are Shared Taxes or Taxes for which more than one Company is liable under Section 7.05(c)(i), the Company that actually realizes in cash the Tax Benefit resulting from the

relevant Section 336(e) Election shall pay over to each of the other Companies responsible for such Taxes the percentage of any such Tax Benefits realized that corresponds to each such Company's percentage share of such Taxes).

Section 7.07 Certain Assumptions. For purposes of this Agreement (including the restrictions and covenants and obligations of the Parties set forth in this Section 7, the requirements for an Unqualified Tax Opinion, and any other provision of this Agreement or determination hereunder relating to the U.S. Tax-Free Status of the External Separation Transactions or the Internal Distributions (or the application of Section 355(e) of the Code thereto)), it shall be assumed that, except to the extent expressly ruled otherwise by the IRS in the Private Letter Ruling or in a supplemental private letter ruling, (a) the Specified Acquisition is "part of a plan (or series of related transactions)" with each of the Distributions for purposes of Section 355(e) of the Code, and (b) the Specified Acquisition resulted in one or more persons acquiring directly or indirectly common stock representing no less than the Specified Percentage Interest in each of the SpinCos for purposes of Section 355(e) of the Code.

Section 8. Assistance and Cooperation.

Section 8.01 Assistance and Cooperation.

(a) Each of the Companies shall provide (and shall cause its Affiliates to provide) the other Companies and their respective agents, including accounting firms and legal counsel, with such cooperation or information as they may reasonably request in connection with (i) preparing and filing Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making available, upon reasonable notice, all information and documents in their possession relating to the other Companies and their respective Affiliates as provided in Section 9. Each of the Companies shall also make available to the other Companies, as reasonably requested and available, personnel (including employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes.

(b) Any information or documents provided under this Section 8 or Section 9 shall be kept confidential by the Company or Companies receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. Notwithstanding any other provision of this Agreement or any other agreement, in no event shall any of the Companies or any of their respective Affiliates be required to provide the other Companies or any of their respective Affiliates or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that any of the Companies determine that the provision of any information to the other Companies or their respective Affiliates could be commercially detrimental, violate any law or agreement or waive any Privilege, the Parties shall use reasonable best efforts to permit compliance with their obligations under this Section 8 or Section 9 in a manner that avoids any such harm or consequence.

Section 8.02 *Income Tax Return Information.* UTC, Carrier, and Otis acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Carrier, Otis, or UTC pursuant to Section 8.01 or this Section 8.02. UTC, Carrier, and Otis acknowledge that failure to comply with the deadlines set forth herein or reasonable deadlines otherwise set by Carrier, Otis, or UTC could cause irreparable harm. Each Company shall provide to each of the other Companies information and documents relating to its Group required by such other Company to prepare its Tax Returns. Any information or documents required by the Company that is responsible to prepare such Tax Returns under this Agreement shall be provided in such form as the preparing Company reasonably requests and in sufficient time for such Tax Returns to be filed on a timely basis; *provided*, that, this Section 8.02 shall not apply to information governed by Section 4.09. In the event that, following the relevant Distribution Date, any SpinCo receives notice from any Tax Authority that any Foreign Income Taxes reported on any Tax Return for a Tax Period ending on or prior to (or including) the relevant Deconsolidation Date may be subject to adjustment, such SpinCo shall provide written notice thereof to UTC promptly following receipt of such notice.

Section 8.03 *Reliance by UTC.* If any member of either SpinCo Group supplies information to a member of the UTC Group in connection with a Tax liability and an officer of a member of the UTC Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then, upon the written request of UTC identifying the information being so relied upon, the Chief Financial Officer of the relevant SpinCo (or any officer of such SpinCo as designated by the Chief Financial Officer of such SpinCo) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Each of Carrier and Otis agrees to indemnify and hold harmless each member of the UTC Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the Carrier Group or the Otis Group, respectively, having supplied, pursuant to this Section 8, a member of the UTC Group with inaccurate or incomplete information in connection with a Tax liability.

Section 8.04 *Reliance by Carrier.* If any member of the UTC Group or Otis Group supplies information to a member of the Carrier Group in connection with a Tax liability and an officer of a member of the Carrier Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of Carrier identifying the information being so relied upon, the Chief Financial Officer of UTC or Otis, as applicable, (or any officer of UTC or Otis, as applicable, as designated by the Chief Financial Officer of UTC or Otis, as applicable) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Each of UTC and Otis agrees to indemnify and hold harmless each member of the Carrier Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the UTC Group or the Otis Group, respectively, having supplied, pursuant to this Section 8, a member of the Carrier Group with inaccurate or incomplete information in connection with a Tax liability; *provided*, that, this Section 8.04 shall not apply to information governed by Section 4.09.

Section 8.05 *Reliance by Otis.* If any member of the UTC Group or Carrier Group supplies information to a member of the Otis Group in connection with a Tax liability and an

officer of a member of the Otis Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of Otis identifying the information being so relied upon, the Chief Financial Officer of UTC or Carrier, as applicable, (or any officer of UTC or Carrier, as applicable, as designated by the Chief Financial Officer of UTC or Carrier, as applicable) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Each of UTC and Carrier agrees to indemnify and hold harmless each member of the Otis Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the UTC Group or the Carrier Group, respectively, having supplied, pursuant to this Section 8, a member of the Otis Group with inaccurate or incomplete information in connection with a Tax liability; *provided*, that, this Section 8.05 shall not apply to information governed by Section 4.09.

Section 9. Tax Records.

Section 9.01 Retention of Tax Records. Each Company shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Group for the relevant Pre-Deconsolidation Period(s), and UTC shall preserve and keep all other Tax Records relating to Taxes of the Groups for the relevant Pre-Deconsolidation Periods, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (a) the expiration of any applicable statutes of limitations, or (b) seven years after the relevant Deconsolidation Date (such later date, the "Retention Date"). After the Retention Date, each Company may dispose of such Tax Records upon 90 days' prior written notice to the other Companies. If, prior to the Retention Date, a Company reasonably determines that any Tax Records that it would otherwise be required to preserve and keep under this Section 9 are no longer material in the administration of any matter under the Code or other applicable Tax Law and the other Companies agree, then such first Company may dispose of such Tax Records upon 90 days' prior notice to the other Companies. Any notice of an intent to dispose given pursuant to this Section 9.01 shall include a list of the Tax Records to be disposed of describing in reasonable detail the files, books, or other records being disposed. The notified Companies shall have the opportunity, at their cost and expense, to copy or remove, within such 90-day period, all or any part of such Tax Records.

Section 9.02 Access to Tax Records. The Companies and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records for Pre-Deconsolidation Periods to the extent reasonably required by the other Companies in connection with the preparation of financial accounting statements, audits, litigation, or the resolution of items under this Agreement.

Section 10. Tax Contests.

Section 10.01 Notice. Each of the Companies shall provide prompt notice to the other(s) of any written communication from a Tax Authority regarding any pending or threatened Tax audit, assessment or proceeding or other Tax Contest for which it may be entitled to indemnification by the other Company or Companies hereunder. Such notice shall include copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable

detail. The failure of one Company to notify the other(s) of such communication in accordance with the immediately preceding sentences shall not relieve either of the other Companies of any liability or obligation to pay such Tax or make indemnification payments under this Agreement, except to the extent that the failure timely to provide such notification actually prejudices the ability of such other Company to contest such Tax liability or increases the amount of such Tax liability.

Section 10.02 Control of Tax Contests.

(a) Separate Company Taxes and Joint Returns with Respect to Other Taxes. In the case of any Tax Contest with respect to any (i) Separate Return or (ii) Joint Return with respect to Other Taxes, the Company having liability for the Tax shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e).

(b) UTC Federal Consolidated Income Tax Return and UTC State Combined Income Tax Return. In the case of any Tax Contest with respect to any UTC Federal Consolidated Income Tax Return or UTC State Combined Income Tax Return, UTC shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e)(i).

(c) UTC Foreign Combined Income Tax Return. In the case of any Tax Contest with respect to any UTC Foreign Combined Income Tax Return, UTC shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e)(i).

(d) Other Joint Returns. In the case of any Tax Contest with respect to any Joint Return (other than any UTC Federal Consolidated Income Tax Return, UTC State Combined Income Tax Return, UTC Foreign Combined Income Tax Return, or Joint Return with respect to Other Taxes), (i) UTC shall control the defense or prosecution of the portion of the Tax Contest, if any, directly and exclusively related to any UTC Adjustment, including settlement of any such UTC Adjustment, (ii) Carrier shall control the defense or prosecution of the portion of the Tax Contest, if any, directly and exclusively related to any Carrier Adjustment, including settlement of any such Carrier Adjustment, (iii) Otis shall control the defense or prosecution of the portion of the Tax Contest, if any, directly and exclusively related to the Otis Adjustment, including settlement of any such Otis Adjustment, and (iv) the relevant Companies shall jointly control the defense or prosecution of Joint Adjustments and any and all administrative matters not directly and exclusively related to any UTC Adjustment or SpinCo Adjustment. In the event of any disagreement regarding any matter described in clause (iv), the provisions of Section 14 shall apply.

(e) Separation-Related and Certain Other Tax Contests.

(i) In the event of any:

(A) (x) Separation-Related Tax Contest as a result of which Carrier and/or Otis (the "Responsible SpinCo(s)") could reasonably be expected to become

exclusively liable for any Tax or Tax-Related Losses or (y) Tax Contest as a result of which the Responsible SpinCo(s) could reasonably be expected to become liable for any SpinCo Reserved Income Taxes, and, in each case, which UTC has the right to administer and control pursuant to Section 10.02(a), (b) or (c), (1) UTC shall consult with the Responsible SpinCo(s) reasonably in advance of taking any significant action in connection with such Tax Contest, (2) UTC shall offer the Responsible SpinCo(s) a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (3) UTC shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, and (4) UTC shall provide the Responsible SpinCo(s) copies of any written materials relating to such Tax Contest received from the relevant Tax Authority; and

(B) (x) Separation-Related Tax Contest as a result of which the Responsible SpinCo(s) could reasonably be expected to become liable for any portion of any Tax or Tax-Related Losses pursuant to Section 7.05(c)(i) or (y) Tax Contest as a result of which the Responsible SpinCo(s) could reasonably be expected become liable for any Shared Taxes, and, in each case, which UTC has the right to administer and control pursuant to Section 10.02(a), (b) or (c), (1) UTC shall keep the Responsible SpinCo(s) reasonably informed with respect to such Tax Contest, (2) UTC shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, and (3) UTC shall provide the Responsible SpinCo(s) copies of any written materials relating to such Tax Contest received from the relevant Tax Authority.

(ii) In the event of any (x) Separation-Related Tax Contest with respect to any Carrier Separate Return as a result of which UTC and/or Otis could reasonably be expected to become liable for any Tax or Tax-Related Losses or (y) Specified Tax Contest with respect to any Carrier Separate Return as a result of which UTC and/or Otis could reasonably be expected to become liable for any Specified Income Taxes, (A) Carrier shall consult with UTC and/or Otis, as applicable, reasonably in advance of taking any significant action in connection with such Tax Contest, (B) Carrier shall consult with UTC and/or Otis, as applicable, and offer UTC and/or Otis, as applicable, a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (C) Carrier shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, (D) UTC and/or Otis, as applicable, shall be entitled to participate in such Tax Contest and receive copies of any written materials relating to such Tax Contest received from the relevant Tax Authority, and (E) Carrier shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of UTC and/or Otis, as relevant, which consent shall not be unreasonably withheld; *provided, however*, that in the case of any (1) Separation-Related Tax Contest (I) as a result of which UTC could reasonably be expected to become liable for any Tax or Tax-Related Losses pursuant to Section 7.05(b) or Section 7.05(c)(i) or (II) with respect to any Specified Matter, or (2) Tax Contest as a result of which UTC could reasonably be expected become liable for any Shared Taxes, and, in each case, which Carrier has the right to

administer and control pursuant to Section 10.02(a), UTC shall have the right to elect to assume control of such Tax Contest, in which case the provisions of Section 10.02(e)(i)(B) shall apply.

(iii) In the event of any (x) Separation-Related Tax Contest with respect to any Otis Separate Return as a result of which UTC and/or Carrier could reasonably be expected to become liable for any Tax or Tax-Related Losses or (y) Specified Tax Contest with respect to any Otis Separate Return as a result of which UTC and/or Carrier could reasonably be expected to become liable for any Specified Income Taxes, (A) Otis shall consult with UTC and/or Carrier, as applicable, reasonably in advance of taking any significant action in connection with such Tax Contest, (B) Otis shall consult with UTC and/or Carrier, as applicable, and offer UTC and/or Carrier, as applicable, a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (C) Otis shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, (D) UTC and/or Carrier, as applicable, shall be entitled to participate in such Tax Contest and receive copies of any written materials relating to such Tax Contest received from the relevant Tax Authority, and (E) Otis shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of UTC and/or Carrier, as relevant, which consent shall not be unreasonably withheld; *provided, however*, that in the case of any (1) Separation-Related Tax Contest (I) as a result of which UTC could reasonably be expected to become liable for any portion of any Tax or Tax-Related Losses pursuant to Section 7.05(c)(i) or (II) with respect to any Specified Matter or (2) Tax Contest as a result of which UTC could reasonably be expected become liable for any Shared Taxes, and, in each case, which Otis has the right to administer and control pursuant to Section 10.02(a), UTC shall have the right to elect to assume control of such Tax Contest, in which case the provisions of Section 10.02(e)(i)(B) shall apply.

(f) Power of Attorney. Carrier shall (and shall cause each member of the Carrier Group to) execute and deliver to UTC (or such member of the UTC Group as UTC shall designate) or Otis (or such member of the Otis Group as Otis shall designate), as applicable, any power of attorney or other similar document reasonably requested by UTC (or such designee) or Otis (or such designee), respectively, in connection with any Tax Contest controlled by UTC or Otis, respectively, described in this Section 10. Otis shall (and shall cause each member of the Otis Group to) execute and deliver to UTC (or such member of the UTC Group as UTC shall designate) or Carrier (or such member of the Carrier Group as Carrier shall designate), as applicable, any power of attorney or other similar document reasonably requested by UTC (or such designee) or Carrier (or such designee), respectively, in connection with any Tax Contest controlled by UTC or Carrier, respectively, described in this Section 10.

Section 11. Effective Date; Termination of Prior Intercompany Tax Allocation Agreements. This Agreement shall be effective as of the Effective Time.

Section 11.01 As of the Carrier Effective Time, (a) all prior intercompany Tax allocation agreements or arrangements solely between or among UTC and/or any of its Subsidiaries (including for this purpose, members of the Otis Group if the Otis Effective Time shall not yet have occurred, but excluding members of the Carrier Group), on the one hand, and Carrier and/or

members of the Carrier Group, on the other hand, shall be terminated, and (b) amounts due under such agreements or arrangements as of the date on which the Carrier Effective Time occurs shall be settled. Upon such termination and settlement, no further payments by or to UTC or such Subsidiaries or by or to Carrier or such members of the Carrier Group, with respect to such agreements or arrangements shall be made, and all other rights and obligations resulting from such agreements or arrangements shall cease at such time. Any payments pursuant to such agreements shall be disregarded for purposes of computing amounts due under this Agreement; *provided*, that to the extent appropriate, as determined by UTC, payments made pursuant to such agreements or arrangements shall be credited to Carrier or UTC, respectively, in computing their respective obligations pursuant to this Agreement, in the event that such payments relate to a Tax liability that is the subject matter of this Agreement for a Tax Period that is the subject matter of this Agreement.

Section 11.02 As of the Otis Effective Time, (a) all prior intercompany Tax allocation agreements or arrangements solely between or among UTC and/or any of its Subsidiaries (including for this purpose, members of the Carrier Group if the Carrier Effective Time shall not yet have occurred, but excluding members of the Otis Group), on the one hand, and Otis and/or members of the Otis Group, on the other hand, shall be terminated, and (b) amounts due under such agreements or arrangements as of the date on which the Otis Effective Time occurs shall be settled. Upon such termination and settlement, no further payments by or to UTC or such Subsidiaries or by or to Otis or such members of the Otis Group, with respect to such agreements or arrangements shall be made, and all other rights and obligations resulting from such agreements or arrangements shall cease at such time. Any payments pursuant to such agreements or arrangements shall be disregarded for purposes of computing amounts due under this Agreement; *provided*, that to the extent appropriate, as determined by UTC, payments made pursuant to such agreements or arrangements shall be credited to Otis or UTC, respectively, in computing their respective obligations pursuant to this Agreement, in the event that such payments relate to a Tax liability that is the subject matter of this Agreement for a Tax Period that is the subject matter of this Agreement.

Section 12. Survival of Obligations. The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

Section 13. Treatment of Payments; Tax Gross Up.

Section 13.01 *Treatment of Tax Indemnity and Tax Benefit Payments*. In the absence of any change in Tax treatment under the Code or other applicable Tax Law, for all Income Tax purposes, the Companies agree to treat, and to cause their respective Affiliates to treat, (a) any indemnity payment required by this Agreement or by the Separation and Distribution Agreement to be made (i) by UTC to a SpinCo as a contribution by UTC to the relevant SpinCo and (ii) by a SpinCo to UTC as a distribution by the relevant SpinCo to UTC, in each case, occurring immediately prior to the relevant Distribution with respect to such SpinCo; and (b) any payment of interest or State Income Taxes by or to a Tax Authority, as taxable or deductible, as the case may be, to the Company entitled under this Agreement to retain such payment or required under this Agreement to make such payment. The Parties shall cooperate in good faith (including, where relevant, by using commercially reasonable efforts to establish local payment

arrangements between each Party's Subsidiaries) to minimize or eliminate, to the extent permissible under applicable law, any Tax that would otherwise be imposed with respect to any payment required by this Agreement or by the Separation and Distribution Agreement (or maximize the ability to obtain a credit for, or refund of, any such Tax).

Section 13.02 *Tax Gross Up*. If notwithstanding the manner in which payments described in Section 13.01(a) were reported, there is a Tax liability or an adjustment to a Tax liability of a Company as a result of its receipt of a payment pursuant to this Agreement or the Separation and Distribution Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment that the Company receiving such payment would otherwise be entitled to receive.

Section 13.03 *Interest*. Anything herein to the contrary notwithstanding, to the extent one Company makes a payment of interest to another Company under this Agreement with respect to the period from (a) the date that the payor was required to make a payment to the payee to (b) the date that the payor actually made such payment, the interest payment shall be treated as interest expense to the payor (deductible to the extent provided by law) and as interest income by the payee (includible in income to the extent provided by law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the payor or increase in Tax to the payee.

Section 14. Disagreements. The Companies desire that collaboration will continue among them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in good faith all disagreements regarding their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (a "Tax Advisor Dispute") between any member of the UTC Group and any member of any SpinCo Group (or between any member of the Carrier Group and any member of the Otis Group) as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, representatives of the Tax departments of the relevant Companies shall negotiate in good faith to resolve the Tax Advisor Dispute. If such good faith negotiations do not resolve the Tax Advisor Dispute, then such Tax Advisor Dispute shall be resolved pursuant to the procedures set forth in Article VII of the Separation and Distribution Agreement; *provided*, that each of the mediators or arbitrators selected in accordance with Article VII of the Separation and Distribution Agreement must be Tax Advisors. Nothing in this Section 14 will prevent any Company from seeking injunctive relief if any delay resulting from the efforts to resolve the Tax Advisor Dispute through the procedures set forth in Article VII of the Separation and Distribution Agreement could result in serious and irreparable injury to such Company. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, UTC, Carrier, and Otis are the only members of their respective Groups entitled to commence a dispute resolution procedure under this Agreement, and each of UTC, Carrier, and Otis will cause its respective Group members not to commence any dispute resolution procedure other than through such Party as provided in this Section 14.

Section 15. Late Payments. Any amount owed by one Party to another Party under this Agreement that is not paid when due shall bear interest at the Prime Rate plus two percent, compounded semiannually, from the due date of the payment to the date paid.

Section 16. Expenses. Except as otherwise provided in this Agreement, each Party and its Affiliates shall bear their own expenses incurred in connection with the preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Section 17. General Provisions.

Section 17.01 Addresses and Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and except as provided herein, shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by certified mail, return receipt requested, or by electronic mail ("e-mail"), so long as confirmation of receipt of such e-mail is requested and received, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 17.01):

If to UTC, to:

United Technologies Corporation
10 Farm Springs Road
Farmington, Connecticut 06032
Attention: Ross Kearney, Corporate VP – Taxes
E-mail: Ross.kearney@utc.com

with a copy to:

United Technologies Corporation
10 Farm Springs Road
Farmington, Connecticut 06032
Attention: Sean Moylan, Corporate Vice President and Associate General Counsel
E-mail: Sean.Moylan@utc.com

If to Carrier, to:

Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, Florida 33418
Attention: Michael Cenci, VP, Tax
E-mail: Michael.Cenci@carrier.com

with a copy to:

Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, Florida 33418
Attention: General Counsel
E-mail: Kevin.OConnor@carrier.com

If to Otis, to:

Otis Worldwide Corporation
One Carrier Place
Farmington, Connecticut 06032
Attention: Gregory Marshall, VP, Tax
E-mail: Gregory.Marshall@otis.com

with a copy to:

Otis Worldwide Corporation
One Carrier Place
Farmington, Connecticut 06032
Attention: General Counsel
E-mail: Nora.LaFreniere@otis.com

A Party may, by notice to the other Parties, change the address to which such notices are to be given or made.

Section 17.02 *Binding Effect*. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 17.03 *Waiver.* Waiver by a Party of any default by another Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of any other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 17.04 *Severability.* If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 17.05 *Authority.* UTC represents on behalf of itself and each other member of the UTC Group, Carrier represents on behalf of itself and each other member of the Carrier Group and Otis represents on behalf of itself and each other member of the Otis Group, as follows:

(a) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement; and

(b) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

Section 17.06 *Further Action.* Prior to, on, and after the First Effective Time, each Party hereto shall cooperate with the other Parties, at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including the execution and delivery to the other Parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other Parties in accordance with Section 10, and to make all filings with any Governmental Authority, and to take all such other actions as such Party may reasonably be requested to take by the other Parties from time to time, consistent with the terms of this Agreement, in order to effectuate the provisions and purposes of this Agreement.

Section 17.07 *Integration*. This Agreement, together with each of the exhibits and schedules appended hereto, contain the entire agreement among the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings among the Parties other than those set forth herein and in

the Separation and Distribution Agreement and the other Ancillary Agreements. This Agreement, the Separation and Distribution Agreement, and the other Ancillary Agreements together govern the arrangements in connection with the Separation and the Distributions and would not have been entered independently. In the event of any inconsistency between this Agreement and the Separation and Distribution Agreement, or any other agreements relating to the transactions contemplated by the Separation and Distribution Agreement, with respect to matters addressed herein, the provisions of this Agreement shall control (it being understood that the terms pursuant to which any transition services related to Tax matters shall be provided under the Transition Services Agreement shall be governed by the Transition Services Agreement).

Section 17.08 *Construction*. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and shall not be strictly construed for or against any Party. The captions, titles and headings included in this Agreement are for convenience only, and do not affect this Agreement's construction or interpretation. Unless otherwise indicated, all "Section" references in this Agreement are to sections of this Agreement.

Section 17.09 *No Double Recovery*. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged Party has been fully compensated under any other provision of this Agreement or under any other agreement or action at law or equity. Unless expressly required in this Agreement, a Party shall not be required to exhaust all remedies available under other agreements or at law or equity before recovering under the remedies provided in this Agreement.

Section 17.10 *Counterparts.* Each Party acknowledges that it and each other Party may execute this Agreement by facsimile, stamp or mechanical signature and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by e-mail in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by e-mail in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 17.11 *Governing Law.* This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 17.12 *Amendment.* No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or

modification is in writing and signed by the authorized representatives of the Parties against whom it is sought to enforce such waiver, amendment, supplement or modification; *provided*, that from the First Effective Time to the Second Effective Time, provisions of this Agreement may be waived, amended, supplemented or modified (a) if the Carrier Distribution occurs prior to the Otis Distribution, without the consent of Carrier, so long as such waiver, amendment, supplement or modification does not adversely affect in any material respect any provisions of, or obligations under, this Agreement that are for the benefit of Carrier, or materially prejudice or otherwise adversely affect in any material respect any rights of Carrier or any member of its Group under this Agreement and (b) if the Otis Distribution occurs prior to the Carrier Distribution, without the consent of Otis, so long as such waiver, amendment, supplement or modification does not adversely affect in any material respect any provisions of, or obligations under, this Agreement that are for the benefit of Otis or materially prejudice or otherwise adversely affect in any material respect any rights of Otis or any member of its Group under this Agreement.

Section 17.13 SpinCo Subsidiaries. If, at any time, either Carrier or Otis acquires or creates one or more subsidiaries that are includable in the Carrier Group or the Otis Group, respectively, they shall be subject to this Agreement and all references to the Carrier Group or the Otis Group, as applicable, herein shall thereafter include a reference to such subsidiaries.

Section 17.14 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to any of the Parties (including but not limited to any successor of UTC, Carrier, or Otis succeeding to the Tax Attributes of either under Section 381 of the Code), to the same extent as if such successor had been an original Party to this Agreement.

Section 17.15 Injunctions. Subject to the provisions of Section 14, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Michael R. Dumais
Name: Michael R. Dumais
Title: Executive Vice President, Operations & Strategy

CARRIER GLOBAL CORPORATION

By: /s/ Kyle Crockett
Name: Kyle Crockett
Title: Vice President, Controller

OTIS WORLDWIDE CORPORATION

By: /s/ Michael P. Ryan
Name: Michael P. Ryan
Title: Vice President, Controller

Exhibit 10.3

EXECUTION VERSION

EMPLOYEE MATTERS AGREEMENT

BY AND AMONG

UNITED TECHNOLOGIES CORPORATION,

CARRIER GLOBAL CORPORATION

AND

OTIS WORLDWIDE CORPORATION

DATED AS OF APRIL 2, 2020

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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of April 2, 2020 (this "Agreement"), is by and among United Technologies Corporation, a Delaware corporation ("UTC"), Carrier Global Corporation, a Delaware corporation ("Carrier"), and Otis Worldwide Corporation, a Delaware corporation ("Otis"). UTC, Otis and Carrier are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

R E C I T A L S:

WHEREAS, the board of directors of UTC (the "UTC Board") has determined that it is in the best interests of UTC and its shareowners to separate UTC into three independent, publicly traded companies: one that shall operate the UTC Business, one that shall operate the Carrier Business and one that shall operate the Otis Business;

WHEREAS, in furtherance of the foregoing, the UTC Board has determined that it is appropriate and desirable to (a) separate the Carrier Business from the UTC Business and the Otis Business (the "Carrier Separation") and, following the Carrier Separation, make a distribution, on a *pro rata* basis, to holders of UTC Shares on the Carrier Record Date of all of the outstanding Carrier Shares owned by UTC (the "Carrier Distribution") and (b) separate the Otis Business from the UTC Business and the Carrier Business (the "Otis Separation," and the Carrier Separation, together or as applicable, the "Separation") and, following the Otis Separation, make a distribution, on a *pro rata* basis, to holders of UTC Shares on the Otis Record Date (which may be the same date as the Carrier Record Date) of all of the outstanding Otis Shares owned by UTC (the "Otis Distribution," and together with the Carrier Distribution, the "Distributions");

WHEREAS, to effectuate the Separation and Distributions, UTC, Carrier and Otis have entered into a Separation and Distribution Agreement, dated as of April 2, 2020 (the "Separation Agreement");

WHEREAS, in addition to the matters addressed by the Separation Agreement, the Parties desire to enter into this Agreement that is an Ancillary Agreement to set forth the terms and conditions of certain employment, compensation and benefit matters; and

WHEREAS, the Parties acknowledge that this Agreement, the Separation Agreement and the other Ancillary Agreements represent the integrated agreement of UTC, Carrier and Otis relating to the Separation and Distributions, are being entered into together and would not have been entered into independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in the Separation Agreement. For purposes of this Agreement, the following terms shall have the meanings set forth below.

"Agreement" has the meaning set forth in the Preamble to this Agreement and shall include all amendments, modifications and changes hereto entered into pursuant to Section 9.07.

"Applicable Exchange" means, as of any applicable time, the securities exchange that is the principal market for UTC, Carrier or Otis Shares, as applicable.

"Benefit Plan" means any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee or Former Employee, or to any family member, dependent, or beneficiary of any such Employee or Former Employee including cash or deferred arrangement plans, profit sharing plans, post-employment programs, pension plans, thrift plans, supplemental pension plans, welfare plans, stock option, stock purchase, stock appreciation rights, restricted stock units, performance stock units, other equity-based compensation and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, adoption assistance, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, that the term "Benefit Plan" does not include any government-sponsored benefits.

"Carrier" has the meaning set forth in the Preamble.

"Carrier Adjusted Stock Value" means the product of (a) the Carrier Stock Value and (b) the Carrier Distribution Ratio.

"Carrier Adjustment Ratio" means the quotient, obtained by dividing (a) the UTC Pre-Separation Stock Value by (b) the Carrier Stock Value.

"Carrier Awards" means Carrier DSU Awards, Carrier Option Awards, Carrier PSU Awards, Carrier RSU Awards, Carrier SAR Awards, cash-settled Otis DSU Awards, and cash-settled Post-Separation UTC DSU Awards held by Carrier Transferred Directors, collectively.

"Carrier Benefit Plan" means any Benefit Plan established, sponsored, maintained or contributed to by a member of the Carrier Group as of or after the Effective Time, including any Benefit Plans retained or adopted by Carrier pursuant to Sections 2.03(a) and 2.03(c).

"Carrier Board" means the Board of Directors of Carrier.

"Carrier Deferred Compensation Plans" means the Carrier Deferred Compensation Plans established pursuant to Sections 2.03(a) and 6.02.

"Carrier Distribution Ratio" means a number equal to one (1).

"Carrier DSU Award" means an award of deferred stock units settled in cash or in stock relating to Carrier Shares that is assumed by the relevant Party in accordance with Section 4.02(g).

"Carrier DSU Plan" means the Carrier Board of Directors Deferred Stock Unit Plan established by Carrier as of the Effective Time pursuant to Sections 2.03(a) and 4.01(a).

"Carrier Flexible Benefit Plans" means the Carrier Welfare Plans that provide dependent care and medical benefits under Section 125 of the Code.

"Carrier Group Employees" has the meaning set forth in Section 3.01(a)(i).

"Carrier Individual Agreement" means any individual (a) employment contract or offer letter, (b) retention, severance or change in control agreement, (c) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation or equalization of Taxes and living standards in the host country) or (d) other agreement containing restrictive covenants (including confidentiality, non-competition and non-solicitation provisions) between a member of a Group, on the one hand, and (i) a Carrier Group Employee or (ii) a Former Carrier Group Employee, on the other hand, in each case, as in effect immediately prior to the Carrier Distribution Date.

"Carrier LTIP" means the Carrier 2020 Long-Term Incentive Plan established by Carrier as of the Effective Time pursuant to Sections 2.03(a) and 4.01(a).

"Carrier Option Award" means an award of options to purchase Carrier Shares assumed by Carrier pursuant to the Carrier LTIP in accordance with Sections 4.02(a) and 4.02(b).

"Carrier PSU Award" means an award of performance-based stock units relating to Carrier Shares assumed by Carrier pursuant to the Carrier LTIP in accordance with Section 4.02(f) or pursuant to the Carrier PSU Deferral Plan in accordance with Section 6.02.

"Carrier Pension Preservation Plan (Post-2005)" means the Carrier Pension Preservation Plan which is a Carrier Deferred Compensation Plan established pursuant to Sections 2.03(a) and 6.02.

"Carrier PSU Deferral Plan" means the Carrier LTIP Performance Share Unit Deferral Plan which is a Carrier Deferred Compensation Plan established pursuant to Sections 2.03(a) and 6.02.

"Carrier RSU Award" means an award of time-based restricted stock units relating to Carrier Shares assumed by Carrier pursuant to the Carrier LTIP in accordance with Section 4.02(e).

"Carrier SAR Award" means an award of stock appreciation rights relating to Carrier Shares assumed by Carrier pursuant to the Carrier LTIP in accordance with Sections 4.02(c) and 4.02(d).

"Carrier Savings Plan" means the Carrier Employee Savings Plan established pursuant to Sections 2.03(a) and 5.02(b).

"Carrier Savings Restoration Plan" means the Carrier Savings Restoration Plan which is a Carrier Deferred Compensation Plan established pursuant to Sections 2.03(a) and 6.02.

"Carrier Separation" has the meaning set forth in the Recitals.

"Carrier Distribution" has the meaning set forth in the Recitals.

"Carrier Share" means a share of the common stock, par value $0.01 per share, of Carrier.

"Carrier Stock Value" means the simple average of the volume-weighted average per share price of Carrier Shares trading on the Applicable Exchange during each of the two (2) consecutive full Trading Sessions occurring immediately after the third full Trading Session after the Effective Time.

"Carrier Transferred Director" means each Carrier director as of the Effective Time who served on the UTC Board immediately prior to the Effective Time.

"Carrier Value Factor" means the quotient, rounded to four decimal places, obtained by dividing (a) the product of (i) the Carrier Distribution Ratio and (ii) the UTC Pre-Separation Stock Value, by (b) the sum of (i) the Carrier Adjusted Stock Value, (ii) the Otis Adjusted Stock Value, and (iii) the UTC Post-Separation Stock Value.

"Carrier Welfare Plan" means a Welfare Plan established, sponsored, maintained or contributed to by any member of the Carrier Group for the benefit of Carrier Group Employees and Former Carrier Group Employees, including any Welfare Plan retained or adopted by Carrier pursuant to Sections 2.03(a), 2.03(c) and 8.01.

"COBRA" means the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Section 601 *et seq*. of ERISA and at Section 4980B of the Code and any similar foreign, state or local laws.

"Distributions" has the meaning set forth in the Recitals.

"Employee" means any UTC Group Employee, Carrier Group Employee or Otis Group Employee.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"Former Carrier Group Employee" means any individual (a) who, as of the Effective Time, is a former employee of UTC or any of its Subsidiaries or former Subsidiaries, and (b) whose most recent employment with UTC or any of its Subsidiaries or former Subsidiaries was with a member of the Carrier Group or the Carrier Business (and for the avoidance of doubt, without regard to any recordkeeping conventions).

"Former Employees" means Former UTC Group Employees, Former Carrier Group Employees and Former Otis Group Employees.

"Former Otis Group Employee" means any individual (a) who, as of the Effective Time, is a former employee of UTC or any of its Subsidiaries or former Subsidiaries, and (b) whose most recent employment with UTC or any of its Subsidiaries or former Subsidiaries was with a member of the Otis Group or the Otis Business (and for the avoidance of doubt, without regard to any recordkeeping conventions).

"Former UTC Group Employee" means any individual who (a) as of the Effective Time, is a former employee of UTC or any of its Subsidiaries or former Subsidiaries and (b) is not a Former Carrier Group Employee or a Former Otis Group Employee (and for the avoidance of doubt, without regard to any recordkeeping conventions).

"Labor Agreement" has the meaning set forth in Section 2.01.

"Otis" has the meaning set forth in the Preamble.

"Otis Adjusted Stock Value" means the product of (a) the Otis Stock Value and (b) the Otis Distribution Ratio.

"Otis Adjustment Ratio" means the quotient, obtained by dividing (a) the UTC Pre-Separation Stock Value by (b) the Otis Stock Value.

"Otis Awards" means Otis DSU Awards, Otis Option Awards, Otis PSU Awards, Otis RSU Awards, Otis SAR Awards, cash-settled Carrier DSU Awards and cash-settled Post-Separation UTC DSU Awards held by Otis Transferred Directors, collectively.

"Otis Benefit Plan" means any Benefit Plan established, sponsored, maintained or contributed to by a member of the Otis Group as of or after the Effective Time, including any Benefit Plans retained or adopted by Otis pursuant to Sections 2.03(b) and 2.03(d).

"Otis Board" means the Board of Directors of Otis.

"Otis Deferred Compensation Plans" means the Otis Deferred Compensation Plans established pursuant to Sections 2.03(b) and 6.02.

"Otis Distribution" has the meaning set forth in the Recitals.

"Otis Distribution Ratio" means a number equal to one-half (0.5).

"Otis DSU Award" means an award of deferred stock units settled in cash or in stock relating to Otis Shares that is assumed by the relevant Party in accordance with Section 4.02(g).

"Otis DSU Plan" means the Otis Board of Directors Deferred Stock Unit Plan established by Otis as of the Effective Time pursuant to Sections 2.03(b) and 4.01.

"Otis Flexible Benefit Plans" means the Otis Welfare Benefit Plans that provide dependent care and medical benefits under Section 125 of the Code.

"Otis Group Employees" has the meaning set forth in Section 3.01(a)(ii).

"Otis Individual Agreement" means any individual (a) employment contract or offer letter, (b) retention, severance or change in control agreement, (c) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation or equalization of Taxes and living standards in the host country) or (d) other agreement containing restrictive covenants (including confidentiality, non-competition and non-solicitation provisions) between a member of a Group, on the one hand, and (i) an Otis Group Employee or (ii) a Former Otis Group Employee, on the other hand, as in effect immediately prior to the Otis Distribution Date.

"Otis LTIP" means the Otis Long-Term Incentive Plan established by Otis as of the Effective Time pursuant to Sections 2.03(b) and 4.01.

"Otis Option Award" means an award of options to purchase Otis Shares assumed by Otis pursuant to the Otis LTIP in accordance with Sections 4.02(a) and 4.02(b).

"Otis Pension Preservation Plan (Post-2005)" means the Otis Pension Preservation Plan which is an Otis Deferred Compensation Plan established pursuant to Sections 2.03(b) and 6.02.

"Otis PSU Award" means an award of performance-based stock units relating to Otis Shares assumed by Otis pursuant to the Otis LTIP in accordance with Section 4.02(f) or pursuant to the Otis PSU Deferral Plan in accordance with Section 6.02.

"Otis PSU Deferral Plan" means the Otis LTIP Performance Share Unit Deferral Plan which is an Otis Deferred Compensation Plan established pursuant to Sections 2.03(b) and 6.02.

"Otis Puerto Rico Savings Plan" means the Otis Elevator Puerto Rico Retirement Savings Plan established by Otis pursuant to Sections 2.03(b) and 5.02(c).

"Otis RSU Award" means an award of time-based restricted stock units relating to Otis Shares assumed by Otis pursuant to the Otis LTIP in accordance with Section 4.02(e).

"Otis SAR Award" means an award of stock appreciation rights relating to Otis Shares assumed by Otis pursuant to the Otis LTIP in accordance with Sections 4.02(c) and 4.02(d).

"Otis Savings Plan" means the Otis Savings Plan established pursuant to Sections 2.03(b) and 5.02(c).

"Otis Savings Plans" has the meaning set forth in Section 5.02(c).

"Otis Savings Restoration Plan" means the Otis Savings Restoration Plan which is an Otis Deferred Compensation Plan established pursuant to Sections 2.03(b) and 6.02.

"Otis Separation" has the meaning set forth in the Recitals.

"Otis Share" means a share of the common stock, par value $0.01 per share, of Otis.

"Otis Stock Value" means the simple average of the volume-weighted average per share price of Otis Shares trading on the Applicable Exchange during each of the two (2) consecutive full Trading Sessions occurring immediately after the third full Trading Session after the Effective Time.

"Otis Transferred Director" means each Otis director as of the Effective Time who served on the UTC Board immediately prior to the Effective Time.

"Otis Value Factor" means the quotient, rounded to four decimal places, obtained by dividing (a) the product of (i) the Otis Distribution Ratio and (ii) the UTC Pre-Separation Stock Value, by (b) the sum of (i) the Otis Adjusted Stock Value, (ii) the Carrier Adjusted Stock Value, and (iii) the UTC Post-Separation Stock Value.

"Otis Welfare Plan" means a Welfare Plan established, sponsored, maintained or contributed to by any member of the Otis Group for the benefit of Otis Group Employees and Former Otis Group Employees, including any Welfare Plan retained or adopted by Otis pursuant to Sections 2.03(b), 2.03(d) and 8.01.

"Party" or "Parties" has the meaning set forth in the Preamble.

"Post-Separation UTC Awards" means (a) Post-Separation UTC DSU Awards, (b) Post-Separation UTC Option Awards, (c) Post-Separation UTC PSU Awards, (d) Post-Separation UTC RSU Awards, (e) Post-Separation SAR Awards, and (f) cash-settled Carrier DSU Awards and cash-settled Otis DSU Awards held by UTC Non-Employee Directors who will continue to serve on the UTC Board immediately following the Effective Time (regardless of whether such individuals are Otis Transferred Directors or Carrier Transferred Directors immediately following the Effective Time), collectively.

"Post-Separation UTC DSU Awards" means a UTC DSU Award settled in cash or in stock relating to UTC Shares that is assumed by the relevant Party as adjusted as of the Effective Time in accordance with Section 4.02(g).

"Post-Separation UTC Option Award" means a UTC Option Award adjusted as of the Effective Time in accordance with Sections 4.02(a) and 4.02(b).

"Post-Separation UTC PSU Award" means a UTC PSU Award adjusted as of the Effective Time in accordance with Section 4.02(f).

"Post-Separation UTC RSU Award" means a UTC RSU Award adjusted as of the Effective Time in accordance with Section 4.02(e).

"Post-Separation UTC SAR Award" means a UTC SAR Award adjusted as of the Effective Time in accordance with Sections 4.02(c) and 4.02(d).

"Requesting Party" has the meaning set forth in Section 9.04.

"Restricted Employees" has the meaning set forth in Section 3.04(a).

"Securities Act" means the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Separation" has the meaning set forth in the Recitals.

"Separation Agreement" has the meaning set forth in the Recitals.

"Trading Session" means the period of time during any given calendar day, commencing with the determination of the opening price on the Applicable Exchange and ending on the determination of the closing price on the Applicable Exchange during the regular trading session, in which trading in UTC Shares, Carrier Shares or Otis Shares (as applicable) is permitted on the Applicable Exchange.

"Transferred Account Balances" has the meaning set forth in Section 8.03.

"UTC" has the meaning set forth in the Preamble.

"UTC Adjustment Ratio" means the quotient, obtained by dividing (a) the UTC Pre-Separation Stock Value by (b) the UTC Post-Separation Stock Value.

"UTC Award" means each UTC DSU Award, UTC Option Award, UTC PSU Award, UTC RSU Award and UTC SAR Award.

"UTC Benefit Plan" means any Benefit Plan established, sponsored or maintained by UTC or any of its Subsidiaries immediately prior to the Effective Time, but excluding any (i) Carrier Benefit Plan, including any plan transferred to and assumed by Carrier pursuant to Sections 2.03(a) and 2.03(c), and (ii) any Otis Benefit Plan, including any plan transferred to and assumed by Otis pursuant to Sections 2.03(b) and 2.03(d).

"UTC Bifurcated Deferred Compensation Plan" means each of the UTC Savings Restoration Plan, the UTC Pension Preservation Plan (Post-2005), the UTC Deferred Compensation Plan, the UTC Company Automatic Contribution Excess Plan, the UTC LTIP PSU Deferral Plan, the Retirement Plan for Third Country National Employees, and the Internationally Mobile Employee Retirement Plan.

"UTC Board" has the meaning set forth in the Recitals.

"UTC Compensation Committee" means the Compensation Committee of the UTC Board.

"UTC DSU Award" means an award representing a contractual right to receive UTC Shares or the cash value thereof granted pursuant to the UTC DSU Plan that is outstanding immediately prior to the Effective Time.

"UTC DSU Plan" means the UTC Board of Directors Deferred Stock Unit Plan.

"UTC Flexible Benefit Plans" means the UTC Welfare Plans that provide dependent care and medical benefits under Section 125 of the Code.

"UTC Group Employees" has the meaning set forth in Section 3.01(a)(iii).

"UTC Individual Agreement" means any individual (a) employment contract or offer letter, (b) retention, severance or change in control agreement, (c) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation or equalization of Taxes and living standards in the host country) or (d) other agreement containing restrictive covenants (including confidentiality, non-competition and non-solicitation provisions) between a member of a Group, on the one hand, and (i) a UTC Group Employee or (ii) a Former UTC Group Employee, on the other hand, as in effect immediately prior to the Distribution Date.

"UTC LTIP" means each of the United Technologies Corporation 2018 Long-Term Incentive Plan, the United Technologies Corporation Long-Term Incentive Plan, and the Rockwell Collins, Inc. 2015 Long-Term Incentives Plan, as assumed by UTC.

"UTC Non-Employee Director" means an individual who serves or served as a non-employee director of the UTC Board.

"UTC Option Award" means an award of options to purchase UTC Shares granted pursuant to a UTC LTIP that is outstanding as of immediately prior to the Effective Time.

"UTC Pension Preservation Plan (Pre-2005)" means the UTC Pension Preservation Plan, as in effect on December 31, 2004.

"UTC Pension Preservation Plan (Post-2005)" means the UTC Pension Preservation Plan, as in effect on January 1, 2005.

"UTC Post-Separation Stock Value" means the simple average of the volume-weighted average per share price of UTC Shares trading on the Applicable Exchange during each of the two (2) consecutive full Trading Sessions occurring immediately after the third full Trading Session after the Effective Time.

"UTC Pre-Separation Stock Value" means the closing price per share of UTC Shares trading "regular way with due bills" during the last full Trading Session immediately prior to the Effective Time.

"UTC PSU Award" means an award of performance-based stock units relating to UTC Shares granted pursuant to a UTC LTIP that is outstanding immediately prior to the Effective Time.

"UTC Puerto Rico Savings Plan" means the United Technologies Company Puerto Rico Savings Plan.

"UTC Represented Savings Plan" means the United Technologies Corporation Represented Employee Savings Plan.

"UTC Retained Deferred Compensation Plan" means each of the Rockwell Collins 2005 Non-Qualified Retirement Savings Plan, the Rockwell Collins Pre-2005 Non-Qualified Retirement Savings Plan, the Rockwell Collins 2005 Deferred Compensation Plan, the Rockwell Collins 2005 Non-Qualified Pension Plan, the B/E Aerospace 2010 Deferred Compensation Plan, the Sundstrand Corporation Deferred Compensation Plan, the Goodrich Corp Savings Benefit Restoration Plan, the UTC Pension Preservation Plan, As Amended and Restated Effective January 1, 1996, the UTC Pension Preservation Plan (Pre-2005) and each other nonqualified deferred compensation plan sponsored by a member of the UTC Group prior to the Effective Time that is not a UTC Bifurcated Deferred Compensation Plan.

"UTC Retirement Plan" means the United Technologies Corporation Retirement Plan.

"UTC RSU Award" means an award of restricted stock units with respect to UTC Shares granted pursuant to a UTC LTIP that is outstanding as of immediately prior to the Effective Time.

"UTC SAR Award" means an award of stock appreciation rights with respect to UTC Shares granted pursuant to a UTC LTIP that is outstanding as of immediately prior to the Effective Time.

"UTC Savings Plan" means the United Technologies Corporation Employee Savings Plan.

"UTC Shares" means the shares of common stock, par value $1.00 per share, of UTC.

"UTC Value Factor" means the quotient, obtained by dividing (a) the UTC Pre-Separation Stock Value, by (b) the sum of (i) the Carrier Adjusted Stock Value, (ii) the Otis Adjusted Stock Value, and (iii) the UTC Post-Separation Stock Value.

"UTC Welfare Plan" means any UTC Benefit Plan that is a Welfare Plan.

"Welfare Plan" means any "welfare plan" (as defined in Section 3(1) of ERISA) or a "cafeteria plan" under Section 125 of the Code, and any benefits offered thereunder, and any other plan offering health benefits (including medical, prescription drug, dental, vision, mental health, substance abuse and retiree health), disability benefits, or life, accidental death and dismemberment, and business travel insurance, pre-Tax premium conversion benefits, dependent care assistance programs, employee assistance programs, paid time-off programs, contribution funding toward a health savings account, flexible spending accounts, supplemental unemployment benefits or severance.

Section 1.02. Interpretation. Section 10.15 (Interpretation) of the Separation Agreement is hereby incorporated by reference.

ARTICLE II
GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 2.01. General Principles. All provisions herein shall be subject to the requirements of all applicable Law and any collective bargaining, works council or similar agreement or arrangement with any labor union, works council or other labor representative (each, a "Labor Agreement"). Notwithstanding anything in this Agreement to the contrary, if the terms of a Labor Agreement or applicable Law require that any Assets or Liabilities be retained or assumed by, or transferred to, a Party in a manner that is different than what is set forth in this Agreement, such retention, assumption or transfer shall be made in accordance with the terms of such Labor Agreement and applicable Law and shall not be made as otherwise set forth in this Agreement; provided that, in such case, the Parties shall take all necessary action to preserve the economic terms of the allocation of Assets and Liabilities contemplated by this Agreement. The provisions of this Agreement shall apply in respect of all jurisdictions.

(a) *Acceptance and Assumption of Carrier Liabilities*. Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Carrier Distribution, Carrier and the applicable Carrier Designees shall accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a Carrier Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any such Liabilities arising out of claims made by UTC's, Carrier's or Otis's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Carrier Group or the Otis Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Carrier Group or the Otis Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Carrier Group Employees and Former Carrier Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under a Carrier Benefit Plan, taking into account the Carrier Benefit Plan's assumption of Liabilities with respect to Carrier Group Employees and Former Carrier Group Employees, that were originally the Liabilities of the corresponding UTC Benefit Plan with respect to periods prior to the Effective Time;

(iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination of employment of all Carrier Group Employees and Former Carrier Group Employees; and

(iv) any and all Liabilities expressly assumed or retained by any member of the Carrier Group pursuant to this Agreement.

(b) *Acceptance and Assumption of Otis Liabilities*. Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Otis Distribution, Otis and the applicable Otis Designees shall accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered an Otis Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any such Liabilities arising out of claims made by UTC's, Carrier's or Otis's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Carrier Group or the Otis Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Carrier Group or the Otis Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Otis Group Employees and Former Otis Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under an Otis Benefit Plan, taking into account the Otis Benefit Plan's assumption of Liabilities with respect to Otis Group Employees and Former Otis Group Employees, that were originally the Liabilities of the corresponding UTC Benefit Plan with respect to periods prior to the Effective Time;

(iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination of employment of all Otis Group Employees and Former Otis Group Employees; and

(iv) any and all Liabilities expressly assumed or retained by any member of the Otis Group pursuant to this Agreement.

(c) *Acceptance and Assumption of UTC Liabilities*. Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Distribution, UTC and certain members of the UTC Group designated by UTC shall accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a UTC Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are

based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any such Liabilities arising out of claims made by UTC's, Carrier's or Otis's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Carrier Group or the Otis Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Carrier Group or the Otis Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any UTC Group Employees and Former UTC Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under a UTC Benefit Plan, taking into account a corresponding assumption of Liabilities by the Carrier Benefit Plans and Otis Benefit Plans with respect to Carrier Group Employees, Otis Group Employees, Former Carrier Group Employees and Former Otis Group Employees, respectively, that were originally the Liabilities of such UTC Benefit Plan with respect to periods prior to the Effective Time;

(iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination of employment of all UTC Group Employees and Former UTC Group Employees; and

(iv) any and all Liabilities expressly assumed or retained by any member of the UTC Group pursuant to this Agreement.

(d) *Unaddressed Liabilities.* To the extent that this Agreement does not address particular Liabilities under any Benefit Plan and the Parties later determine that they should be allocated in connection with the Distributions, the Parties shall agree in good faith on the allocation, taking into account the handling of comparable Liabilities under this Agreement.

Section 2.02. Service Credit.

(a) As of the Effective Time, the Carrier Benefit Plans shall, and Carrier shall cause each member of the Carrier Group to, recognize each Carrier Group Employee's and each Former Carrier Group Employee's full service with UTC or any of its Subsidiaries or predecessor entities at or before the Effective Time, to the same extent that such service was recognized by UTC for similar purposes prior to the Effective Time as if such full service had been performed for a member of the Carrier Group, for purposes of eligibility, vesting and determination of level of benefits under any Carrier Benefit Plans.

In addition, for any Employee who commences employment after the Effective Time with a member of the Carrier Group, each Carrier Benefit Plan intended to be qualified under

Section 401(a) of the Code shall recognize for each such Employee service during the two (2)-year period immediately following the Effective Time with any member of the Otis Group or the UTC Group for purposes of vesting and participation (to the extent such employee is otherwise eligible under such plan and commences employment with a member of the Carrier Group during such two (2)-year period) but not for purposes of benefit accrual under any Carrier Benefit Plan.

(b) As of the Effective Time, the Otis Benefit Plans shall, and Otis shall cause each member of the Otis Group to, recognize each Otis Group Employee's and each Former Otis Group Employee's full service with UTC or any of its Subsidiaries or predecessor entities at or before the Effective Time, to the same extent that such service was recognized by UTC for similar purposes prior to the Effective Time as if such full service had been performed for a member of the Otis Group, for purposes of eligibility, vesting and determination of level of benefits under any such Otis Benefit Plan.

In addition, for any Employee who commences employment after the Effective Time with a member of the Otis Group, each Otis Benefit Plan intended to be qualified under Section 401(a) of the Code shall recognize for each such Employee service during the two (2)-year period immediately following the Effective Time with any member of the Carrier Group or the UTC Group for purposes of vesting and participation (to the extent such employee is otherwise eligible under such plan and commences employment with a member of the Otis Group during such two (2)-year period) but not for purposes of benefit accrual under any Otis Benefit Plan.

(c) For any Employee who commences employment after the Effective Time with a member of the UTC Group, each UTC Benefit Plan intended to be qualified under Section 401(a) of the Code shall recognize for each such Employee service during the two (2)-year period immediately following the Effective Time with any member of the Carrier Group or the Otis Group for purposes of vesting and participation (to the extent such employee is otherwise eligible under such plan and commences employment with a member of the UTC Group during such two (2)-year period) but not for purposes of benefit accrual under any UTC Benefit Plan.

Section 2.03. Adoption and Transfer and Assumption of Benefit Plans.

(a) *Adoption by Carrier of Benefit Plans.* As of no later than the Effective Time, Carrier shall adopt Benefit Plans (and related trusts, if applicable) as contemplated and in accordance with the terms of this Agreement.

(b) *Adoption by Otis of Benefit Plans.* As of no later than the Effective Time, Otis shall adopt Benefit Plans (and related trusts, if applicable) as contemplated and in accordance with the terms of this Agreement.

(c) *Retention by Carrier of Carrier Plans*. From and after the Effective Time, Carrier shall retain all of the Carrier Benefits Plans, including all related Liabilities and Assets, and any related trusts and other funding vehicles and insurance contracts of any of such plans other than as specifically provided in this Agreement; provided, however, that Carrier may make such changes, modifications or amendments to such Carrier Benefit Plans as may be required by applicable Law or to reflect the Separation Agreement, including limiting participation in any such Carrier Benefit Plan to Carrier Group Employees and Former Carrier Group Employees who

participated in the corresponding UTC Benefit Plan immediately prior to the Effective Time. Nothing in this Agreement shall preclude Carrier, at any time after the Effective Time, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any Carrier Benefit Plan, any benefit under any Carrier Benefit Plan or any trust, insurance policy or funding vehicle related to any Carrier Benefit Plan, or any employment or other service arrangement with Carrier Group Employees, independent contractors or vendors (to the extent permitted by Law).

(d) *Retention by Otis of Otis Plans*. From and after the Effective Time, Otis shall retain all of the Otis Benefits Plans, including all related Liabilities and Assets, and any related trusts and other funding vehicles and insurance contracts of any of such plans other than as specifically provided in this Agreement; provided, however, that Otis may make such changes, modifications or amendments to such Otis Benefit Plans as may be required by applicable Law or to reflect the Separation Agreement, including limiting participation in any such Otis Benefit Plan to Otis Group Employees and Former Otis Group Employees who participated in the corresponding UTC Benefit Plan immediately prior to the Effective Time. Nothing in this Agreement shall preclude Otis, at any time after the Effective Time, from amending, merging, modifying, terminating, eliminating, reducing or otherwise altering in any respect any Otis Benefit Plan, any benefit under any Otis Benefit Plan or any trust, insurance policy or funding vehicle related to any Otis Benefit Plan, or any employment or other service arrangement with Otis Group Employees, independent contractors or vendors (to the extent permitted by Law).

(e) *Plans Not Required to Be Adopted*. With respect to any Benefit Plan not addressed in this Agreement, the Parties shall agree in good faith on the treatment of such plan taking into account the handling of any comparable plan under this Agreement and, notwithstanding that neither Carrier nor Otis shall have an obligation to continue to maintain any such plan with respect to the provision of future benefits from and after the Effective Time, Carrier shall remain obligated to pay or provide any previously accrued or incurred benefits to the Carrier Group Employees and Former Carrier Group Employees consistent with Section 2.01(a) of this Agreement and Otis shall remain obligated to pay or provide any previously accrued or incurred benefits to the Otis Group Employees and Former Otis Group Employees consistent with Section 2.01(b) of this Agreement.

(f) *Information and Operation*. Each Party shall use its commercially reasonable efforts to provide the other Party with information describing each Benefit Plan election made by an Employee or Former Employee that may have application to such Party's Benefit Plans from and after the Effective Time, and each Party shall use its commercially reasonable efforts to administer its Benefit Plans using those elections. Each Party shall, upon reasonable request, use its commercially reasonable efforts to provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's operation or administration of its Benefit Plans.

(g) *No Duplication or Acceleration of Benefits.* Notwithstanding anything to the contrary in this Agreement, the Separation Agreement or any Ancillary Agreement, no participant in any Benefit Plan shall receive service credit or benefits to the extent that receipt of such service credit or benefits would result in duplication of benefits provided to such participant by the corresponding Benefit Plan or any other plan, program or arrangement sponsored or

maintained by a member of the Group that sponsors the corresponding Benefit Plan. Furthermore, unless expressly provided for in this Agreement, the Separation Agreement, or any Ancillary Agreement, or required by applicable Law, no provision in this Agreement shall be construed to create any right to accelerate vesting, distributions, or entitlements under any Benefit Plan sponsored or maintained by a member of the Carrier Group, a member of the Otis Group or a member of the UTC Group on the part of any Employee or Former Employee.

(h) *Beneficiaries; Dependents*. References in this Agreement to Carrier Group Employees, Former Carrier Group Employees, Otis Group Employees, Former Otis Group Employees, UTC Group Employees, Former UTC Group Employees, Carrier Transferred Directors, Otis Transferred Directors, and UTC Non-Employee Directors shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable.

ARTICLE III
ASSIGNMENT OF EMPLOYEES

Section 3.01. Active Employees.

(a) *Assignment and Transfer of Employees.* Effective as of no later than the Effective Time and except as otherwise agreed by the Parties, (i) UTC shall have taken, or caused the applicable member of the UTC Group to take, such actions as are necessary to ensure that each individual who is intended to be an employee of the Carrier Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the UTC Human Resources department or otherwise taken in accordance with applicable Law) (collectively, the "Carrier Group Employees") is employed by a member of the Carrier Group as of immediately after the Effective Time, (ii) UTC shall have taken, or caused the applicable member of the UTC Group to take, such actions as are necessary to ensure that each individual who is intended to be an employee of the Otis Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or an approved leave of absence or otherwise taken in accordance with applicable Law) (collectively, the "Otis Group Employees") is employed by a member of the Otis Group as of immediately after the Effective Time, and (iii) UTC shall have taken, or caused the applicable member of the UTC Group to take, such actions as are necessary to ensure that (A) each individual who is intended to be an employee of the UTC Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the UTC Human Resources department or otherwise taken in accordance with applicable Law) and (B) any other individual employed by the UTC Group as of the Effective Time who is not a Carrier Group Employee or Otis Group Employee (collectively, the "UTC Group Employees") is employed by a member of the UTC Group as of immediately after the Effective Time. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(b) *At-Will Status.* Nothing in this Agreement shall create any obligation on the part of any member of the Carrier Group, any member of the Otis Group or any member of the UTC Group to (i) continue the employment of any Employee or permit the return from a leave of

absence for any period after the date of this Agreement (except as required by applicable Law) or (ii) change the employment status of any Employee from "at-will," to the extent that such Employee is an "at-will" employee under applicable Law.

(c) *Severance.* The Parties acknowledge and agree that the Separation, the Distributions and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 3.01 shall not be deemed an involuntary termination of employment entitling any Employee to severance payments or severance benefits.

(d) *Not a Change in Control.* The Parties acknowledge and agree that neither the consummation of the Separation, the Distributions nor any transaction contemplated by this Agreement, the Separation Agreement or any other Ancillary Agreement shall be deemed a "change in control," "change of control" or term of similar import for purposes of any Benefit Plan sponsored or maintained by any member of the UTC Group, the Carrier Group or the Otis Group.

(e) *Payroll and Related Taxes.* Carrier shall (i) be responsible for all payroll obligations, Tax withholding and reporting obligations, and associated government audit assessments; and (ii) furnish a Form W-2 or similar earnings statement, in each case, for all Employees employed by a member of the Carrier Group with respect to the period during which they were employed by a member of the Carrier Group before the Distribution Date and for all Carrier Group Employees following the Distribution Date. Otis shall (A) be responsible for all payroll obligations, Tax withholding and reporting obligations, and associated government audit assessments; and (B) furnish a Form W-2 or similar earnings statement, in each case, for all Employees employed by a member of the Otis Group with respect to the period during which they were employed by a member of the Otis Group before Distribution Date and for all Otis Group Employees following the Distribution Date. UTC shall (i) be responsible for all payroll obligations, Tax withholding and reporting obligations, and associated government audit assessments; and (ii) furnish a Form W-2 or similar earnings statement, in each case, for all Employees employed by a member of the UTC Group with respect to the period during which they were employed by a member of the UTC Group before Distribution Date and for all UTC Group Employees following the Distribution Date.

Section 3.02. Individual Agreements. Effective as of no later than the Distribution Date, Carrier, Otis and UTC, as applicable, shall assign, or cause an applicable member of the respective UTC Group, Carrier Group or Otis Group to assign (i) the Carrier Individual Agreements to a member of the Carrier Group and Carrier shall agree or cause an applicable member of the Carrier Group to agree to accept and be bound by the provisions of the Carrier Individual Agreements, (ii) the Otis Individual Agreements to a member of the Otis Group and Otis shall agree or cause an applicable member of the Otis Group to agree to accept and be bound by the provisions of the Otis Individual Agreements, and (iii) the UTC Individual Agreements to a member of the UTC Group and UTC shall agree or cause an applicable member of the UTC Group to accept and be bound by the provisions of the UTC Individual Agreements; provided, however, that to the extent that assignment of any such agreement is not permitted by the terms of such agreement or by applicable Law, effective as of the Distribution Date, each member of the Carrier Group (in the case of each Carrier Individual Agreement), Otis Group (in the case of each Otis Individual Agreement) or the UTC Group (in the case of each UTC Individual Agreement) shall be considered to be a successor to each member of the Carrier Group, Otis Group or UTC

Group, as applicable, for purposes of, and a third-party beneficiary with respect to, such agreement, such that each member of the Carrier Group, Otis Group or UTC Group, as applicable, shall enjoy all of the rights and benefits under such agreement (including rights and benefits as a third-party beneficiary) as well as assume the potential associated liabilities, with respect to the business operations of the Carrier Group, Otis Group or UTC Group, as applicable; provided, further, that in no event shall any Party be permitted to enforce (A) any Carrier Individual Agreement (including any agreement containing non-competition or non-solicitation covenants) against a Carrier Group Employee for action taken in such individual's capacity as a Carrier Group Employee other than on behalf of the Carrier Group as requested by the Carrier Group in its capacity as a third-party beneficiary, (B) any Otis Individual Agreement (including any agreement containing non-competition or non-solicitation covenants) against an Otis Group Employee for action taken in such individual's capacity as an Otis Group Employee other than on behalf of the Otis Group as requested by the Otis Group in its capacity as a third-party beneficiary and (C) any UTC Individual Agreement (including any agreement containing non-competition or non-solicitation covenants) against a UTC Employee for action taken in such individual's capacity as a UTC Group Employee other than on behalf of the UTC Group as requested by the UTC Group in its capacity as a third-party beneficiary; provided, further, that with respect to any Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee who was employed by a member of the UTC Group within twelve (12) months prior to the Effective Time, UTC shall retain the right to enforce, and shall be a third-party beneficiary with respect to, any non-competition covenant as applied to the business of the UTC Group contained in any Carrier Individual Agreement or Otis Individual Agreement against such Carrier Group Employee or Otis Group Employee for a period of twelve (12) months after the Effective Time.

Section 3.03. Consultation with Labor Representatives; Labor Agreements. The Parties shall cooperate to notify, inform and/or consult with any labor union, works council or other labor representative regarding the Separation and Distributions to the extent required by Law or a Labor Agreement. No later than as of immediately before the Effective Time, Carrier shall have taken, or caused another member of the Carrier Group to take, all actions that are necessary (if any) for Carrier or another member of the Carrier Group to (a) assume any Labor Agreements in effect with respect to Carrier Group Employees and Former Carrier Group Employees (excluding obligations thereunder with respect to any Otis Group Employees, Former Otis Group Employees, UTC Group Employees or Former UTC Group Employees, to the extent applicable) and (b) unless otherwise provided in this Agreement, assume and honor any obligations of the UTC Group or Otis Group under any Labor Agreements as such obligations relate to Carrier Group Employees and Former Carrier Group Employees. No later than as of immediately before the Effective Time, Otis shall have taken, or caused another member of the Otis Group to take, all actions that are necessary (if any) for Otis or another member of the Otis Group to (a) assume any Labor Agreements in effect with respect to Otis Group Employees and Former Otis Group Employees (excluding obligations thereunder with respect to any Carrier Group Employees, Former Carrier Group Employees, UTC Group Employees or Former UTC Group Employees, to the extent applicable) and (b) unless otherwise provided in this Agreement, assume and honor any obligations of the UTC Group or Carrier Group under any Labor Agreements as such obligations relate to Otis Group Employees and Former Otis Group Employees. No later than as of immediately before the Effective Time, UTC shall have taken, or caused another member of the UTC Group to take, all actions that are necessary (if any) for UTC or another member of the UTC

Group to (a) assume any Labor Agreements in effect with respect to UTC Employees and Former UTC Employees (excluding obligations thereunder with respect to any Carrier Group Employees, Former Carrier Group Employees, Otis Group Employees or Former Otis Group Employees, to the extent applicable) and (b) assume and honor any obligations of the Carrier Group or Otis Group under any Labor Agreements as such obligations relate to UTC Group Employees and Former UTC Group Employees.

Section 3.04. Non-Solicitation.

(a) *Non-Solicitation*. Each Party agrees that, for a period of eighteen (18) months from the Effective Time, such Party shall, and shall cause each member in its Group, to not solicit for employment any individual who is an employee of a member of the other Groups at the level of P6/M6, P7/M7, E1, E2, E3, E4, or E5 as of immediately prior to the Effective Time ("Restricted Employees"); provided that the foregoing restrictions shall not apply to: (i) any Restricted Employee who responds to general solicitations not targeted at the Restricted Employees, (ii) any Restricted Employee who terminates employment at least six (6) months prior to the applicable solicitation, (iii) the solicitation of a Restricted Employee whose employment was involuntarily terminated by the employing Party in a severance qualifying termination before the employment discussions with the soliciting Party commenced, and (iv) any Restricted Employee whose prospective employment is agreed to in writing by the soliciting Party and the employing Party, or in the case of a Restricted Employee who is not currently employed, the Party who last employed Restricted Employee.

(b) *Remedies; Enforcement*. Each Party acknowledges and agrees that (i) injury to the employing Party from any breach by another Party of the obligations set forth in this Section 3.04 would be irreparable and impossible to measure and (ii) the remedies at Law for any breach or threatened breach of this Section 3.04, including monetary damages, would therefore be inadequate compensation for any loss and the employing Party shall have the right to specific performance and injunctive or other equitable relief in accordance with this Section 3.04, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. Each Party understands and acknowledges that the restrictive covenants and other agreements contained in this Section 3.04 are an essential part of this Agreement and the transactions contemplated hereby. It is the intent of the Parties that the provisions of this Section 3.04 shall be enforced to the fullest extent permissible under applicable Law applied in each jurisdiction in which enforcement is sought. If any particular provision or portion of this Section 3.04 shall be adjudicated to be invalid or unenforceable, such provision or portion thereof shall be deemed amended to the minimum extent necessary to render such provision or portion valid and enforceable, such amendment to apply only with respect to the operation of such provision or portion thereof in the particular jurisdiction in which such adjudication is made.

ARTICLE IV
EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION

Section 4.01. General Rules and Adoption of Equity Plans.

(a) *Treatment of Equity Awards*. Each UTC Award that is outstanding as of immediately prior to the Effective Time shall be treated as described below in this Article IV;

provided, however, that, prior to the Effective Time, the UTC Compensation Committee (i) may provide for different treatment with respect to some or all of the UTC Awards held by Employees located outside of the United States to the extent that the UTC Compensation Committee deems such treatment necessary or appropriate, including to avoid adverse tax consequences to such Employees, and (ii) shall, if the Carrier Distribution and the Otis Distribution do not occur on the same day, appropriately modify the adjustment methodology described below in a manner that is intended to achieve the same adjustment results taking into account the timing of the Carrier Distribution and the Otis Distribution. Any such adjustments made by the UTC Compensation Committee pursuant to the foregoing sentence shall be deemed incorporated by reference herein as if fully set forth below and shall be binding on the Parties and their respective Affiliates. Effective as of no later than immediately prior to the Effective Time, Carrier shall establish the Carrier LTIP and Carrier DSU Plan and Otis shall establish the Otis LTIP and the Otis DSU Plan, which plans shall have substantially the same terms as those of the UTC LTIP and the UTC DSU Plan, respectively, as of immediately prior to the Effective Time. Carrier may make such changes, modifications or amendments to the Carrier LTIP and the Carrier DSU Plan and Otis may make such changes, modifications or amendments to the Otis LTIP and the Otis DSU Plan, in each case, as may be required by applicable Law or as are necessary and appropriate to reflect the Separation or to permit the implementation of the provisions of Article IV or Section 6.02.

(b) *Assumption of DSU Plan Liabilities*. As of the Effective Time, Carrier shall, and shall cause the Carrier DSU Plan, and Otis shall, and shall cause the Otis DSU Plan, to assume all Liabilities under the UTC DSU Plan for the benefits of Carrier Transferred Directors and Otis Transferred Directors who are not otherwise UTC Non-Employee Directors, respectively, determined as of immediately prior to the Effective Time, and the UTC Group and the UTC DSU Plan shall be relieved of all Liabilities for those benefits. UTC shall, or shall cause a member of the UTC Group to, assume and retain all Liabilities under the UTC DSU Plan for the benefits of UTC Non-Employee Directors but not with respect to the benefits of any director who ceases as of the Effective Time to be a director of UTC and becomes a Carrier Transferred Director or Otis Transferred Director. On and after the Effective Time, Carrier Transferred Directors and Otis Transferred Directors who are not otherwise UTC Non-Employee Directors shall cease to be participants in the UTC DSU Plan.

Section 4.02. Equity Incentive Awards.

(a) *Vested Option Awards*. Each UTC Option Award that is outstanding and vested as of immediately prior to the Effective Time shall be converted, as of the Effective Time, into a Post-Separation UTC Option Award, a Carrier Option Award and an Otis Option Award and shall, except as otherwise provided in this Section 4.02(a), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC Option Award immediately prior to the Effective Time; provided, however, that from and after the Effective Time:

(i) the number of UTC Shares subject to such Post-Separation UTC Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (B) the UTC Value Factor;

(ii) the number of Carrier Shares subject to such Carrier Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (B) the Carrier Value Factor;

(iii) the number of Otis Shares subject to such Otis Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (B) the Otis Value Factor;

(iv) the per share exercise price of such Post-Separation UTC Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (B) the UTC Adjustment Ratio;

(v) the per share exercise price of such Carrier Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio; and

(vi) the per share exercise price of such Otis Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

Following the Effective Time, (A) the exercise period for a Post-Separation UTC Option held by an Carrier Group Employee or Otis Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer, (B) the exercise period for an Carrier Option held by a UTC Group Employee or Otis Group Employee, shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer and (C) the exercise period for a Carrier Option held by an Otis Group Employee or UTC Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer.

Notwithstanding anything to the contrary in this Section 4.02(a), the exercise price of, and the number of UTC Shares, Carrier Shares, and Otis Shares subject to, each Post-Separation UTC Option Award, Carrier Option Award, and Otis Option Award, respectively, and the terms and conditions of exercise of such options shall be determined in a manner consistent with the requirements of Section 409A of the Code, as applicable.

(b) *Unvested Option Awards*. Each UTC Option Award that is outstanding and unvested as of immediately prior to the Effective Time (including any UTC Option Award that vests on or after the Distribution Date) shall be treated as follows:

(i) if the holder of such award is a UTC Group Employee, such award shall be converted, as of the Effective Time, into a Post-Separation UTC Option Award and shall, except as otherwise provided in this Section 4.02(b), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC Option Award prior to the Effective Time;

provided, however, that (A) the number of UTC Shares underlying such Post-Separation UTC Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (2) the UTC Adjustment Ratio, and (B) the per share exercise price of such Post-Separation UTC Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (2) the UTC Adjustment Ratio;

(ii) if the holder of such award is a Carrier Group Employee, such award shall be converted, as of the Effective Time, into a Carrier Option Award and shall, except as otherwise provided in this Section 4.02(b), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC Option Award prior to the Effective Time; provided, however, that (A) the number of Carrier Shares underlying such Carrier Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (2) the Carrier Adjustment Ratio, and (B) the per share exercise price of such Carrier Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (2) the Carrier Adjustment Ratio; and

(iii) if the holder of such award is an Otis Group Employee, such award shall be converted, as of the Effective Time, into an Otis Option Award and shall, except as otherwise provided in this Section 4.02(b), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC Option Award prior to the Effective Time; provided, however, that (A) the number of Otis Shares underlying such Otis Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (2) the Otis Adjustment Ratio, and (B) the per share exercise price of such Otis Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (2) the Otis Adjustment Ratio.

Notwithstanding anything to the contrary in this Section 4.02(b), the exercise price of, and the number of UTC Shares, Carrier Shares, and Otis Shares subject to, each Post-Separation UTC Option Award, Carrier Option Award, and Otis Option Award, respectively, and the terms and conditions of exercise of such options shall be determined in a manner consistent with the requirements of Section 409A of the Code, as applicable.

(c) *Vested SAR Awards*. Each UTC SAR Award that is outstanding and vested as of immediately prior to the Effective Time shall be converted, as of the Effective Time, into a Post-Separation UTC SAR Award, a Carrier SAR Award and an Otis SAR Award and shall, except as otherwise provided in this Section 4.02(c), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC SAR Award immediately prior to the Effective Time; provided, however, that from and after the Effective Time:

(i) the number of UTC Shares subject to such Post-Separation UTC SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the UTC Value Factor;

(ii) the number of Carrier Shares subject to such Carrier SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the Carrier Value Factor;

(iii) the number of Otis Shares subject to such Otis SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the Otis Value Factor;

(iv) the per share exercise price of such Post-Separation UTC SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the UTC Adjustment Ratio;

(v) the per share exercise price of such Carrier SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio; and

(vi) the per share exercise price of such Otis SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

Following the Effective Time, (A) the exercise period for a Post-Separation UTC SAR held by an Otis Group Employee, or Carrier Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer, (B) the exercise period for an Otis SAR held by a UTC Group Employee, or Carrier Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer, and (C) the exercise period for a Carrier SAR held by an Otis Group Employee, or UTC Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer.

Notwithstanding anything to the contrary in this Section 4.02(c), the exercise price of, and the number of UTC Shares, Carrier Shares, and Otis Shares subject to, each Post-Separation UTC SAR Award, Carrier SAR Award, and Otis SAR Award, respectively, and the terms and conditions of exercise of such SARs shall be determined in a manner consistent with the requirements of Section 409A of the Code, as applicable.

(d) *Unvested SAR Awards*. Each UTC SAR Award that is outstanding and unvested as of immediately prior to the Effective Time (including any UTC SAR Award that vests on or after the Distribution Date) shall be treated as follows:

(i) if the holder of such award is a UTC Group Employee, such award shall be converted, as of the Effective Time, into a Post-Separation UTC SAR Award and shall, except as otherwise provided in this Section 4.02(d), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC SAR Award prior to the Effective Time; provided, however, that (A) the number of UTC Shares underlying such Post-Separation UTC SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the UTC Adjustment Ratio, and (B) the per share exercise price of such Post-Separation UTC SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the UTC Adjustment Ratio;

(ii) if the holder of such award is a Carrier Group Employee, such award shall be converted, as of the Effective Time, into a Carrier SAR Award and shall, except as otherwise provided in this Section 4.02(d), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC SAR Award prior to the Effective Time; provided, however, that (A) the number of Carrier Shares underlying such Carrier SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the Carrier Adjustment Ratio, and (B) the per share exercise price of such Carrier SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the Carrier Adjustment Ratio; and

(iii) if the holder of such award is an Otis Group Employee, such award shall be converted, as of the Effective Time, into an Otis SAR Award and shall, except as otherwise provided in this Section 4.02(d), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC SAR Award prior to the Effective Time; provided, however, that (A) the number of Otis Shares underlying such Otis SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the Otis Adjustment Ratio, and (B) the per share exercise price of such Otis SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the Otis Adjustment Ratio.

Notwithstanding anything to the contrary in this Section 4.02(d), the exercise price of, and the number of UTC Shares, Carrier Shares, and Otis Shares subject to, each Post-Separation UTC SAR Award, Carrier SAR Award, and Otis SAR Award, respectively, and the terms and conditions of exercise of such SARs shall be determined in a manner consistent with the requirements of Section 409A of the Code, as applicable.

(e) *RSU Awards*. Each UTC RSU Award that is outstanding and unvested as of immediately prior to the Effective Time (including any UTC RSU Awards that vest on or after the Distribution Date) shall be treated as follows:

(i) if the holder of such award is a UTC Group Employee or a Former UTC Group Employee, such award shall be converted, as of the Effective Time, into a Post-Separation UTC RSU Award and shall, except as otherwise provided in this Section 4.02(e), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC RSU Award prior to the Effective Time; provided, however, that the number of UTC Shares underlying such Post-Separation UTC RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC RSU Award immediately prior to the Effective Time by (B) the UTC Adjustment Ratio;

(ii) if the holder of such award is a Carrier Group Employee or a Former Carrier Group Employee, such award shall be converted, as of the Effective Time, into a Carrier RSU Award and shall, except as otherwise provided in this Section 4.02(e), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC RSU Award prior to the Effective Time; provided, however, that the number of Carrier Shares underlying such Carrier RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC RSU Award immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio; and

(iii) if the holder of such award is an Otis Group Employee or a Former Otis Group Employee, such award shall be converted, as of the Effective Time, into an Otis RSU Award and shall, except as otherwise provided in this Section 4.02(e), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC RSU Award prior to the Effective Time; provided, however, that the number of Otis Shares underlying such Otis RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC RSU Award immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

(f) *PSU Awards*. Each UTC PSU Award that is outstanding and deferred under the PSU Deferral Plan as of immediately prior to the Effective Time shall be treated as described in Section 6.02. Each other UTC PSU Award that is outstanding as of immediately prior to the Effective Time shall be treated as follows:

(i) if the holder of such award is a UTC Group Employee or a Former UTC Group Employee, such award shall be converted, as of the Effective Time, into a Post-Separation UTC PSU Award and shall, except as otherwise provided in this Section 4.02(f), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC PSU Award prior to the Effective Time; provided, however, that (A) prior to the Effective Time, the UTC Compensation Committee shall determine the number of UTC Shares earned under such award based on its determination as to the level of achievement of performance objectives and (B) as of the Effective Time, the number of UTC Shares underlying such UTC PSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC PSU Award immediately prior to the Effective Time (as determined by the UTC Compensation Committee pursuant to clause (A) hereof) and (2) the UTC Adjustment Ratio;

(ii) if the holder of such award is a Carrier Group Employee or a Former Carrier Group Employee, such award shall be converted, as of the Effective Time, into a Carrier PSU Award and shall, except as otherwise provided in this Section 4.02(f), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC PSU Award prior to the Effective Time; provided, however, that (A) if the performance goals applicable to such UTC PSU Award relate to the performance of UTC, prior to the Effective Time, the UTC Compensation Committee shall determine the number UTC Shares earned under such award based on its determination as to the level of achievement of performance objectives and (B) the number of Carrier Shares underlying such Carrier PSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC PSU Award immediately prior to the Effective Time (as determined by the UTC Compensation Committee pursuant to clause (A) hereof, if applicable) by (2) the Carrier Adjustment Ratio; and

(iii) if the holder of such award is an Otis Group Employee or a Former Otis Group Employee, such award shall be converted, as of the Effective Time, into an Otis PSU Award and shall, except as otherwise provided in this Section 4.02(f), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC PSU Award prior to the Effective Time; provided, however, that (A) if the performance goals applicable to such UTC PSU Award relate to the performance of UTC, prior to the Effective Time, the UTC Compensation Committee shall determine the number UTC Shares earned under such award based on its determination as to the level of achievement of performance objectives and (B) the number of Otis Shares underlying such Otis PSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC PSU Award immediately prior to the Effective Time (as determined by the UTC Compensation Committee pursuant to clause (A) hereof, if applicable) by (2) the Otis Adjustment Ratio.

Following the Effective Time, the Post-Separation UTC PSU Awards, the Carrier PSU Awards for which the applicable performance goals related to UTC performance prior to the Effective Time, and the Otis PSU Awards for which the applicable performance goals related to UTC performance prior to the Effective Time, shall be time-vesting awards for the number of shares determined under Section 4.02(f)(i), Section 4.02(f)(ii), or Section 4.02(f)(iii), as applicable, that vest based on the otherwise applicable vesting schedule without regard to the achievement of the performance objectives at the end of the otherwise applicable performance measurement period.

(g) *DSU Awards.*

(i) *Vested DSU Awards (Basket).* Each UTC DSU Award that is outstanding and vested as of immediately prior to the Effective Time shall be converted, as of the Effective Time, into a Post-Separation UTC DSU Award, a Carrier DSU Award and an Otis DSU Award and each award shall, except as otherwise provided in this Section 4.02(g), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC DSU Award prior to the Effective Time; provided, however, that from and after the Effective Time (i) the number of UTC Shares subject to the Post-Separation UTC DSU Award shall be equal to the number of UTC Shares subject to the corresponding UTC DSU Award immediately prior to the

Effective Time, (ii) the number of Carrier Shares subject to the Carrier DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the UTC DSU Award immediately prior to the Effective Time by (B) the Carrier Distribution Ratio, and (iii) the number of Otis Shares subject to the Otis DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the UTC DSU Award immediately prior to the Effective Time by (B) the Otis Distribution Ratio.

(ii) *Unvested DSU Awards (Concentrated)*. Each UTC DSU Award that is outstanding and unvested as of immediately prior to the Effective Time shall be treated as follows:

(A) if the holder of such award is a UTC Non-Employee Director who will continue to serve on the UTC Board immediately following the Effective Time (regardless of whether such individual is an Otis Transferred Director or Carrier Transferred Director immediately following the Effective Time) or is a former UTC Non-Employee Director who immediately following the Effective Time does not become an Otis Transferred Director or Carrier Transferred Director, such award shall be converted, as of the Effective Time, into a Post-Separation UTC DSU Award and shall, except as otherwise provided in this Section 4.02(g), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC DSU Award prior to the Effective Time; provided, however, that the number of UTC Shares underlying such Post-Separation UTC DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC DSU Award immediately prior to the Effective Time by (B) the UTC Adjustment Ratio;

(B) if the holder of such award is a UTC Non-Employee Director who will become a Carrier Transferred Director (and not continue as a UTC Non-Employee Director) immediately following the Effective Time, such award shall be converted, as of the Effective Time, into a Carrier DSU Award and shall, except as otherwise provided in this Section 4.02(g), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC DSU Award prior to the Effective Time; provided, however, that the number of Carrier Shares underlying such Carrier DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC DSU Award immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio; and

(C) if the holder of such award is a UTC Non-Employee Director who will become an Otis Transferred Director (and not continue as a UTC Non-Employee Director) immediately following the Effective Time, such award shall be converted, as of the Effective Time, into an Otis DSU Award and shall, except as otherwise provided in this Section 4.02(g), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC DSU Award prior to the Effective Time; provided, however, that the number of Otis Shares underlying such Otis DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC DSU Award immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

Following the Effective Time, (1) the UTC DSU Plan shall provide that each UTC Non-Employee Director who continues to serve on the UTC Board immediately following the Effective Time (regardless of whether such individual is also an Otis Transferred Director or a Carrier Transferred Director) and each former UTC Non-Employee Director who does not become an Otis Transferred Director or Carrier Transferred Director immediately following the Effective Time shall remain a participant in the UTC DSU Plan with respect to such individual's UTC Post-Separation DSU Awards, Carrier DSU Awards and Otis DSU Awards; provided that, upon settlement of the Carrier DSU Awards and Otis DSU Awards, such awards shall be paid in cash by UTC, (2) the Carrier DSU Plan shall provide that each UTC Non-Employee Director who will become a Carrier Transferred Director (and not also a UTC Non-Employee Director) immediately following the Effective Time shall become a participant in the Carrier DSU Plan with respect to such individual's UTC Post-Separation DSU Awards, Carrier DSU Awards and Otis DSU Awards; provided that, upon settlement of the Post-Separation UTC DSU Awards and Otis DSU Awards, such awards shall be paid in cash by Carrier, and (3) the Otis DSU Plan shall provide that each UTC Non-Employee Director who will become an Otis Transferred Director (and not also a UTC Non-Employee Director) immediately following the Effective Time shall become a participant in the Otis DSU Plan with respect to such individual's UTC Post-Separation DSU Awards, Carrier DSU Awards and Otis DSU Awards; provided that, upon settlement of the Post-Separation UTC DSU Awards and Carrier DSU Awards, such awards shall be paid in cash by Otis.

(iii) *Separation of Service.* For the avoidance of doubt, the adjustments made to UTC DSU Awards, including the adjustment of such awards into Carrier DSU Awards or Otis DSU Awards shall not result in a separation of service entitling a participant under the UTC DSU Plan, Carrier DSU Plan or Otis DSU Plan to a distribution.

(h) *Miscellaneous Award Terms*. None of the Separation, the Distributions or any employment transfer described in Section 3.01(a) shall constitute a termination of employment for any Employee or non-employee director for purposes of any Post-Separation UTC Award, Carrier Award, or any Otis Award. Further, a non-employee director transfer, as detailed in Section 4.02(g), shall not constitute a separation from service for any non-employee director for purposes of any DSU Awards.

(i) *Settlement; Tax Withholding and Reporting*.

(i) Settlement. Except as otherwise provided in Section 4.02(g), after the Effective Time, Post-Separation UTC Awards, regardless of by whom held, shall be settled by UTC; Carrier Awards, regardless of by whom held, shall be settled by Carrier; and Otis Awards, regardless of by whom held, shall be settled by Otis.

(ii) Withholding.

(A) Upon the vesting, payment or settlement, as applicable, of Carrier Awards, Carrier shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of each Carrier Group Employee or Former Carrier Group Employee and for ensuring the collection and transfer of applicable employee withholding Taxes by the Carrier stock plan administrator (1) to UTC or a member of the UTC Group designated by UTC with respect to each UTC Group Employee or Former UTC Group Employee (with UTC or

the designated member of the UTC Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to UTC Group Employees and Former UTC Group Employees to the applicable Governmental Authority) and (2) to Otis or a member of the Otis Group designated by Otis with respect to each Otis Group Employee or Former Otis Group Employee (with Otis or the designated member of the Otis Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to Otis Group Employees and Former Otis Group Employees to the applicable Governmental Authority).

(B) Upon the vesting, payment or settlement, as applicable, of Otis Awards, Otis shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of each Otis Group Employee or Former Otis Group Employee and for ensuring the collection and transfer of applicable employee withholding Taxes by the Otis stock plan administrator (1) to UTC or a member of the UTC Group designated by UTC with respect to each UTC Group Employee or Former UTC Group Employee (with UTC or the designated member of the UTC Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to UTC Group Employees and Former UTC Group Employees to the applicable Governmental Authority) and (2) to Carrier or a member of the Carrier Group designated by Carrier with respect to each Carrier Group Employee or Former Carrier Group Employee (with Carrier or the designated member of the Carrier Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to Carrier Group Employees and Former Carrier Group Employees to the applicable Governmental Authority).

(C) Upon the vesting, payment or settlement, as applicable, of Post-Separation UTC Awards, UTC shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of each UTC Group Employee or Former UTC Group Employee and for ensuring the collection and transfer of applicable employee withholding Taxes by the UTC stock plan administrator (1) to Carrier or a member of the Carrier Group designated by Carrier with respect to each Carrier Group Employee or Former Carrier Group Employee (with Carrier or the designated member of the Carrier Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to Carrier Group Employees and Former Carrier Group Employees to the applicable Governmental Authority) and (2) to Otis or a member of the Otis Group designated by Otis with respect to each Otis Group Employee or Former Otis Group Employee (with Otis or the designated member of the Otis Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to Otis Group Employees and Former Otis Group Employees to the applicable Governmental Authority).

(iii) Reporting. Following the Effective Time, (A) UTC shall be responsible for all income Tax reporting in respect of Post-Separation UTC Awards, Carrier Awards and Otis Awards held by UTC Group Employees, Former UTC Group Employees, UTC Non-Employee Directors who will continue to serve on the UTC Board immediately following the Effective Time (regardless of whether such individuals are Otis Transferred Directors or Carrier Transferred Directors immediately following the Effective Time), and each former UTC Non-Employee Director who does not become an Otis Transferred Director or Carrier Transferred Director immediately following the Effective Time, (B) Otis shall be responsible for all income

Tax reporting in respect of Post-Separation UTC Awards, Carrier Awards and Otis Awards held by Otis Group Employees, Former Otis Group Employees, and Transferred Otis Directors, and (C) Carrier shall be responsible for all income Tax reporting in respect of Post-Separation UTC Awards, Carrier Awards and Otis Awards held by Carrier Group Employees and Former Carrier Group Employees, and Transferred Carrier Directors.

(iv) Forfeitures. Following the Effective Time, if any Post-Separation UTC Award shall fail to become vested or fail to be exercised prior to the applicable expiration date, such Post-Separation UTC Award shall be forfeited to UTC, if any Carrier Award shall fail to become vested or fail to be exercised prior to the applicable expiration date, such Carrier Award shall be forfeited to Carrier and if any Otis Award shall fail to become vested or fail to be exercised prior to the applicable expiration date, such Otis Award shall be forfeited to Otis.

(j) *Cooperation.* Each of the Parties shall establish an appropriate administration system to administer, in an orderly manner, (i) exercises of Carrier Option Awards, Carrier SAR Awards, Otis Option Awards, Otis SAR Awards, Post-Separation UTC Option Awards, and Post-Separation UTC SAR Awards, in each case, that were vested immediately prior to the Effective Time, and (ii) the withholding and reporting requirements with respect to all awards. Each of the Parties shall work together to unify and consolidate all indicative data and payroll and employment information on regular timetables and make certain that each applicable Person's data and records in respect of such awards are correct and updated on a timely basis. The foregoing shall include information required for Tax withholding and remittance, compliance with trading windows, and compliance with the requirements of the Exchange Act and other applicable Laws. In order to facilitate the foregoing matters, each of the Parties shall maintain, at its own expense, UBS as its stock plan administrator (or such other party as may be agreed by Carrier, Otis and UTC) and maintain the payroll data aggregation process established by UTC in advance of the Separation, in each case, for the period commencing on the Distribution Date and ending no earlier than the earlier of (i) the seventh (7th) anniversary of the Effective Time and (ii) the date on which there no longer outstanding any Carrier Option Awards, Carrier SAR Awards, Otis Option Awards, Otis SAR Awards, Post-Separation UTC Option Awards, and Post-Separation UTC SAR Awards, in each case, that were vested immediately prior to the Effective Time. In the event that any Party, after the Effective Time, chooses to use a different payroll data aggregation process, the "new" process must be mutually agreed upon by the UTC, Otis and Carrier Payroll/Tax organizations.

(k) *Registration and Other Regulatory Requirements*. Carrier agrees to file a registration statement on Form S-8 (and, solely with respect to Carrier Awards for which the underlying Carrier Shares are not eligible for registration on Form S-8, a registration statement on Form S-3 or Form S-1) with respect to, and to cause to be registered pursuant to the Securities Act, the Carrier Shares authorized for issuance under the Carrier LTIP Plan, as required pursuant to the Securities Act, not later than the Effective Time and in any event before the date of issuance of any Carrier Shares pursuant to the Carrier LTIP Plan. Otis agrees to file a registration statement on Form S-8 (and, solely with respect to Otis Awards for which the underlying Otis Shares are not eligible for registration on Form S-8, a registration statement on Form S-3 or Form S-1) with respect to, and to cause to be registered pursuant to the Securities Act, the Otis Shares authorized for issuance under the Otis LTIP Plan, as required pursuant to the Securities Act, not later than the Effective Time and in any event before the date of issuance of any Otis Shares pursuant to the Otis

LTIP Plan. The Parties shall take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 4.02(k).

Section 4.03. Cash Payment for Fractional Shares.

(a) Each Employee and Former Employee holding a UTC Award immediately prior to the Effective Time shall receive a cash payment (rounded down to the next whole dollar) with respect to such UTC Award equal the difference between (i) the value of such UTC Award calculated immediately prior to the Effective Time calculated based on the UTC Pre-Separation Stock Value and (ii) the value of the Post-Separation UTC Award, Otis Award, and/or Carrier Award actually received by such Employee or Former Employee pursuant to Section 4.02(a) through (f) in respect of such UTC Award calculated based on the Carrier Stock Value, the Otis Stock Value and/or the UTC Post-Separation Stock Value, as applicable.

(b) Such cash payment shall be made by UTC with respect to any UTC Group Employee or Former UTC Group Employee, by Carrier with respect to any Carrier Group Employee or Former Carrier Group Employer or by Otis, with respect to any Otis Group Employee or Former Otis Group Employee.

(c) Any cash payment made pursuant to this Section 4.03 shall be subject to applicable withholding and shall be made within ninety (90) days immediately following the Effective Time but in no event later than March 15 of the year following the Effective Time (or at such later date as is necessary to avoid the application of additional taxes and penalties under Section 409A of the Code). Any payment made under this Section 4.03 may be reduced so that such payment does not result in any award being deemed deferred compensation subject to, or noncompliant deferred compensation under, Section 409A of the Code.

Section 4.04. Non-Equity Incentive Plans.

(a) No later than immediately prior to the Effective Time, Carrier and Otis shall each adopt, or have in place, an executive annual bonus plan, covering Carrier Group Employees and Otis Group Employees, respectively.

(b) From and following the Effective Time, the Carrier Group shall retain pursuant to Section 2.03(b) any incentive plan for the exclusive benefit of Carrier Group Employees and Former Carrier Group Employees and as from January 1, 2020, shall be solely responsible for all Liabilities thereunder, including Liabilities arising before, on or after the Distribution Date, and the UTC Group shall have no responsibility for the Liabilities thereunder.

(c) From and following the Effective Time, the Otis Group shall retain pursuant to Section 2.03(c) any incentive plan for the exclusive benefit of Otis Group Employees and Former Otis Group Employees and as from January 1, 2020, shall be solely responsible for all Liabilities thereunder, including liabilities arising before, on or after the Distribution Date and the UTC Group shall have no responsibility for the Liabilities thereunder.

Section 4.05. Director Compensation. UTC shall be responsible for the payment of any fees for service on the UTC Board that are payable before, at, or after the Effective Time, and Carrier and Otis shall not have any responsibility for any such payments, except as otherwise

provided in Section 4.02(g) or Article VI. With respect to any Carrier non-employee director, Carrier shall be responsible for the payment of any fees for service on the Carrier Board that are payable at any time after the Effective Time and with respect to any Otis non-employee director, Otis shall be responsible for the payment of any fees for service on the Otis Board that are payable at any time after the Effective Time. Notwithstanding the foregoing, Carrier and Otis shall commence paying annual retainers to Carrier Transferred Directors and Otis Transferred Directors, respectively, in respect of the annual board compensation period in which the Effective Time occurs; provided that (a) if UTC has already paid such annual retainers to UTC Non-Employee Directors prior to the Effective Time, then within thirty (30) days after the Distribution Date, Carrier and Otis shall each pay UTC an amount equal to the portion of such payment that is attributable to the service of Carrier Transferred Directors and Otis Transferred Director, respectively, after the Distribution Date (other than any amount that is subject to a deferral election and is credited or will be credited to any such director's account under the Carrier DSU Plan or the Otis DSU Plan), and (b) if UTC has not yet paid such annual retainers prior to the Effective Time, then within thirty (30) days after the Distribution Date, UTC shall pay Carrier and Otis an amount equal to the portion of such payment that is attributable to service prior to the Distribution Date to UTC by Carrier Transferred Directors and Otis Transferred Directors, respectively.

ARTICLE V
U.S. QUALIFIED RETIREMENT PLANS

Section 5.01. UTC Employee Retirement Plan.

(a) *Retention of the UTC Retirement Plan.* Except as set forth in this Article V, as of the day following the Effective Time, UTC shall assume and retain the UTC Employee Retirement Plan as of the Effective Time and no member of the Carrier Group or the Otis Group shall assume or retain any Liability with respect to the UTC Retirement Plan. Following the Effective Time, no Carrier Group Employee or Otis Group Employee shall be credited with any additional service under the UTC Retirement Plan, except as contemplated by Section 5.01(b).

(b) *Separation from Service; Grow-in.* UTC shall, or shall cause another member of the UTC Group to, amend the UTC Retirement Plan to provide that for the two (2)-year period commencing at the Effective Time, each Carrier Group Employee and Otis Group Employee who is a participant in the UTC Retirement Plan shall be given credit for service with members of the Carrier Group and the Otis Group for purposes of eligibility for early retirement, the "Rule of 65" benefits and "Rule of 100" benefits under the UTC Retirement Plan (but not for purposes of accruing additional benefits under the UTC Retirement Plan) and shall not be entitled to a distribution during such two (2)-year period until such participant is no longer employed by any member of the Otis Group, Carrier Group or UTC Group, subject to the terms of the UTC Retirement Plan. In no case shall Former Carrier Group Employees or Former Otis Group Employees receive any additional credit for service pursuant to this section.

Section 5.02. UTC Savings Plans.

(a) *UTC Savings Plans*. As of the Effective Time, UTC shall retain, and no member of the Carrier Group or Otis Group shall assume or retain sponsorship of, or any Assets or Liabilities with respect to, the UTC Employee Savings Plan, the UTC Represented Employees

Savings Plan, and the UTC Puerto Rico Savings Plan (the UTC Puerto Rico Savings Plan, together with the UTC Represented Savings Plan and UTC Savings Plan, the "UTC Savings Plans"), other than with respect to the rollover of account balances described in Section 5.02(c). Prior to the Effective Time, UTC shall, or shall cause a member of the UTC Group to, (i) cause each Carrier Group Employee and Otis Group Employee to be fully vested in his or her accounts, if any, under the UTC Savings Plans as of the Effective Time and (ii) amend the UTC Savings Plan and UTC Represented Savings Plan to provide that any Otis Group Employee or Carrier Group Employee who becomes an employee of any member of the UTC Group after the Effective Time shall receive credit for participation and vesting under the UTC Savings Plans (other than the UTC Puerto Rico Savings Plan) with respect to such employee's service with any member of the Carrier Group or the Otis Group during the two (2)-year period commencing on the Effective Time (to the extent such employee is otherwise eligible and commences employment with a member of the UTC Group within such two-year period).

(b) *Carrier Savings Plans*. Carrier shall, or shall cause a member of the Carrier Group, to establish the Carrier Savings Plan, tax qualified defined contribution plans, no later than as of the Effective Time for Carrier Group Employees who participate in the UTC Savings Plan and UTC Represented Savings Plan, respectively, immediately prior to the Effective Time. Carrier shall be responsible for taking all necessary, reasonable and appropriate action to establish, maintain and administer the Carrier Savings Plan so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code and as soon as reasonably practicable following the Effective Time, Carrier shall take all steps reasonably necessary to obtain a favorable determination from the IRS or obtain an opinion as to such qualification of such Carrier Savings Plan. No later than immediately prior to the Effective Time, Carrier Group Employees shall cease active participation in the UTC Savings Plans, and no later than the Effective Time, Carrier Group Employees shall be eligible to commence participation in the Carrier Savings Plan. Any minimum age or service requirements contained in the Carrier Savings Plan with respect to eligibility to participate generally or eligibility to share in any employer contributions under such plan shall be waived or deemed satisfied for Carrier Group Employees to the extent waived or satisfied under the UTC Savings Plans immediately prior to the Effective Time. The Carrier Savings Plan shall provide that any UTC Group Employee or Otis Group Employee who becomes an employee of any member of the Carrier Group after the Effective Time shall receive credit for participation and vesting under the Carrier Savings Plan with respect to such employee's service with any member of the UTC Group or the Otis Group during the two (2)-year period commencing on the Effective Time (to the extent such employee is otherwise eligible to participate and commences employment with a member of the Carrier Group during such two year period).

(c) *Otis Savings Plans*. Otis shall, or shall cause a member of the Otis Group, to establish the Otis Savings Plan and the Otis Puerto Rico Savings Plan (the Otis Puerto Rico Savings Plan together with the Otis Savings Plan, the "Otis Savings Plans"), tax qualified defined contribution plans, no later than as of the Effective Time for Otis Group Employees who participate in the UTC Savings Plan and Otis Puerto Rico Savings Plan, respectively, immediately prior to the Effective Time. Otis shall be responsible for taking all necessary, reasonable and appropriate action to establish, maintain and administer the Otis Savings Plans so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code (or Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011, as applicable)

and, as soon as reasonably practicable following the Effective Time, Otis shall take all steps reasonably necessary to obtain a favorable determination or obtain an opinion from the IRS or the Puerto Rico Treasury Department as to such qualification of such Otis Savings Plans, as applicable. No later than immediately prior to the Effective Time, Otis Group Employees shall cease active participation in the UTC Savings Plans, and no later than the Effective Time, Otis Group Employees shall be eligible to commence participation in the Otis Savings Plans. Any minimum age or service requirements contained in the Otis Savings Plans with respect to eligibility to participate generally or eligibility to share in any employer contributions under such plan shall be waived or deemed satisfied for Otis Group Employees to the extent waived or satisfied under the UTC Savings Plans immediately prior to the Effective Time. The Otis Savings Plans (other than the Otis Puerto Rico Savings Plan) shall provide that any UTC Group Employee or Carrier Group Employee who becomes an employee of any member of the Otis Group after the Effective Time shall receive credit for participation and vesting under the Otis Savings Plans with respect to such employee's employment with any member of the UTC Group or the Carrier Group during the two (2)-year period commencing on the Effective Time (to the extent such employee is otherwise eligible to participate and commences employment with a member of the Otis Group during such two year period).

(d) *Rollover of Account Balances*. As soon as practicable after the Effective Time, UTC, Carrier and Otis shall take any and all actions as may be required to permit each Carrier Group Employee and Otis Group Employee to elect to make rollover contributions of "eligible rollover distributions" (within the meaning of Section 402(c)(4) of the Code if applicable) in cash in an amount equal to the entire eligible rollover distribution distributable to such Carrier Group Employee and Otis Group Employee from the UTC Savings Plans to Carrier Savings Plan and Otis Savings Plans, respectively.

(e) *Plan Fiduciaries*. For all periods on and after the Effective Time, the Parties agree that the applicable fiduciaries of each of the UTC Savings Plans, Carrier Savings Plan and the Otis Savings Plans, respectively, shall have the authority with respect to the UTC Savings Plans, Carrier Savings Plan and Otis Savings Plans, respectively, to determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

ARTICLE VI
NONQUALIFIED DEFERRED COMPENSATION PLANS

Section 6.01. UTC Retained Nonqualified Deferred Compensation Plans. As of no later than the Effective Time, except as set forth in Sections 4.02(g) and 6.02, the UTC Group shall assume and retain, and no member of the Carrier Group or the Otis Group shall assume or retain, sponsorship of all UTC Retained Deferred Compensation Plans, and from and after the Effective Time, all Assets and Liabilities thereunder shall be Assets and Liabilities of the UTC Group. All UTC Shares notionally credited to participants' accounts under any of the UTC Retained Deferred Compensation Plans immediately prior to the Effective Time shall be adjusted from and after the Effective Time so that the number of UTC Shares notionally credited as of the Effective Time to each participant's account shall be equal to the product, rounded to three decimal places, obtained by multiplying (a) the number of UTC Shares notionally credited under such UTC

Retained Deferred Compensation Plan to such participant immediately prior to the Effective Time by (b) the UTC Adjustment Ratio. Prior to the Effective Time, UTC shall provide Carrier with a list of Carrier Group Employees and Otis with a list of Otis Group Employees, in each case, who are participants in the UTC Retained Deferred Compensation Plans. If an Otis Group Employee on such list terminates employment with the Otis Group, Otis shall, or shall cause a member of the Otis Group to, provide written notice to UTC of such employee's termination of employment within twenty (20) days of such employee's termination of employment. If a Carrier Group Employee on such list terminates employment with the Carrier Group, Carrier shall, or shall cause a member of the Carrier Group to, provide written notice to UTC of such employee's termination of employment within twenty (20) days of such employee's termination of employment. Notwithstanding the foregoing, (i) Carrier shall be liable, and shall reimburse UTC, for any Liabilities of UTC arising with respect to the UTC Retained Deferred Compensation Plans as a result of any failure by a member of the Carrier Group to provide proper notice of an employment termination that directly results in the inability of UTC to administer the UTC Retained Deferred Compensation Plans in compliance with Section 409A of the Code with respect to any Carrier Group Employee who participated thereunder, and (ii) Otis shall be liable, and shall reimburse UTC, for any Liabilities of UTC arising with respect to the UTC Retained Deferred Compensation Plans as a result of any failure by a member of the Otis Group to provide proper notice of an employment termination that directly results in the inability of UTC to administer the UTC Retained Deferred Compensation Plans in compliance with Section 409A of the Code with respect to any Otis Group Employee who participated thereunder.

Section 6.02. UTC Bifurcated Nonqualified Deferred Compensation Plans. As of no later than the Effective Time, Carrier shall establish the Carrier Deferred Compensation Plans and Otis shall establish the Otis Deferred Compensation Plans, which plans shall have substantially the same terms as of immediately prior to the Effective Time as the UTC Bifurcated Nonqualified Deferred Compensation Plans. Carrier and Otis may make such changes, modifications or amendments to the Carrier Deferred Compensation Plans and the Otis Deferred Compensation Plans, respectively, as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those provided under the UTC Bifurcated Deferred Compensation Plans to participants in the UTC Bifurcated Deferred Compensation Plans immediately prior to the Effective Time.

(a) *Assumption of Liabilities in General*. As of the Effective Time, except as otherwise provided in Section 6.02(b), Carrier shall, and shall cause the Carrier Deferred Compensation Plans, and Otis shall, and shall cause the Otis Deferred Compensation Plans, to assume all Liabilities under the UTC Bifurcated Deferred Compensation Plans for the benefits of Carrier Group Employees and Former Carrier Group Employees and Otis Group Employees and Former Otis Group Employees, respectively, determined as of immediately prior to the Effective Time, and the UTC Group and the UTC Bifurcated Deferred Compensation Plans shall be relieved of all Liabilities for those benefits. UTC shall, or shall cause a member of the UTC Group to, assume and retain all Liabilities under the UTC Bifurcated Compensation Plans for the benefits of UTC Group Employees and Former UTC Group Employees. On and after the Effective Time, Carrier Group Employees, Former Carrier Group Employees, Otis Group Employees, and Former Otis Group Employees shall cease to be participants in the UTC Bifurcated Deferred Compensation Plans.

(b) *Assumption of Liabilities under UTC Pension Preservation Plan (Post-2005).* As of the Effective Time, Carrier shall, and shall cause the applicable Carrier Pension Preservation Plan (Post-2005), and Otis shall, and shall cause the applicable Otis Pension Preservation Plan (Post-2005), to assume all Liabilities under the UTC Pension Preservation Plan (Post-2005) for the benefits of Carrier Group Employees and Otis Group Employees, respectively, determined as of immediately prior to the Effective Time, and the UTC Group and the UTC Pension Preservation Plan (Post-2005) shall be relieved of all Liabilities for those benefits. UTC shall, or shall cause a member of the UTC Group to, assume and retain all Liabilities under the UTC Pension Preservation Plan (Post-2005) for the benefits of UTC Group Employees and Former Employees, including, for the avoidance of doubt, any benefits in pay status to Former Employees. On and after the Effective Time, Carrier Group Employees and Otis Group Employees shall cease to be participants in the UTC Pension Preservation Plan (Post-2005).

(c) *Adjustment of UTC Shares*. All UTC Shares notionally credited to a participant's accounts under any of the UTC Bifurcated Deferred Compensation Plans immediately prior to the Effective Time (including as a UTC PSU Award deferred under the UTC PSU LTIP Deferral Plan or a UTC deferred stock unit credited under the UTC Savings Restoration Plan or UTC Deferred Compensation Plan) shall be adjusted from and after the Effective Time so that with respect to a participant in the UTC Bifurcated Deferred Compensation Plans immediately following the Effective Time, the number of UTC Shares notionally credited as of the Effective Time under a UTC Bifurcated Deferred Compensation Plan shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares notionally credited under such UTC Bifurcated Deferred Compensation Plan immediately prior to the Effective Time by (B) the UTC Adjustment Ratio, (i) with respect to a participant in the Carrier Deferred Compensation Plans immediately following the Effective Time, the number of Carrier Shares notionally credited as of the Effective Time under a Carrier Deferred Compensation Plan shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares notionally credited under such UTC Bifurcated Deferred Compensation Plan immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio and (ii) with respect to a participant in the Otis Deferred Compensation Plans immediately following the Effective Time, the number of Otis Shares notionally credited as of the Effective Time under an Otis Deferred Compensation Plan shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares notionally credited under such UTC Deferred Compensation Plan immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

(d) *Investment Alternatives*. As of no later than the Effective Time, the Carrier Savings Restoration Plan shall provide that (i) distributions from the Carrier stock fund shall be in cash and not in kind and (ii) an amount equal to the value of notional Carrier Shares held in a participant's Carrier stock fund account may, at the election of the applicable participant, be notionally invested in any other investment alternative available under the Carrier Savings Restoration Plan. As of no later than the Effective Time, the Otis Savings Restoration Plan shall provide that (i) distributions from the Otis stock fund shall be in cash and not in kind and (ii) an amount equal to the value of notional Otis Shares held in a participant's Otis stock fund account may, at the election of the applicable participant, be notionally invested in any other investment alternative available under the Otis Savings Restoration Plan.

(e) *Deferred PSU Awards*. Deferred UTC PSU Awards that have been adjusted pursuant to Section 6.02(b) into (i) deferred Carrier UTC PSU Awards for Carrier Group Employees and Former Carrier Group Employees shall be subject to the terms of the Carrier PSU Deferral Plan and (ii) deferred Otis UTC PSU Awards for Otis Group Employees and Former Otis Group Employees shall be subject to the terms of the Otis PSU Deferral Plan.

ARTICLE VII
NON-U.S. RETIREMENT PLANS

Section 7.01. Retention of UK Pension Scheme. UTC shall assume and retain the UTC (UK) Pension Scheme as of the Effective Time, and no member of the Carrier Group or the Otis Group shall assume or retain any Assets or Liabilities with respect to the UTC (UK) Pension Scheme. Following the Effective Time, no Carrier Group Employees or Otis Group Employees shall be credited with any additional service under the UTC (UK) Pension Scheme. Carrier Group Employees and Otis Group Employees who actively participated in the UTC Pension Scheme immediately prior to the Effective Time shall participate in defined contribution pension plans made available by members of the Carrier Group or Otis Group, respectively, after the Effective Time.

ARTICLE VIII
WELFARE BENEFIT PLANS

Section 8.01. Welfare Plans.

(a) *Establishment of Carrier Welfare Plans and Otis Welfare Plans*. Except as otherwise provided in this Article VIII, as of no later than the Effective Time, Carrier shall establish the Carrier Welfare Plans and Otis shall establish the Otis Welfare Plans, in each case, with terms substantially similar to the UTC Welfare Plans, and in all cases, with such changes, modifications or amendments as may be required by applicable Law or as are necessary and appropriate to reflect the Separation. In addition, the Carrier Group and Otis Group shall retain the right to modify, amend, alter or terminate the terms of any Carrier Welfare Plans and Otis Welfare Plans, respectively, to the same extent that the UTC Group had such rights under the corresponding UTC Welfare Plan.

(b) *Allocation of Welfare Plan Assets and Liabilities*. Effective as of the Effective Time (i) UTC shall, or shall cause a member of the UTC Group to, retain or assume, as applicable, and be responsible for all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of UTC Group Employees or Former UTC Group Employees under the UTC Welfare Plans before, at or after the Effective Time; (ii) Carrier shall, or shall cause a member of the Carrier Group to, retain or assume, as applicable, and be responsible for all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of Carrier Group Employees or Former Carrier Group Employees under the UTC Welfare Plans and Carrier Welfare Plans before, at or after the Effective Time; and (iii) the Otis Group shall retain or assume, as applicable, and be responsible for all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of Otis Group Employees or Former Otis Group Employees under UTC Welfare Plans and Otis Welfare Plans before, at or after the Effective Time. Any Liabilities

incurred or paid by the UTC Group under the UTC Welfare Plans with respect to Carrier Group Employees or Former Carrier Group Employees shall be subject to reimbursement, if applicable, by the Carrier Group in accordance with Section 9.04. Any Liabilities incurred or paid by the UTC Group after the Effective Time under the UTC Welfare Plans with respect to Otis Group Employees or Former Otis Group Employees shall be subject to reimbursement, if applicable, by the Otis Group in accordance with Section 9.04. Except as provided in this Article VIII, no UTC Welfare Plan shall provide coverage to any Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee after the Effective Time.

(c) *Waiver of Conditions; Benefit Maximums*. Carrier shall, or shall cause a member of the Carrier Group to, and Otis shall or shall cause a member of the Otis Group to, use commercially reasonable efforts to cause the Carrier Welfare Plans and Otis Welfare Plans, respectively, to:

(i) with respect to initial enrollment as of the Effective Time, waive (x) all limitations as to preexisting conditions, exclusions and service conditions with respect to participation and coverage requirements for any Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee, as applicable, other than limitations that were in effect with respect to such employees or former employees under the applicable UTC Welfare Plan as of immediately prior to the Effective Time; and (y) any waiting period limitation or evidence of insurability requirement other than limitations or requirements that were in effect with respect to such employees or former employees under the applicable UTC Welfare Plans as of immediately prior to the Effective Time; and

(ii) take into account (x) with respect to aggregate annual, lifetime or similar maximum benefits available under the Carrier Welfare Plans or Otis Welfare Plans, respectively, a Carrier Group Employee's, Former Carrier Group Employee's, Otis Group Employee's and Former Otis Group Employee's, as applicable, prior claim experience under the UTC Welfare Plans; and (y) any eligible expenses incurred by a Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee, as applicable, during the portion of the plan year of the applicable UTC Welfare Plan ending as of the Effective Time under such Carrier Welfare Plan or Otis Welfare Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employees or former employees for the applicable plan year to the same extent as such expenses were taken into account by UTC for similar purposes prior to the Effective Time as if such amounts had been paid in accordance with such Carrier Welfare Plan or Otis Welfare Plan, as applicable.

Section 8.02. COBRA. The UTC Group shall assume and retain Liability for and be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the UTC Welfare Plans with respect to any UTC Group Employees and any Former UTC Group Employees who incur a qualifying event under COBRA before, as of, or after the Effective Time. Effective as of the Effective Time, the Carrier Group shall assume and retain Liabilities and be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the Carrier Welfare Plans with respect to any Carrier Group Employees or Former Carrier Group Employees who incur a qualifying event or loss of coverage under the Carrier Welfare Plans and/or the UTC Welfare Plans before, as of, or after the

Effective Time. Effective as of the Effective Time, the Otis Group shall assume and retain Liability and be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the Otis Welfare Plans with respect to any Otis Group Employees or Former Otis Group Employees who incur a qualifying event or loss of coverage under the Otis Welfare Plans and/or the UTC Welfare Plans before, as of, or after the Effective Time. The Parties agree that the consummation of the transactions contemplated by the Separation Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 8.03. Flexible Benefit Plans. The Parties shall take all steps necessary or appropriate so that the account balances (whether positive or negative) (the "Transferred Account Balances") under the UTC Flexible Benefit Plans of each Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee who has elected to participate therein in the year in which the Effective Time occurs shall be transferred, as soon as practicable after the Effective Time, from the UTC Flexible Benefit Plans to the corresponding Carrier Flexible Benefit Plans and Otis Flexible Benefit Plans, as applicable. Carrier shall, and shall cause the Carrier Flexible Benefit Plans to, assume and retain responsibility, and the UTC Group shall be relieved of all responsibility, as of the Effective Time for all outstanding dependent care and medical care claims under the UTC Flexible Benefit Plans of each Carrier Group Employee or Former Carrier Group Employee for the year in which the Effective Time occurs and shall assume and agree to perform the obligations of the analogous UTC Flexible Benefit Plans from and after the Effective Time. Otis shall, and shall cause the Otis Flexible Benefit Plans to, assume and retain responsibility, and the UTC Group shall be relieved of all responsibility, as of the Effective Time for all outstanding dependent care and medical care claims under the Otis Flexible Benefit Plans of each Otis Group Employee or Former Otis Group Employee for the year in which the Effective Time occurs and shall assume and agree to perform the obligations of the analogous UTC Flexible Benefit Plans from and after the Effective Time. As soon as practicable after the Effective Time, and in any event within thirty (30) days after the amount of the Transferred Account Balances is determined or such later date as mutually agreed upon by the Parties, (i) UTC shall pay Carrier the net aggregate amount of the Transferred Account Balances for Carrier Group Employees and Former Carrier Group Employees if such amount is positive, and Carrier shall pay UTC the net aggregate amount of the Transferred Account Balances for Carrier Group Employees and Former Carrier Group Employees if such amount is negative and (ii) UTC shall pay Otis the net aggregate amount of the Transferred Account Balances for Otis Group Employees and Former Otis Group Employees if such amount is positive, and Otis shall pay UTC the net aggregate amount of the Transferred Account Balances for Otis Group Employees and Former Otis Group Employees if such amount is negative.

Section 8.04. Vacation, Holidays and Leaves of Absence. From and following the Effective Time: (a) the Carrier Group shall assume and retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Carrier Group Employee and Former Carrier Group Employees, unless otherwise required by applicable Law; (b) the Otis Group shall assume and retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Otis Group Employee and Former Carrier Group Employee, unless otherwise required by applicable Law; and (c) the UTC Group shall assume and retain all Liabilities with respect to

vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each UTC Group Employee and Former Carrier Group Employee.

Section 8.05. Disability Plans. UTC shall retain all Liabilities for long-term disability benefits with respect to any Employee or Former Employee who is receiving or who subsequently becomes eligible to receive long-term disability benefits under the UTC Welfare Plan that provides long-term disability benefits but only with respect to benefits (including any group health benefits that UTC may provide to participants receiving long-term disability benefits) arising from long-term disability claims incurred by any Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee prior to the Effective Time (other than, in the case of Liabilities for long-term disability benefits (including any group health benefits that may be provided to participants receiving long-term disability benefits) with respect to claims incurred under a Carrier Welfare Plan or Otis Welfare Plan, that provides long-term disability benefits, which will be retained by Carrier or Otis respectively). For this purpose, a disability claim shall be considered incurred on the date of the occurrence of the event or condition giving rise to disability.

Section 8.06. Life Insurance. UTC shall retain all Liabilities under the UTC Welfare Benefit Plan that provides life insurance benefits for covered life insurance claims incurred prior to the Effective Time by Employees and Former Employees, other than any Liabilities with respect to claims incurred by a Carrier Group Employee or Former Carrier Group Employee under a life insurance plan of Carrier or incurred by an Otis Group Employee or Former Otis Group Employee under a life insurance plan of Otis, which Liabilities will be retained by Carrier or Otis, respectively. The applicable Carrier Welfare Benefit Plan and Otis Welfare Benefit Plan shall be responsible for all Liabilities with respect to life insurance claims incurred after the Effective Time by Carrier Employees and Otis Employees, respectively. For these purposes, a claim shall be deemed to be incurred on the date of the death of the insured person.

Section 8.07. Retiree Medical. UTC shall, or shall cause a member of the UTC Group to, assume and retain, and no member of the Carrier Group or Otis Group shall assume or retain any Liabilities with respect to (i) the UTC subsidized retiree medical coverage with respect to each Employee and Former Employee who qualifies for coverage as of December 31, 2019, and (ii) access only retiree medical coverage with respect to Former Group Employees.

Section 8.08. Severance, Retention and Unemployment Compensation. From and following the Effective Time, (a) the Carrier Group shall assume and retain any and all Liabilities to, or relating to, Carrier Group Employees and Former Carrier Group Employees in respect of severance, retention and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Effective Time, (b) the Otis Group shall assume and retain any and all Liabilities to, or relating to, Otis Group Employees and Former Otis Group Employees in respect of severance, retention and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Effective Time, and (c) the UTC Group shall assume and retain any and all Liabilities to, or relating to, UTC Group Employees and Former UTC Group Employees in respect of severance, retention and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Effective Time.

Section 8.09. Workers' Compensation. The treatment of workers' compensation claims shall be governed by Section 5.1 of the Separation Agreement.

Section 8.10. Insurance Contracts. To the extent that any Welfare Plan is funded through the purchase of an insurance contract or is subject to any stop loss contract, the Parties shall cooperate and use their commercially reasonable efforts to replicate such insurance contracts for Carrier or Otis, as applicable (except to the extent that changes are required under applicable Law or filings by the respective insurers), and to maintain any pricing discounts or other preferential terms for both Carrier or Otis for a reasonable term. None of the Parties shall be liable for failure to obtain such insurance contracts, pricing discounts, or other preferential terms for any other Party. Each Party shall be responsible for any additional premiums, charges or administrative fees that such Party may incur pursuant to this Section 8.10.

Section 8.11. Third-Party Vendors. Except as provided below, to the extent that any Welfare Plan is administered by a third-party vendor, the Parties shall cooperate and use their commercially reasonable efforts to replicate any contract with such third-party vendor for UTC, Carrier or Otis, as applicable, and to maintain any pricing discounts or other preferential terms for UTC, Carrier and Otis, collectively, for a reasonable term. None of the Parties shall be liable for failure to obtain such pricing discounts or other preferential terms for any other Party. Each Party shall be responsible for any additional premiums, charges or administrative fees that such Party may incur pursuant to this Section 8.11.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Information Sharing and Access.

(a) *Sharing of Information.* Subject to any limitations imposed by applicable Law, each of UTC, Carrier and Otis (acting directly or through members of the UTC Group, Carrier Group or the Otis Group, respectively) shall provide to the other Party and its authorized agents and vendors all information necessary (including information for purposes of determining benefit eligibility, participation, vesting, calculation of benefits) on a timely basis under the circumstances for the Party to perform its duties under this Agreement. Such information shall include information relating to equity awards under stock plans. To the extent that such information is maintained by a third-party vendor, each Party shall use its commercially reasonable efforts to require the third-party vendor to provide the necessary information and assist in resolving discrepancies or obtaining missing data.

(b) *Transfer of Personnel Records and Authorization*. Subject to any limitation imposed by applicable Law and to the extent that it has not done so before the Effective Time, UTC shall transfer to Carrier and Otis any and all employment records (including any Form I-9, Form W-2, Form W-4 or other IRS or state forms) with respect to Carrier Group Employees, Former Carrier Group Employees, Otis Group Employees and Former Otis Group Employees, as applicable, and other records reasonably required by Carrier or Otis, as applicable, to enable Carrier or Otis, as applicable, to properly to carry out its obligations under this Agreement. Such transfer of records generally shall occur as soon as administratively practicable at or after the

Effective Time. Each Party shall permit the other Party reasonable access to its Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

(c) *Access to Records.* To the extent not inconsistent with this Agreement, the Separation Agreement or any applicable privacy protection Laws or regulations, reasonable access to Employee-related and benefit plan related records after the Effective Time shall be provided to members of the UTC Group, members of the Carrier Group and members of the Otis Group pursuant to the terms and conditions of Article VI of the Separation Agreement.

(d) *Maintenance of Records.* With respect to retaining, destroying, transferring, sharing, copying and permitting access to all Employee-related information, UTC, Carrier and Otis shall comply with all applicable Laws, regulations and internal policies, and shall indemnify and hold harmless each other from and against any and all Liability, Actions, and damages that arise from a failure (by the indemnifying Party or its Subsidiaries or their respective agents) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

(e) *Cooperation.* Each Party shall use commercially reasonable efforts to cooperate and work together to unify, consolidate and share (to the extent permissible under applicable privacy/data protection Laws) all relevant documents, resolutions, government filings, data, payroll, employment and benefit plan information on regular timetables and cooperate as needed with respect to (i) any claims under or audit of or litigation with respect to any employee benefit plan, policy or arrangement contemplated by this Agreement, (ii) efforts to seek a determination letter, private letter ruling or advisory opinion from the IRS or U.S. Department of Labor on behalf of any employee benefit plan, policy or arrangement contemplated by this Agreement, (iii) any filings that are required to be made or supplemented to the IRS, U.S. Pension Benefit Guaranty Corporation, U.S. Department of Labor or any other Governmental Authority, and (iv) any audits by a Governmental Authority or corrective actions, relating to any Benefit Plan, labor or payroll practices; provided, however, that requests for cooperation must be reasonable and not interfere with daily business operations.

(f) *Confidentiality.* Notwithstanding anything in this Agreement to the contrary, all confidential records and data relating to Employees to be shared or transferred pursuant to this Agreement shall be subject to Section 6.9 of the Separation Agreement and the requirements of applicable Law.

Section 9.02. Preservation of Rights to Amend. Except as set forth in this Agreement, the rights of each member of the UTC Group, each member of the Carrier Group and each member of the Otis Group to amend, waive, or terminate any plan, arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 9.03. Fiduciary Matters. UTC, Carrier and Otis each acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good-faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such

actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 9.04. Reimbursement of Costs and Expenses. The Parties shall promptly reimburse one another, upon reasonable request of the Party requesting reimbursement (the "Requesting Party") as soon as practicable, but in any event within thirty (30) days of receipt of an invoice detailing all costs, expenses and other Liabilities paid or incurred by the Requesting Party (or any of its Affiliates), and any other substantiating documentation as the other Party shall reasonably request, that are, or have been made pursuant to this Agreement, the responsibility of the other Party (or any of its Affiliates) including those Liabilities, if any, under Section 8.01(b).

Section 9.05. Dispute Resolution. The dispute resolution procedures set forth in Article VII of the Separation Agreement shall apply to any dispute, controversy or claim arising out of or relating to this Agreement.

Section 9.06. No Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder. There are no third-party beneficiaries of this Agreement, and this Agreement shall not provide any third person with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any employee benefit plan or affect the applicable plan sponsor's right to amend or terminate any employee benefit plan pursuant to the terms of such plan. The provisions of this Agreement are solely for the benefit of the Parties, and no current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement.

Section 9.07. Incorporation of Separation Agreement Provisions. Article X of the Separation Agreement (other than Section 10.19 (Ancillary Agreements)) is incorporated herein by reference and shall apply to this Agreement as if set forth herein *mutatis mutandis*.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives as of the date first written above.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Michael R. Dumais
Name: Michael R. Dumais
Title: Executive Vice President, Operations & Strategy

OTIS WORLDWIDE CORPORATION

By: /s/ Michael P. Ryan
Name: Michael P. Ryan
Title: Vice President, Controller

CARRIER GLOBAL CORPORATION

By: /s/ Kyle Crockett
Name: Kyle Crockett
Title: Vice President, Controller

[*Signature Page to Employee Matters Agreement*]

Exhibit 10.4

EXECUTION VERSION

INTELLECTUAL PROPERTY AGREEMENT

by and among

UNITED TECHNOLOGIES CORPORATION,

OTIS WORLDWIDE CORPORATION

and

CARRIER GLOBAL CORPORATION

Dated as of April 2, 2020

TABLE OF CONTENTS

INTELLECTUAL PROPERTY AGREEMENT

This INTELLECTUAL PROPERTY AGREEMENT (this "Agreement"), dated as of April 2, 2020, is by and among United Technologies Corporation, a Delaware corporation ("UTC"), Otis Worldwide Corporation, a Delaware corporation ("Otis"), and Carrier Global Corporation, a Delaware corporation ("Carrier") (each, a "Party" and together, the "Parties").

RECITALS

WHEREAS, UTC, Otis and Carrier have entered into that certain Separation and Distribution Agreement, of even date herewith (the "SDA"), pursuant to which UTC and its subsidiaries will undertake a series of transactions following which UTC will separate into three independent, publicly traded companies: (i) UTC, comprising Collins Aerospace and Pratt & Whitney, a systems supplier to the commercial aerospace and defense industry, (ii) Otis, a manufacturer of people-moving products, such as elevators, escalators and moving walkways, and (iii) Carrier, a provider of HVAC, refrigeration, fire, security and building automation technologies;

WHEREAS, pursuant to Section 2.10 of the SDA, UTC, Otis and Carrier agreed to enter into this Agreement;

WHEREAS, each of the Parties and their respective affiliates are currently owners of, and in possession of, certain Intellectual Property Rights (as defined herein), which Intellectual Property Rights may have been developed or acquired by such Party independently, or jointly with either or both the other Parties, or assigned to it by either or both of the other Parties prior to the date hereof;

WHEREAS, a result of the corporate relationship between each of the Parties, and not necessarily pursuant to a written agreement, prior to the date hereof, each Party has had access to, and the right to use certain Intellectual Property Rights of one or both of the other Parties as required for its business;

WHEREAS, in connection with the transactions contemplated by the SDA, the Parties wish to confirm their respective ownership of certain Intellectual Property Rights (as defined herein), and with respect to certain other Intellectual Property Rights transfer ownership thereof from an Assignor Party (as defined herein) to an Assignee Party (as defined herein), and each Assignee Party wishes to receive ownership of such Intellectual Property Rights; and

WHEREAS, in connection with the transactions contemplated by the SDA, the Parties wish to either grant, or confirm the prior grants of, certain rights and licenses with respect to certain Intellectual Property Rights from each Licensor Party (as defined herein) to a Licensee Party (as defined herein), and each Licensee Party wishes to receive such license grants on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and in the SDA (and other agreements entered into in connection with the SDA), and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. For the purposes of this Agreement, the following terms shall have the following meanings. Capitalized terms used but not otherwise defined in this Article I or elsewhere in this Agreement shall have the meaning ascribed to such terms in the SDA. For the avoidance of doubt, for purposes of Section 2.1, Section 3.1, and Section 4.1, respectively, (a) any reference to an Assignor Party, a Licensor Party, or a Party, respectively, shall be deemed to refer to other relevant members of such Assignor Group, such Licensor Group, or such Party's Group, respectively and (b) any obligation of an Assignor Party, a Licensor Party, or a Party, respectively, shall include an obligation to cause such relevant members of such Assignor Group, such Licensor Group, or such Party's Group, respectively, to satisfy such obligation; in each case, as the context requires.

"AAA Rules" shall have the meaning defined in Section 8.2.2.

"Affiliate" shall mean, for the purpose of this Agreement and notwithstanding its meaning in the SDA, with respect to a Party, another member of the Party Group to which the Party belongs.

"Agreement" shall have the meaning defined in the preamble.

"Assigned Intellectual Property Rights" shall have the meaning defined in Section 2.1.1.

"Assignee Group" shall mean one of the UTC Group, the Otis Group, or the Carrier Group of which an Assignee Party is a member.

"Assignee Party" shall mean the Party, as the context requires, other than the Assignor Party, to whom Intellectual Property Rights are assigned from the Assignor Party pursuant to the terms hereof.

"Assignor Group" shall mean one of the UTC Group, the Otis Group, or the Carrier Group of which the Assignor Party is a member.

"Assignor Party" shall mean one of the Parties, as the context requires, in its capacity as an assignor of Intellectual Property Rights to another Party pursuant to the terms hereof.

"Carrier" shall have the meaning defined in the preamble.

"Confidential Information" shall have the meaning defined in Section 6.2.

"Contemplated to be Used" shall mean that there are contemporaneous books or records, whether in hard copy or electronic or digital format (including emails, databases and other file formats) evidencing a specific, good faith intention of future use, created in the ordinary course of business consistent with past practice.

"Copyrights" shall mean copyrights and other equivalent rights in copyrightable subject matter in works of authorship (including software), and including all registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof.

"Dispute" shall have the meaning defined in Section 8.2.

"Excluded Agreement" shall mean (a) each Negotiated Agreement and (b) each Third Party Agreement; provided that, notwithstanding the foregoing, and without limitation, for the purposes of this Agreement, an Excluded Agreement shall not include any IWA or any work performed, without an express written agreement, by a member of an Assignor Group or a Licensor Group as Performer for a member of an Assignee Group or a Licensee Group as Requester, respectively, or vice versa. A non-inclusive (and not necessarily representative) listing of Excluded Agreements is provided in Schedule 5.0.

"Exploit" shall mean, with respect to a particular item of Intellectual Property Rights, to do all things with such Intellectual Property Rights (subject to Article VI), including (a) to make, have made, use (including for development), import, offer for sale, and sell any product or service under any Patents within such Intellectual Property Rights; (b) to copy, display, perform, create derivative works based upon, and distribute any works under, any Copyrights within such Intellectual Property Rights; and (c) to use Trade Secrets and other confidential or proprietary information within such Intellectual Property Rights. For the avoidance of doubt, a right to Exploit in any manner a particular item of Intellectual Property Rights does not include the right to Exploit in any manner any other Intellectual Property Rights, including any separate background Intellectual Property Rights from or with which the item was created or derived, or which is necessary or desirable for a particular use of the item.

"Funded" or "Funding" by an entity shall mean paid for by that entity through one or more cash contributions. For the purposes of this definition, U.S. Government funds or the funds of any other third party or entity shall not be considered.

"Future Affiliate Provision" shall mean a term or provision of any agreement governing Intellectual Property Rights as between or among the Parties that was negotiated and entered into on arm's-length terms at any time prior to the Effective Time between or among members of different Party Groups (a) pursuant to which a licensor Party grants or purports to grant to the Party or Parties licensed under such agreement a license to the Intellectual Property Rights of any future Affiliate (including in the case of UTC, Raytheon Company) of the licensor Party, (b) imposing or purporting to impose any non-compete or other similar limitation on the business of any future Affiliate (including in the case of UTC, the business of Raytheon Company) of a Party, in favor of another Party or Parties, or (c) requiring or purporting to require the payment to a licensor Party of any incremental royalty or other charge on the business or products of any future Affiliate (including in the case of UTC, Raytheon Company) of the Party that is the licensee under such agreement, except to the extent that such future Affiliate avails itself of the license to which such royalty pertains. Each Party agrees that to the extent such Party is the beneficiary of a Future Affiliate Provision, such Party hereby waives and disclaims, and will not seek to enforce or claim the benefit of, such Future Affiliate Provision, such waiver, disclaimer and covenant being for the sole benefit of the other Parties, their Party Groups, and their future Affiliates.

"Intellectual Property Rights" shall mean any and all intellectual property and industrial property rights throughout the world, whether registered or unregistered, including intellectual property and industrial property rights protected or represented by, arising under, or associated with (a) Patents; (b) Copyrights; (c) Trade Secrets; and (d) any other similar or equivalent intellectual property or proprietary rights anywhere in the world; provided, however, that Trademarks are expressly excluded from the definition of Intellectual Property Rights.

"Invention Disclosure" shall mean a written description of an invention, or potential invention, submitted to any member of a Party Group for review for patenting.

"IWA" shall mean, as of a relevant date, the contractual terms and conditions prescribed for inter-entity work authorizations by Section 43 of the United Technologies Corporate Policy Manual or a predecessor thereof as of the relevant date, including the terms and conditions governing Intellectual Property Rights therein.

"Licensed Intellectual Property Rights" shall have the meaning defined in Section 3.1.1.

"Licensed Patents" shall mean with respect to a particular Licensor Group and Licensee Group, the Patents owned or freely licensable by the Licensor Group, that absent a license of the scope granted to the Licensee Group pursuant to Section 3.1 hereof, would be infringed by the operation of the business of the Licensee Group (including the making, selling, offering for sale, using or importing of the products or services of the Licensee Group). In addition, for the purpose of the forgoing determination as to whether a Patent is infringed as of the Effective Time, a Patent that issues after the Effective Time to the extent based upon a Patent Application or Invention Disclosure in existence before the Effective Time, shall be deemed to have been in existence from the date immediately prior to the Effective Time.

"Licensee Group" shall mean one of the UTC Group, the Otis Group, or the Carrier Group of which the Licensee Party is a member.

"Licensee Group Field" shall mean the field of the business of the applicable Licensee Group, including the manufacture, sale, support and service of products, and the provision of services, of one or more members of the applicable Licensee Group, as of the Effective Time and the natural extension thereof.

"Licensee Party" shall mean one of the Parties, as the context requires, other than the Licensor Party, to whom Licensed Intellectual Property Rights are granted from the Licensor Party pursuant to the terms hereof.

"Licensor Group" shall mean one of the UTC Group, the Otis Group, or the Carrier Group of which the Licensor Party is a member.

"Licensor Party" shall mean one of the Parties, as the context requires, in its capacity as a grantor of Licensed Intellectual Property Rights to another Party pursuant to the terms hereof.

"Negotiated Agreement" shall mean any agreement governing Intellectual Property Rights as between or among the Parties that was negotiated and entered into on arm's-length terms at any time prior to the Effective Time between or among members of different Party

Groups, including any and all such agreements identified in Schedule 5.0; provided that, notwithstanding the foregoing, and without limitation, for the purposes of this Agreement, a Negotiated Agreement shall not include any (i) IWA, (ii) work performed, without an express written agreement, by any member of a Party Group as Performer for another member or members of a Party Group as Requester or (iii) agreement between or among members of different Party Groups to the extent including a Future Affiliate Provision.

"Otis" shall have the meaning defined in the preamble.

"Party" and "Parties" shall have the meaning defined in the preamble to this Agreement.

"Party Group" shall mean each of the UTC Group, the Otis Group, and the Carrier Group.

"Patent" shall means any issued patent, including any utility patent, design patent, utility model, and inventor's certificate, or any like governmental grant or registration for the protection of inventions, including any patent granted by the United States Patent and Trademark Office (the "USPTO"), the European Patent Office (the "EPO") or any foreign equivalent thereof, including any issued patent that is continuation, divisional, continuation-in-part, extension, confirmation, reissue, reexamination, renewal, correction or substitution of an issued patent. In addition, unless the context otherwise requires, the term Patent shall include any Patent Application.

"Patent Application" means any application for a Patent, including any provisional or PCT or similar application, before an applicable governmental office anywhere in the world, including the USPTO and the EPO.

"Performer" shall mean, with respect to services, an entity meeting at least one of the following two conditions: (a) the entity is a "Performer," as defined in an IWA issued to the entity by the "Requester" defined in the IWA, with respect to the services, and/or (b) the entity performed the services at the request of a Requester as part of a joint project with the Requester, with respect to which no IWA was expressly issued nor any Negotiated Agreement entered with the Requester, and the entity received Funding from the Requester for the services (which Funded the services in full, or in full jointly with the Performer but with no contribution from any other entity) and delivered results of the services to the Requester.

"Performer Background IPR" shall mean, with respect to services performed by the Performer at the request of the Requester, all Intellectual Property Rights held by Performer at the time of such services, other than Performer Foreground-Delivered IPR and Performer Foreground-Undelivered IPR, that would be necessary to Exploit Performer Foreground-Delivered IPR.

"Performer Foreground-Delivered IPR" shall mean, with respect to services performed by the Performer at the request of the Requester, all Intellectual Property Rights that were conceived or created by the Performer in the course of such performance, directly or by a Performer Service Provider, and delivered to the Requester.

"Performer Foreground-Undelivered IPR" shall mean, with respect to services performed by the Performer at the request of the Requester, all Intellectual Property Rights that were conceived or created by the Performer in the course of such performance, directly or by a Performer Service Provider, and not delivered to the Requester.

"Performer Service Provider" shall mean, with respect to services performed by the Performer at the request of the Requester, any Affiliate (other than the Requester), supplier, service provider, or other Person performing any aspect of the services on behalf of the Performer.

"Person" shall mean an individual, partnership, corporation, limited liability company, joint venture, association or other form of business organization (whether or not regarded as a legal entity under applicable law), trust or other entity or organization.

"Received Information and Materials" shall have the meaning defined in Section 6.1.

"Requester" shall mean, with respect to services, an entity meeting at least one of the following two conditions: (a) the entity is a "Requester," as defined in an IWA issued by the entity to the "Performer" defined in such IWA, with respect to the services, and/or (b) the entity requested the services from the Performer as part of a joint project with the Performer, with respect to which no IWA was expressly issued nor any Negotiated Agreement entered with the Performer, and the entity Funded the services (in full independently, or in full jointly with the Performer but with no contribution from any other entity) and received delivery of results of the services from the Performer.

"Requester Foreground IPR" shall mean, with respect to services requested by the Requester from the Performer, all Intellectual Property Rights conceived or created by the Requester, directly or by a Requester Service Provider, in connection with such services.

"Requester Service Provider" shall mean, with respect to services performed by the Performer at the request of the Requester, any Affiliate (other than the Performer), supplier, service provider, or other Person performing any aspect of the Requester's obligations in connection with such services.

"SDA" shall have the meaning defined in the recitals.

"Third Party Agreement" shall mean any Agreement, entered into at any time prior to the Effective Time, between or among (a) a third party, on the one hand, and (b) any member or members of the Party Groups, including any and all such agreements identified in Schedule 5.0; provided that, notwithstanding the foregoing, and without limitation, for the purposes of this Agreement, a Third Party Agreement shall not include any agreement between or among members of different Party Groups to the extent including a Future Affiliate Provision.

"Trade Secrets" shall mean rights in information or know how, regardless of form, including ideas, inventions, designs, drawings, specifications, product configurations, prototypes, models, improvements, technical data and other data, databases, formulae, algorithms and mathematical embodiments, laboratory notebooks, pricing and cost information, plans, proposals, processes, procedures, schematics, manufacturing techniques, business methods,

customer lists and supplier lists, and Invention Disclosures, that (a) derives economic value, actual or potential, from not being, and is not, generally known or readily ascertainable by proper means and (b) is the subject of efforts that are reasonable under the circumstances to maintain the confidentiality or secrecy thereof.

"Trademarks" shall mean trademark rights, whether registered or unregistered, including in trademarks, service marks, trade names, brand names, certification marks, collective marks, Internet domain names and registrations, logos, slogans, symbols, trade dress and designs, and including all registrations, renewals, and applications for registration of the foregoing.

"United Technologies Trademarks" shall mean all Trademarks to the extent consisting of or containing "UTC," "United Technologies Corporation," "United Technologies," "UTX," the UTC Icon, "ACE," "Achieving Competitive Excellence," all ACE logos, "ESP," "Employee Scholar Program," all ESP logos, "ITC360," all ITC360 logos, and any variations or derivatives of any of the foregoing, and any Trademarks that are confusingly similar thereto.

"UTC" shall have the meaning defined in the preamble.

"UTC Icon" shall mean the symbol, also known as the UTC gear logo, identified as the "UTC Icon" in the UTC "Corporate Identity Guidelines – Brand Basics" document attached as Schedule 4.1.1, regardless of color or size, and any variant thereof.

"UTC NDA" shall have the meaning defined in Section 6.4.

ARTICLE II

ASSIGNMENT OF SOLELY OWNED INTELLECTUAL PROPERTY RIGHTS

2.1 Assigned Intellectual Property Rights

2.1.1 Assignments by an Assignor Party. Subject to Section 3.2, each Assignor Party, on behalf of itself and the other members of the Assignor Group, hereby irrevocably assigns to the applicable Assignee Party, and agrees to irrevocably assign to the applicable Assignee Party, all of its and the other members of the Assignor Group's rights, title and interest in and to any and all Intellectual Property Rights owned by the Assignor Party or another member of the Assignor Group that meets one or more of the following descriptions:

(a) the Intellectual Property Rights are Requester Foreground IPR conceived or created in the course of services concerning which the Assignee Party or another member of the Assignee Group was the Requester, and the Assignor Party or another member of the Assignor Group was the Performer; or

(b) the Intellectual Property Rights are Performer Foreground-Delivered IPR conceived or created in the course of services concerning which the Assignee Party or another member of the Assignee Group was the Requester, and the Assignor Party or another member of the Assignor Group was the Performer; or

(c) the Intellectual Property Rights are Performer Foreground-Undelivered IPR conceived or created in the course of services concerning which the Assignor Party or another member of the Assignor Group was the Requester, and the Assignee Party or another member of the Assignee Group was the Performer

(collectively, "Assigned Intellectual Property Rights").

ARTICLE III

LICENSING OF INTELLECTUAL PROPERTY RIGHTS

3.1 Licensed Intellectual Property Rights

3.1.1 License Grants by a Licensor Party. Subject to Section 3.2, a Licensor Party, on behalf of itself and the other members of the Licensor Group, and solely to the extent the Licensor Party or another member of the Licensor Group has the right to do so, hereby grants and agrees to grant to the applicable Licensee Party and the other members of the Licensee Group, subject to the field restriction of Section 3.1.2, a royalty-free, nonexclusive, perpetual, irrevocable, fully paid-up, worldwide right and license, with the right to sublicense as provided in Section 3.1.3, to Exploit Intellectual Property Rights that are owned by the Licensor Party or another member of the Licensor Group immediately following the assignments pursuant to Article II and meet one or more of the following descriptions with respect to the relevant Licensee Party:

(a) the Intellectual Property Rights are rights under Licensed Patents or other Intellectual Property Rights that, in each case, as of the Effective Time, are either (A) used in connection with, or necessary for the ongoing conduct of, the current business of the Licensee Party or another member of the Licensee Group, or (B) Contemplated to be Used in the business of the Licensee Party, or another member of the Licensee Group, in the Licensee Group Field; provided, however, that the license granted in this Section 3.1.1(a) does not apply to the Intellectual Property Rights received under or otherwise governed by an Excluded Agreement; and/or

(b) the Intellectual Property Rights are embodied in an invention, or proposed invention, that is both (i) described in a Patent or Invention Disclosure held by the Licensor Party or another member of the Licensor Group and (ii) conceived by at least one inventor who, at the time of conception, was employed by a member of the Licensee Group, a non-inclusive list of which inventions and proposed inventions are provided in Schedule 3.1.1(b), provided, however, that the license granted in this Section 3.1.1(b) does not apply to an invention conceived under or otherwise governed by an Excluded Agreement; and/or

(c) the Intellectual Property Rights are subject to an assignment to the Licensor Party in Section 2.1.1(b) concerning Performer Foreground-Delivered IPR conceived or created in the course of services concerning which the Licensor Party or another member of the Licensor Group was the Requester and the Licensee Party or another member of the Licensee Group was the Performer; and/or

(d) the Intellectual Property Rights are Performer Background IPR or Patent rights of the Licensor Party or another member of the Licensor Group and is necessary for the Licensee Party or another member of the Licensee Party to Exploit the Performer Foreground-Delivered IPR in the Licensee Group Field, provided, however, that the license granted in this Section 3.1.1(d) applies only to the extent necessary for the Licensee Party or another member of the Licensee Group to Exploit the Performer Foreground-Delivered IPR in the Licensee Group Field.

(collectively, "Licensed Intellectual Property Rights").

3.1.2 Field Restriction. The licenses granted in Section 3.1.1 are limited to, and a Licensee Party and the other members of the Licensee Group will have the right to Exploit, only the Licensed Intellectual Property Rights within the Licensee Group Field, except for the purposes of research and development at a stage encompassed within U.S. Department of Defense Technology Readiness Levels 1-6 or NASA Technology Readiness Levels 1-6; provided that (a) such research is not intended for use outside the Licensee Group Field, and (b) in the course of research conducted for a third party outside the Licensee Group Field, neither the Licensee Party nor any member of the Licensee Group (nor any of their respective officers, directors, employees, contractors, agents or sublicensees) shall disclose such Intellectual Property Rights to the third party.

3.1.3 Sublicense of Licensed Intellectual Property Rights. A Licensee Party or another member of the Licensee Group may sublicense its rights in Licensed Intellectual Property Rights hereunder, solely in support of its respective businesses (and not independent of its current or future products and related services). In all cases in which the exercise of sublicense rights hereunder reasonably requires disclosure of Licensed Intellectual Property Rights to a third party, the applicable member of the Licensee Group will disclose such Licensed Intellectual Property Rights (a) solely on a "need to know" basis, (b) provided that the Person to receive Licensed Intellectual Property Rights first agrees in writing to terms of confidentiality and non-use at least as restrictive as those provided in this Agreement, and (c) provided that the Licensee Party ensures the performance of, and accepts joint and several responsibility for the performance by each of the sublicensees of, the obligations of the Licensee Party and the other members of the Licensee Group under this Agreement.

3.1.4 Improvements. Each of the licenses granted in Section 3.1.1, subject to the restrictions of Section 3.1.2 and Section 3.1.3, includes the right of a Licensee Party and other members of the Licensee Group to make improvements to such Licensed Intellectual Property Rights. Neither a Licensor Party nor any member of the Licensor Group will have any rights to any such improvements, and as between a Licensee Party and a Licensor Party, the Licensee Party or applicable member of the Licensee Group will own all such improvements made by the Licensee Party or such member of the Licensee Group to Licensed Intellectual Property Rights.

3.1.5 No Implied Licenses. To the extent Intellectual Property Rights of a Party or member of a Party Group are not expressly granted in this Agreement, they are hereby expressly reserved to the Party or member of the Party Group. Without limiting the generality of the immediately preceding sentence, no express grant by a Licensor Party in this Agreement of

license rights in certain Intellectual Property Rights shall be construed as implying the grant of any rights by the Licensor Party or another member of the Licensor Group in any other Intellectual Property Rights held by the Licensor Party or another member of the Licensor Group.

3.2 Reserved Intellectual Property Rights. Specific reservations shall apply to certain Intellectual Property Rights as set forth in Schedule 3.2.

3.3 No Rescission. The provisions of this Agreement, including the license rights provided in this Article III, shall not be terminable or revocable for any reason. In the event of any breach of this Agreement, the sole remedy of the non-breaching Party will be to seek monetary damages or equitable relief, including specific performance, as provided in Article VII, that does not involve a rescission or termination of any of the provisions of this Agreement (including the license rights provided in this Article III), and each Party irrevocably waives the right to seek any termination or rescission of any such provisions or rights.

ARTICLE IV

TRADEMARKS

4.1 Ownership of United Technologies Trademarks.

4.1.1 Notwithstanding any other provision of this Agreement to the contrary, as between UTC, on the one hand, and Otis, Carrier and other members of the Otis Group and the Carrier Group, on the other, all rights in and to the United Technologies Trademarks, including all goodwill appurtenant thereto, are owned and shall be owned solely and exclusively by UTC. Without limiting the foregoing, and subject to Section 4.2, Otis and Carrier, on behalf of themselves and the other members of, respectively, the Otis Group and the Carrier Group, hereby irrevocably assign to UTC, and agree and promise to assign to UTC, (a) any and all rights, title and interest in and to the United Technologies Trademarks, including all goodwill appurtenant thereto held by them and the other members of the Otis Group and the Carrier Group, and (b) any and all registrations and applications for registration of Trademarks consisting of or containing any of the United Technologies Trademarks, anywhere in the world, to which Otis, Carrier or another member of the Otis Group or the Carrier Group holds a legal or equitable interest as of the Effective Time. Without limitation, the foregoing assignment and promise of assignment includes the right to sue and recover damages for past and future infringements of the United Technologies Trademarks and to bring any proceeding in the United States Patent and Trademark Office or any equivalent agency or governing body in any other country for cancellation, opposition, or other proceeding in connection with the United Technologies Trademarks. Except as expressly stated in Section 4.2, none of Otis, Carrier or any other member of the Otis Group or the Carrier Group shall have any right, title or interest in or to any of the United Technologies Trademarks, and any and all use of the United Technologies Trademarks, whether or not authorized pursuant to Section 4.2, shall inure solely and exclusively to UTC for all purposes.

4.1.2 Otis and Carrier, on behalf of themselves and the other members of, respectively, the Otis Group and the Carrier Group, agree and promise to assist UTC and the other members of the UTC Group, at UTC's request, in UTC's discretion and at UTC's cost, in applying for, registering, maintaining, renewing, demonstrating use of, recording UTC's and the other members of the UTC Group's rights in, and otherwise perfecting, and defending and enforcing against third party infringers, the rights of UTC and the other members of the UTC Group in the United Technologies Trademarks and all goodwill associated therewith, including executing, verifying, acknowledging and delivering any and all documents, including any instruments of transfer and recordable assignments, and confirmations of use, and performing such other acts deemed necessary in the reasonable opinion of UTC.

4.1.3 Otis and Carrier, on behalf of themselves and the other members of, respectively, the Otis Group and the Carrier Group, agree and promise not to (a) challenge in any jurisdiction or venue the right or title of UTC or any other members of the UTC Group in and to any United Technologies Trademark, or the validity or enforceability of any United Technologies Trademark or any registration thereof, or (b) register or renew, attempt to register or renew, or assist a Person other than UTC or a member of the UTC Group in registering or renewing, any United Technologies Trademark.

4.2 Use of United Technologies Trademarks

4.2.1 Except as expressly provided in this Section 4.2, after the Effective Time, none of Otis, Carrier or any other members of the Otis Group or the Carrier Group shall use, or have the right to use, any of the United Technologies Trademarks.

4.2.2 Without limitation, Otis and Carrier as promptly as reasonably practicable (but in any case within six (6) months of the Effective Time) shall cause each member of, respectively, the Otis Group and the Carrier Group having a corporate name that includes any of the United Technologies Trademarks to apply to change its corporate name to a name that does not include any of the United Technologies Trademarks, including, within six (6) months of the Effective Time, by making any legal filings in each relevant jurisdiction necessary to effect such change worldwide.

4.2.3 UTC, on behalf of itself and the other members of the UTC Group, hereby grants to Otis, Carrier and the other members of the Otis Group and the Carrier Group a limited, non-exclusive, non-transferable, personal and nonsublicensable right to continue temporarily to use, following the Effective Time, any United Technologies Trademark it is using immediately prior to the Effective Time, solely to the extent of such pre-Separation use and in accordance with product quality standards and programs in place at the respective member of the Otis Group or the Carrier Group immediately prior to the Effective Time, and strictly in accordance with this Section 4.2.3; provided that Otis and Carrier shall, and shall cause each of its respective Affiliates (including, after the Effective Time, the members of, respectively, the Otis Group and the Carrier Group) (a) not to hold itself out as having any affiliation with UTC or any member of the UTC Group (except to the extent a third party may infer such affiliation merely due to the limited use of the United Technologies Trademarks as contemplated herein), and (b) to use diligent efforts to eliminate use of the United Technologies Trademarks. In any event, as soon as practicable after the Effective Time, and in any event within three (3) years thereafter, Otis and

Carrier shall, and shall cause each of its respective Affiliates (including, after the Effective Time, the members of, respectively, the Otis Group and the Carrier Group), and any of its licensees or its respective Affiliates' licensees, to (a) cease and discontinue use of all United Technologies Trademarks, and (b) complete the removal of the United Technologies Trademarks from all of their respective products, signage, vehicles, properties, technical information, stationery and promotional or other marketing materials and other assets of Otis, Carrier and the other members of the Otis Group and the Carrier Group. Except for the limited, temporary license granted in this Section 4.2.3, neither UTC nor any other member of the UTC Group grants any right or license hereunder, express or implied, to use any United Technologies Trademarks.

4.3 Special Trademark Provisions. Special provisions concerning Trademarks are provided in Schedule 4.3.

ARTICLE V

EXCLUDED AGREEMENTS

5.1 No Change to Excluded Agreements. The Parties do not intend by this Agreement to amend or otherwise change the Intellectual Property Rights or other provisions of any Excluded Agreement. Intellectual Property Rights provided, received or created pursuant to an Excluded Agreement will not constitute Licensed Intellectual Property Rights, and, with respect to the applicable parties thereto, will continue to be subject to any licenses, permissions or restrictions granted or imposed in the respective Excluded Agreement in accordance with its terms.

ARTICLE VI

CONFIDENTIALITY

6.1 Received Information and Materials. The Parties acknowledge that members of each Party Group currently are in possession of information and materials f members of the other two Party Groups, which may include designs, drawings, specifications, technical data and other data, databases, formulae, algorithms and mathematical embodiments, plans, software, proposals, processes, procedures, manufacturing techniques, and business methods, and some of which may be included in the Licensed Intellectual Property Rights. With respect to a receiving Party, such information will be referred to individually or collectively as "Received Information and Materials," provided that Received Information and Materials will not include information disclosed under any Excluded Agreement.

6.2 Confidential Information. All Received Information and Materials that are identified as or are of the type generally considered as confidential or proprietary or that have historically been subject to reasonable confidentiality and proprietary protections, and any communications or information provided after the Effective Time pursuant to this Agreement among members of the different Party Groups, will be deemed confidential and proprietary information of the Person that provided it, unless the information (a) is or becomes generally available to the public other than as a result of a disclosure in breach of this Agreement; (b) is rightfully available to or known by the receiving Party prior to receipt by the receiving Party

without any obligation of confidentiality; (c) is received by the receiving Party from a third party, provided that the third party is not known by the receiving Party, after reasonable inquiry, to be in breach of any obligation of confidentiality; or (d) was independently developed by the receiving Party, without violating any contractual or legal obligation ("Confidential Information").

6.3 Obligations. With respect to Confidential Information in its possession, custody or control, a receiving member of a Party Group will: (a) hold all Confidential Information in confidence, using the same degree of care such receiving member uses to protect its own confidential information of a similar nature, but in no event less than a reasonable degree of care, including sharing Confidential Information internally only on a "need to know" basis, (b) not disclose Confidential Information to any third party, other than as permitted with respect to Licensed Intellectual Property Rights pursuant to Section 3.1.3, and (c) use Confidential Information only to the extent authorized.

6.4 Termination of UTC NDA. Upon the Effective Time, (a) the Amended and Restated Nondisclosure Agreement, by and between United Technologies Companies, dated July 26, 2012 (the "UTC NDA"), will terminate as among UTC and the other members of the UTC Group, Otis and the other members of the Otis Group, and Carrier and the other members of the Carrier Group, (b) the information disclosed under the UTC NDA (i) will be deemed Received Information and Materials and Confidential Information under this Agreement, and (ii) will be licensed hereunder for use by UTC and the other members of the UTC Group, Otis and the other members of the Otis Group, Carrier and the other members of the Carrier Group, solely to the extent it is Licensed Intellectual Property Rights granted to UTC and the other members of the UTC Group, Otis and the other members of the Otis Group or Carrier and the other members of the Carrier Group, respectively, and (c) notwithstanding paragraph 3 of the UTC NDA, such information disclosed thereunder will continue to be protected for as long as it remains Confidential Information.

ARTICLE VII

LIMITATIONS AND DISCLAIMERS

7.1 Subsequent Delivery of Intellectual Property Rights.

7.1.1 For a period of six (6) months after the Effective Time, upon written request by an Assignee Party or a Licensee Party, and solely to the extent the Assignor Party or another member of the Assignor Group or the Licensor Party or another member of the Licensor Group, respectively, has the right to do so, the Assignor Party or the Licensor Party, respectively, shall use commercially reasonable efforts to provide (and to cause other members of the Assignor Group or the Licensor Group, respectively, to provide) to the requesting Assignee Party or the Licensee Party, respectively, copies of tangible embodiments of the Assigned Intellectual Property Rights and the Licensed Intellectual Property Rights, respectively, in the possession of a member of the Assignor Group or the Licensor Group, respectively, and not in the possession of a member of the Assignee Group or the Licensee Group, respectively, upon the Effective Time, to the extent that both (a) such Assigned Intellectual Property Rights or such Licensed Intellectual Property Rights, respectively, are necessary for the ongoing conduct of the current

business of the requesting Assignee Party or another member of the Assignee Group or the requesting Licensee Party or another member of the Licensee Group, respectively, or was in use in such business as of the Effective Time, and (b) such tangible embodiments are reasonably necessary for the use of such Assigned Intellectual Property Rights or such Licensed Intellectual Property Rights, respectively, identified in Section 7.1.1(a).

7.2 No Additional Obligations. Except as expressly provided in this Agreement, this Agreement does not create any obligation on the part of any of the Parties to provide or create any of the following with respect to the Intellectual Property Rights owned, transferred, granted or licensed under this Agreement: (a) explanations, corrections, revisions, improvements, upgrades, technical assistance, maintenance, installation, debugging, or any other support; or (b) tangible embodiments, documents, information, software, data or any other items, deliverables or services.

7.3 DISCLAIMER. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE SDA OR ANY OTHER ANCILLARY AGREEMENT, (A) EACH OF THE PARTIES CONVEYS INTELLECTUAL PROPERTY RIGHTS UNDER THIS AGREEMENT SOLELY ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS" BASIS, AND (B) NONE OF THE PARTIES MAKES, AND EACH HEREBY EXPRESSLY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO SUCH INTELLECTUAL PROPERTY RIGHTS, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OR WARRANTY WITH RESPECT TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COMPLETENESS OR SUFFICIENCY, OR EXPORTABILITY, OR WITH RESPECT TO THE VALIDITY, SCOPE, ENFORCEABILITY OR NONINFRINGEMENT OF ANY OF SUCH INTELLECTUAL PROPERTY RIGHTS. FOR AVOIDANCE OF DOUBT, THE REPRESENTATIONS AND WARRANTIES PROVIDED IN THE SDA ARE NOT AFFECTED BY THIS DISCLAIMER.

7.4 Limitations of Liability. Except in connection with a Party's willful and intentional breach of this Agreement or fraud, in no event shall any Party or its Affiliates, under any circumstances, be liable or obligated in any manner to another Party or its Affiliates for any consequential, special, incidental, exemplary, indirect, punitive or similar damages, or for any loss of future revenue, profits or income, or for any diminution in value damages measured as a multiple of earnings, revenue or any other performance metric arising out of or relating to this Agreement or the transactions contemplated in this Agreement, even if such Party or its Affiliate is informed in advance of the possibility of such damages occurring and regardless of whether or not the damages were foreseeable and regardless of the theory or cause of action upon which any damages might be based. This limitation is separate and independent of any other remedy limitations and shall not fail if any such other limitation fails. The foregoing shall not be deemed to modify or limit any rights or remedies to the extent arising under the SDA, any other Ancillary Agreement or any Excluded Agreement.

ARTICLE VIII

GOVERNING LAW AND DISPUTE RESOLUTION

8.1 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to any conflict or choice-of-law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

8.2 Alternative Dispute Resolution. Any dispute, controversy or claim between or among the Parties (whether sounding in contract, tort, or otherwise) arising out of or resulting from this Agreement, including the meaning of its provisions or the performance of any such provisions by a Party, its breach, termination, invalidity or otherwise (each, a "Dispute") will be resolved in accordance with the procedures specified in this Article VIII, which will be the sole and exclusive procedure for the resolution of any such Dispute.

8.2.1 Negotiations. The Parties will attempt in good faith to resolve any Dispute promptly by negotiations among executives of the Parties who have authority to settle the Dispute. The disputing Party will give the other Party or Parties, as applicable, written notice of the Dispute. Within twenty (20) days after receipt of said notice, the receiving Party or Parties will submit to the other a written response. The notice and response will include: (a) a statement of each Party's position and a summary of the evidence and arguments supporting that position, and (b) the name and title of the executive who will represent that Party. The executives will meet at a mutually acceptable time and place within thirty (30) days of the date of the disputing Party's notice and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the Dispute.

8.2.2 Arbitration. If a Dispute has not been resolved within sixty (60) days of the date of the disputing Party's notice, any Party desiring a non-negotiated resolution shall refer the Dispute to binding arbitration pursuant to the then-current commercial arbitration rules and supplementary procedures of commercial arbitration of the American Arbitration Association (the "AAA Rules"). The arbitral tribunal shall be composed of a single arbitrator appointed in accordance with the AAA Rules in any matter in which an injunction, specific performance or other equitable relief is not requested and the value of the relief any Party seeks (whether by claim or counterclaim) does not exceed three million United States dollars (US $3,000,000). In all other matters, including any matter in which an injunction, specific performance or other equitable relief is requested, the arbitral tribunal shall be composed of a panel of three (3) arbitrators appointed in accordance with the AAA Rules. The arbitration shall take place in New York, New York. Each Party will bear its own expenses (including attorneys' fees), and the Parties will share equally the compensation and expenses of the arbitrators and the arbitration. Any arbitration award will be final and shall be enforceable in any court of competent jurisdiction.

8.3 Confidentiality. All negotiations, and all statements made and documents provided or exchanged in connection with an arbitration under Section 8.2.2 will be confidential. Except with the prior written consent of the other Party or Parties in the Dispute, as applicable, none of the Parties will disclose the existence or content of the Dispute, or the results of any

dispute resolution process, to third parties other than (a) as may be required by law or legal process after having provided the other Party or Parties with notice thereof and the opportunity to seek a protective order over such information, or (b) to outside counsel and tax, financial, and accounting professionals in connection with the Dispute.

8.4 Equitable Relief. The Parties acknowledge and agree that monetary damages (even if available) may not be an adequate remedy in the event that a Party does not perform the provisions of this Agreement in accordance with their specified terms or otherwise breaches any provisions of this Agreement. Accordingly, and notwithstanding any other provision of this Agreement, any Party will be entitled to seek from the arbitrator or arbitration tribunal, and the arbitrator or arbitration tribunal will be empowered to grant, an injunction, specific performance or other equitable relief (whether preliminary, permanent, temporary, conservatory or otherwise, and including temporary restraining orders) to prevent such breaches of this Agreement and to enforce specifically the terms hereof, in addition to any other remedy to which such Party is entitled at law or in equity. The Party alleging the breach shall not be required to provide any bond or other security in connection with any such award, but the Parties reserve all rights to otherwise contest the propriety of any award of injunctive relief. In addition, and notwithstanding any other provision of this Agreement, any Party will be entitled to seek in a court of competent jurisdiction an injunction, specific performance or other equitable relief to prevent breaches of this Agreement pending an arbitration under Section 8.2.2.

ARTICLE IX

GENERAL PROVISIONS

9.1 Entire Agreement; Conflict Among Agreements. This Agreement, together with the SDA, the other Ancillary Agreements and the Exhibits and Schedules hereto and thereto, constitute the entire agreement among the Parties with respect to the subject matter of this Agreement and supersede any prior discussion, correspondence, negotiation, proposed term sheet, agreement, understanding or arrangement with respect to such subject matter, and there are no agreements, understandings, representations or warranties among the Parties other than those set forth or referred to in this Agreement with respect to such subject matter. In the event of any conflict between the provisions of this Agreement and the provisions of the SDA or any other Ancillary Agreement, the provisions of this Agreement shall control, provided, however, that (a) in the event of a conflict between the provisions of this Agreement and the provisions of the Transition Services Agreement, the conflicting provisions of the Transition Services Agreement shall control over the conflicting provisions of this Agreement, and (b) nothing in this Agreement limits any of the representations, warranties or indemnity obligations under the SDA or any other Ancillary Agreement. In the event of any conflict between the provisions of this Agreement and any agreement that was entered into at any time prior to the Effective Time between or among members of different Party Groups that is not an Excluded Agreement, the conflicting provisions of this Agreement shall control.

9.2 Assignment and Change of Control; Successor and Assigns

9.2.1 No Party may directly or indirectly sell, assign or otherwise transfer (whether by asset or stock sale, merger, reorganization or otherwise) any or all of its rights or

delegate any or all of its obligations under this Agreement without the express prior written consent of the other Parties, except as follows:

(a) Otis or Carrier may (i) freely sell, assign or otherwise transfer, in whole or from time to time in part, Assigned Intellectual Property Rights assigned to it hereunder; and (ii) sell, assign or otherwise transfer, in whole or from time to time in part, its rights and obligations under this Agreement (A) to any Affiliate of Otis or Carrier, respectively, (B) to any financing entity, in connection with the grant of a revocable security interest necessary for financing, or (C) to a Person acquiring (whether by asset or stock sale, merger, reorganization or otherwise) all or substantially all of the relevant business of Otis or Carrier, respectively, that agrees to be bound by the terms and conditions of this Agreement; but any such transfer or assignment will not relieve Otis or Carrier, respectively, of any of its obligations hereunder.

(b) UTC may (i) freely sell, assign or otherwise transfer, in whole or from time to time in part, Assigned Intellectual Property Rights assigned to it hereunder; and (ii) sell, assign or otherwise transfer, in whole or from time to time in part, its rights under this Agreement (A) to any member of the UTC Group, (B) to any financing entity, in connection with the grant of a revocable security interest necessary for financing, or (C) to a Person acquiring (whether by asset or stock sale, merger, reorganization or otherwise) all or substantially all of the relevant business of UTC that agrees to be bound by the terms and conditions of this Agreement; but any such transfer or assignment will not relieve UTC of any of its obligations hereunder.

9.2.2 Any purported sale, assignment or other transfer in contravention of this Section 9.2 shall be null and void.

9.2.3 Subject to Section 9.2.1 and Section 9.2.2, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns and transferees.

9.3 Bankruptcy. All licenses granted under this Agreement will be deemed licenses of rights to intellectual property for purposes of Section 365(n) of the United States Bankruptcy Code and a licensee under this Agreement will retain and may fully exercise all of its rights and elections under the United States Bankruptcy Code.

9.4 Amendments and Waivers. This Agreement may not be modified or amended, except by an instrument or instruments in writing signed by the Party against whom enforcement of any such modification or amendment is sought. Any Party to this Agreement may, only by an instrument in writing, waive compliance by the other Parties with any term or provision of this Agreement on the part of such other Parties to this Agreement to be performed or complied with. The waiver by any Party to this Agreement of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach. No failure or delay by any Party in exercising any right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Subject to Section 3.3, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

9.5 Notice. All notices or other communications required or permitted hereunder by a Party shall be in writing to the other Parties at the address provided below (or at such other address as such Party may designate by notice pursuant to this Section 9.5), and shall be deemed given or delivered (a) when delivered personally against written receipt, (b) if sent by registered or certified mail, return receipt requested, postage prepaid, when received, and (c) when delivered by a nationally recognized overnight courier service, prepaid:

To UTC:

United Technologies Corporation
10 Farm Springs
Farmington, CT 06302
Attention: Chief Intellectual Property Counsel

To Otis:

Otis Worldwide Corporation
One Carrier Place
Farmington, CT 06032
Attention: Chief Intellectual Property Counsel

To Carrier:

Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418
Attention: Chief Intellectual Property Counsel

9.6 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party hereto. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

9.7 Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic means shall be as effective as delivery of a manually executed counterpart of this Agreement.

9.8 Further Assurances. Each Party agrees, upon written request of another Party, to do all acts and execute, deliver and perform all additional documents, instruments and agreements, which may be reasonably required to implement the provisions and purposes of this

Agreement; provided, however, that, except as expressly set forth in this Agreement, nothing in this Agreement shall be construed as obligating a Party or its Affiliates to deliver any additional Intellectual Property Rights, or any tangible embodiments of any Intellectual Property Rights, to another Party or its Affiliates.

9.9 Interpretation. For the purposes of this Agreement, (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, Exhibit and Schedule are references to the Articles, Sections, paragraphs, Exhibits and Schedules to this Agreement, unless otherwise specified; (c) any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement; (d) the terms “hereof,” “herein,” “hereby,” “hereto” and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto, and not to any particular provision thereof; (e) references to “$” shall mean U.S. dollars; (f) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (g) the word “or” shall not be exclusive; (h) references to “written” or “in writing” include in electronic form; (i) provisions shall apply, when appropriate, to successive events and transactions; (j) the Parties have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions in this Agreement; (k) references to any statute shall be deemed to refer to such statute as amended through the date hereof; (l) references to any Contract are to that Contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; (m) references to an Affiliate of a Party mean current and future Affiliates of such Party; (n) a reference to any Person includes such Person’s successors and permitted assigns; (o) any reference to “days” shall mean calendar days, unless Business Days are expressly specified; and (p) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day.

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[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been signed by or on behalf of each of the Parties as of the day first above written.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Michael R. Dumais

Name: Michael R. Dumais
Title: Executive Vice President, Operations & Strategy

OTIS WORLDWIDE CORPORATION

By: /s/ Michael P. Ryan

Name: Michael P. Ryan
Title: Vice President, Controller

CARRIER GLOBAL CORPORATION

By: /s/ Kyle Crockett

Name: Kyle Crockett
Title: Vice President, Controller

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-234027), the Post-Effective Amendment on Form S-8 to the Registration Statement on Form S-4 (333-232696), and the Registration Statement on Form S-8 (No. 333-237576) of Raytheon Technologies Corporation (formerly known as United Technologies Corporation) of our report dated February 12, 2020 relating to the financial statements and the effectiveness of internal control over financial reporting of Raytheon Company, which appears in this Current Report on Form 8-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
April 8, 2020

Exhibit 99.1

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, management has conducted an assessment, including testing, using the criteria in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. The Company's system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2019, based on criteria in Internal Control – Integrated Framework, issued by the COSO in 2013. The effectiveness of the Company's internal control over financial reporting as of December 31, 2019, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included below.

/s/ Thomas A. Kennedy	/s/ Anthony F. O'Brien
Thomas A. Kennedy	Anthony F. O'Brien
Chairman and Chief Executive Officer	Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Raytheon Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Raytheon Company and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019 and the manner in which it accounts for certain stranded tax effects impacting accumulated other comprehensive income in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition - Contract Estimates at Completion

As described in Note 1 to the consolidated financial statements, the vast majority of the Company's revenues of $29.2 billion for the year ended December 31, 2019 are from long-term contracts associated with the design, development, manufacture or modification of complex aerospace or defense equipment or related services. The Company generally recognizes revenue over time as it performs on its contractual performance obligations because of continuous transfer of control to the customer. Because of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Due to the nature of the work required to be performed on many of the Company's performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment by management on a contract by contract basis. These variables and significant judgments may include assumptions related to the estimated award fees, incentive fees, or other provisions that can either increase or decrease the transaction price, outstanding key contract matters, progress toward completion and the related program schedule, identified risks and opportunities including the ability and cost to achieve the schedule (e.g., the number and type of milestone events) and technical requirements (e.g., a newly-developed product versus a mature product), labor productivity and availability, the complexity of the work to be performed, the availability of materials, the length of time to complete the performance obligation (e.g., to estimate increases in wages and prices for materials and related support cost allocations), execution by the Company's subcontractors, the availability and timing of funding from the customer, overhead cost rates, the estimated cost of satisfying the Company's industrial cooperation agreements required under certain contracts and the likelihood of obtaining required regulatory approvals based upon all known facts and circumstances.

The principal considerations for our determination that performing procedures relating to revenue recognition - contract estimates at completion is a critical audit matter are there was significant judgment by management in developing their estimates of total revenue and total costs at completion, including significant judgments and assumptions related to the applicable aforementioned variables on a contract by contract basis. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating audit evidence relating to management's estimates of total revenue and total cost at completion for contracts.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the determination of total revenue and total costs at completion. These procedures also included, among others, testing management's process for developing the estimated total revenue and total costs at completion for selected contractual performance obligations. This included evaluating the reasonableness of certain significant judgments and assumptions made by management by understanding the nature and status of the selected contract and related performance obligations, in certain instances performing retrospective reviews of contract estimates and changes in estimates over time, evaluating evidence to support selected estimated costs to complete, and inquiring of program management as to the reasonableness of the significant judgments and assumptions made by management related to the applicable aforementioned variables to support the estimates of total revenue and total costs at completion used to determine revenue recognized for the contracts selected for testing.

Pensions - Long-term Return on Plan Assets and Discount Rate Assumptions

As described in Notes 1 and 14 to the consolidated financial statements, the total projected benefit obligation of the Company's pension plans was $29.0 billion as of December 31, 2019 and the total net periodic pension benefit cost was $1.1 billion for the year then ended. The Company's long-term return on plan assets and discount rate assumptions are the key variables in determining the net periodic pension benefit cost and the projected benefit obligation of the Company's pension plans. To establish the long-term return on plan assets assumption, management employs a "building block" approach. Management then annually considers whether it is appropriate to change its long-term return on plan assets assumption by reviewing the existing assumption against a statistically determined reasonable range of outcomes. The building block approach and the reasonable range of outcomes are based upon management's asset allocation assumptions and long-term capital market assumptions. The discount rate represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the Company's pension obligations. The discount rate assumption is determined by using a theoretical bond portfolio model consisting of high-quality bonds for which the timing and amount of cash flows approximate the estimated benefit payments for each pension plan.

The principal considerations for our determination that performing procedures relating to the long-term return on plan assets and discount rate assumptions for pensions is a critical audit matter are there was significant judgment by management in determining the net periodic pension benefit cost and projected benefit obligation of the Company's pension plans including the expected long-term return on plan assets and the discount rate assumptions. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating audit evidence relating to management's long-term return on plan assets and discount rate assumptions. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the determination of the net periodic pension benefit cost and the projected benefit obligation of the Company's pension plans, including controls over the expected long-term return on plan assets and the discount rate assumptions. These procedures also included, among other, testing management's process for developing the expected long-term rate of return on plan assets and discount rate assumptions. This included utilizing professionals with specialized skill and knowledge to assist in the evaluation of the reasonableness of management's long-term return on plan assets and discount rate assumptions by evaluating the appropriateness of the building block approach used by management as well as assessing the appropriateness of the bond portfolio model and data used in management's bond portfolio models. This also included comparing management's capital market expectations to the Company's historical returns, testing of management's asset allocation assumptions, evaluating the reasonableness of management's expectations of future investment performance and comparing associated discount rates determined by management with the bond portfolios used by management to independent yield curves.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
February 12, 2020

We have served as the Company's auditor since 1961.

RAYTHEON COMPANY

CONSOLIDATED BALANCE SHEETS

(In millions, except per share amount) December 31:		**2019**		2018
Assets				
Current assets				
Cash and cash equivalents	**$**	**4,292**	$	3,608
Receivables, net		**1,364**		1,648
Contract assets		**6,122**		5,594
Inventories		**671**		758
Prepaid expenses and other current assets		**633**		529
Total current assets		**13,082**		12,137
Property, plant and equipment, net		**3,353**		2,840
Operating lease right-of-use assets		**875**		805
Goodwill		**14,882**		14,864
Other assets, net		**2,374**		2,024
Total assets	**$**	**34,566**	$	32,670
Liabilities, Redeemable Noncontrolling Interests and Equity				
Current liabilities				
Commercial paper and current portion of long-term debt	**$**	**1,499**	$	300
Contract liabilities		**3,267**		3,309
Accounts payable		**1,796**		1,964
Accrued employee compensation		**1,813**		1,509
Other current liabilities		**1,416**		1,381
Total current liabilities		**9,791**		8,463
Accrued retiree benefits and other long-term liabilities		**8,553**		6,922
Long-term debt		**3,261**		4,755
Operating lease liabilities		**706**		647
Commitments and contingencies (Note 10)				
Redeemable noncontrolling interests		**32**		411
Equity				
Raytheon Company stockholders' equity				
Common stock, par value, $0.01 per share, 1,450 shares authorized, 278 and 282 shares outstanding at December 31, 2019 and 2018, respectively		**3**		3
Additional paid-in capital		**—**		—
Accumulated other comprehensive loss		**(9,260)**		(8,618)
Retained earnings		**21,480**		20,087
Total Raytheon Company stockholders' equity		**12,223**		11,472
Noncontrolling interests in subsidiaries		**—**		—
Total equity		**12,223**		11,472
Total liabilities, redeemable noncontrolling interests and equity	**$**	**34,566**	$	32,670

The accompanying notes are an integral part of the consolidated financial statements.

RAYTHEON COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts) Years Ended December 31:	**2019**	2018	2017
Net sales			
Products	**$ 24,435**	$ 22,633	$ 21,416
Services	**4,741**	4,425	3,932
Total net sales	**29,176**	27,058	25,348
Operating expenses			
Cost of sales—products	**17,747**	16,108	15,252
Cost of sales—services	**3,666**	3,465	3,088
General and administrative expenses	**2,989**	2,947	2,777
Total operating expenses	**24,402**	22,520	21,117
Operating income	**4,774**	4,538	4,231
Non-operating (income) expense, net			
Retirement benefits non-service expense	**688**	1,230	913
Interest expense	**180**	184	205
Interest income	**(42)**	(31)	(21)
Other (income) expense, net	**(38)**	8	21
Total non-operating (income) expense, net	**788**	1,391	1,118
Income from continuing operations before taxes	**3,986**	3,147	3,113
Federal and foreign income taxes	**658**	264	1,114
Income from continuing operations	**3,328**	2,883	1,999
Income (loss) from discontinued operations, net of tax	**1**	(1)	2
Net income	**3,329**	2,882	2,001
Less: Net income (loss) attributable to noncontrolling interests in subsidiaries	**(14)**	(27)	(23)
Net income attributable to Raytheon Company	**$ 3,343**	$ 2,909	$ 2,024
Basic earnings per share attributable to Raytheon Company common stockholders:			
Income from continuing operations	**$ 11.93**	$ 10.16	$ 6.95
Income (loss) from discontinued operations, net of tax	**—**	—	0.01
Net income	**11.94**	10.16	6.96
Diluted earnings per share attributable to Raytheon Company common stockholders:			
Income from continuing operations	**$ 11.92**	$ 10.15	$ 6.94
Income (loss) from discontinued operations, net of tax	**—**	—	0.01
Net income	**11.93**	10.15	6.95
Amounts attributable to Raytheon Company common stockholders:			
Income from continuing operations	**$ 3,342**	$ 2,910	$ 2,022
Income (loss) from discontinued operations, net of tax	**1**	(1)	2
Net income	**$ 3,343**	$ 2,909	$ 2,024

The accompanying notes are an integral part of the consolidated financial statements.

RAYTHEON COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions) Years Ended December 31:	**2019**	2018	2017
Net income	**$ 3,329**	$ 2,882	$ 2,001
Other comprehensive income (loss), before tax:			
Pension and other postretirement benefit plans, net:			
Prior service cost arising during period	**(1)**	(10)	(15)
Amortization of prior service cost	**5**	6	4
Actuarial loss arising during period	**(1,886)**	(626)	(1,816)
Amortization of net actuarial loss	**1,060**	1,362	1,187
Loss due to settlements	**3**	287	3
Effect of exchange rates	**(3)**	9	(14)
Pension and other postretirement benefit plans, net	**(822)**	1,028	(651)
Foreign exchange translation	**7**	(36)	80
Cash flow hedges	**4**	(12)	10
Unrealized gains (losses) on investments and other, net	**(3)**	1	(1)
Other comprehensive income (loss), before tax	**(814)**	981	(562)
Income tax benefit (expense) related to items of other comprehensive income (loss)	**172**	(213)	38
Other comprehensive income (loss), net of tax	**(642)**	768	(524)
Reclassification of stranded tax effects	**—**	(1,451)	—
Total comprehensive income (loss)	**2,687**	2,199	1,477
Less: Comprehensive income (loss) attributable to noncontrolling interests in subsidiaries	**(14)**	(27)	(23)
Comprehensive income (loss) attributable to Raytheon Company	**$ 2,701**	$ 2,226	$ 1,500

The accompanying notes are an integral part of the consolidated financial statements.

RAYTHEON COMPANY

CONSOLIDATED STATEMENTS OF EQUITY

(In millions)	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total Raytheon Company stockholders' equity	Noncontrolling interests in subsidiaries[1]	Total equity
Balance at December 31, 2016	$ 3	$ —	$ (7,411)	$ 17,565	$ 10,157	$ —	$ 10,157
Net income (loss)				2,024	2,024	—	2,024
Other comprehensive income (loss), net of tax			(524)		(524)		(524)
Adjustment of redeemable noncontrolling interests to redemption value				(41)	(41)		(41)
Dividends declared		2		(929)	(927)		(927)
Common stock plans activity		159			159		159
Share repurchases		(161)		(724)	(885)		(885)
Balance at December 31, 2017	3	—	(7,935)	17,895	9,963	—	9,963
Net income (loss)				2,909	2,909	—	2,909
Other comprehensive income (loss), net of tax			768		768		768
Reclassification of stranded tax effects			(1,451)	1,451	—		—
Adjustment of redeemable noncontrolling interests to redemption value				73	73		73
Dividends declared		2		(991)	(989)		(989)
Common stock plans activity		166			166		166
Share repurchases		(168)		(1,250)	(1,418)		(1,418)
Balance at December 31, 2018	3	—	(8,618)	20,087	11,472	—	11,472
Net income (loss)				**3,343**	**3,343**	**—**	**3,343**
Other comprehensive income (loss), net of tax			**(642)**		**(642)**		**(642)**
Adjustment of redeemable noncontrolling interests to redemption value				**1**	**1**		**1**
Acquisition of redeemable noncontrolling interest		**(75)**		**(125)**	**(200)**		**(200)**
Dividends declared		**2**		**(1,054)**	**(1,052)**		**(1,052)**
Common stock plans activity		**170**			**170**		**170**
Share repurchases		**(97)**		**(772)**	**(869)**		**(869)**
Balance at December 31, 2019	**$ 3**	**$ —**	**$ (9,260)**	**$ 21,480**	**$ 12,223**	**$ —**	**$ 12,223**

(1) Excludes redeemable noncontrolling interests which are not considered equity. See "Note 11: Redeemable Noncontrolling Interests" for additional information.

The accompanying notes are an integral part of the consolidated financial statements.

RAYTHEON COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions) Years Ended December 31:	2019	2018	2017
Cash flows from operating activities			
Net income	**$ 3,329**	$ 2,882	$ 2,001
(Income) loss from discontinued operations, net of tax	**(1)**	1	(2)
Income from continuing operations	**3,328**	2,883	1,999
Adjustments to reconcile to net cash provided by (used in) operating activities from continuing operations, net of the effect of acquisitions and divestitures			
Depreciation and amortization	**605**	568	550
Stock-based compensation	**184**	165	173
Loss on repayment of long-term debt	**—**	—	39
Deferred income taxes	**(28)**	(24)	252
Changes in assets and liabilities			
Receivables, net	**296**	(327)	(157)
Contract assets and contract liabilities	**(534)**	28	88
Inventories	**87**	(166)	14
Prepaid expenses and other current assets	**45**	73	204
Income taxes receivable/payable	**(275)**	174	(193)
Accounts payable	**(168)**	406	(94)
Accrued employee compensation	**295**	165	111
Other current liabilities	**71**	(108)	106
Accrued retiree benefits	**731**	(421)	(250)
Other, net	**(155)**	12	(95)
Net cash provided by (used in) operating activities from continuing operations	**4,482**	3,428	2,747
Net cash provided by (used in) operating activities from discontinued operations	**(2)**	—	(2)
Net cash provided by (used in) operating activities	**4,480**	3,428	2,745
Cash flows from investing activities			
Additions to property, plant and equipment	**(942)**	(763)	(543)
Proceeds from sales of property, plant and equipment	**25**	2	46
Additions to capitalized internal-use software	**(65)**	(58)	(68)
Purchases of short-term investments	**—**	—	(696)
Maturities of short-term investments	**—**	309	517
Payments for purchases of acquired companies, net of cash received	**(8)**	—	(93)
Proceeds from sale of business, net of transaction costs	**—**	11	—
Payments for settlement of treasury rate lock	**(17)**	—	—
Other	**1**	(22)	20
Net cash provided by (used in) investing activities from continuing operations	**(1,006)**	(521)	(817)
Net cash provided by (used in) investing activities from discontinued operations	**3**	—	—
Net cash provided by (used in) investing activities	**(1,003)**	(521)	(817)
Cash flows from financing activities			
Dividends paid	**(1,036)**	(975)	(910)
Net borrowings (payments) on commercial paper	**(300)**	—	300
Repayments of long-term debt	**—**	—	(591)
Loss on repayment of long-term debt	**—**	—	(38)
Repurchases of common stock under share repurchase programs	**(800)**	(1,325)	(800)
Repurchases of common stock to satisfy tax withholding obligations	**(69)**	(93)	(85)
Acquisition of noncontrolling interest in Forcepoint	**(588)**	—	—
Contribution from noncontrolling interest in Forcepoint	**—**	—	8
Other	**(10)**	(5)	—
Net cash provided by (used in) financing activities	**(2,803)**	(2,398)	(2,116)
Net increase (decrease) in cash, cash equivalents and restricted cash	**674**	509	(188)
Cash, cash equivalents and restricted cash at beginning of year	**3,624**	3,115	3,303
Cash, cash equivalents and restricted cash at end of year	**$ 4,298**	$ 3,624	$ 3,115

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Consolidation and Classification—The consolidated financial statements include the accounts of Raytheon Company, and all wholly-owned, majority-owned and otherwise controlled domestic and foreign subsidiaries. All intercompany transactions have been eliminated. For classification of certain current assets and liabilities, we use the duration of the related contract or program as our operating cycle, which is generally longer than one year. In addition, we reclassified certain amounts to conform to our current period presentation. As used in these notes, the terms “we,” “us,” “our,” “Raytheon” and the “Company” mean Raytheon Company and its subsidiaries, unless the context indicates another meaning.

Effective January 1, 2019, we adopted the requirements of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* using the modified retrospective approach as discussed below in Accounting Standards. We reclassified certain balance sheet amounts to conform to our current period presentation.

Use of Estimates—Our consolidated financial statements are based on the application of U.S. Generally Accepted Accounting Principles (GAAP), which require us to make estimates and assumptions about future events that affect the amounts reported in our consolidated financial statements and the accompanying notes. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and any such differences may be material to our consolidated financial statements.

Revenue Recognition—The vast majority of our revenues are from long-term contracts associated with the design, development, manufacture or modification of complex aerospace or defense equipment or related services. These contracts primarily are with the U.S. government (including foreign military sales contracted through the U.S. government). Our contracts with the U.S. government typically are subject to the Federal Acquisition Regulation (FAR) and are priced based on estimated or actual costs of producing goods or providing services. The FAR provides guidance on the types of costs that are allowable in establishing prices for goods and services provided under U.S. government contracts. The pricing for non-U.S. government contracts is based on the specific negotiations with each customer.

Under the typical payment terms of our U.S. government fixed-price contracts, the customer pays us either performance-based payments (PBPs) or progress payments. PBPs are interim payments equal to a negotiated percentage of the contract price based on quantifiable measures of performance or on the achievement of specified events or milestones. Progress payments are interim payments up to 80% of costs incurred as the work progresses. Because the customer retains a portion of the contract price until completion of the contract, our U.S. government fixed-price contracts generally result in revenue recognized in excess of billings which we present as contract assets on the balance sheet. Amounts billed and due from our customers are classified as receivables on the balance sheet. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For our U.S. government cost-type contracts, the customer generally pays us for our actual costs incurred within a short period of time. For non-U.S. government contracts, we typically receive interim payments as work progresses, although for some contracts, we may be entitled to receive an advance payment. We recognize a liability for these advance payments in excess of revenue recognized and present it as contract liabilities on the balance sheet. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

To determine the proper revenue recognition method for contracts for complex aerospace or defense equipment or related services, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. For most of our contracts, the customer contracts with us to provide a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units). Hence, the entire contract is accounted for as one performance obligation. Less commonly, however, we may promise to provide distinct goods or services within a contract, for example when a contract covers multiple phases of the product lifecycle (e.g., development, production, maintenance and support), in which case we separate the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, we allocate the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. We infrequently sell standard products with observable standalone sales. In cases where we do, the observable standalone sales are used to determine the standalone selling price. More frequently, we sell a customized customer specific solution, and in these cases we typically use the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. For certain contracts that meet the foregoing requirements, primarily international direct commercial sale contracts, we are required to obtain certain regulatory approvals. In these cases, we recognize revenue based on the likelihood of obtaining regulatory approvals based upon all known facts and circumstances.

We generally recognize revenue over time as we perform on our contractual performance obligations because of continuous transfer of control to the customer. For U.S. government contracts, this continuous transfer of control to the customer is supported by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience, pay us for costs incurred plus a reasonable profit and take control of any work in process. Similarly, for non-U.S. government contracts, the customer typically controls the work in process as evidenced either by contractual termination clauses or by our rights to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company.

Because of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We generally use the cost-to-cost measure of progress for our contracts because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Costs to fulfill include labor, materials and subcontractors' costs, other direct costs and an allocation of indirect costs including pension and any other postretirement benefit (PRB) expense under U.S. government Cost Accounting Standards (CAS).

Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion (the process described below in more detail) is complex, subject to many variables and requires significant judgment by management on a contract by contract basis. It is common for our long-term contracts to contain award fees, incentive fees, or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and can be based upon customer discretion. We estimate variable consideration at the most likely amount to which we expect to be entitled. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us.

Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of our contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

We have a companywide standard and disciplined quarterly Estimate at Completion (EAC) process in which management reviews the progress and execution of our performance obligations. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion and the related program schedule, identified risks and opportunities and the related changes in estimates of revenues and costs. The risks and opportunities include management's judgment about the ability and cost to achieve the schedule (e.g., the number and type of milestone events), technical requirements (e.g., a newly-developed product versus a mature product) and other contract requirements. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the availability of materials, the length of time to complete the performance obligation (e.g., to estimate increases in wages and prices for materials and related support cost allocations), execution by our subcontractors, the availability and timing of funding from our customer, and overhead cost rates, among other variables. These estimates also include the estimated cost of satisfying our industrial cooperation agreements, sometimes in the form of either offset obligations or in-country industrial participation (ICIP) agreements, required under certain contracts. These obligations may or may not be distinct depending on their nature.

Based on this analysis, any quarterly adjustments to net sales, cost of sales and the related impact to operating income are recognized as necessary in the period they become known. These adjustments may result from positive program performance, and may result in an increase in operating income during the performance of individual performance obligations, if we determine we will be successful in mitigating risks surrounding the technical, schedule and cost aspects of those performance obligations or realizing related opportunities. Likewise, these adjustments may result in a decrease in operating income if we determine we will not be successful in mitigating these risks or realizing related opportunities. Changes in estimates of net sales, cost of sales and the related impact to operating income are recognized quarterly on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of the changes on current and prior periods based on a performance obligation's percentage of completion. A significant change in one or more of these estimates could affect the profitability of one or more of our performance obligations. When estimates of total costs to be incurred exceed total estimates of revenue to be earned on a performance obligation related to complex aerospace or defense equipment or related services, or product maintenance or separately priced extended warranty, a provision for the entire loss on the performance obligation is recognized in the period the loss is identified.

Net EAC adjustments had the following impact on our operating results:

(In millions, except per share amounts)	**2019(1)**	2018(1)	2017
Operating income	**$ 520**	$ 492	$ 442
Income from continuing operations attributable to Raytheon Company	**411**	389	287
Diluted EPS from continuing operations attributable to Raytheon Company	**$ 1.47**	$ 1.36	$ 0.98

(1) Amounts reflect a U.S. statutory tax rate of 21%, which became effective in 2018 with the adoption of the Tax Cuts and Jobs Act of 2017 (2017 Act).

In addition, net revenue recognized from our performance obligations satisfied in previous periods was $709 million, $636 million and $520 million in 2019, 2018 and 2017, respectively. This primarily relates to EAC adjustments that impacted revenue.

We also sell security software through our Forcepoint business segment. For the majority of these arrangements, we recognize revenue over the term of the agreement because the software requires continuous updates to provide the intended security functionality. To a lesser extent in all of our business segments, we enter into other types of contracts including service arrangements and non-subscription software and licensing agreements. We recognize revenue for these arrangements over time or at a point in time depending on our evaluation of when the customer obtains control of the promised goods or services. For software arrangements that include multiple performance obligations, including hardware, perpetual software licenses, subscriptions, term licenses and maintenance and/or services, we allocate revenue to each performance obligation based on estimates of the price that we would charge the customer for each promised product or service if it were sold on a standalone basis.

Certain events have caused increased attention on U.S. defense sales to the Kingdom of Saudi Arabia (KSA). KSA represents less than 5% of our sales and $2.9 billion of our remaining performance obligations at December 31, 2019. Although we currently do not expect to be prevented from doing business in KSA, if government action impairs our ability to fulfill our contractual obligations or otherwise to continue to do business in KSA, it would have a material adverse effect on our financial results.

Research and Development Expenses—Research and development expenses are included in general and administrative expenses in our consolidated statements of operations and have primarily been for product development for the U.S. government. Expenditures for Company-sponsored research and development projects are expensed as incurred, and were $732 million, $841 million and $700 million in 2019, 2018 and 2017, respectively. Customer-sponsored research and development projects performed under contracts are accounted for as contract costs as the work is performed and included in receivables, net or contract assets in our consolidated balance sheets, depending on whether costs have been billed or not.

Federal, Foreign and State Income Taxes—The Company and its domestic subsidiaries provide for federal income taxes on pretax accounting income at rates in effect under existing tax law. Foreign subsidiaries record provisions for income taxes at applicable foreign tax rates in a similar manner. Such provisions differ from the amounts currently payable because certain items of income and expense are recognized in different time periods for financial reporting purposes than for income tax purposes. The Company provides for a U.S. tax liability on outside basis differences in our foreign subsidiaries related to earnings which have been previously taxed in the U.S. and undistributed earnings generated after December 31, 2017. This U.S. deferred tax liability generally relates to foreign currency movement. The Company also records foreign withholding taxes applicable to distributions of foreign earnings. The Company continues to assert indefinite reinvestment on outside basis differences related to all other items, such as acquisition accounting adjustments prior to January 1, 2018. With the exception of Forcepoint, payments made for state income taxes are included in administrative and selling expenses as these costs can generally be recovered through the pricing of products and services to the U.S. government in the period in which the tax is payable. Accordingly, the state income tax provision (benefit) is allocated to contracts when it is paid (recovered) or otherwise agreed as allocable with the U.S. government. Payments made for state income taxes related to Forcepoint are included in federal and foreign income tax expense.

Other (Income) Expense, Net—Other (income) expense, net, consists primarily of gains and losses from our investments held in trusts used to fund certain of our non-qualified deferred compensation and employee benefit plans, gains and losses on the early repurchase of long-term debt and certain financing fees. Periodically we enter into equity method or other investments that are not related to our core operations, including investments in early stage technology companies. We record the income or loss from these investments as a component of other (income) expense, net. We record losses beyond the carrying amount of the investment only when we guarantee obligations of the investee or commit to provide the investee further financial support.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash and highly liquid investments with original maturities of 90 days or less at the date of purchase. The estimated fair value of cash and cash equivalents approximates the carrying value due to their short maturities. Cash and cash equivalents excludes $6 million and $16 million of restricted cash at December 31, 2019 and December 31, 2018, respectively, which for purposes of our consolidated statements of cash flows, is included in cash, cash equivalents and restricted cash.

Short-term Investments—We may invest in marketable securities in accordance with our short-term investment policy and cash management strategy. Marketable securities are classified as available-for-sale and are recorded at fair value as short-term investments in our consolidated balance sheets. These investments are deemed Level 2 assets under the fair value hierarchy as their fair value is determined under a market approach using valuation models that utilize observable inputs, including maturity date, issue date, settlements date and current rates. At December 31, 2019 and 2018, we had no short-term investments as all short-term investments outstanding at December 31, 2017 matured in the first quarter of 2018. We did not have any sales of short-term investments in 2019 or 2018. For purposes of computing realized gains and losses on available-for-sale securities, we determine cost on a specific identification basis.

Receivables, Net—Receivables, net, include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. We maintain an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience, the age of outstanding receivables and collateral to the extent applicable.

Receivables, net, consisted of the following at December 31:

(In millions)		**2019**		2018
U.S. government contracts (including foreign military sales)	**$**	**777**	$	1,121
Other customers		**594**		539
Allowance for doubtful accounts		**(7)**		(12)
Total receivables, net	**$**	**1,364**	$	1,648

Contract Assets—Contract assets include unbilled amounts typically resulting from sales under long-term contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets are generally classified as current.

Inventories—Inventories are stated at the lower of its cost (first-in, first-out or average cost) or net realizable value. An impairment for excess or inactive inventory is recorded based upon an analysis that considers current inventory levels, historical usage patterns, future sales expectations and salvage value.

Inventories consisted of the following at December 31:

(In millions)		**2019**		2018
Materials and purchased parts	**$**	**78**	$	75
Work in process		**574**		662
Finished goods		**19**		21
Total	**$**	**671**	$	758

Precontract costs are costs incurred to fulfill a contract prior to contract award. Precontract costs, including general and administrative expenses that are specifically chargeable to the customer, are deferred in inventories if we determine that the costs are probable of recovery under a specific anticipated contract. All other precontract costs, including start-up costs, are expensed as incurred. Costs that are deferred are recognized as contract costs upon the receipt of the anticipated contract. We included deferred precontract costs of $182 million and $163 million in inventories as work in process at December 31, 2019 and December 31, 2018, respectively.

Deferred Commissions—Our incremental direct costs of obtaining a contract, which consist of sales commissions primarily for our security software sales at Forcepoint, are deferred and amortized over the period of contract performance or a longer period, generally the estimated life of the customer relationship, if renewals are expected and the renewal commission is not commensurate with the initial commission. We classify deferred commissions as current or noncurrent based on the timing of when we expect to recognize the expense. The current and noncurrent portions of deferred commissions are included in prepaid expenses and other current assets, and other assets, net, respectively, in our consolidated balance sheets. At both December 31, 2019 and December 31, 2018, we had deferred commissions of $55 million. Amortization expense related to deferred commissions was $26 million, $45 million and $28 million in 2019, 2018 and 2017, respectively.

Property, Plant and Equipment, Net—Property, plant and equipment, net, are stated at cost less accumulated depreciation. Major improvements are capitalized while expenditures for maintenance, repairs and minor improvements are expensed. We include gains and losses on the sales of plant and equipment that are allocable to our contracts in overhead as we generally can recover these costs through the pricing of products and services to the U.S. government. For all other sales or asset retirements, the assets and related accumulated depreciation and amortization are eliminated from the accounts, and any resulting gain or loss is reflected in operating income.

Provisions for depreciation generally are computed using a combination of accelerated and straight-line methods and are based on estimated useful lives as follows:

	Years
Machinery and equipment	3–10
Buildings	20–45

Leasehold improvements are amortized over the lesser of the remaining lease term or the estimated useful life of the improvement.

Leases—We determine if an arrangement is a lease or contains an embedded lease at inception. For lease agreements with both lease and nonlease components (e.g., common-area maintenance costs), we account for the nonlease components separately. Consideration is allocated to the lease and nonlease components based on the estimated standalone prices.

All of our existing leases are operating leases. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. The current portion of operating lease liabilities is included in other current liabilities in our consolidated balance sheets. For the majority of our leases, the discount rate used to determine the present value of the lease payments is our incremental borrowing rate as of the lease commencement date, as the implicit rate is not readily determinable. The operating lease right-of-use assets also includes any initial direct costs and any lease payments made at or before the commencement date, and is reduced for any unrestricted incentives received at or before the commencement date.

Some of our leases include options to extend or terminate the lease. We include these options in the recognition of our right-of-use assets and lease liabilities when it is reasonably certain that we will exercise the option. Very few of our leases include variable lease-related payments, such as escalation clauses based on consumer price index (CPI) rates, or residual guarantees. Variable payments that are based on an index or a rate are included in the recognition of our right-of-use assets and lease liabilities using the index or rate at lease commencement; however, changes to these lease payments due to rate or index updates are recorded as lease expense in the period incurred. Amounts probable of payment under residual guarantees are also included in the recognition of our right-of-use assets and lease liabilities.

Impairment of Goodwill and Long-lived Assets—We evaluate our goodwill for impairment annually or whenever events or circumstances indicate that the carrying value of goodwill may not be recoverable. We perform our annual impairment test as of the first day of the fourth quarter utilizing a two-step methodology that requires us to first identify potential goodwill impairment and then measure the amount of the related goodwill impairment loss, if any. We have identified our operating segments as reporting units under the impairment test assessment criteria outlined in U.S. GAAP. In performing our annual impairment test in the fourth quarters of 2019, 2018 and 2017 we did not identify any goodwill impairment.

We determine whether long-lived assets are to be held for use or disposal. Upon indication of possible impairment of long-lived assets held for use, we evaluate the recoverability of such assets by measuring the carrying amount of the assets against the related estimated undiscounted future cash flows. When an evaluation indicates that the future undiscounted cash flows are not sufficient to recover the carrying value of the asset group, the asset group is adjusted to its estimated fair value. In order for long-lived assets to be considered held for disposal, we must have committed to a plan to dispose of the assets. Once deemed held for disposal, the assets are stated at the lower of the carrying amount or fair value.

Computer Software, Net—Internal use computer software, net, included in other assets, net, which consists primarily of our enterprisewide software solutions, is stated at cost less accumulated amortization and is amortized using the straight-line method over its estimated useful life, generally 10 years. Computer software development costs related to software products developed for external use are capitalized, when significant, after establishment of technological feasibility and marketability. There have been no such costs capitalized to date as the costs incurred during the period between technological feasibility to general release have not been significant.

Contract Liabilities—Our contract liabilities consist of advance payments and billings in excess of revenue recognized and deferred revenue. We may also receive up-front payments related to software license sales primarily for Forcepoint, which in most cases we recognize ratably over the license term. Our contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. We classify advance payments and billings in excess of revenue recognized as current, and deferred revenue as current or noncurrent based on the timing of when we expect to recognize revenue. The noncurrent portion of deferred revenue is included in accrued retiree benefits and other long-term liabilities in our consolidated balance sheets.

In order to determine revenue recognized in the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. If additional advances are received on those contracts in subsequent periods, we assume all revenue recognized in the reporting period first applies to the beginning contract liability as opposed to a portion applying to the new advances for the period.

Redeemable Noncontrolling Interests—Redeemable noncontrolling interest is recognized at the greater of the estimated redemption value as of the balance sheet date or the initial value adjusted for the noncontrolling interest holder's share of the cumulative impact of net income (loss), other changes in accumulated other comprehensive income (loss) and additional contributions. Adjustments to the redemption value over the period from the date of acquisition to the redemption date are immediately recorded to retained earnings. We reflect the redemption value adjustments in the earnings per share (EPS) calculation if redemption value is in excess of the fair value of noncontrolling interest which resulted in a $0.01 favorable impact to both basic and diluted EPS in 2018. There was no impact to basic or diluted EPS in 2019 or 2017 related to the redemption value adjustments.

Other Comprehensive Income (Loss)—Other comprehensive income (loss) includes gains and losses associated with pension and PRB plans, foreign exchange translation adjustments, gains and losses on derivative instruments qualified as cash flow hedges included in the assessment of effectiveness, and unrealized gains (losses) on available-for-sale investments. The computation of other comprehensive income (loss) and its components are presented in the consolidated statements of comprehensive income.

A rollforward of accumulated other comprehensive income (loss) was as follows:

(In millions)	Pension and PRB plans, net[1]	Foreign exchange translation	Cash flow hedges[2]	Unrealized gains (losses) on investments and other, net[3]	Total
Balance at December 31, 2016	$ (7,234)	$ (175)	$ —	$ (2)	$ (7,411)
Before tax amount	(651)	80	10	(1)	(562)
Tax (expense) benefit	42	—	(4)	—	38
Net of tax amount	(609)	80	6	(1)	(524)
Balance at December 31, 2017	(7,843)	(95)	6	(3)	(7,935)
Before tax amount	1,028	(36)	(12)	1	981
Tax (expense) benefit	(216)	—	3	—	(213)
Net of tax amount	812	(36)	(9)	1	768
Reclassification of stranded tax effects	(1,452)	—	1	—	(1,451)
Balance at December 31, 2018	(8,483)	(131)	(2)	(2)	(8,618)
Before tax amount	**(822)**	**7**	**4**	**(3)**	**(814)**
Tax (expense) benefit	**173**	**—**	**(1)**	**—**	**172**
Net of tax amount	**(649)**	**7**	**3**	**(3)**	**(642)**
Balance at December 31, 2019	**$ (9,132)**	**$ (124)**	**$ 1**	**$ (5)**	**$ (9,260)**

(1) Pension and PRB plans, net, is shown net of cumulative tax benefits of $2,428 million and $2,255 million at December 31, 2019 and December 31, 2018, respectively.

(2) Cash flow hedges are shown net of cumulative tax of zero and tax benefits of $1 million at December 31, 2019 and December 31, 2018, respectively.

(3) Unrealized gains (losses) on investments and other, net, are shown net of cumulative tax expense of $1 million at both December 31, 2019 and December 31, 2018.

In the first quarter of 2018, we reclassified the stranded tax effects related to the enactment of the 2017 Act from accumulated other comprehensive loss (AOCL) to retained earnings in accordance with ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. These stranded tax effects related to the deferred tax amounts at December 31, 2017 recorded through other comprehensive income prior to the enactment date using the prior 35% statutory tax rate that remained in other comprehensive income despite the fact that the related deferred tax assets and liabilities were remeasured to reflect the newly enacted tax rate of 21%. See Accounting Standards, below, for additional details.

Other material amounts reclassified out of AOCL related to the amortization of net actuarial loss associated with our pension plans were $1,050 million, $1,351 million and $1,177 million before tax in 2019, 2018 and 2017, respectively. This component of AOCL is included in the calculation of net periodic pension expense (income). See “Note 14: Pension and Other Employee Benefits” for additional details.

We expect $3 million net of tax of net unrealized gains on our cash flow hedges at December 31, 2019 to be reclassified into earnings at then-current values over the next 12 months as the underlying hedged transactions occur.

Translation of Foreign Currencies—Assets and liabilities of foreign subsidiaries are translated at current exchange rates and the effects of these translation adjustments are reported as a component of AOCL in equity. Prior to the enactment of the 2017 Act, deferred taxes were not recognized for translation-related temporary differences of foreign subsidiaries as their undistributed earnings were considered to be indefinitely reinvested. After the enactment of the 2017 Act, we no longer assert indefinite reinvestment on our foreign subsidiaries outside basis differences generated after December 31, 2017. Unrealized foreign currency gains and losses associated with the subsidiary’s net assets, including unremitted earnings, represent translation gains and losses that are reported as part of other comprehensive income (loss). Therefore, the deferred tax effect of the translation gains and losses are also recorded through other comprehensive income (loss) after December 31, 2017. At December 31, 2019, we had a cumulative translation loss on the unremitted earnings, and therefore, have not recorded a deferred tax asset as it is not likely that the asset will be realized in the future. Income and expenses in foreign currencies are translated at the average exchange rate during the period.

Foreign exchange transaction gains and losses in 2019, 2018 and 2017 were not material.

Treasury Stock—Repurchased shares are retired immediately upon repurchase. We account for treasury stock under the cost method. Upon retirement the excess over par value is charged against additional paid-in capital until reduced to zero, with the remainder recorded as a reduction to retained earnings.

Pension and Other Postretirement Benefits (PRB) Costs—We have pension plans covering the majority of our employees hired before January 1, 2007, including certain employees in foreign countries. We calculate our pension costs as required under U.S. GAAP, and the calculations and assumptions utilized require judgment. U.S. GAAP outlines the methodology used to determine pension expense or income for financial reporting purposes. Pension and PRB expense is split between operating income and non-operating income, where only the service cost component is included in operating income and the non-service components are included in retirement benefits non-service expense. For purposes of determining retirement benefits non-service expense under U.S. GAAP, a calculated “market-related value” of our plan assets is used to develop the amount of deferred asset gains or losses to be amortized. The market-related value of assets is determined using actual asset gains or losses over a three-year period. Under U.S. GAAP, a “corridor” approach may be elected and applied in the recognition of asset and liability gains or losses which limits expense recognition to the net outstanding gains and losses in excess of the greater of 10% of the projected benefit obligation (PBO) or the calculated “market-related value” of assets. We do not use a “corridor” approach in the calculation of Financial Accounting Standards (FAS) pension expense.

We recognize the funded status of a postretirement benefit plan (defined benefit pension and other benefits) as an asset or liability in our consolidated balance sheets. Funded status represents the difference between the PBO of the plan and the market value of the plan's assets. Previously unrecognized deferred amounts such as demographic or asset gains or losses and the impact of historical plan changes are included in AOCL. Changes in these amounts in future years will be reflected through AOCL and amortized in future pension expense generally over the estimated average remaining employee service period.

Derivative Financial Instruments—We enter into foreign currency forward contracts with commercial banks to fix the foreign currency exchange rates on specific commitments, payments and receipts denominated in foreign currencies. Our foreign currency forward contracts are transaction driven and relate directly to a particular asset, liability or transaction for which commitments are in place. We execute these instruments with financial institutions that we judge to be credit-worthy. The majority of our foreign currency forward contracts are denominated in currencies of major industrial countries. We do not hold or issue derivative financial instruments for trading or speculative purposes.

We designate most foreign currency forward contracts as cash flow hedges of forecasted purchases and sales denominated in foreign currencies. For foreign currency forward contracts designated and qualified for cash flow hedge accounting, we record the effective portion of the gain or loss on the derivative in AOCL, net of tax, and reclassify it into earnings in the same period or periods during which the hedged revenue or cost of sales transaction affects earnings. Realized gains and losses resulting from these cash flow hedges offset the foreign exchange gains and losses on the underlying transactions being hedged. We classify the cash flows from these instruments in the same category as the cash flows from the hedged items. To a lesser extent, we have gains and losses on derivatives not designated for hedge accounting or representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness, which are recognized currently in net sales or cost of sales.

The aggregate notional amount of the outstanding foreign currency forward contracts was $1,487 million and $1,772 million at December 31, 2019 and December 31, 2018, respectively. The net notional exposure of these contracts was $746 million and $840 million at December 31, 2019 and December 31, 2018, respectively. The foreign currency forward contracts at December 31, 2019 have maturities at various dates through 2030 as follows: $922 million in 2020; $315 million in 2021; $122 million in 2022; and $128 million thereafter.

We recognize all derivative financial instruments as either assets or liabilities at fair value in our consolidated balance sheets. The fair value of asset derivatives included in other assets, net and liability derivatives included in other current liabilities in our consolidated balance sheets related to foreign currency forward contracts were as follows:

(In millions)	**2019**	2018
Asset derivatives related to foreign currency forward contracts	**$ 29**	$ 26
Liability derivatives related to foreign currency forward contracts	**15**	34

The fair value of these derivatives is Level 2 in the fair value hierarchy because they are determined based on a market approach utilizing externally quoted foreign currency forward rates for similar contracts. Our foreign currency forward contracts contain offset or netting provisions to mitigate credit risk in the event of counterparty default, including payment default and cross default. We measure and record the impact of counterparty credit risk into our valuation and at December 31, 2019 and December 31, 2018, the fair value of our counterparty default exposure was less than $1 million and was spread across numerous highly rated counterparties.

We may also enter into pay-variable, receive-fixed interest rate swaps to manage interest rate risk associated with our fixed-rate financing obligations. We account for our interest rate swaps as fair value hedges of a portion of our fixed-rate financing obligations, and accordingly record gains and losses from changes in the fair value of these swaps in interest expense, along with the offsetting gains and losses on the fair value adjustment of the hedged portion of our fixed-rate financing obligations. We also record in interest expense the net amount paid or received under the swap for the period and the amortization of gain or loss from the early termination of interest rate swaps. There were no interest rate swaps outstanding at December 31, 2019 or December 31, 2018.

We may also enter into and designate treasury rate lock contracts as cash flow hedges to reduce variability in cash flows due to changes in interest payments attributable to increases or decreases in the benchmark interest rate during the period leading up to the probable issuance of long-term debt. Cash flows associated with these instruments are presented in the same category as the cash flows from the hedged item. In May 2019, prior to entering into an Agreement and Plan of Merger (the Merger Agreement) with United Technologies Corporation (UTC), we entered into treasury rate lock contracts with a notional amount of $375 million. These treasury rate lock contracts were designated as cash flow hedges and were included in the assessment of effectiveness. However, in the fourth quarter of 2019 a decision was made to not issue the debt due to merger-related considerations, and these treasury rate locks were settled without the issuance of debt. We recognized the $17 million loss included in accumulated other comprehensive income at the time of settlement in other (income) expense, net. There were no treasury rate lock contracts outstanding at December 31, 2019 or December 31, 2018.

Fair Values—Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or that we corroborate with observable market data for substantially the full term of the related assets or liabilities.

Level 3: Unobservable inputs supported by little or no market activity that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis consisted of marketable securities held in trusts and foreign currency forward contracts as of December 31, 2019 and 2018. Fair value information for those assets and liabilities, including their classification in the fair value hierarchy, is included in “Note 14: Pension and Other Employee Benefits” (for marketable securities held in trusts) and Derivative Financial Instruments, above (for foreign currency forward contracts). Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. We did not have any significant nonfinancial assets or nonfinancial liabilities that would be recognized or disclosed at fair value on a recurring basis as of December 31, 2019 and 2018. We did not have any material amounts of Level 3 assets or liabilities at December 31, 2019 and 2018.

Earnings per Share (EPS)—We compute basic EPS attributable to Raytheon Company common stockholders by dividing income from continuing operations attributable to Raytheon Company common stockholders, income (loss) from discontinued operations attributable to Raytheon Company common stockholders, and net income attributable to Raytheon Company, by our weighted-average common shares outstanding, including participating securities outstanding, as described below, during the period. Diluted EPS reflects the potential dilution beyond shares for basic EPS that could occur if securities or other contracts to issue common stock were exercised, converted into common stock, or resulted in the issuance of common stock that would have shared in our earnings. We compute basic and diluted EPS using actual income from continuing operations attributable to Raytheon Company common stockholders, income (loss) from discontinued operations attributable to Raytheon Company common stockholders and net income attributable to Raytheon Company, and our actual weighted-average shares outstanding rather than the numbers presented within our consolidated financial statements, which are rounded to the nearest million. As a result, it may not be possible to recalculate EPS as presented in our consolidated financial statements. Furthermore, it may not be possible to recalculate EPS attributable to Raytheon Company common stockholders by adjusting EPS from continuing operations by EPS from discontinued operations.

We include all unvested stock awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, in the number of shares outstanding in our basic EPS calculation as they are considered participating securities. As a result, we have included all of our outstanding unvested awards of restricted stock, as well as restricted stock units (RSUs) and Long-term Performance Plan (LTPP) awards that meet the retirement eligible criteria in our calculation of basic EPS. We disclose EPS for common stock and unvested stock-based payment awards, and separately disclose distributed and undistributed earnings. Distributed earnings represent common stock dividends and dividends earned on unvested awards of restricted stock and stock-based payment awards of retirement eligible employees. Undistributed earnings represent earnings that were available for distribution but were not distributed. Common stock and unvested stock-based payment awards earn dividends equally.

As described in “Note 11: Redeemable Noncontrolling Interests,” prior to our acquisition of Vista Equity Partners’ interest in Forcepoint in the fourth quarter of 2019, we recorded redeemable noncontrolling interest related to their interest. We reflected the redemption value adjustments for redeemable noncontrolling interest in both the basic and diluted EPS calculation for the portion of redemption value that was in excess of the fair value of noncontrolling interest.

Employee Stock Plans—Stock-based compensation cost is measured at the grant date based on the calculated fair value of the award. The expense is recognized over the employees’ requisite service period, generally the vesting period of the award. The expense is amortized over the service period using the graded vesting method for our restricted stock and RSUs and the straight-line amortization method for our LTPP. The expense related to our Forcepoint long-term incentive plans is recognized over the requisite service period when achievement of the performance conditions is considered probable. We account for forfeitures when they occur, consistent with our government recovery accounting practice. The gross excess tax benefit received upon exercise of stock options or vesting of a stock-based award, if any, is reflected in the consolidated statements of cash flows as an operating activity.

Risks and Uncertainties—We provide a wide range of technologically advanced products, services and solutions for principally governmental customers in the U.S. and abroad, and are subject to certain business risks specific to that industry. Total sales to the U.S. government, excluding foreign military sales, were 69% of total net sales in 2019, 68% of total net sales in 2018 and 67% of total net sales in 2017. Total sales to customers outside the U.S., including foreign military sales through the U.S. government, were 29% of total net sales in 2019, 30% of total net sales in 2018 and 32% of total net sales in 2017. Sales to the U.S. government may be affected by changes in procurement policies, budget considerations, changing concepts of national defense, political developments abroad and other factors. Sales to international customers may be affected by changes in the priorities and budgets of international customers and geopolitical uncertainties, which may be driven by changes in threat environments, volatility in worldwide economic conditions, regional and local economic and political factors, U.S. foreign policy and other risks and uncertainties.

Remaining Performance Obligations—Remaining performance obligations represents the transaction price of firm orders for which work has not been performed and excludes unexercised contract options and potential orders under ordering-type contracts (e.g., indefinite-delivery, indefinite-quantity (IDIQ)). As of December 31, 2019, the aggregate amount of the transaction price allocated to remaining performance obligations was $48,752 million. We expect to recognize revenue on approximately half and three-quarters of the remaining performance obligations over the next 12 and 24 months, respectively, with the remainder recognized thereafter.

Accounting Standards—In August 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*, which eliminates the disclosure requirement of the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and modifies certain disclosure requirements related to Level 3 recurring and nonrecurring fair value measurements. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. Effective January 1, 2019, we elected to early adopt the requirements of the new standard on a prospective basis. The standard did not have an impact on our financial position, results of operations or liquidity.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-24): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. Effective January 1, 2019, we elected to early adopt the requirements of the new standard on a prospective basis. The standard did not have a material impact on our financial position, results of operations or liquidity.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a right-of-use asset and lease liability for most lease arrangements. Effective January 1, 2019, we adopted the requirements of the new lease standard using the modified retrospective approach, applying the new lease requirements at the beginning of the earliest period presented. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard, which, among other things, allows us to carry forward the historical lease classification. We did not elect the practical expedient to use hindsight in determining the lease term and in assessing impairment of right-of-use assets. The standard resulted in the recognition of operating lease right-of-use assets of $805 million and operating lease liabilities of $841 million, of which $194 million was classified as current and is included in other current liabilities in our consolidated balance sheet, as of December 31, 2018, with immaterial changes to other balance sheet accounts. The standard had no impact on our results of operations or cash flows. In addition, new disclosures are provided to enable users to assess the amount, timing and uncertainty of cash flows arising from leases.

In February 2018, the FASB issued ASU 2018-02, Income *Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows companies to reclassify stranded tax effects resulting from the 2017 Act, from accumulated other comprehensive income to retained earnings. These stranded tax effects refer to the tax amounts included in accumulated other comprehensive income at the previous 35% U.S. statutory tax rate, for which the related deferred tax asset or liability was remeasured to the new 21% U.S. corporate statutory federal tax rate in the period of the 2017 Act enactment. The new standard is effective for fiscal years beginning after December 15, 2018, with early adoption permitted, and can be applied either in the period of adoption or retrospectively to each period impacted by the 2017 Act. We elected to early adopt the new standard in the first quarter of 2018 and we elected to reclassify the stranded income tax effects of the 2017 Act from accumulated other comprehensive income to retained earnings in the period of adoption. This resulted in an increase to AOCL of $1,451 million and an increase in retained earnings of $1,451 million in the first quarter of 2018, almost all of which related to our pension and PRB plans, net. The standard did not have an impact on our results of operations or liquidity. Income tax effects remaining in accumulated other comprehensive income will be released into earnings as the related before tax amounts are reclassified to earnings.

Other new pronouncements adopted and issued but not effective until after December 31, 2019, including ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, did not and are not expected to have a material impact on our financial position, results of operations or liquidity.

Note 2: Proposed Merger with United Technologies Corporation (UTC)

On June 9, 2019, Raytheon, United Technologies Corporation, a Delaware corporation (UTC), and Light Merger Sub Corp., a Delaware corporation and wholly-owned subsidiary of UTC (Merger Sub), entered into an Agreement and Plan of Merger (the Merger Agreement). The Merger Agreement provides for, among other things and subject to the satisfaction or waiver of specified conditions, the merger of Merger Sub with and into Raytheon (the Merger), with Raytheon surviving the Merger as a wholly-owned subsidiary of UTC.

At the effective time of the Merger (the Effective Time), each share of common stock of Raytheon issued and outstanding immediately prior to the Effective Time (except for shares held by Raytheon as treasury stock) will be converted into the right to receive 2.3348 shares of common stock of UTC (and, if applicable, cash in lieu of fractional shares), less any applicable withholding taxes. At the Effective Time, Raytheon's stockholders will hold approximately 43%, and UTC's stockholders will hold approximately 57%, of the outstanding shares of common stock of UTC.

The Merger Agreement also provides that, prior to the consummation of the Merger, UTC will complete the previously announced separation of its commercial businesses, Otis and Carrier, from its other businesses (the Separation), and the pro rata distributions to its stockholders of 100% of the common stock of the entity holding the Otis business and 100% of the common stock of the entity holding the Carrier business (the Distributions).

The Merger was approved by Raytheon's stockholders at a special meeting of Raytheon's stockholders held on October 11, 2019. The issuance of shares of UTC Common Stock in connection with the Merger was approved by UTC's stockholders at a special meeting of UTC's stockholders held on October 11, 2019.

The parties' obligations to consummate the Separation, the Distributions and the Merger remains subject to customary conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (HSR Act), and the receipt of other required regulatory approvals. In addition, the parties' obligations to consummate the Merger are subject to the prior completion of the Separation and the Distributions.

The Merger Agreement includes customary representations, warranties and covenants of Raytheon and UTC (generally excluding the Otis business and the Carrier business). Between the date of execution of the Merger Agreement and the Effective Time, each of Raytheon and UTC (generally with respect to its aerospace business) has agreed to use reasonable best efforts to conduct its businesses in all material respects in the ordinary course consistent with past practice and to comply with certain operating covenants. In addition, the Merger Agreement generally restricts certain actions by both Raytheon and UTC, including the incurrence or issuance of new debt in excess of $1 billion in the aggregate (unless used to refinance existing debt), acquisitions or divestitures in excess of $500 million in the aggregate, and repurchases or issuances of shares other than in accordance with our existing equity award programs. In addition, the Merger Agreement provides that, immediately prior to the consummation of the Merger, the adjusted net indebtedness of UTC's aerospace business will not exceed an amount as provided for under the Merger Agreement.

Subject to certain exceptions, each of Raytheon and UTC has agreed to use reasonable best efforts to cause the Merger to be completed. The Merger Agreement includes certain termination provisions for both UTC and Raytheon and provides that, in connection with a termination of the Merger Agreement under specified circumstances, Raytheon will be required to pay UTC a termination fee of $1.785 billion, or UTC will be required to pay Raytheon a termination fee of $2.365 billion.

The Merger is targeted to close early in the second quarter of 2020, subject to and following completion by UTC of the Separation and Distributions.

Note 3: Earnings Per Share (EPS)

EPS from continuing operations attributable to Raytheon Company common stockholders and unvested stock-based payment awards was as follows:

	2019	2018	2017
Basic EPS attributable to Raytheon Company common stockholders:			
Distributed earnings	**$ 3.76**	$ 3.46	$ 3.18
Undistributed earnings	**8.17**	6.70	3.77
Total	**$ 11.93**	$ 10.16	$ 6.95
Diluted EPS attributable to Raytheon Company common stockholders:			
Distributed earnings	**$ 3.76**	$ 3.45	$ 3.18
Undistributed earnings	**8.16**	6.70	3.76
Total	**$ 11.92**	$ 10.15	$ 6.94

Income attributable to participating securities was as follows:

(In millions)	**2019**	2018	2017
Income from continuing operations attributable to participating securities	**$ 32**	$ 30	$ 24
Income (loss) from discontinued operations, net of tax attributable to participating securities	**—**	—	—
Net income attributable to participating securities	**$ 32**	$ 30	$ 24

The weighted-average shares outstanding for basic and diluted EPS were as follows:

(In millions)	**2019**	2018	2017
Shares for basic EPS[1]	**280.0**	286.5	291.1
Effect of dilutive securities	**0.2**	0.3	0.3
Shares for diluted EPS	**280.2**	286.8	291.4

(1) Includes participating securities of 2.7 million, 2.9 million and 3.5 million for 2019, 2018 and 2017, respectively.

Our Board of Directors is authorized to issue up to 200 million shares of preferred stock, $0.01 par value per share, in multiple series with terms as determined by them. There were no shares of preferred stock outstanding at December 31, 2019 or December 31, 2018.

Note 4: Acquisitions, Divestitures and Goodwill

In pursuing our business strategies, we acquire and make investments in certain businesses that meet strategic and financial criteria, and divest of certain non-core businesses, investments and assets when appropriate.

In 2013, we formed the Range Generation Next LLC (RGNext) joint venture with General Dynamics Information Technology (GDIT) through our Intelligence, Information and Services (IIS) segment, in which we held a 50% equity ownership that was accounted for using the equity method. On February 8, 2019, we amended and restated the RGNext joint venture agreement and acquired an additional 10% equity ownership in the joint venture, increasing our equity ownership to 60% and giving us control of the operations of RGNext. Effective as of February 8, 2019, we consolidate the results of RGNext in our consolidated financial statements and report its results in our IIS segment. We also remeasured our equity method investment in RGNext to fair value, which resulted in a non-cash gain of $21 million in the first quarter of 2019 that was recorded in operating income through a reduction to cost of sales at our IIS segment; recognized redeemable noncontrolling interest for GDIT's interest in RGNext at a fair value of $32 million; and recognized $90 million of net assets, including cash acquired, at fair value. As part of our purchase price allocation, we recorded $19 million of goodwill, primarily related to the value of the existing workforce, and $34 million of intangible assets, primarily related to customer relationships with a weighted-average life of 7 years.

In May 2018, we completed the sale of our commercial cloud-based call center analytics solutions business for $11 million in cash, net of transaction-related costs. This business was part of our Space and Airborne Systems (SAS) segment. The Company recognized a gain of $8 million before tax, $5 million net of tax, which was recorded as a reduction to cost of sales at our SAS segment in the second quarter of 2018.

In 2017, our Forcepoint business completed the acquisitions of RedOwl Analytics Inc., a security analytics business, and the Skyfence cloud access security broker (CASB) business for total consideration of $93 million, net of cash received, and exclusive of retention payments. Vista Equity Partners contributed 19.7% of the purchase price for the Skyfence acquisition. Both acquisitions expand and enhance Forcepoint's strategy to deliver cybersecurity systems that help customers understand people's behaviors and intent as they interact with data and intellectual property wherever it may reside. In connection with these acquisitions, we recorded $77 million of goodwill, primarily related to expected synergies from combining operations and the value of the existing workforce, and $12 million of intangible assets, primarily related to technology and customer relationships.

Pro forma financial information and revenue from the date of acquisition has not been provided for these acquisitions as they are not material either individually or in the aggregate.

We funded each of the above acquisitions using cash on hand. The operating results of these businesses have been included in our consolidated results as of the respective closing dates of the acquisitions. The purchase price of these businesses has been allocated to the estimated fair value of net tangible and intangible assets acquired, with any excess purchase price recorded as goodwill. The total amount of goodwill that is expected to be deductible for tax purposes related to these acquisitions was $28 million at December 31, 2019.

A rollforward of goodwill by segment was as follows:

(In millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
Balance at December 31, 2017	$ 1,706	$ 2,967	$ 4,154	$ 4,106	$ 1,938	$ 14,871
Acquisitions and divestitures	—	—	—	(3)	—	(3)
Effect of foreign exchange rates and other	(2)	(2)	—	—	—	(4)
Balance at December 31, 2018	1,704	2,965	4,154	4,103	1,938	14,864
Acquisitions and divestitures	**—**	**19**	**—**	**—**	**—**	**19**
Effect of foreign exchange rates and other	**(1)**	**—**	**—**	**—**	**—**	**(1)**
Balance at December 31, 2019	**$ 1,703**	**$ 2,984**	**$ 4,154**	**$ 4,103**	**$ 1,938**	**$ 14,882**

For information on our intangible assets, see “Note 7: Other Assets, Net.”

Note 5: Contract Assets and Contract Liabilities

Net contract assets (liabilities) consisted of the following at December 31:

(In millions)	**2019**	2018	$ Change	% Change
Contract assets	**$ 6,122**	$ 5,594	**$ 528**	**9.4%**
Contract liabilities—current	**(3,267)**	(3,309)	**42**	**1.3%**
Contract liabilities—noncurrent	**(143)**	(150)	**7**	**4.7%**
Net contract assets (liabilities)	**$ 2,712**	$ 2,135	**$ 577**	**27.0%**

The $577 million increase in our net contract assets (liabilities) from December 31, 2018 to December 31, 2019 was primarily due to a $528 million increase in our contract assets, principally due to the timing of milestone payments on certain international programs.

On May 24, 2019, the Administration announced an emergency certification authorizing the immediate export of 22 pending arms sales to Jordan, the United Arab Emirates (UAE) and the KSA, waiving the requirement of Congressional Notification of these arms sales. As a result, we were able to obtain the necessary regulatory approvals and licenses for contracts subject to the emergency certification. For those contracts for which we have not yet obtained the regulatory approval and licenses and that were not subject to the emergency certification, we had approximately $1.2 billion of total contract value, recognized approximately $400 million of sales for work performed to date and received approximately $500 million in advances as of December 31, 2019. On a contract-by-contract basis, we had $100 million and $200 million of net contract assets and net contract liabilities, respectively, related to the contracts pending approval.

Impairment losses recognized on our receivables and contract assets were de minimis in 2019, 2018 and 2017.

Contract assets consisted of the following at December 31:

(In millions)	**2019**	2018
Unbilled	**$ 13,308**	$ 12,058
Progress payments	**(7,186)**	(6,464)
Total contract assets	**$ 6,122**	$ 5,594

The U.S. government has title to the assets related to unbilled amounts on U.S. government contracts that provide progress payments. Included in contract assets at December 31, 2019 was $24 million which is expected to be collected outside of one year.

Contract assets include retentions arising from contractual provisions. At December 31, 2019, retentions were $94 million. We anticipate collecting $20 million of these retentions in 2020 and the balance thereafter.

In 2019, 2018 and 2017, we recognized revenue of $1,919 million, $1,453 million and $1,434 million related to our contract liabilities at January 1, 2019, January 1, 2018 and January 1, 2017, respectively.

Note 6: Property, Plant and Equipment, Net

Property, plant and equipment, net, consisted of the following at December 31:

(In millions)		**2019**		2018
Land	**$**	**81**	$	84
Buildings and improvements		**3,068**		2,835
Machinery and equipment		**5,436**		4,844
Property, plant and equipment, gross		**8,585**		7,763
Accumulated depreciation and amortization		**(5,232)**		(4,923)
Total	**$**	**3,353**	$	2,840

Depreciation and amortization expense of property, plant and equipment, net, was $420 million, $374 million and $350 million in 2019, 2018 and 2017, respectively.

Note 7: Other Assets, Net

Other assets, net, consisted of the following at December 31:

(In millions)		**2019**		2018
Marketable securities held in trusts[1]	**$**	**753**	$	642
Computer software, net of accumulated amortization of $1,249 and $1,201 at December 31, 2019 and 2018, respectively		**252**		261
Other intangible assets, net of accumulated amortization of $873 and $760 at December 31, 2019 and 2018, respectively		**283**		361
Deferred tax asset[2]		**534**		331
Other noncurrent assets, net		**552**		429
Total	**$**	**2,374**	$	2,024

(1) For further details, refer to “Note 14: Pension and Other Employee Benefits.”
(2) For further details, refer to “Note 15: Income Taxes.”

Computer software amortization expense was $73 million, $75 million and $71 million in 2019, 2018 and 2017, respectively.

Other intangible assets, net, consisted primarily of completed technology, intellectual property and acquired customer relationships. These intangible assets are being amortized over their estimated useful lives which range from 1 to 15 years using either a straight-line or accelerated amortization method based on the pattern of economic benefits we expect to realize from such assets. Amortization expense for other intangible assets was $112 million, $119 million and $129 million in 2019, 2018 and 2017, respectively.

Computer software and other intangible asset amortization expense is expected to be approximately $154 million in 2020, $118 million in 2021, $80 million in 2022, $45 million in 2023 and $27 million in 2024.

Note 8: Commercial Paper and Long-term Debt

Commercial Paper—In 2019, we made net repayments of $300 million to reduce our short-term commercial paper borrowings outstanding to zero at December 31, 2019. At December 31, 2018, short-term commercial paper borrowings outstanding were $300 million, which had a weighted-average interest rate and original maturity period of 2.954% and 16 days, respectively. The commercial paper notes outstanding had original maturities of not more than 90 days from the date of issuance.

Long-term Debt—Long-term debt, including the current portion of long-term debt, consisted of the following at December 31:

(In millions, except percentages)		**2019**		2018
$500 notes due 2020, 4.40%	**$**	**500**	$	499
$1,000 notes due 2020, 3.125%		**999**		998
$1,100 notes due 2022, 2.50%		**1,097**		1,096
$300 notes due 2024, 3.15%		**298**		298
$382 notes due 2027, 7.20%		**374**		373
$185 notes due 2028, 7.00%		**185**		185
$600 notes due 2040, 4.875%		**592**		592
$425 notes due 2041, 4.70%		**420**		419
$300 notes due 2044, 4.20%		**295**		295
Total debt issued and outstanding	**$**	**4,760**	$	4,755

The notes are redeemable by us at any time at redemption prices based on U.S. Treasury rates. In the second quarter of 2017, we exercised our call rights to repurchase, at prices based on fixed spreads to the U.S. Treasury rates, $591 million of our long-term debt due March and December 2018 at a loss of $39 million before tax, $25 million net of tax, which is included in other (income) expense, net.

The carrying value of long-term debt is recorded at amortized cost. The fair value of long-term debt is determined using quoted prices in inactive markets, which falls within Level 2 of the fair value hierarchy. The estimated fair value of long-term debt was the following at December 31:

(In millions)		**2019**		2018
Fair value of long-term debt[(1)]	**$**	**5,337**	$	5,063

(1) Fair value of long-term debt at December 31, 2019 includes current portion of long-term debt fair value of $1,513 million.

The adjustments to the principal amounts of long-term debt were as follows at December 31:

(In millions)		**2019**		2018
Principal	**$**	**4,792**	$	4,792
Unamortized issue discounts		**(26)**		(30)
Unamortized interest rate lock costs		**(6)**		(7)
Total	**$**	**4,760**	$	4,755

The aggregate amounts of principal payments due on long-term debt for the next five years are:

(In millions)	
2020	$ 1,500
2021	—
2022	1,100
2023	—
2024	300
Thereafter	1,892

In September 2019, we entered into a $1.25 billion revolving credit facility maturing in November 2021 and terminated the previous $1.25 billion revolving credit facility maturing in November 2020 without penalty. Under the credit facility, we can borrow, issue letters of credit and backstop commercial paper. Borrowings under this facility bear interest at various rate options, including LIBOR plus a margin based on our credit ratings. Based on our credit ratings at December 31, 2019, borrowings would generally bear interest at LIBOR plus 80.5 basis points. The credit facility is composed of commitments from 20 separate highly rated lenders, each committing no more than 10% of the facility. As of December 31, 2019 and December 31, 2018 there were no borrowings or letters of credit outstanding under our credit facilities.

Under the credit facility we must comply with certain covenants, including a ratio of total debt to total capitalization of no more than 60%. Our ratio of total debt to total capitalization, as those terms are defined in the credit facility, was 28.0% at December 31, 2019. We are providing this ratio as this metric is used by our lenders to monitor our leverage and is also a threshold that could limit our ability to utilize this facility. We were in compliance with our credit facility covenants as of December 31, 2019 and December 31, 2018.

Total cash paid for interest on commercial paper and long-term debt was $193 million, $194 million and $214 million in 2019, 2018 and 2017, respectively.

Note 9: Leases

We enter into operating leases primarily for: real estate, including for manufacturing, engineering, research, administration, sales and warehousing facilities; information technology equipment; and other equipment. At December 31, 2019 and December 31, 2018, we did not have any finance leases. Approximately 90% of our future lease commitments, and related lease liability, relate to our real estate leases. Some of our leases also include options to extend the lease or terminate the lease. A small portion of our leases include variable escalation clauses, which are typically based on CPI rates, or other variable lease-related payments.

The components of lease expense were as follows:

(In millions)	**2019**	2018	2017
Operating lease cost	**$ 240**	$ 236	$ 232
Variable lease cost[1]	**—**	—	—
Sublease income	**(1)**	(4)	(3)
Total lease cost	**$ 239**	$ 232	$ 229

(1) Variable lease cost was less than $1 million for 2019, 2018 and 2017, respectively.

Gains and losses on sale and leaseback transactions were de minimis in 2019, 2018 and 2017.

At December 31, 2019, our future lease payments under non-cancellable leases were as follows:

(In millions)	
2020	$ 242
2021	217
2022	168
2023	116
2024	71
Thereafter	238
Total future lease payments[1]	1,052
Imputed interest	(133)
Total lease liabilities	$ 919

(1) Total future lease payments exclude future lease payments related to leases that were signed but had not yet commenced. There were none as of December 31, 2019.

Our lease liabilities recognized in our consolidated balance sheet at December 31, 2019 were as follows:

(In millions)	
Operating lease liabilities—current	$ 213
Operating lease liabilities—noncurrent	706
Total lease liabilities	$ 919

The weighted-average remaining lease term related to our operating leases was 8 years and 7 years as of December 31, 2019 and December 31, 2018, respectively. The weighted-average discount rate related to our operating leases was 3.1% as of both December 31, 2019 and December 31, 2018.

Other information related to leases was as follows:

(In millions)	**2019**	2018	2017
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 243**	$ 250	$ 218
Right-of-use assets obtained in exchange for new operating lease obligations	**271**	182	239

There were no material restrictions or covenants imposed by our leases at December 31, 2019 or December 31, 2018. In addition, we did not have any related party leases and our sublease transactions were de minimis.

Note 10: Commitments and Contingencies

Environmental Matters—We are involved in various stages of investigation and cleanup related to remediation of various environmental sites. Our estimate of the liability of total environmental remediation costs includes the use of a discount rate and takes into account that a portion of these costs is eligible for future recovery through the pricing of our products and services to the U.S. government. We regularly assess the probability of recovery of these costs, which requires us to make assumptions about the extent of cost recovery under our contracts and the amount of future contract activity. We consider such recovery probable based on government contracting regulations and our long history of receiving reimbursement for such costs, and accordingly have recorded the estimated future recovery of these costs from the U.S. government within prepaid expenses and other current assets in our consolidated balance sheets. Our estimates regarding remediation costs to be incurred were as follows at December 31:

(In millions, except percentages)		**2019**		2018
Total remediation costs—undiscounted	**$**	**188**	$	193
Weighted-average discount rate		**5.1%**		5.1%
Total remediation costs—discounted	**$**	**124**	$	128
Recoverable portion		**81**		82

We also lease certain government-owned properties and generally are not liable for remediation of preexisting environmental contamination at these sites. As a result, we generally do not provide for these costs in our consolidated financial statements.

Due to the complexity of environmental laws and regulations, the varying costs and effectiveness of alternative cleanup methods and technologies, the uncertainty of insurance coverage, and the unresolved extent of our responsibility, it is difficult to determine the ultimate outcome of environmental matters. However, we do not expect any additional liability to have a material adverse effect on our financial position, results of operations or liquidity.

Environmental remediation costs expected to be incurred are:

(In millions)		
2020	$	25
2021		16
2022		13
2023		11
2024		11
Thereafter		112

Financing Arrangements and Other—We issue guarantees, and banks and surety companies issue, on our behalf, letters of credit and surety bonds, to meet various bid, performance, warranty, retention and advance payment obligations for us or our affiliates. These instruments expire on various dates through 2028. Additional guarantees of project performance for which there is no stated value also remain outstanding. The stated values outstanding consisted of the following at December 31:

(In millions)		**2019**		2018
Guarantees	**$**	**219**	$	201
Letters of credit		**3,485**		2,503
Surety bonds		**83**		166

We provide guarantees and letters of credit to certain affiliates to assist them in obtaining financing on more favorable terms, making bids on contracts and performing their contractual obligations. While we expect our affiliates to satisfy their loans and meet their project performance and other contractual obligations, their failure to do so may result in a future obligation to us. We periodically evaluate the risk of our affiliates failing to meet their obligations. At December 31, 2019, we believe the risk that our affiliates will not be able to meet their obligations is minimal for the foreseeable future based on their current financial condition. All obligations were current at December 31, 2019. At both December 31, 2019 and December 31, 2018, we had an estimated liability of $3 million related to these guarantees.

We have entered into industrial cooperation agreements, sometimes in the form of either offset agreements or ICIP agreements, as a condition to obtaining orders for our products and services from certain customers in foreign countries. At December 31, 2019, the aggregate amount of our offset agreements, both agreed to and anticipated to be agreed to, had an outstanding notional value of approximately $9.5 billion. These agreements are designed to return economic value to the foreign country by requiring us to engage in activities supporting local defense or commercial industries, promoting a balance of trade, developing in-country technology capabilities or addressing other local development priorities. Offset agreements may be satisfied through activities that do not require a direct cash payment, including transferring technology, providing manufacturing, training and other consulting support to in-country projects, and the purchase by third parties (e.g., our vendors) of supplies from in-country vendors. These agreements may also be satisfied through our use of cash for activities such as subcontracting with local partners, purchasing supplies from in-country vendors, providing financial support for in-country projects and making investments in local ventures. Such activities may also vary by country depending upon requirements as dictated by their governments. We typically do not commit to offset agreements until orders for our products or services are definitive. The amounts ultimately applied against our offset agreements are based on negotiations with the customers and typically require cash outlays that represent only a fraction of the notional value in the offset agreements. Offset programs usually extend over several or more years and may provide for penalties in the event we fail to perform in accordance with offset requirements. Historically, we have not been required to pay any penalties of significance.

As a U.S. government contractor, we are subject to many levels of audit and investigation by the U.S. government relating to our contract performance and compliance with applicable rules and regulations. Agencies that oversee contract performance include: the Defense Contract Audit Agency (DCAA); the Defense Contract Management Agency (DCMA); the Inspectors General of the U.S. Department of Defense (DoD) and other departments and agencies; the Government Accountability Office (GAO); the Department of Justice (DOJ); and Congressional Committees. Other areas of our business operations may also be subject to audit and investigation by these and/or other agencies. From time to time, agencies investigate or conduct audits to determine whether our operations are being conducted in accordance with applicable requirements. Such investigations and audits may be initiated due to a number of reasons, including as a result of a whistleblower complaint. Such investigations and audits could result in administrative, civil or criminal liabilities, including repayments, fines or penalties being imposed upon us, the suspension of government export licenses or the suspension or debarment from future U.S. government contracting. U.S. government investigations often take years to complete and many result in no adverse action against us. Our final allowable incurred costs for each year are also subject to audit and have, from time to time, resulted in disputes between us and the U.S. government, with litigation resulting at the Court of Federal Claims (COFC) or the Armed Services Board of Contract Appeals (ASBCA) or their related courts of appeals. In addition, the DOJ has, from time to time, convened grand juries to investigate possible irregularities by us. We also provide products and services to customers outside of the U.S., and those sales are subject to local government laws, regulations and procurement policies and practices. Our compliance with such local government regulations or any applicable U.S. government regulations (e.g., the Foreign Corrupt Practices Act (FCPA) and International Traffic in Arms Regulations (ITAR)) may also be investigated or audited. Other than as specifically disclosed herein, we do not expect these audits, investigations or disputes to have a material effect on our financial position, results of operations or liquidity, either individually or in the aggregate.

Raytheon has received a subpoena from the Securities and Exchange Commission (SEC) seeking information in connection with an investigation into whether there were improper payments made by Thales-Raytheon Systems (TRS), Raytheon or anyone acting on their behalf in connection with TRS or Raytheon contracts in certain Middle East countries since 2014. Raytheon maintains a rigorous anti-corruption compliance program, is cooperating fully with the SEC's inquiry, and is examining whether there has been any conduct that is in violation of Raytheon policy. At this point there is no ability to predict the outcome of the SEC's inquiry. Based on the information available to date, however, we do not believe the results of this inquiry will have a material adverse effect on our financial condition, results of operations or liquidity.

In addition, various other claims and legal proceedings generally incidental to the normal course of business are pending or threatened against, or initiated by, us. We do not expect any of these proceedings to result in any additional liability or gains that would materially affect our financial position, results of operations or liquidity. In connection with certain of our legal matters, we may be entitled to insurance recovery for qualified legal costs or other incurred costs. We do not expect any insurance recovery to have a material impact on the financial exposure that could result from these matters.

Note 11: Redeemable Noncontrolling Interests

Forcepoint is a cybersecurity company that we created in May 2015 as a joint venture with Vista Equity Partners. The joint venture agreement between Raytheon and Vista Equity Partners provided Vista Equity Partners with the ability to liquidate its ownership through a put option, which became exercisable on May 29, 2017. The put option allowed Vista Equity Partners to require Raytheon to purchase all of Vista Equity Partners' interest in Forcepoint for cash at a price equal to fair value as determined under the joint venture agreement. Vista Equity Partners' interest in Forcepoint was presented as redeemable noncontrolling interest, outside of stockholders' equity, in our consolidated balance sheets.

In October 2019, Vista Equity Partners formally exercised its put right to require Raytheon to purchase Vista Equity Partners' interest in Forcepoint. As a result, the parties engaged in a formal process under the joint venture agreement to determine the fair value, as defined in the joint venture agreement, of such interest. On November 18, 2019, Raytheon completed the acquisition of Vista Equity Partners' interest in Forcepoint for $588 million in cash. As part of the acquisition, we eliminated the historical adjustments to the carrying value of the redeemable noncontrolling interest of $128 million, with the offset to retained earnings. In addition, we eliminated the carrying value of the redeemable noncontrolling interest of $263 million and recognized a loss in additional paid-in capital of $324 million for the difference between the purchase price and the carrying value, excluding $1 million which was reclassed to AOCL. In addition, the related transaction costs of $4 million were charged to additional paid-in capital. Any reduction to additional paid-in capital in excess of zero was recorded as a reduction to retained earnings.

As discussed in "Note 4: Acquisitions, Divestitures and Goodwill," in February 2019, we amended and restated the RGNext joint venture agreement and acquired an additional 10% equity ownership in the joint venture, increasing our equity ownership to 60% and giving us control of the operations, with GDIT obtaining only protective rights. As a result, we now consolidate the results of RGNext in our consolidated financial statements. The amendment to the RGNext joint venture agreement provides GDIT with the ability to liquidate its ownership and receive an amount equal to its contributed capital (the redemption value). As such, GDIT's interest in RGNext is presented as redeemable noncontrolling interest, outside of stockholders' equity, in our consolidated balance sheets, and is recorded at the greater of its carrying value or the redemption value.

A rollforward of redeemable noncontrolling interests was as follows:

(In millions)	Forcepoint	RGNext	Total
Balance at December 31, 2017	$ 512	$ —	$ 512
Net income (loss)	(27)	—	(27)
Other comprehensive income (loss), net of tax	(1)	—	(1)
Adjustment of noncontrolling interests to redemption value	(73)	—	(73)
Balance at December 31, 2018	411	—	411
RGNext initial recognition	**—**	**32**	**32**
Net income (loss)	**(19)**	**5**	**(14)**
Other comprehensive income (loss), net of tax[1]	**—**	**—**	**—**
Distributions related to noncontrolling interest	**—**	**(5)**	**(5)**
Adjustment of noncontrolling interests to redemption value	**(1)**	**—**	**(1)**
Acquisition of noncontrolling interest in Forcepoint	**(391)**	**—**	**(391)**
Balance at December 31, 2019	**$ —**	**$ 32**	**$ 32**

(1) Other comprehensive income (loss), net of tax, related to Forcepoint was income of less than $1 million in 2019.

Note 12: Stockholders' Equity

The changes in shares of our common stock outstanding were as follows:

(In millions)	**2019**	2018	2017
Beginning balance	**282.1**	288.4	292.8
Stock plans activity	**1.1**	0.9	1.1
Share repurchases	**(4.8)**	(7.2)	(5.5)
Ending balance	**278.4**	282.1	288.4

From time to time, our Board of Directors authorizes the repurchase of shares of our common stock. In November 2015, our Board authorized the repurchase of up to $2.0 billion of our outstanding common stock. In November 2017, our Board also authorized the repurchase of up to an additional $2.0 billion of our outstanding common stock. At December 31, 2019, we had approximately $0.7 billion available under the 2017 repurchase program. However, the merger agreement with UTC restricts us from repurchasing shares other than to satisfy tax withholding obligations. For more information refer to "Note 2: Proposed Merger with United Technologies Corporation (UTC)."

Share repurchases also include shares surrendered by employees to satisfy tax withholding obligations in connection with restricted stock, RSUs and LTPP awards issued to employees.

Our share repurchases were as follows:

	2019		2018		2017	
(In millions)	**$**	**Shares**	$	Shares	$	Shares
Shares repurchased under our share repurchase programs	**$ 800**	**4.4**	$ 1,325	6.7	$ 800	4.9
Shares repurchased to satisfy tax withholding obligations	**69**	**0.4**	93	0.5	85	0.6
Total share repurchases	**$ 869**	**4.8**	$ 1,418	7.2	$ 885	5.5

Due to the volume of repurchases made under our share repurchase program in both 2019 and 2018 and the acquisition of Vista Equity Partners' redeemable noncontrolling interest in Forcepoint in November 2019 as further discussed in "Note 11: Redeemable Noncontrolling Interests," additional paid-in capital was reduced to zero during 2019 and 2018, with the remainder of the excess of $1,025 million and $1,250 million, respectively, recorded as a reduction to retained earnings.

In March 2019, our Board of Directors authorized an 8.6% increase to our annual dividend payout rate from $3.47 to $3.77 per share. Our Board of Directors declared dividends of $3.77, $3.47 and $3.19 per share in 2019, 2018 and 2017, respectively. Dividends are subject to quarterly approval by our Board of Directors.

Note 13: Stock-based Compensation Plans

On May 30, 2019, our stockholders approved the Raytheon 2019 Stock Plan. The 2019 Stock Plan provides for stock-based awards to be issued as restricted stock, RSUs, stock grants, stock options or stock appreciation rights, including awards based on performance criteria. The plan authorizes the issuance of 2.7 million shares in addition to shares remaining available for awards under the Raytheon 2010 Stock Plan as of December 31, 2018. The total maximum number of shares originally authorized for issuance under the 2019 Stock Plan, the 2010 Stock Plan and other prior Raytheon plans is 44.5 million. The 2019 Stock Plan provides that awards to our officers, employees and consultants are generally granted by the Management Development and Compensation Committee (MDCC) of our Board of Directors and are compensatory in nature, while awards to our non-employee directors are granted by the Board's Governance and Nominating Committee. Shares issued to fulfill the stock-based awards will be funded through the issuance of shares under the 2019 Stock Plan. Each stock-based award is subject to the change in control provision in the related agreement. At December 31, 2019, there were 8.0 million shares available for new awards and 2.8 million shares outstanding under the 2019 Stock Plan, the 2010 Stock Plan and other prior Raytheon plans.

Stock-based compensation expense and the associated tax benefit recognized were as follows:

(In millions)	**2019**	2018	2017
Stock-based compensation expense			
Restricted stock expense	**$ 99**	$ 98	$ 94
RSU expense	**35**	32	28
LTPP expense	**37**	36	38
Total stock-based compensation expense	**$ 171**	$ 166	$ 160
Stock-based tax benefit recognized	**35**	29	30

At December 31, 2019, there was $186 million of compensation expense related to nonvested awards not yet recognized which is expected to be recognized over a weighted-average period of 1.5 years.

Restricted Stock and Restricted Stock Units

Shares of restricted stock vest over a specified period of time as determined by the MDCC, generally four years for employee awards and one year for non-employee directors. Recipients of restricted stock are entitled to full dividend and voting rights beginning on the date of grant. Non-vested shares of restricted stock are subject to forfeiture under certain circumstances and restricted as to disposition until vested. At the date of grant, each share of restricted stock is credited to common stock at par value. The fair value of restricted stock is calculated under the intrinsic value method at the date of grant and is charged to income as compensation expense generally over the vesting period with a corresponding credit to additional paid-in capital.

RSUs also vest over a specified period of time as determined by the MDCC, are compensatory in nature and are primarily awarded to retirement eligible employees. Retirement eligible recipients of RSUs are entitled to full dividend rights beginning on the date of grant. In addition, RSUs granted to retirement eligible employees continue to vest, but do not accelerate, on the scheduled vesting dates into retirement subject to the recipient's compliance with certain post-employment covenants. Since recipients of RSUs with continued vesting provisions have satisfied the service requirement of the award at the date of grant, the Company recognizes all of the stock-based compensation expense associated with the RSUs awarded to retirement eligible employees in the period the award is granted. The expense is based on the fair value of the RSUs, calculated under the intrinsic value method at the date of grant.

Restricted stock and RSU activity was as follows:

	Shares/units (in thousands)	Weighted-average grant date fair value per share
Outstanding at December 31, 2016	3,294	$ 106.56
Granted	1,025	152.93
Vested	(1,194)	91.77
Forfeited	(229)	120.33
Outstanding at December 31, 2017	2,896	127.98
Granted	774	212.96
Vested	(977)	112.54
Forfeited	(215)	150.67
Outstanding at December 31, 2018	2,478	158.66
Granted	**959**	**180.05**
Vested	**(882)**	**130.35**
Forfeited	**(166)**	**172.50**
Outstanding at December 31, 2019	**2,389**	**$ 176.73**

The total fair value of restricted stock and RSUs vested and the related tax benefit realized were as follows:

(In millions)	**2019**	2018	2017
Fair value of restricted stock and RSUs vested	**$ 160**	$ 206	$ 193
Tax benefit realized related to vested restricted stock/RSUs(1)	**30**	39	63

(1) Includes $11 million, $18 million and $29 million of excess tax benefits realized in 2019, 2018 and 2017, respectively.

Long-term Performance Plan

In 2004, we established the LTPP, which provides for restricted stock unit awards granted from our stock plans to our senior leadership. Recipients of LTPP awards have no voting rights and receive dividend equivalent units. The vesting of LTPP awards and related dividend equivalent units is based upon the achievement of specific pre-established levels of performance at the end of a three-year performance cycle. In the event of a retirement, vesting for LTPP awards will not accelerate and instead will vest in accordance with the original vesting conditions on a pro-rated basis.

The performance goals for the three outstanding performance cycles at December 31, 2019 are independent of each other and based on three metrics, as defined in the LTPP award agreements: return on invested capital (ROIC), weighted at 50%; total shareholder return (TSR) relative to a peer group, weighted at 25%; and cumulative free cash flow from continuing operations (CFCF), weighted at 25%. The ultimate award, which is determined at the end of the three-year cycle, can range from zero to 200% of the target award and includes dividend equivalents, which are not included in the aggregate target award numbers.

Compensation expense for the LTPP awards is recognized on a straight-line basis from the grant date through the end of the performance period based upon the value determined under the intrinsic value method for the CFCF and ROIC portions of the LTPP award and the Monte Carlo simulation method for the TSR portion of the LTPP award. Compensation expense for the CFCF and ROIC portions of the awards will be adjusted based upon the expected achievement of those performance goals.

The assumptions used in the Monte Carlo model for the TSR portion of the LTPP awards granted during each year were as follows:

	2019	2018	2017
Expected stock price volatility	**18.48%**	16.87%	18.74%
Peer group stock price volatility	**20.67%**	18.41%	20.01%
Correlations of returns	**54.49%**	52.49%	56.55%
Risk free interest rate	**2.49%**	2.21%	1.53%

LTPP award activity was as follows(1):

	Units (in thousands)	Weighted-average grant date fair value per share
Outstanding at December 31, 2016	665	$ 110.32
Granted	142	152.29
Increase due to expected performance	193	125.14
Vested	(273)	97.59
Forfeited	(4)	137.57
Outstanding at December 31, 2017	723	127.16
Granted	117	205.76
Increase due to expected performance	71	135.27
Vested	(303)	112.15
Forfeited	(24)	164.58
Outstanding at December 31, 2018	584	150.15
Granted	**145**	**176.13**
Increase due to expected performance	**96**	**187.90**
Vested	**(236)**	**120.52**
Forfeited	**(10)**	**170.42**
Outstanding at December 31, 2019	**579**	**$ 174.72**

(1) This table excludes dividend equivalent units outstanding of 33 thousand at both December 31, 2019 and December 31, 2018 and 28 thousand at December 31, 2017, based on expected performance at each reporting date.

The total fair value of LTPP awards vested and the related tax benefit realized were as follows:

(In millions)	**2019**	2018	2017
Fair value of LTPP awards vested	**$ 45**	$ 67	$ 44
Tax benefit realized related to vested LTPP awards(1)	**10**	24	15

(1) Includes $3 million, $13 million and $7 million of excess tax benefits realized in 2019, 2018 and 2017, respectively.

Forcepoint Plans

In 2015, Forcepoint established long-term incentive plans that provide for awards of unit appreciation rights and profits interests in the Forcepoint entity to its management and key employees. Awards are approved by the Board of Forcepoint. These awards vest over a specified period of time and settlement is subject to a liquidity event defined as either a change in control or an initial public offering of the entity. In 2019, Forcepoint issued 11 thousand unit appreciation rights, 8 thousand were forfeited, and 24 thousand were outstanding at December 31, 2019. Also in 2019, Forcepoint issued 37 thousand profits interests, 34 thousand were forfeited, and 119 thousand were outstanding at December 31, 2019. At December 31, 2019, there were 174 thousand and 29 thousand combined unit appreciation rights and/or profits interests authorized and available for issuance, respectively, under these plans. The fair value of the awards is determined using the Black-Scholes valuation model and compensation expense is recognized over the requisite service period when achievement of the liquidity event is considered probable. In certain limited circumstances other vesting conditions may apply and the impact attributable to these vesting conditions was expense of $13 million in 2019, income of $1 million in 2018 and expense of $13 million in 2017.

The weighted-average assumptions used in the Black-Scholes model and the weighted-average grant date fair value for the Forcepoint awards granted were as follows:

	2019	2018	2017
Unit Price	**$ 1,244.48**	$ 1,508.01	$ 1,101.31
Expected life (in years)	**1.99**	3.01	2.29
Expected unit price volatility	**39.19%**	43.66%	49.51%
Risk free interest rate	**2.06%**	2.69%	1.46%
Dividend yield	**—%**	—%	—%
Grant date fair value	**$ 368.61**	$ 486.94	$ 339.72

Note 14: Pension and Other Employee Benefits

We have pension plans covering the majority of our employees hired prior to January 1, 2007, including certain employees in foreign countries (Pension Benefits). Our primary pension obligations relate to our domestic Internal Revenue Service (IRS) qualified pension plans. In addition, we provide certain health care and life insurance benefits to retired employees and to eligible employees upon retirement through other postretirement benefit (PRB) plans.

The fair value of plan assets for our domestic and foreign Pension Benefits plans was as follows:

(In millions)	**2019**	2018
Domestic Pension Benefits plan	**$ 20,366**	$ 18,488
Foreign Pension Benefits plan	**951**	833

We maintain a defined contribution plan that includes a 401(k) plan. Covered employees hired or rehired on or after January 1, 2007 are eligible for a Company contribution based on age and service, instead of participating in our pension plans. These and other covered employees are eligible to contribute up to a specific percentage of their pay to the 401(k) plan, subject to IRS compensation and contribution limits. We match the employee contributions. The match is generally 3% or 4% of the employee's pay and is invested in the same way as the employee contributions. Total expense for our contributions was $357 million, $326 million and $303 million in 2019, 2018 and 2017, respectively.

At December 31, 2019 and December 31, 2018, there was $20.6 billion and $17.0 billion invested in our defined contribution plan, respectively. At December 31, 2019 and December 31, 2018, $2.1 billion and $1.6 billion of these amounts were invested in our stock fund, respectively.

We also sponsor nonqualified defined benefit and defined contribution plans to provide benefits in excess of qualified plan limits. We have set aside certain assets in separate trusts, which we expect to be used to pay for trust obligations. The fair value of marketable securities held in trusts, which are considered Level 1 assets under the fair value hierarchy, consisted of the following at December 31:

(In millions)	**2019**	2018
Marketable securities held in trusts	**$ 753**	$ 642

Included in marketable securities held in trusts in the table above was $476 million and $420 million at December 31, 2019 and December 31, 2018, respectively, related to the nonqualified defined contribution plans. The liabilities related to the nonqualified defined contribution plans were $489 million and $431 million at December 31, 2019 and December 31, 2018, respectively.

We also maintain additional contractual pension benefits agreements for certain executive officers. The liability associated with such agreements was $39 million and $36 million at December 31, 2019 and December 31, 2018, respectively.

Contributions and Benefit Payments

We may make both required and discretionary contributions to our pension plans. Required contributions are primarily determined in accordance with the Pension Protection Act of 2006 (PPA), which amended the Employee Retirement Income Security Act of 1974 (ERISA) rules, and are affected by the actual return on plan assets (ROA) and plan funded status. The funding requirements under the PPA require us to fully fund our pension plans over a rolling seven-year period as determined annually based upon the funded status at the beginning of the year.

Due to the low interest rate environment, Congress provided for temporary pension funding relief through a provision in the Surface Transportation Extension Act of 2012 (STE Act). The provision was extended through 2020 by the Highway and Transportation Funding Act of 2014 (HATFA) and the Bipartisan Budget Act (BBA) of 2015. The provision adjusts the 24-month average high quality corporate bond rates used to determine the PPA funded status so that they are within a floor and cap, or "corridor," based on the 25-year average of corporate bond rates. Beginning after 2020, the provision will be gradually phased out.

We made the following contributions to our pension and PRB plans during the years ended December 31:

(In millions)	**2019**	2018	2017
Required pension contributions	**$ 343**	$ 889	$ 615
Discretionary pension contributions	**—**	1,250	1,000
PRB contributions	**37**	22	27
Total	**$ 380**	$ 2,161	$ 1,642

We periodically evaluate whether to make additional discretionary contributions. We did not make any discretionary pension contributions in 2019. We made a $1.25 billion discretionary pension contribution in third quarter 2018 and elected to apply approximately $1 billion to partially offset required contributions in 2019 and 2020, roughly split evenly between the two years. We expect to make required contributions of approximately $319 million and $50 million to our pension and PRB plans, respectively, in 2020.

The table below reflects the total Pension Benefits expected to be paid from the plans or from our assets, including both our share of the benefit cost and the participants' share of the cost, which is funded by participant contributions. PRB benefits expected to be paid reflect our portion only.

(In millions)	Pension Benefits	PRB
2020	$ 1,984	$ 61
2021	1,874	58
2022	1,806	55
2023	1,646	53
2024	1,583	50
Thereafter (next 5 years)	7,641	218

Defined Benefit Retirement Plan Summary Financial Information

The tables below outline the components of net periodic benefit expense (income) of our domestic and foreign Pension Benefits and PRB plans.

	Pension Benefits		
Components of Net Periodic Pension Expense (Income) (in millions)	**2019**	2018	2017
Operating expense			
Service cost	**$ 420**	$ 504	$ 473
Non-operating expense			
Interest cost	**1,046**	1,004	1,088
Expected return on plan assets	**(1,436)**	(1,435)	(1,377)
Amortization of prior service cost	**5**	6	5
Amortization of net actuarial loss	**1,050**	1,351	1,177
Loss recognized due to settlements	**1**	286	1
Total pension non-service expense	**666**	1,212	894
Net periodic pension expense (income)	**$ 1,086**	$ 1,716	$ 1,367

Net periodic pension expense (income) includes income from foreign Pension Benefits plans of $3 million in 2019, income of $8 million in 2018 and expense of $2 million in 2017.

In July 2018, certain Raytheon-sponsored pension plans purchased a group annuity contract from an insurance company to transfer $923 million of our outstanding pension benefit obligations related to certain U.S. retirees and beneficiaries of our previously discontinued operations. As a result of the transaction, the insurance company is now required to pay and administer the retirement benefits owed to the approximately 13,000 U.S. retirees and beneficiaries, with no change to their monthly retirement benefit payment amounts. In connection with this transaction, in the third quarter of 2018 we recognized a non-cash pension settlement charge of $288 million before tax, $228 million net of tax, in non-operating (income) expense, net, primarily related to the accelerated recognition of actuarial losses included in AOCL for those plans.

	PRB		
Components of Net Periodic PRB Expense (Income) (in millions)	**2019**	2018	2017
Operating expense			
Service cost	**$ 3**	$ 5	$ 6
Non-operating expense			
Interest cost	**28**	27	30
Expected return on plan assets	**(18)**	(21)	(21)
Amortization of prior service cost	**—**	—	(1)
Amortization of net actuarial loss	**10**	11	10
Loss recognized due to settlements	**2**	1	1
Total PRB non-service expense	**22**	18	19
Net periodic PRB expense (income)	**$ 25**	$ 23	$ 25

	Pension Benefits		PRB	
Funded Status – Amounts Recognized on our Balance Sheets (in millions) December 31:	**2019**	2018	**2019**	2018
Noncurrent assets	**$ 174**	$ 126	**$ —**	$ —
Current liabilities	**(160)**	(150)	**(18)**	(18)
Noncurrent liabilities	**(7,687)**	(6,111)	**(369)**	(354)
Net amount recognized on our balance sheets	**$ (7,673)**	$ (6,135)	**$ (387)**	$ (372)

	Pension Benefits		PRB	
Reconciliation of Amounts Recognized on our Balance Sheets (in millions) December 31:	**2019**	2018	**2019**	2018
Accumulated other comprehensive loss:				
Prior service (cost) credit	**$ (23)**	$ (27)	**$ —**	$ —
Net actuarial loss	**(11,389)**	(10,590)	**(148)**	(121)
Accumulated other comprehensive loss	**(11,412)**	(10,617)	**(148)**	(121)
Accumulated contributions in excess of (below) net periodic expense	**3,739**	4,482	**(239)**	(251)
Net amount recognized on our balance sheets	**$ (7,673)**	$ (6,135)	**$ (387)**	$ (372)

	Pension Benefits		PRB	
Sources of Change in Accumulated Other Comprehensive Loss (in millions)	**2019**	2018	**2019**	2018
Prior service (cost) credit arising during period	**$ (1)**	$ (10)	**$ —**	$ —
Amortization of prior service cost (credit) included in net income	**5**	6	**—**	—
Net change in prior service (cost) credit not recognized in net income during the period	**4**	(4)	**—**	—
Actuarial gain (loss) arising during period	**(1,847)**	(630)	**(39)**	4
Amortization of net actuarial (gain) loss	**1,050**	1,351	**10**	11
Loss recognized due to settlements	**1**	286	**2**	1
Net change in actuarial gain (loss) not included in net income during the period	**(796)**	1,007	**(27)**	16
Effect of exchange rates	**(3)**	9	**—**	—
Total change in accumulated other comprehensive loss during period	**$ (795)**	$ 1,012	**$ (27)**	$ 16

The amounts in AOCL at December 31, 2019 expected to be recognized as components of net periodic pension or PRB expense in 2020 are as follows:

(In millions)	Pension Benefits	PRB
Amortization of net actuarial gain (loss)	$ (1,197)	$ (13)
Amortization of prior service (cost) credit	(4)	—
Total	$ (1,201)	$ (13)

The projected benefit obligation (PBO) represents the present value of Pension Benefits earned through the end of the year, with an allowance for future salary increases. The accumulated benefit obligation (ABO) is similar to the PBO, but does not provide for future salary increases. The PBO, ABO and asset values for our domestic qualified pension plans were as follows:

(In millions)	**2019**	2018
PBO for domestic qualified pension plans	**$ 26,597**	$ 23,359
ABO for domestic qualified pension plans	**24,213**	21,595
Asset values for domestic qualified pension plans	**20,366**	18,488

The PBO and fair value of plan assets for Pension Benefits plans with PBOs in excess of plan assets were $27,994 million and $20,146 million, respectively, at December 31, 2019 and $24,561 million and $18,300 million, respectively, at December 31, 2018.

The ABO and fair value of plan assets for Pension Benefits plans with ABOs in excess of plan assets were $25,313 million and $20,146 million, respectively, at December 31, 2019 and $22,554 million and $18,300 million, respectively, at December 31, 2018. The ABO for all Pension Benefits plans was $26,307 million and $23,447 million at December 31, 2019 and December 31, 2018, respectively.

The tables below provide a reconciliation of benefit obligations, plan assets and related actuarial assumptions of our domestic and foreign Pension Benefits and PRB plans.

	Pension Benefits		PRB	
Change in Projected Benefit Obligation (in millions)	**2019**	2018	**2019**	2018
PBO at beginning of year	**$ 25,456**	$ 28,569	**$ 672**	$ 745
Service cost	**420**	504	**3**	5
Interest cost	**1,046**	1,004	**28**	27
Plan participants' contributions	**4**	6	**58**	49
Amendments	**1**	10	**—**	—
Plan settlements	**(7)**	(474)	**(9)**	(10)
Actuarial loss (gain)	**3,926**	(1,580)	**71**	(39)
Foreign exchange loss (gain)	**24**	(56)	**—**	—
Benefits paid	**(1,880)**	(2,527)	**(112)**	(105)
PBO at end of year	**$ 28,990**	$ 25,456	**$ 711**	$ 672

The PBO for our domestic and foreign Pension Benefits plans was $28,108 million and $882 million, respectively, at December 31, 2019 and $24,656 million and $800 million, respectively, at December 31, 2018.

	Pension Benefits		PRB	
Change in Plan Assets (in millions)	**2019**	2018	**2019**	2018
Fair value of plan assets at beginning of year	**$ 19,321**	$ 21,002	**$ 300**	$ 358
Actual return (loss) on plan assets	**3,516**	(775)	**50**	(14)
Company contributions	**343**	2,139	**37**	22
Plan participants' contributions	**4**	6	**58**	49
Plan settlements	**(7)**	(474)	**(9)**	(10)
Foreign exchange gain (loss)	**20**	(50)	**—**	—
Benefits paid	**(1,880)**	(2,527)	**(112)**	(105)
Fair value of plan assets at end of year	**$ 21,317**	$ 19,321	**$ 324**	$ 300

Retirement Plan Assumptions

The tables below outline the actuarial assumptions of our domestic and foreign Pension Benefits and PRB plans.

	Pension Benefits		
Weighted-Average Net Periodic Benefit Cost Assumptions	**2019**	2018	2017
Discount rate	**4.28%**	3.68%	4.31%
Expected long-term rate of return on plan assets	**7.38%**	7.38%	7.39%
Rate of compensation increase			
Range	**2%–7%**	2%–7%	2%–7%
Average	**4.43%**	4.43%	4.43%

	PRB		
Weighted-Average Net Periodic Benefit Cost Assumptions	**2019**	2018	2017
Discount rate	**4.31%**	3.72%	4.28%
Expected long-term rate of return on plan assets	**6.25%**	6.25%	6.25%
Rate of compensation increase			
Range	**2%–7%**	2%–7%	2%–7%
Average	**4.50%**	4.50%	4.50%
Health care trend rate*	**4.00%**	4.00%	4.00%

* Currently at the ultimate trend rate.

	Pension Benefits		PRB	
Weighted-Average Year-End Benefit Obligation Assumptions	**2019**	2018	**2019**	2018
Discount rate	**3.25%**	4.28%	**3.29%**	4.31%
Rate of compensation increase				
Range	**3%–8%**	2%–7%	**3%–8%**	2%–7%
Average	**4.40%**	4.40%	**4.50%**	4.50%
Health care trend rate*			**3.50%**	4.00%

* Currently at the ultimate trend rate.

Our long-term return on plan assets (ROA) and discount rate assumptions are the key variables in determining the net periodic benefit cost and the pension benefit obligation of our pension plans under U.S. GAAP. Our long-term ROA assumption only impacts the retirement benefits non-service expense. The discount rate assumption impacts the service cost component of FAS expense and retirement benefits non-service expense, while also impacting the pension benefit obligation.

The discount rate represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle our pension and PRB obligations. The discount rate assumption is determined by using a theoretical bond portfolio model consisting of bonds rated AA or better by Moody's Investors Service for which the timing and amount of cash flows approximate the estimated benefit payments for each of our pension plans. The weighted-average year-end benefit obligation discount rate for our domestic Pension Benefits plans was 3.29% and 4.33% at December 31, 2019 and December 31, 2018, respectively. Our foreign Pension Benefits plan assumptions have been included in the Pension Benefits assumptions in the table above.

The long-term ROA represents the average rate of earnings expected over the long term on the assets invested to provide for anticipated future benefit payment obligations. The long-term ROA used to calculate net periodic pension cost is set annually at the beginning of each year. Given the long-term nature of the ROA assumption, which we believe should not be solely reactive to short-term market conditions that may not persist, we expect the long-term ROA to remain unchanged unless there are significant changes in our investment strategy, the underlying economic assumptions or other major factors.

To establish our long-term ROA assumption we employ a "building block" approach. Under this building block method, the overall expected investment return equals the weighted-average of the individual expected return for each asset class based on the target asset allocation and the long-term capital market assumptions. The expected return for each asset class is composed of inflation plus a risk-free rate of return, plus an expected risk premium for that asset class. The resulting return is then adjusted for administrative, investment management and trading expenses as well as recognition of excess returns, also known as alpha, for active management. We then annually consider whether it is appropriate to change our long-term ROA assumption by reviewing the existing assumption against a statistically determined reasonable range of outcomes. The building block approach and the reasonable range of outcomes are based upon our asset allocation assumptions and long-term capital market assumptions. Such assumptions incorporate the economic outlook for various asset classes over short- and long-term periods and also take into consideration other factors, including historical market performance, inflation and interest rates.

Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations* (ASOP 27) requires the selection of a reasonable long-term ROA assumption that considers multiple criteria including the purposes of measurement, the actuary's professional judgment, historical and current economic data and estimates of future experience and has no significant bias. We evaluate our long-term ROA assumption against a reasonable range of possible outcomes which we define as between the 35th to 65th percentile likelihood of achieving a long-term return over future years. We believe that validating our ROA assumption within this reasonable range ensures an unbiased result while also ensuring that the ROA assumption is not solely reactive to short-term market conditions that may not persist, and is consistent with external actuarial practices.

The reasonable range of long-term returns that was used to validate the long-term ROA assumption for the calculation of the net periodic benefit cost for 2019, 2018 and 2017 is shown below.

Percentile	**2019**	2018	2017
35th	**5.49%**	5.67%	5.82%
65th	**7.57%**	7.81%	7.96%

2017 ROA Assumption—At year end 2016, we determined that the 8.0% long-term ROA assumption no longer fell within the range of reasonable outcomes, driven primarily by the current outlook on economic assumptions used to develop the reasonable range. As a result, we employed the building block approach described above to develop our 2017 long-term ROA assumption. The building block approach resulted in a long-term ROA assumption of 7.5% for 2017. To validate this assumption, we compared the result against the reasonable range of outcomes and confirmed that the 7.5% fell between the 55th and 60th percentile of the reasonable range for 2017 with the 50th percentile at 6.89%.

Based upon our application of the building block approach and our review of the resulting assumption against the 35th to 65th percentile reasonable range and an analysis of our historical results, we established a 2017 long-term ROA domestic assumption of 7.5% for purposes of determining the net periodic benefit cost for 2017 and determined that the assumption is reasonable and consistent with the provisions of ASOP 27.

2018 ROA Assumption—The long-term domestic ROA of 7.5% fell between the 60th and 65th percentiles of the applicable reasonable range for 2018. The 50th percentile of this reasonable range was 6.74%.

2019 ROA Assumption—The long-term domestic ROA of 7.5% fell between the 60th and 65th percentiles of the applicable reasonable range for 2019. The 50th percentile of this reasonable range was 6.53%.

Our domestic pension plans' actual rates of return were approximately 19%, (4)% and 15% for 2019, 2018 and 2017, respectively. The difference between the actual rate of return and our long-term ROA assumption is included in deferred gains and losses.

The long-term ROA assumptions for our foreign Pension Benefits plans are based on the asset allocations and the economic environment prevailing in the locations where the Pension Benefits plans reside. Foreign pension assets do not make up a significant portion of the total assets for all of our Pension Benefits plans.

For purposes of determining pension expense under U.S. GAAP, a "corridor" approach may be elected and applied in the recognition of asset and liability gains or losses which limits expense recognition to the net outstanding gains and losses in excess of the greater of 10% of the projected benefit obligation (PBO) or the calculated "market-related value" of assets. We do not use a "corridor" approach in the calculation of FAS pension expense.

The effect of a 1% increase or decrease in the assumed health care trend rate for each future year on total service cost and interest cost is less than a $1 million increase or decrease and on the accumulated postretirement benefit obligation is a $4 million increase or decrease.

Plan Assets

Substantially all our domestic Pension Benefits Plan (Plan) assets, which consist of investments in cash and cash equivalents, U.S. and international equities, real assets, private equity funds, private real estate funds, fixed income and other investments such as absolute return funds, insurance contracts and derivatives, are held in a master trust, which was established for the investment of assets of our Company-sponsored retirement plans. The assets of the master trust are overseen by our Investment Committee comprised of members of senior management drawn from appropriate diversified levels of the executive management team.

The Investment Committee is responsible for setting the policy that provides the framework for management of the Plan assets. In accordance with its responsibilities and charter, the Investment Committee meets on a regular basis to review the performance of the Plan assets and compliance with the investment policy. The policy sets forth an investment structure for managing Plan assets, including setting the asset allocation ranges, which are expected to provide an appropriate level of overall diversification and total investment return over the long term while maintaining sufficient liquidity to pay the benefits of the Plan. In developing the asset allocation ranges, third-party asset allocation and liability studies are periodically performed that consider the current and expected positions of the Plan assets and funded status. Based on these studies and other appropriate information, the Investment Committee establishes asset allocation ranges taking into account acceptable risk targets and associated returns.

The investment policy asset allocation ranges for the Plan, as set by the Investment Committee, for the year ended December 31, 2019 were as follows:

Asset Category	
Global equity (combined U.S. and international equity)	30%-60%
U.S. equities	20%-35%
International equities	10%-25%
Fixed income	20%-45%
Cash and cash equivalents	0%-10%
Private equity and private real estate funds	10%-20%
Real assets	0%-4%
Other (including absolute return funds)	5%-15%

The Investment Committee appoints the investment fiduciary, who is responsible for making investment decisions within the framework of the Investment Policy, for setting the long-term target allocation within the investment policy asset allocation ranges and for supervising the internal pension investment team. The pension investment team is comprised of experienced investment professionals, who are all employees of the Company. The investment fiduciary reports back to the Investment Committee. The investment fiduciary may seek authorization from the Investment Committee to change the asset allocation ranges with a focus on managing the Plan in a prudent manner.

Taking into account the asset allocation ranges, the investment fiduciary determines the specific allocation of the Plan's investments within various asset classes. The Plan utilizes select investment strategies which are executed through separate account or fund structures with external investment managers who demonstrate experience and expertise in the appropriate asset classes and styles. The selection of investment managers is done with careful evaluation of all aspects of performance and risk, due diligence of internal operations and controls, reputation, systems evaluation, fees and a review of investment managers' policies and processes. Investment performance is monitored frequently against appropriate benchmarks and within a compliance framework with the assistance of third-party performance measurement and evaluation tools, analytics and metrics.

Consistent with managing the Plan in a prudent manner, multiple investment strategies are employed to diversify risk such that no single investment or manager holding represents a significant exposure to the total investment portfolio. Plan assets are invested in numerous strategies with the intent to build a diversified portfolio. Plan assets can be invested in funds that track an index and are designed to achieve broad market diversification. The Plan had $4.6 billion invested in such funds across seven indices as of December 31, 2019. Excluding funds that track an index, no individual investment strategy represented more than 5% of the Plan as of December 31, 2019. Further, within each separate account strategy, guidelines are established which set forth the list of authorized investments, the typical portfolio characteristics and diversification required by limiting the amount that can be invested by sector, country and issuer.

The Plan's investments are stated at fair value. Investments in equity securities are valued at the last reported sales price when an active market exists. Investments in fixed income securities are generally valued using methods based upon market transactions for comparable securities and various relationships between securities which are generally recognized by institutional market participants. Investments in funds are estimated at fair market value, which primarily utilizes net asset values reported by the investment manager or fund administrator. We review additional valuation and pricing information from fund managers, including audited financial statements, to evaluate the net asset values.

The fair value of our Plan assets by asset category and by level (as described in "Note 1: Summary of Significant Accounting Policies") at December 31, 2019 and December 31, 2018 were as follows:

December 31, 2019 (in millions)	Total	Level 1	Level 2	Level 3	Not subject to leveling[7]
U.S. equities[1]	**$ 5,563**	**$ 715**	**$ —**	**$ —**	**$ 4,848**
International equities[1]	**3,403**	**2,838**	**13**	**—**	**552**
Real assets[2]	**157**	**—**	**—**	**—**	**157**
Fixed income					
U.S. government and agency securities	**2,026**	**1,836**	**190**	**—**	**—**
Corporate debt securities/instruments[3]	**3,039**	**378**	**2,308**	**—**	**353**
Global multi-sector fixed income[4]	**303**	**303**	**—**	**—**	**—**
Securitized and structured credit[5]	**573**	**—**	**—**	**—**	**573**
Cash and cash equivalents[6]	**603**	**43**	**—**	**—**	**560**
Absolute return funds	**1,564**	**—**	**—**	**—**	**1,564**
Private equity funds	**1,579**	**—**	**—**	**—**	**1,579**
Private real estate funds	**1,403**	**—**	**—**	**—**	**1,403**
Insurance contracts	**32**	**—**	**—**	**32**	**—**
Total investments	**20,245**	**6,113**	**2,511**	**32**	**11,589**
Net receivables and payables	**121**	**—**	**—**	**—**	**121**
Total assets	**$ 20,366**	**$ 6,113**	**$ 2,511**	**$ 32**	**$ 11,710**

(1) U.S. and International equities primarily include investments across the spectrum of large, medium and small market capitalization stocks.

(2) Real assets primarily include investments in physical and permanent assets, including infrastructure.

(3) Corporate debt securities/instruments primarily include investments in investment grade and non-investment grade fixed income securities.

(4) Global multi-sector fixed income primarily includes investments that invest globally among several sectors including governments, investment grade corporate bonds, high yield corporate bonds and emerging market securities.

(5) Securitized and structured credit primarily includes investments that pool together various cash flow producing financial assets that are structured in a way that can achieve desired targeted credit, maturity or other characteristics and are typically collateralized by residential mortgages, commercial mortgages and other assets, and other fixed income related securities.

(6) Cash and cash equivalents are primarily investments in highly liquid money market funds and bank sponsored collective funds. Included in cash and cash equivalents is excess cash in investment manager accounts which is available for immediate use and is used to fund daily operations and execute the investment policy. Excess cash in investment manager accounts is not considered to be part of the cash target allocation set forth in the investment policy.

(7) Receivables, payables and certain investments that are valued using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amount presented for the total domestic pension benefits plan assets.

December 31, 2018 (in millions)	Total	Level 1	Level 2	Level 3	Not subject to leveling[7]
U.S. equities[1]	$ 4,701	$ 2,189	$ —	$ —	$ 2,512
International equities[1]	3,141	2,522	4	—	615
Real assets[2]	53	—	—	—	53
Fixed income					
U.S. government and agency securities	1,923	1,727	196	—	—
Corporate debt securities/instruments[3]	2,907	329	2,088	—	490
Global multi-sector fixed income[4]	400	400	—	—	—
Securitized and structured credit[5]	534	—	—	—	534
Cash and cash equivalents[6]	486	39	—	—	447
Absolute return funds	1,432	—	—	—	1,432
Private equity funds	1,419	—	—	—	1,419
Private real estate funds	1,264	—	—	—	1,264
Insurance contracts	31	—	—	31	—
Total investments	18,291	7,206	2,288	31	8,766
Net receivables and payables	197	—	—	—	197
Total assets	$ 18,488	$ 7,206	$ 2,288	$ 31	$ 8,963

(1) U.S. and International equities primarily include investments across the spectrum of large, medium and small market capitalization stocks.
(2) Real assets primarily include investments in physical and permanent assets, including infrastructure.
(3) Corporate debt securities/instruments primarily include investments in investment grade and non-investment grade fixed income securities.
(4) Global multi-sector fixed income primarily includes investments that invest globally among several sectors including governments, investment grade corporate bonds, high yield corporate bonds and emerging market securities.
(5) Securitized and structured credit primarily includes investments that pool together various cash flow producing financial assets that are structured in a way that can achieve desired targeted credit, maturity or other characteristics and are typically collateralized by residential mortgages, commercial mortgages and other assets, and other fixed income related securities.
(6) Cash and cash equivalents are primarily investments in highly liquid money market funds and bank sponsored collective funds. Included in cash and cash equivalents is excess cash in investment manager accounts which is available for immediate use and is used to fund daily operations and execute the investment policy. Excess cash in investment manager accounts is not considered to be part of the cash target allocation set forth in the investment policy.
(7) Receivables, payables and certain investments that are valued using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amount presented for the total domestic pension benefits plan assets.

The Plan limits the use of derivatives through direct or separate account investments such that the derivatives used are liquid and able to be readily valued in the market. Derivative usage in separate account structures is limited to hedging or adjusting market exposure in a non-speculative manner. The fair market value of the Plan's derivatives through direct or separate account investments was approximately $(8) million and $6 million as of December 31, 2019 and December 31, 2018, respectively.

In addition, assets are held in trust for non-U.S. Pension Benefits plans, primarily in the U.K. and Canada, which are governed in accordance with specific jurisdictional requirements. Investments in the non-U.S. Pension Benefits plans consist primarily of fixed income and equities and had a fair market value of $951 million and $833 million at December 31, 2019 and December 31, 2018, respectively. Investments with significant unobservable inputs (Level 3) are immaterial in the non-U.S. Pension Benefits plans.

The fair market value of assets related to our PRB Benefits was $324 million and $300 million as of December 31, 2019 and December 31, 2018, respectively. These assets included $144 million and $141 million at December 31, 2019 and December 31, 2018, respectively, which were invested in the master trust described above and are therefore invested in the same assets described above. The remaining investments are held within Voluntary Employees' Beneficiary Association (VEBA) trusts. The assets of the VEBA trusts are also overseen by the Investment Committee and managed by the same investment fiduciary that manages the master trust's investments. These assets are generally invested in mutual funds and are valued primarily using quoted prices in active markets (Level 1). There were no Level 3 investments in the VEBA trusts at December 31, 2019 or December 31, 2018.

The table below details assets by category for our VEBA trusts. These assets consisted primarily of publicly-traded equity securities and publicly-traded fixed income securities.

	% of Plan Assets at Dec 31:	
Asset category	**2019**	2018
Fixed income securities	**43%**	42%
U.S. equities	**38%**	36%
International equities	**10%**	10%
Cash and cash equivalents	**9%**	12%
Total	**100%**	100%

Note 15: Income Taxes

The provision for federal and foreign income taxes consisted of the following:

(In millions)	**2019**	2018	2017
Current income tax expense (benefit)			
Federal	**$ 638**	$ 245	$ 822
Foreign	**48**	43	40
State	**—**	—	—
Deferred income tax expense (benefit)			
Federal	**(26)**	(42)	235
Foreign	**1**	15	18
State	**(3)**	3	(1)
Total	**$ 658**	$ 264	$ 1,114

The expense for income taxes differed from the U.S. statutory rate due to the following:

	2019	2018	2017
Statutory tax rate	**21.0%**	21.0%	35.0%
Foreign derived intangible income (FDII)	**(3.3)**	(4.2)	—
Research and development tax credit (R&D tax credit)	**(2.3)**	(2.4)	(1.5)
Equity compensation	**(0.3)**	(1.0)	(1.2)
Foreign income tax rate differential	**0.8**	1.3	0.2
Prior year true-up	**0.4**	(1.1)	0.1
Tax benefit related to discretionary pension contributions	**—**	(3.0)	—
R&D tax credit claims related to the 2014–2017 tax years	**—**	(2.1)	—
Irish restructuring	**—**	(2.0)	—
Change in valuation allowance	**—**	2.0	—
Domestic manufacturing deduction benefit	**—**	—	(2.5)
Remeasurement of deferred taxes	**—**	—	3.2
One-time transition tax on previously undistributed foreign earnings	**—**	—	2.3
Other items, net	**0.2**	(0.1)	0.2
Effective tax rate	**16.5%**	8.4%	35.8%

In 2017, the Tax Cuts and Jobs Act of 2017 (2017 Act) was enacted, which reduced the U.S. corporate tax rate from 35% to 21% effective in 2018. See below for a detailed discussion of the 2017 Act.

In the fourth quarter of 2018, Forcepoint completed an Irish restructuring transaction resulting in a deferred tax asset of approximately $63 million. We have evaluated both the positive and negative evidence to support our ability to realize the deferred tax asset associated with the restructuring. We believe it is more likely than not that the benefit from this restructuring transaction will not be realized. Accordingly, we provided a valuation allowance of $63 million in the fourth quarter of 2018 on the deferred tax asset related to this transaction.

In the third quarter of 2018, the Company recognized a net tax benefit of $110 million related to the completion of the 2017 tax return and additional amended R&D tax credit claims related to the 2014–2016 tax years.

Also in the third quarter of 2018, we made a discretionary contribution to our pension plans of $1.25 billion. In the second quarter of 2018, we determined we would make this contribution and as a result recorded a net tax benefit of $95 million in the second quarter of 2018. This was primarily due to the remeasurement of the related deferred tax asset balance at the 2017 tax rate of 35% versus the 2018 tax rate of 21% since the discretionary contribution was deductible on our 2017 tax return.

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. All IRS examinations related to originally filed returns are closed through the 2016 tax year. In 2018, we amended tax returns for tax years 2014–2016 to reflect refund claims related to increased R&D tax credits, which will be subject to audit. We are also under audit by multiple state and foreign tax authorities.

(In millions)	**2019**	2018	2017
Domestic income from continuing operations before taxes	**$ 3,889**	$ 2,937	$ 3,027
Foreign income from continuing operations before taxes	**97**	210	86

We will generally be free of additional U.S. federal tax consequences on distributed foreign subsidiary earnings due to a dividends received deduction implemented as part of the move to a territorial tax system for earnings distributed after January 1, 2018. We provide for foreign withholding taxes to the extent applicable to distributions of foreign earnings. We continue to assert indefinite reinvestment on outside basis differences generated on or before December 31, 2017. No provision has been made for U.S. deferred taxes related to any remaining historical outside basis differences in our non-U.S. subsidiaries. Determination of the amount of unrecognized deferred tax liability on outside basis differences is not practicable because these differences primarily relate to non-earnings and profits (E&P) book tax differences, such as acquisition accounting, and could be recognized upon a sale or other transactions of a subsidiary.

We made (received) the following net tax payments (refunds) during the years ended December 31:

(In millions)	**2019**	2018	2017
Federal	**$ 754**	$ (69)	$ 765
Foreign	**43**	63	77
State	**34**	23	36

We believe that our income tax reserves are adequate; however, amounts asserted by taxing authorities could be greater or less than amounts accrued and reflected in our consolidated balance sheets. Accordingly, we could record adjustments to the amounts for federal, foreign and state tax-related liabilities in the future as we revise estimates or as we settle or otherwise resolve the underlying matters. In the ordinary course of business, we may take new positions that could increase or decrease our unrecognized tax benefits in future periods.

The balance of our unrecognized tax benefits, exclusive of interest, was $227 million and $92 million at December 31, 2019 and December 31, 2018, respectively, the majority of which would affect our earnings if recognized. The increase in the balance of our unrecognized tax benefits is related to positions taken on state tax returns.

We accrue interest and penalties related to unrecognized tax benefits in tax expense. Interest and penalties recognized during 2019, 2018 and 2017 and accrued as of December 31, 2019 and December 31, 2018 were de minimis.

A rollforward of our unrecognized tax benefits was as follows:

(In millions)	**2019**	2018	2017
Unrecognized tax benefits, beginning of year	**$ 92**	$ 9	$ 7
Additions based on current year tax positions	**46**	20	1
Additions based on prior year tax positions	**90**	68	4
Reductions based on prior year tax positions	**—**	(5)	(1)
Settlements based on prior year tax positions	**(1)**	—	(2)
Unrecognized tax benefits, end of year	**$ 227**	$ 92	$ 9

With the exception of Forcepoint, we generally defer our state income tax expense to the extent we can recover this expense through the pricing of our products and services to the U.S. government. We include this deferred amount in prepaid expenses and other current assets until allocated to our contracts, which generally occurs upon payment or when otherwise agreed as allocable with the U.S. government. Current state income tax expense allocated to our contracts was $31 million, $18 million and $32 million in 2019, 2018 and 2017, respectively. We include state income tax expense allocated to our contracts in administrative and selling expenses.

Deferred income taxes consisted of the following at December 31:

(In millions)	2019	2018
Noncurrent deferred tax assets (liabilities)		
Accrued employee compensation and benefits	**$ 246**	$ 209
Other accrued expenses and reserves	**(21)**	77
Contract balances and inventories	**(611)**	(494)
Pension benefits	**1,701**	1,306
Other retiree benefits	**68**	67
Operating lease right-of-use assets	**(204)**	(187)
Operating lease liabilities	**214**	196
Net operating loss and tax credit carryforwards	**405**	83
Depreciation and amortization	**(921)**	(827)
Partnership outside basis difference	**(25)**	(29)
Other	**21**	12
Valuation allowance	**(360)**	(84)
Deferred income taxes—noncurrent	**$ 513**	$ 329

As of December 31, 2019, we had U.S. federal, foreign and state net operating loss (NOL) carryforwards related to Forcepoint of $106 million, $67 million and $285 million, respectively, which expire at various dates through 2037. We believe it is more likely than not that the majority of the deferred tax asset will be realized to the extent of existing deferred tax liabilities.

We also had foreign NOL carryforwards unrelated to Forcepoint of $87 million as of December 31, 2019, of which the majority may be carried forward indefinitely. The NOL carryforwards are primarily generated in the U.K., France, Saudi Arabia, and Guam. We have sufficient taxable income to realize these deferred tax assets in the U.K.; however, we believe it is more likely than not that the benefit from the foreign NOL carryforwards in France, Saudi Arabia and Guam will not be realized and provided a valuation allowance of $18 million related to these deferred tax assets. The total valuation allowance recorded in 2019 related to NOL carryforwards was $14 million.

As of December 31, 2019, we also had state tax credit carryforwards of $336 million, of which $326 million expire at various dates through 2039 and $10 million may be carried forward indefinitely. We believe it is more likely than not that the benefit from the majority of these state tax credit carryforwards will not be realized and have provided a valuation allowance of $241 million on the deferred tax asset related to these carryforwards in 2019, which was recorded through administrative and selling expenses. If or when recognized, the tax benefits related to any reversal of the valuation allowance on deferred tax assets as of December 31, 2019, will be recognized through administrative and selling expenses as these benefits can generally be recovered through the pricing of products and services to the U.S. government in the period in which the credit is utilized.

The Tax Cuts and Jobs Act

On December 22, 2017, the President signed the Tax Cuts and Jobs Act of 2017 (2017 Act) which enacted a wide range of changes to the U.S. corporate income tax system. The 2017 Act reduced the U.S. corporate statutory federal tax rate to 21% effective in 2018, eliminated the domestic manufacturing deduction benefit and introduced other tax base broadening measures, changed rules for expensing and capitalizing business expenditures, established a territorial tax system for foreign earnings as well as a minimum tax on certain foreign earnings, provided for a one-time transition tax on previously undistributed foreign earnings, and introduced new rules for the treatment of certain foreign income, including FDII.

Also on December 22, 2017, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 118 (SAB 118), which provided companies with additional guidance on how to account for the 2017 Act in their financial statements, allowing companies to use a measurement period. As of December 31, 2017, we made a reasonable estimate of the effects on our existing deferred tax balances to reflect the new 21% corporate income tax rate under the 2017 Act and the one-time transition tax on previously undistributed foreign earnings and recognized provisional amounts totaling $171 million in accordance with SAB 118, which was included as a component of income tax expense from continuing operations. As of December 31, 2018, we had finalized our provisional estimates for the remeasurement of our existing U.S. deferred tax balances and the one-time transition tax for which we recorded a $1 million tax benefit in 2018.

Deferred tax assets and liabilities—At the date of enactment, the Company had a net deferred tax asset for the difference between the tax basis and the book basis of the U.S. assets and liabilities. Due to the 2017 Act, the future impact associated with the reversal of the net deferred tax asset will be subject to tax at a lower corporate tax rate. Consequently in 2017, we recorded a tax expense of $100 million to reduce the Company's deferred tax asset due to the remeasurement of the U.S. deferred tax assets and liabilities for the reduction in the corporate tax rate from 35% to 21%. At December 31, 2018, we finalized our provisional estimate for the remeasurement of our existing deferred tax balances with no additional adjustment.

Transition tax—The one-time transition tax is based on our total post-1986 E&P for which we have previously deferred U.S. income taxes. In 2017, we recorded a provisional amount for our one-time transition tax liability, using an applicable tax rate of 15.5%, resulting in an increase in income tax expense of $71 million after accounting for foreign tax credits. In 2018, we recorded a $1 million tax benefit to finalize our provisional calculation for the one-time transition tax for foreign E&P. This refinement was a result of completing the data gathering and analysis based on the 2017 Act and guidance issued to date in 2018, including IRS Notices 2018-07, 2018-13 and 2018-26. No provision has been made for deferred taxes related to any remaining historical outside basis differences in our non-U.S. subsidiaries as we continue to assert indefinite reinvestment on outside basis differences not related to amounts that have been previously taxed in the U.S. or undistributed earnings generated after December 31, 2017.

In addition to the changes described above, the 2017 Act imposes a U.S. tax on global intangible low taxed income (GILTI) that is earned by certain foreign affiliates owned by a U.S. shareholder. The computation of GILTI is generally intended to impose tax on the earnings of a foreign corporation that are deemed to exceed a certain threshold return relative to the underlying business investment. The Company made a policy election to treat future taxes related to GILTI as a current period expense in the reporting period in which the tax is incurred.

Note 16: Business Segment Reporting

Our reportable segments, organized based on capabilities and technologies, are: Integrated Defense Systems (IDS); Intelligence, Information and Services (IIS); Missile Systems (MS); Space and Airborne Systems (SAS); and Forcepoint.

IDS is a leader in integrated air and missile defense; large land- and sea-based radar solutions; command, control, communications, computers, cyber and intelligence solutions; naval combat and ship electronic and sensing systems; and undersea sensing and effects solutions. IDS delivers combat-proven performance against the complete spectrum of airborne and ballistic missile threats and is a world leader in the technology, development, and production of sensors and mission systems.

IIS provides a full range of technical and professional services to intelligence, defense, federal and commercial customers worldwide. IIS specializes in global Intelligence, Surveillance and Reconnaissance (ISR); navigation; DoD space and weather solutions; cybersecurity; analytics; training; logistics; mission support; advanced software-based complex systems; automation and sustainment solutions; and international and domestic Air Traffic Management (ATM) systems.

MS designs, develops, integrates and produces missile and combat systems for the armed forces of the U.S. and allied nations. Leveraging its capabilities in advanced airframes, guidance and navigation systems, high-resolution sensors, surveillance, hypersonic systems, targeting and netted systems, MS provides and supports a broad range of advanced weapon systems including missiles, smart munitions, close-in weapon systems, projectiles, kinetic kill vehicles, directed energy effectors and advanced combat sensor solutions.

SAS is a leader in the design, development and manufacture of integrated sensor and communication systems for advanced missions. These missions include intelligence, surveillance and reconnaissance; precision engagement; manned and unmanned aerial operations; and space. Leveraging state-of-the-art technologies, mission systems and domain knowledge, SAS designs, manufactures, supports and sustains civil and military electro-optical/infrared (EO/IR) sensors; airborne radars for surveillance and fire control applications; lasers; precision guidance systems; signals intelligence systems; processors; electronic warfare systems; tactical and strategic communications; and space-qualified systems.

Forcepoint develops cybersecurity products serving commercial and government organizations worldwide. Forcepoint was created in May 2015 as a joint venture of Raytheon and Vista Equity Partners that brought together the capabilities of the legacy Raytheon Cyber Products (RCP) and Websense, Inc. (Websense) businesses. On November 18, 2019, Raytheon acquired Vista Equity Partners' interest in Forcepoint, such that Forcepoint is now wholly owned by Raytheon. Refer to "Note 11: Redeemable Noncontrolling Interests." Forcepoint delivers a portfolio of human-centric cybersecurity capabilities that incorporate behavior based insights, including risk adaptive data loss prevention; user and entity behavior analytics (UEBA) and cloud access security broker (CASB) capabilities; insider threat solutions; next-generation firewall (NGFW) technology; cloud and on premise web and email security; and cross domain transfer products.

Segment total net sales and operating income include intersegment sales and profit generally recorded at cost-plus a specified fee, which may differ from what the selling entity would be able to obtain on sales to external customers. Eliminations include intersegment sales and profit eliminations. Corporate operating income includes expenses that represent unallocated costs and certain other corporate costs not considered part of management's evaluation of reportable segment operating performance and the allocation of resources to the segment. Acquisition Accounting Adjustments include the adjustments to record acquired deferred revenue at fair value as part of our purchase price allocation process and the amortization of acquired intangible assets related to historical acquisitions.

Segment financial results were as follows:

Total Net Sales (in millions)	**2019**	2018	2017
Integrated Defense Systems	**$ 6,927**	$ 6,180	$ 5,804
Intelligence, Information and Services	**7,151**	6,722	6,177
Missile Systems	**8,726**	8,298	7,787
Space and Airborne Systems	**7,427**	6,748	6,430
Forcepoint	**658**	634	608
Eliminations	**(1,712)**	(1,514)	(1,423)
Total business segment sales	**29,177**	27,068	25,383
Acquisition Accounting Adjustments	**(1)**	(10)	(35)
Total	**$ 29,176**	$ 27,058	$ 25,348

Intersegment Sales (in millions)	**2019**	2018	2017
Integrated Defense Systems	**$ 87**	$ 65	$ 64
Intelligence, Information and Services	**700**	666	666
Missile Systems	**210**	161	132
Space and Airborne Systems	**686**	596	540
Forcepoint	**29**	26	21
Total	**$ 1,712**	$ 1,514	$ 1,423

Operating Income (in millions)	**2019**	2018	2017
Integrated Defense Systems	**$ 1,111**	$ 1,023	$ 935
Intelligence, Information and Services[1]	**658**	538	455
Missile Systems	**959**	973	1,010
Space and Airborne Systems	**991**	884	862
Forcepoint	**8**	5	33
Eliminations	**(184)**	(170)	(148)
Total business segment operating income	**3,543**	3,253	3,147
Acquisition Accounting Adjustments	**(112)**	(126)	(160)
FAS/CAS Operating Adjustment	**1,454**	1,428	1,303
Corporate and Reclassification[1][2]	**(111)**	(17)	(59)
Total	**$ 4,774**	$ 4,538	$ 4,231

(1) In the third quarter of 2019, the Company revalued an investment in equity securities of a non-publicly traded company due to the availability of updated pricing data from a recent transaction and recognized a non-cash gain of $14 million. The gain is included in IIS's operating income in 2019 as it is part of management's evaluation of the segment's performance and reclassified to other (income) expense, net on our consolidated statements of operations for financial reporting purposes as the gain is not related to our core operations. No amounts were recorded in 2018 or 2017.

(2) In the fourth quarter of 2019, we were selected by the U.S. Army for the Lower Tier Air and Missile Defense Sensor (LTAMDS). The net expenses related to the LTAMDS project of $13 million in 2019 are included in Corporate operating income as they are not included in management's evaluation of business segment results. No amounts were recorded in 2018 or 2017.

Intersegment Operating Income (in millions)	**2019**	2018	2017
Integrated Defense Systems	**$ 8**	$ 6	$ 5
Intelligence, Information and Services	**68**	68	64
Missile Systems	**20**	15	13
Space and Airborne Systems	**67**	60	51
Forcepoint	**21**	21	15
Total	**$ 184**	$ 170	$ 148

We must calculate our pension and PRB costs under both FAS requirements under U.S. GAAP and CAS requirements. U.S. GAAP outlines the methodology used to determine pension expense or income for financial reporting purposes, which is not indicative of the funding requirements for pension and PRB plans that we determine by other factors. CAS prescribes the allocation to and recovery of pension and PRB costs on U.S. government contracts. The results of each segment only include pension and PRB expense as determined under CAS. The CAS requirements for pension costs and its calculation methodology differ from the FAS requirements and calculation methodology. As a result, while both FAS and CAS use long-term assumptions in their calculation methodologies, each method results in different calculated amounts of pension and PRB costs. Our FAS expense is split between operating income and non-operating income where only the service cost component of FAS expense is included in operating income. The FAS/CAS Operating Adjustment, which is reported as a separate line in our segment results above, represents the difference between the service cost component of our pension and PRB expense or income under FAS in accordance with U.S. GAAP and our pension and PRB expense under CAS.

The pension and PRB components of the FAS/CAS Operating Adjustment were as follows:

(In millions)	2019	2018	2017
FAS/CAS Pension Operating Adjustment	**$ 1,439**	$ 1,415	$ 1,291
FAS/CAS PRB Operating Adjustment	**15**	13	12
FAS/CAS Operating Adjustment	**$ 1,454**	$ 1,428	$ 1,303

Capital Expenditures (in millions)	2019	2018	2017
Integrated Defense Systems	**$ 309**	$ 242	$ 200
Intelligence, Information and Services	**50**	46	22
Missile Systems	**232**	337	221
Space and Airborne Systems	**304**	136	158
Forcepoint	**17**	13	14
Corporate	**28**	24	19
Total[1]	**$ 940**	$ 798	$ 634

(1) Total capital expenditures may not agree to our consolidated statements of cash flows due to non-cash transactions.

Depreciation and Amortization (in millions)	2019	2018	2017
Integrated Defense Systems	**$ 118**	$ 98	$ 98
Intelligence, Information and Services	**49**	51	50
Missile Systems	**129**	98	84
Space and Airborne Systems	**132**	140	132
Forcepoint	**14**	17	17
Acquisition Accounting Adjustments	**111**	116	125
Corporate	**52**	48	44
Total	**$ 605**	$ 568	$ 550

Total Assets (in millions)	2019	2018[2]
Integrated Defense Systems[1]	**$ 5,103**	$ 4,826
Intelligence, Information and Services[1]	**4,291**	4,238
Missile Systems[1]	**8,408**	8,229
Space and Airborne Systems[1]	**6,979**	6,740
Forcepoint[1]	**2,424**	2,529
Corporate	**7,361**	6,108
Total	**$ 34,566**	$ 32,670

(1) Total assets includes intangible assets. Related amortization expense is included in Acquisition Accounting Adjustments.

(2) Amounts have been recast to reflect the adoption of ASU 2016-02, *Leases (Topic 842)*. Operating lease right-of-use assets are all recorded at Corporate.

Property, Plant and Equipment, Net, by Geographic Area (in millions)	2019	2018
United States	**$ 3,251**	$ 2,751
All other (principally Europe)	**102**	89
Total	**$ 3,353**	$ 2,840

We disaggregate our revenue from contracts with customers by geographic location, customer-type and contract-type for each of our segments, as we believe it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. See details in the tables below.

	2019						
Disaggregation of Total Net Sales (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Other	Total
United States							
Sales to the U.S. government[1]							
Fixed-price contracts	$ 897	$ 1,035	$ 3,175	$ 2,696	$ 179	$ —	$ 7,982
Cost-type contracts	1,854	4,461	2,986	2,812	16	—	12,129
Direct commercial sales and other U.S. sales							
Fixed-price contracts	6	122	33	121	175	—	457
Cost-type contracts	—	22	—	3	1	—	26
Asia/Pacific							
Foreign military sales through the U.S. government							
Fixed-price contracts	174	245	487	163	—	—	1,069
Cost-type contracts	70	37	58	33	—	—	198
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	719	181	169	238	67	—	1,374
Cost-type contracts	78	—	2	—	—	—	80
Middle East and North Africa							
Foreign military sales through the U.S. government							
Fixed-price contracts	740	12	594	322	—	—	1,668
Cost-type contracts	290	21	11	84	—	—	406
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	1,221	39	592	43	34	—	1,929
Cost-type contracts	—	—	92	—	—	—	92
All other (principally Europe)							
Foreign military sales through the U.S. government							
Fixed-price contracts	555	1	138	68	—	—	762
Cost-type contracts	50	—	37	8	—	—	95
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	176	230	139	150	156	—	851
Cost-type contracts	10	45	3	—	—	—	58
Total net sales	6,840	6,451	8,516	6,741	628	—	29,176
Intersegment sales	87	700	210	686	29	(1,712)	—
Acquisition Accounting Adjustments	—	—	—	—	1	(1)	—
Reconciliation to business segment sales	$ 6,927	$ 7,151	$ 8,726	$ 7,427	$ 658	$ (1,713)	$ 29,176

(1) Excludes foreign military sales through the U.S. government.

	2019					
Total Net Sales by Geographic Area (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
United States	**$ 2,757**	**$ 5,640**	**$ 6,194**	**$ 5,632**	**$ 371**	**$ 20,594**
Asia/Pacific	**1,041**	**463**	**716**	**434**	**67**	**2,721**
Middle East and North Africa	**2,251**	**72**	**1,289**	**449**	**34**	**4,095**
All other (principally Europe)	**791**	**276**	**317**	**226**	**156**	**1,766**
Total net sales	**$ 6,840**	**$ 6,451**	**$ 8,516**	**$ 6,741**	**$ 628**	**$ 29,176**

	2019					
Total Net Sales by Major Customer (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
Sales to the U.S. government[1]	**$ 2,751**	**$ 5,496**	**$ 6,161**	**$ 5,508**	**$ 195**	**$ 20,111**
U.S. direct commercial sales and other U.S. sales	**6**	**144**	**33**	**124**	**176**	**483**
Foreign military sales through the U.S. government	**1,879**	**316**	**1,325**	**678**	**—**	**4,198**
Foreign direct commercial sales and other foreign sales[1]	**2,204**	**495**	**997**	**431**	**257**	**4,384**
Total net sales	**$ 6,840**	**$ 6,451**	**$ 8,516**	**$ 6,741**	**$ 628**	**$ 29,176**

(1) Excludes foreign military sales through the U.S. government.

	2019					
Total Net Sales by Contract-Type (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
Fixed-price contracts	**$ 4,488**	**$ 1,865**	**$ 5,327**	**$ 3,801**	**$ 611**	**$ 16,092**
Cost-type contracts	**2,352**	**4,586**	**3,189**	**2,940**	**17**	**13,084**
Total net sales	**$ 6,840**	**$ 6,451**	**$ 8,516**	**$ 6,741**	**$ 628**	**$ 29,176**

Disaggregation of Total Net Sales (in millions)	2018						
	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Other	Total
United States							
Sales to the U.S. government[1]							
Fixed-price contracts	$ 818	$ 1,008	$ 2,953	$ 2,480	$ 118	$ —	$ 7,377
Cost-type contracts	1,706	4,110	2,675	2,565	14	—	11,070
Direct commercial sales and other U.S. sales							
Fixed-price contracts	5	118	41	111	209	—	484
Cost-type contracts	1	18	—	3	—	—	22
Asia/Pacific							
Foreign military sales through the U.S. government							
Fixed-price contracts	189	243	450	152	—	—	1,034
Cost-type contracts	79	45	61	22	—	—	207
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	711	198	173	211	70	—	1,363
Cost-type contracts	117	—	1	1	—	—	119
Middle East and North Africa							
Foreign military sales through the U.S. government							
Fixed-price contracts	849	20	452	237	—	—	1,558
Cost-type contracts	170	5	23	69	—	—	267
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	1,137	15	785	95	33	—	2,065
Cost-type contracts	—	—	96	—	—	—	96
All other (principally Europe)							
Foreign military sales through the U.S. government							
Fixed-price contracts	151	2	124	56	—	—	333
Cost-type contracts	27	—	70	6	—	—	103
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	145	230	231	144	154	—	904
Cost-type contracts	10	44	2	—	—	—	56
Total net sales	6,115	6,056	8,137	6,152	598	—	27,058
Intersegment sales	65	666	161	596	26	(1,514)	—
Acquisition Accounting Adjustments	—	—	—	—	10	(10)	—
Reconciliation to business segment sales	$ 6,180	$ 6,722	$ 8,298	$ 6,748	$ 634	$ (1,524)	$ 27,058

(1) Excludes foreign military sales through the U.S. government.

	2018					
Total Net Sales by Geographic Area (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
United States	$ 2,530	$ 5,254	$ 5,669	$ 5,159	$ 341	$ 18,953
Asia/Pacific	1,096	486	685	386	70	2,723
Middle East and North Africa	2,156	40	1,356	401	33	3,986
All other (principally Europe)	333	276	427	206	154	1,396
Total net sales	$ 6,115	$ 6,056	$ 8,137	$ 6,152	$ 598	$ 27,058

	2018					
Total Net Sales by Major Customer (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
Sales to the U.S. government[1]	$ 2,524	$ 5,118	$ 5,628	$ 5,045	$ 132	$ 18,447
U.S. direct commercial sales and other U.S. sales	6	136	41	114	209	506
Foreign military sales through the U.S. government	1,465	315	1,180	542	—	3,502
Foreign direct commercial sales and other foreign sales[1]	2,120	487	1,288	451	257	4,603
Total net sales	$ 6,115	$ 6,056	$ 8,137	$ 6,152	$ 598	$ 27,058

(1) Excludes foreign military sales through the U.S. government.

	2018					
Total Net Sales by Contract-Type (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
Fixed-price contracts	$ 4,005	$ 1,834	$ 5,209	$ 3,486	$ 584	$ 15,118
Cost-type contracts	2,110	4,222	2,928	2,666	14	11,940
Total net sales	$ 6,115	$ 6,056	$ 8,137	$ 6,152	$ 598	$ 27,058

Disaggregation of Total Net Sales (in millions)	2017						
	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Other	Total
United States							
Sales to the U.S. government[1]							
Fixed-price contracts	$ 812	$ 1,090	$ 2,914	$ 2,233	$ 111	$ —	$ 7,160
Cost-type contracts	1,507	3,576	1,991	2,614	12	—	9,700
Direct commercial sales and other U.S. sales							
Fixed-price contracts	6	130	1	51	202	—	390
Cost-type contracts	1	9	—	2	1	—	13
Asia/Pacific							
Foreign military sales through the U.S. government							
Fixed-price contracts	167	181	410	113	—	—	871
Cost-type contracts	138	51	64	9	—	—	262
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	596	193	309	284	59	—	1,441
Cost-type contracts	145	—	1	1	—	—	147
Middle East and North Africa							
Foreign military sales through the U.S. government							
Fixed-price contracts	1,066	18	371	191	—	—	1,646
Cost-type contracts	154	1	22	30	—	—	207
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	979	18	1,013	175	25	—	2,210
Cost-type contracts	—	—	—	—	—	—	—
All other (principally Europe)							
Foreign military sales through the U.S. government							
Fixed-price contracts	7	3	157	51	—	—	218
Cost-type contracts	22	2	78	5	—	—	107
Direct commercial sales and other foreign sales[1]							
Fixed-price contracts	128	209	320	131	142	—	930
Cost-type contracts	12	30	4	—	—	—	46
Total net sales	5,740	5,511	7,655	5,890	552	—	25,348
Intersegment sales	64	666	132	540	21	(1,423)	—
Acquisition Accounting Adjustments	—	—	—	—	35	(35)	—
Reconciliation to business segment sales	$ 5,804	$ 6,177	$ 7,787	$ 6,430	$ 608	$ (1,458)	$ 25,348

(1) Excludes foreign military sales through the U.S. government.

	2017					
Total Net Sales by Geographic Area (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
United States	$ 2,326	$ 4,805	$ 4,906	$ 4,900	$ 326	$ 17,263
Asia/Pacific	1,046	425	784	407	59	2,721
Middle East and North Africa	2,199	37	1,406	396	25	4,063
All other (principally Europe)	169	244	559	187	142	1,301
Total net sales	$ 5,740	$ 5,511	$ 7,655	$ 5,890	$ 552	$ 25,348

	2017					
Total Net Sales by Major Customer (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
Sales to the U.S. government[1]	$ 2,319	$ 4,666	$ 4,905	$ 4,847	$ 123	$ 16,860
U.S. direct commercial sales and other U.S. sales	7	139	1	53	203	403
Foreign military sales through the U.S. government	1,554	256	1,102	399	—	3,311
Foreign direct commercial sales and other foreign sales[1]	1,860	450	1,647	591	226	4,774
Total net sales	$ 5,740	$ 5,511	$ 7,655	$ 5,890	$ 552	$ 25,348

(1) Excludes foreign military sales through the U.S. government.

	2017					
Total Net Sales by Contract-Type (in millions)	Integrated Defense Systems	Intelligence, Information and Services	Missile Systems	Space and Airborne Systems	Forcepoint	Total
Fixed-price contracts	$ 3,761	$ 1,842	$ 5,495	$ 3,229	$ 539	$ 14,866
Cost-type contracts	1,979	3,669	2,160	2,661	13	10,482
Total net sales	$ 5,740	$ 5,511	$ 7,655	$ 5,890	$ 552	$ 25,348

Note 17: Quarterly Operating Results (Unaudited)

2019 (in millions, except per share amounts and workdays)	First	Second	Third	Fourth
Total net sales	**$ 6,729**	**$ 7,159**	**$ 7,446**	**$ 7,842**
Gross margin	**1,852**	**1,954**	**1,947**	**2,010**
Income from continuing operations	**775**	**813**	**861**	**879**
Net income attributable to Raytheon Company	**781**	**817**	**860**	**885**
EPS from continuing operations attributable to Raytheon Company common stockholders[1]				
Basic	**$ 2.77**	**$ 2.92**	**$ 3.08**	**$ 3.17**
Diluted	**2.77**	**2.92**	**3.08**	**3.16**
EPS attributable to Raytheon Company common stockholders[1]				
Basic	**2.77**	**2.92**	**3.08**	**3.16**
Diluted	**2.77**	**2.92**	**3.08**	**3.16**
Workdays[2]	**63**	**64**	**63**	**59**

2018 (in millions, except per share amounts and workdays)	First	Second	Third[3]	Fourth
Total net sales	$ 6,267	$ 6,625	$ 6,806	$ 7,360
Gross margin	1,735	1,848	1,935	1,967
Income from continuing operations	624	790	641	828
Net income attributable to Raytheon Company	633	800	644	832
EPS from continuing operations attributable to Raytheon Company common stockholders[1]				
Basic	$ 2.20	$ 2.78	$ 2.25	$ 2.93
Diluted	2.20	2.78	2.25	2.93
EPS attributable to Raytheon Company common stockholders[1]				
Basic	2.20	2.78	2.25	2.93
Diluted	2.19	2.78	2.25	2.93
Workdays[2]	64	64	63	58

(1) EPS is computed independently for each of the quarters presented; therefore, the sum of the quarterly EPS may not equal the total computed for each year.

(2) Number of workdays per our fiscal calendar, which excludes holidays and weekends.

(3) In the third quarter of 2018, we recognized a non-cash pension settlement charge of $288 million for certain Raytheon-sponsored pension plans that purchased a group annuity contract from an insurance company to transfer some of our outstanding pension benefit obligations.

Exhibit 99.2

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Overview

Effective as of 12:01 a.m. on April 3, 2020, United Technologies Corporation (since renamed Raytheon Technologies Corporation, as described below) ("UTC") completed the previously announced separation into three independent companies through the distribution of all outstanding shares of common stock of Carrier Global Corporation ("Carrier") and Otis Worldwide Corporation ("Otis") to UTC shareowners through separate spin-off transactions (the "Separation and the Distributions").

Additionally, pursuant to the agreement dated as of June 9, 2019, and amended as of March 9, 2020, UTC and Raytheon Company ("Raytheon") completed their previously announced merger of equals (the "Merger") effective as of 8:30 a.m. on April 3, 2020, with the combined company renamed Raytheon Technologies Corporation. Upon completion of the Merger, each share of Raytheon common stock that was issued and outstanding immediately prior to the completion of the Merger (other than excluded shares) was converted into the right to receive 2.3348 fully paid and nonassessable shares of UTC common stock, and, if applicable, cash in lieu of fractional shares, less any applicable withholding taxes. Immediately after the Merger, former holders of Raytheon common stock own approximately 43% and pre-Merger holders of UTC common stock own approximately 57% of the common stock of UTC.

Beginning in the second quarter of 2020, the financial results of Carrier and Otis for periods prior to April 3, 2020 will be reflected as discontinued operations in UTC's consolidated financial statements.

In contemplation of the Separation and the Distributions, in the first quarter of 2020 Carrier and Otis issued $9.25 billion and $5.3 billion, respectively, of unsecured, unsubordinated notes in multiple series and distributed the net proceeds to UTC. Additionally, Carrier and Otis entered into term loan credit agreements providing for unsecured, unsubordinated 3-year term loan credit facilities in the amount of $1.75 billion and $1 billion, respectively, that were fully utilized in the first quarter of 2020 and those net proceeds were distributed to UTC. UTC utilized the cash provided by the Otis and Carrier financings, described above, to paydown approximately $17 billion of existing UTC debt in the first quarter of 2020. The above is collectively referred to as the "Financing Transactions."

In conjunction with the Separation and the Distributions, separation and distribution, tax matters and other agreements (together, the "separation agreements") were entered into among UTC, Carrier and Otis. Through these separation agreements UTC recognized certain assets and liabilities that may be due to or from Otis and Carrier, respectively, subsequent to the spin-off.

Additionally, for the year ended December 31, 2019, UTC incurred $1.3 billion of costs in connection with the Separation and the Distributions and the Merger ("transaction costs") and Raytheon incurred $68 million for the Merger. These costs are one-time in nature and have been excluded from the unaudited pro forma combined statement of operations.

The Separation and the Distributions, the Financing Transactions, the assets and liabilities resulting from the separation agreements, and the transaction costs, described above, are collectively referred to as the "Separation, Distributions and Related Transactions" below.

Unaudited Pro Forma Combined Financial Information

The accompanying unaudited pro forma combined financial information was prepared in accordance with Article 11 of SEC Regulation S-X and gives effect to the following transactions:

- The Separation, Distributions and Related Transactions; and
- UTC's merger with Raytheon with acquisition accounting applied to Raytheon as the accounting acquiree.

The historical consolidated financial information in the unaudited pro forma combined financial information has been adjusted to give effect to pro forma events that are (1) directly attributable to the Separation, Distributions and Related Transactions as well as the Merger, (2) factually supportable and (3) with respect to the unaudited pro forma combined statements of operations, expected to have a continuing impact on the combined results of UTC.

The unaudited pro forma combined financial information does not give effect to any cost savings, operating synergies or revenue synergies that may result from the Separation and the Distributions or the Merger or the costs to achieve any synergies.

The unaudited pro forma combined financial information has been presented for informational purposes only and is not necessarily indicative of what the combined company's financial position or results of operations would have been had the transactions been completed as of the dates indicated. In addition, the unaudited pro forma combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma combined financial information contains estimated adjustments, based upon available information and certain assumptions that we believe are reasonable under the circumstances. The assumptions underlying the pro forma adjustments are described in greater detail in the accompanying notes to the unaudited pro forma combined financial information. In many cases related to the Merger, these assumptions are based on preliminary information and estimates.

The unaudited pro forma combined financial information is presented to illustrate the estimated effects of the Separation, Distributions and Related Transactions as well as the Merger, based on the historical financial position and results of operations of UTC and Raytheon as follows:

- The unaudited pro forma combined balance sheet as of December 31, 2019 was prepared based on:

  (1) the historical audited consolidated balance sheet of UTC as of December 31, 2019; and

  (2) the historical audited consolidated balance sheet of Raytheon as of December 31, 2019.

- The unaudited pro forma combined statement of operations for the year ended December 31, 2019 was prepared based on:

  (1) the historical audited consolidated statement of operations of UTC for the year ended December 31, 2019; and

  (2) the historical audited consolidated statement of operations of Raytheon for the year ended December 31, 2019.

- The unaudited pro forma combined statement of operations for the year ended December 31, 2018 was prepared based on the historical audited consolidated statement of operations of UTC for the year ended December 31, 2018.

- The unaudited pro forma combined statement of operations for the year ended December 31, 2017 was prepared based on the historical audited consolidated statement of operations of UTC for the year ended December 31, 2017.

The unaudited pro forma combined statements of operations assume the Separation, Distributions and Related Transactions and the Merger occurred on January 1, 2019. The unaudited pro forma combined balance sheet as of December 31, 2019 assumes the Separation, Distributions and Related Transactions and the Merger occurred on that date.

This historical financial information included in the unaudited pro forma combined financial information was derived from and should be read in conjunction with the accompanying notes, as well as the following historical consolidated financial statements and related notes of UTC and Raytheon:

- UTC's consolidated financial statements and the notes thereto contained in its Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 6, 2020;

- Raytheon's consolidated financial statements and notes thereto contained in its Annual Report on Form 10-K for the year ended December 31, 2019; and

- UTC's Form S-4 Registration Statement (as amended) filed with the SEC on September 4, 2019 and declared effective on September 9, 2019.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
As of December 31, 2019
(Dollars, in millions)

	Historical United Technologies Corporation	Separation, Distributions and Related Transactions (Note 3)	Pro Forma United Technologies Corporation Post Separation	Historical Raytheon Company After Reclassifications (Note 4)	Pro Forma Merger Adjustments (Notes 5 and 6)		Pro Forma Combined Company
Assets:							
Cash and cash equivalents	$ 7,378	$ (2,241)	$ 5,137	$ 4,292	$ -		$ 9,429
Accounts receivable, net	13,524	(4,210)	9,314	1,364	(43)	(a)	10,635
Contract assets, current	4,184	160	4,344	6,122	-		10,466
Inventory, net	10,950	(1,877)	9,073	671	-		9,744
Other assets, current	1,461	1,098	2,559	633	243	(b)	3,435
Total Current Assets	37,497	(7,070)	30,427	13,082	200		43,709
Customer financing assets	3,477	-	3,477	-	-		3,477
Future income tax benefits	1,611	(1,128)	483	534	(238)	(c)	779
Fixed assets, net	12,755	(2,433)	10,322	3,605	1,045	(d)	14,972
Operating lease right-of-use assets	2,599	(1,347)	1,252	875	43	(d)	2,170
Goodwill	48,063	(11,454)	36,609	14,882	4,803	(e)	56,294
Intangible assets, net	26,046	(1,573)	24,473	283	18,957	(f)	43,713
Other assets	7,668	(6,278)	1,390	1,305	(57)	(g)	2,638
Total Assets	$ 139,716	$ (31,283)	$ 108,433	$ 34,566	$ 24,753		$ 167,752
Liabilities and Equity:							
Short-term borrowings	$ 2,364	$ (2,364)	$ -	$ -	$ -		$ -
Accounts payable	10,809	(3,032)	7,777	1,796	(43)	(h)	9,530
Accrued liabilities	11,737	(452)	11,285	3,357	439	(i)	15,081
Contract liabilities, current	6,180	2,993	9,173	2,998	(44)	(j)	12,127
Long-term debt currently due	3,496	(3,126)	370	1,499	-		1,869
Total Current Liabilities	34,586	(5,981)	28,605	9,650	352		38,607
Long-term debt	37,788	(11,927)	25,861	3,261	149	(k)	29,271
Future pension and postretirement benefit obligations	3,502	(1,016)	2,486	8,056	(249)	(l)	10,293
Operating lease liabilities	2,144	(1,051)	1,093	706	-		1,799
Contract liabilities, long-term	5,732	(5,732)	-	-	-		-
Other long-term liabilities	11,638	(4,149)	7,489	638	4,178	(c)(m)	12,305
Total Liabilities	$ 95,390	$ (29,856)	$ 65,534	$ 22,311	$ 4,430		$ 92,275
Commitments and contingent liabilities							
Redeemable noncontrolling interest	$ 95	$ (95)	$ -	$ 32	$ -		$ 32
Shareowners' Equity:							
Capital Stock:							
Preferred stock	-	-	-	-	-		-
Common stock	23,019	2,532	25,551	3	10,425	(n)	35,979
Treasury Stock	(32,626)	-	(32,626)	-	22,268	(n)	(10,358)
Retained earnings	61,594	(5,713)	55,881	21,480	(21,630)	(n)	55,731
Unearned ESOP shares	(64)		(64)	-	-		(64)
Total Accumulated other comprehensive loss	(10,149)	2,713	(7,436)	(9,260)	9,260	(n)	(7,436)
Total Shareowners' Equity	41,774	(468)	41,306	12,223	20,323		73,852
Noncontrolling interest	2,457	(864)	1,593	-	-		1,593
Total Equity	$ 44,231	$ (1,332)	$ 42,899	$ 12,223	$ 20,323		$ 75,445
Total Liabilities and Equity	$ 139,716	$ (31,283)	$ 108,433	$ 34,566	$ 24,753		$ 167,752

See accompanying "Notes to Unaudited Pro Forma Combined Financial Information."

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
Year ended December 31, 2019
(Dollars and shares, in millions, except per share amounts)

	Historical United Technologies Corporation	Separation, Distributions and Related Transactions (Note 3)	Pro Forma United Technologies Corporation Post Separation	Historical Raytheon Company After Reclassifications (Note 4)	Pro Forma Merger Adjustments (Notes 5 and 7)		Pro Forma Combined Company
Net Sales:							
Product sales	$ 54,004	$ (21,005)	$ 32,999	$ 24,435	$ (288)	(o)	$ 57,146
Service sales	23,042	(10,692)	12,350	4,741	-		17,091
	77,046	(31,697)	45,349	29,176	(288)		74,237
Costs and Expenses:							
Cost of products sold	42,444	(15,531)	26,913	17,747	1,092	(p)	45,752
Cost of services sold	14,621	(6,934)	7,687	3,666	1	(p)	11,354
Research and development	3,015	(564)	2,451	732	3	(q)	3,186
Selling, general, and administrative	8,521	(4,814)	3,707	2,225	(179)	(r)	5,753
	68,601	(27,843)	40,758	24,370	917		66,045
Other income (expense), net	521	(206)	315	38	-		353
Operating profit	8,966	(4,060)	4,906	4,844	(1,205)		8,545
Non-service pension (benefit) cost	(888)	47	(841)	688	(1,059)	(s)	(1,212)
Interest expense (income), net	1,611	(664)	947	138	(6)	(t)	1,079
Income (loss) from operations before income taxes	$ 8,243	$ (3,443)	$ 4,800	$ 4,018	$ (140)		$ 8,678
Income tax expense (income)	2,295	(1,722)	573	690	(45)	(u)	1,218
Net income (loss)	$ 5,948	$ (1,721)	$ 4,227	$ 3,328	$ (95)		$ 7,460
Less: Noncontrolling interest in subsidiaries' earnings from operations	411	(190)	221	(14)	-		207
Net income (loss) attributable to UTC common shareowners	$ 5,537	$ (1,531)	$ 4,006	$ 3,342	$ (95)		$ 7,253
Pro forma earnings per share of common stock:							
Basic	$ 6.48						$ 4.82
Diluted	$ 6.41						$ 4.78
Pro forma weighted average common shares outstanding							
Basic	854.8					(v)	1,503.6
Diluted	863.9					(w)	1,515.8

See accompanying "Notes to Unaudited Pro Forma Combined Financial Information."

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
Year ended December 31, 2018
(Dollars and shares, in millions, except per share amounts)

	Historical United Technologies Corporation	Otis Distribution	Carrier Distribution	Pro Forma United Technologies Corporation Post Separation
Net Sales:				
Product sales	$ 45,434	$ (5,636)	$ (15,657)	$ 24,141
Service sales	21,067	(7,268)	(3,240)	10,559
	66,501	(12,904)	(18,897)	34,700
Costs and Expenses:				
Cost of products sold	36,754	(4,624)	(11,047)	21,083
Cost of services sold	13,231	(4,568)	(2,282)	6,381
Research and development	2,462	(185)	(400)	1,877
Selling, general, and administrative	7,066	(1,636)	(2,566)	2,864
	59,513	(11,013)	(16,295)	32,205
Other income (expense), net	1,565	(26)	(1,157)	382
Operating profit	8,553	(1,917)	(3,759)	2,877
Non-service pension (benefit) cost	(765)	10	96	(659)
Interest expense (income), net	1,038	8	(14)	1,032
Income (loss) from operations before income taxes	$ 8,280	$ (1,935)	$ (3,841)	$ 2,504
Income tax expense (income)	2,626	(528)	(951)	1,147
Net income (loss)	$ 5,654	$ (1,407)	$ (2,890)	$ 1,357
Less: Noncontrolling interest in subsidiaries' earnings from operations	385	(161)	(34)	190
Net income (loss) attributable to UTC common shareowners	$ 5,269	$ (1,246)	$ (2,856)	$ 1,167
Pro forma earnings per share of common stock:				
Basic	$ 6.58			$ 1.46
Diluted	$ 6.50			$ 1.44
Pro forma weighted average common shares outstanding				
Basic	800.4			800.4
Diluted	810.1			810.1

See accompanying "Notes to Unaudited Pro Forma Combined Financial Information."

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
Year ended December 31, 2017
(Dollars and shares in millions, except per share amounts)

	Historical United Technologies Corporation	Otis Distribution	Carrier Distribution	Pro Forma United Technologies Corporation Post Separation
Net Sales:				
Product sales	$ 41,361	$ (5,498)	$ (14,743)	$ 21,120
Service sales	18,476	(6,842)	(3,039)	8,595
	59,837	(12,340)	(17,782)	29,715
Costs and Expenses:				
Cost of products sold	31,224	(4,392)	(10,448)	16,384
Cost of services sold	12,977	(4,220)	(2,155)	6,602
Research and development	2,427	(187)	(364)	1,876
Selling, general, and administrative	6,429	(1,584)	(2,457)	2,388
	53,057	(10,383)	(15,424)	27,250
Other income (expense), net	1,358	(37)	(793)	528
Operating profit	8,138	(1,994)	(3,151)	2,993
Non-service pension (benefit) cost	(534)	(7)	86	(455)
Interest expense (income), net	909	11	2	922
Income (loss) from operations before income taxes	$ 7,763	$ (1,998)	$ (3,239)	$ 2,526
Income tax expense (income)	2,843	(685)	(1,134)	1,024
Net income (loss)	$ 4,920	$ (1,313)	$ (2,105)	$ 1,502
Less: Noncontrolling interest in subsidiaries' earnings from operations	368	(173)	(40)	155
Net income (loss) attributable to UTC common shareowners	$ 4,552	$ (1,140)	$ (2,065)	$ 1,347
Pro forma earnings per share of common stock:				
Basic	$ 5.76			$ 1.71
Diluted	$ 5.70			$ 1.69
Pro forma weighted average common shares outstanding				
Basic	790.0			790.0
Diluted	799.1			799.1

See accompanying "Notes to Unaudited Pro Forma Combined Financial Information."

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Note 1: Basis of presentation

Beginning in the second quarter of 2020, the Separation and the Distributions qualify as discontinued operations to UTC and are, therefore, presented in the unaudited pro forma combined financial information in accordance with the guidance in ASC 205, *Financial Statement Presentation*. As such, the unaudited pro forma combined financial statements of operations do not allocate any general corporate overhead expenses of UTC to Otis and Carrier, including corporate overhead that had previously been reflected in the Carrier and Otis segment results as a part of UTC. Additionally, certain assets and liabilities that were a part of the historical operations of Carrier and Otis but were reported within the Corporate segment of UTC have been included in the pro forma combined balance sheets of Otis and Carrier below as those balances will not be a part of the continuing operations of UTC. Based on this and other estimates and assumptions, the unaudited pro forma combined financial information does not reflect what the results of operations would have been on a standalone basis and are not necessarily indicative of the future operations of UTC. Refer to Note 3 for further details on the Separation and the Distributions of Otis and Carrier.

The unaudited pro forma combined financial information also reflects the Merger under the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. UTC management has determined that UTC is the acquiror for financial accounting purposes. In identifying UTC as the accounting acquirer, the companies considered the structure of the transaction and other actions contemplated by the merger agreement, relative outstanding share ownership and market values, the composition of the combined company's board of directors, the relative size of UTC and Raytheon, and the designation of certain senior management positions of the combined company. Under the acquisition method of accounting, the preliminary purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market values, with any excess purchase price allocated to goodwill. To prepare the unaudited pro forma combined financial information, UTC adjusted Raytheon's assets and liabilities to their estimated fair values based on preliminary valuations. As of the date of this filing, UTC has not completed the detailed valuations necessary to finalize the required estimated fair values and estimated useful lives of Raytheon's assets to be acquired and liabilities to be assumed and the related allocation of the purchase price. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments.

In order to complete the Merger, both UTC and Raytheon are required by regulatory authorities to dispose of certain businesses, none of which were determined to be material to the operations of the combined company and, accordingly, the anticipated disposals are not reflected in the unaudited pro forma combined statement of operations. The unaudited pro forma combined balance sheet reflects the Raytheon business at fair value less cost to sell.

The unaudited pro forma combined financial information has been compiled in a manner consistent with the accounting policies adopted by UTC. Certain financial information of Raytheon as presented in its historical consolidated financial statements has been reclassified to conform to the historical presentation in UTC's consolidated financial statements for the purposes of preparing the unaudited pro forma combined financial information. Upon completion of the Merger, more detailed review of Raytheon's accounting policies could result in additional differences between the accounting policies of the two companies that, when conformed, could have a material impact on the consolidated financial statements.

The historical operations of UTC for the year ended December 31, 2018 include UTC's acquisition of Rockwell Collins on November 26, 2018 and its results of operations since that date.

Note 2: Accounting policies

The unaudited pro forma combined financial information reflects adjustments to conform Raytheon's results to UTC's accounting policies. Refer to Note 4 for detail of adjustments made. Additionally, in connection with the Separation and the Distributions, UTC determined that the duration of its contracts or programs, which is generally longer than one year, would represent its operating cycle and accordingly contract-related assets and liabilities are presented as current in the combined balance sheet. Refer to Note 3 for details of the adjustment made.

Note 3: The Separation, Distributions and Related Transactions

The following presents the adjustments to Historical United Technologies Corporation's balance sheet for the year ended December 31, 2019 to remove Otis and Carrier on a discontinued operations basis and adjust for pro forma impacts of the Related Transactions:

(Dollars, in millions)	Otis Distribution	Carrier Distribution	Related Transactions		Separation, Distributions and Related Transactions
Assets:					
Current Assets					
Cash and cash equivalents	$ 1,446	$ 995	$ (200)	(i)	$ 2,241
Accounts receivable, net	2,861	2,726	(1,377)	(v)	4,210
Contract assets, current	556	622	(1,338)	(v)	(160)
Inventories and contracts in progress, net	545	1,332	-		1,877
Other assets, current	210	228	(1,536)	(v)	(1,098)
Total Current Assets	5,618	5,903	(4,451)		7,070
Customer financing assets	-	-	-		-
Future income tax benefits	342	356	430	(vii)	1,128
Fixed assets, net	747	1,686	-		2,433
Operating lease right-of-use assets	529	818	-		1,347
Goodwill	1,647	9,807	-		11,454
Intangible assets, net	490	1,083	-		1,573
Other assets	263	2,521	3,494	(ii) (iv) (v)	6,278
Total Assets	9,636	22,174	(527)		31,283
Liabilities and Equity (Deficit):					
Current Liabilities					
Short-term borrowings	34	274	2,056	(i)	2,364
Accounts payable	1,331	1,701	-		3,032
Accrued liabilities	1,807	1,961	(3,316)	(iii) (v) (vi)	452
Contract liabilities, current	2,270	469	(5,732)	(v)	(2,993)
Long-term debt currently due	-	-	3,126	(i)	3,126
Total Current Liabilities	5,442	4,405	(3,866)		5,981
Long-term debt	5	89	11,833	(i)	11,927
Future pension and postretirement benefit obligations	560	456	-		1,016
Operating lease liabilities	383	668	-		1,051
Contract liabilities, non-current	-	-	5,732	(v)	5,732
Other long-term liabilities	613	1,375	2,161	(v) (vii)	4,149
Total Liabilities	7,003	6,993	15,860		29,856
Commitments and contingent liabilities					
Redeemable noncontrolling interest	95	-	-		95
Shareowners' Equity:					-
Capital Stock:	-	-	-		-
Common stock	3,871	-	(6,403)		(2,532)
Treasury Stock	-	-	-		-
Retained earnings	-	15,697	(9,984)		5,713
Unearned ESOP shares	-	-	-		-
Total Accumulated other comprehensive loss	(1,864)	(849)	-		(2,713)
Total Shareowners' Equity	2,007	14,848	(16,387)		468
Noncontrolling interest	531	333	-		864
Total Equity	2,538	15,181	(16,387)		1,332
Total Liabilities and Equity	9,636	22,174	(527)		31,283

i. Reflects the net proceeds of $17.2 billion distributed by Carrier and Otis to UTC from the additional debt incurred by Carrier and Otis, which proceeds UTC used to extinguish approximately $17.0 billion of historical UTC debt in the first quarter of 2020 in order to achieve the applicable net indebtedness required by the merger agreement between UTC and Raytheon.

ii. Pursuant to the tax matters agreement entered into among UTC, Carrier and Otis, Carrier and Otis will be required to make payments to UTC representing the respective remaining net tax liabilities retained by UTC attributable to U.S. income tax on previously undistributed earnings of Carrier's and Otis' international subsidiaries resulting from the passage of the Tax Cuts and Jobs Act of 2017. Accordingly, UTC has a future receivable for amounts paid by UTC on behalf of Otis and Carrier, which is expected to be approximately $699 million that is recorded within Other assets.

iii. Pursuant to the tax matters agreement, certain tax liabilities which are attributable to separation activities and transferred to Otis at separation will be paid by Otis subsequent to the separation from UTC. Otis will be reimbursed by UTC for such amounts paid. Accordingly, a payable in the amount of $137 million has been recorded by UTC within Accrued liabilities.

iv. Pursuant to the tax matters agreement, Otis and Carrier are responsible for unrecognized tax benefits retained by UTC to the extent a reserve relates exclusively to the Otis business or Carrier business, respectively. Accordingly, UTC has a $58 million receivable recorded in Other assets for amounts due from Otis and Carrier related to these unrecognized tax benefits.

v. As noted above, in connection with the Separation and the Distributions UTC determined that the duration of its contracts and programs, the average duration of which exceeds one year, represents its operating cycle, and accordingly accounts receivable of $1.4 billion, contract assets of $1.3 billion, and other current assets of $1.5 billion were reclassified from Other assets to Accounts receivable, Contract assets, current, and Other assets, current, respectively. Additionally, $2.1 billion of accrued liabilities and $5.7 billion of contract liabilities were reclassified from Other long-term liabilities to Accrued liabilities and Contract liabilities, long-term to Contract liabilities, current, respectively.

vi. Reflects an adjustment for directly-attributable costs related to the Separation and the Distributions of $1.1 billion, which were not yet incurred, and therefore accrued by UTC as of December 31, 2019. Such costs primarily represent tax expenses incurred in connection with separation activities, costs to separate IT systems and professional services related to the separation.

vii. Reflects an adjustment to deferred tax assets of $430 million and a reduction of future income taxes payable of $90 million for deferred tax assets that are not expected to be utilized by UTC as a result of the Separation and the Distributions.

The following presents the unaudited pro forma combined statement of operations for the year ended December 31, 2019 reflecting the Separation and the Distributions, as well as the impact of the Related Transactions:

(Dollars, in millions)	Otis Distribution	Carrier Distribution	Related Transactions		Separation, Distributions and Related Transactions
Net Sales:					
Product sales	$ 5,669	$ 15,336	-		$ 21,005
Service sales	7,444	3,248	-		10,692
	13,113	18,584	-		31,697
Costs and expenses:					
Cost of products sold	4,656	10,875	-		15,531
Cost of services sold	4,635	2,299	-		6,934
Research and development	163	401	-		564
Selling, general, and administrative	1,674	2,573	567	(ii)	4,814
	11,128	16,148	567		27,843
Other income (expense), net	(13)	246	(27)	(ii)	206
Operating profit	1,972	2,682	(594)		4,060
Non-service pension (benefit) cost	16	(63)	-		(47)
Interest expense (income), net	(5)	25	644	(i)	664
Income (loss) from operations before income taxes	1,961	2,720	(1,238)		3,443
Income tax expense (income)	522	672	528	(i) (ii)	1,722
Net income (loss)	1,439	2,048	(1,766)		1,721
Less: Noncontrolling interest in subsidiaries' earnings	151	39	-		190
Net income (loss) attributable to UTC common shareowners	1,288	2,009	(1,766)		1,531

i. Reflects a reduction in interest expense as result of UTC's paydown of debt to meet its targeted indebtedness, in connection with the merger agreement, calculated using a weighted average interest rate of 3.7%, based on the indebtedness of UTC during the year ended December 31, 2019 that is assumed to have been extinguished as of January 1, 2019, as well as a related reduction in tax benefit of $126 million. A 1/8% change in the estimated interest rate would increase or decrease the interest expense of UTC by $21.8 million.

ii. Reflects the elimination of non-recurring transaction costs incurred by UTC of $594 million, primarily related to accounting, tax and other professional services costs pertaining to the separation and the establishment of Otis and Carrier as stand-alone public companies, facility relocation costs, costs to separate information systems and costs of retention bonuses. Additionally, net tax charges related to separation activities of $654 million were incurred during the year ended December 31, 2019.

Note 4: Reclassification adjustments

Certain reclassifications have been made to the historical presentation of Raytheon's balance sheet and statements of operations to conform to the financial statement presentation of UTC.

Reclassifications to Raytheon's consolidated balance sheet as of December 31, 2019 are as follows:

(Dollars, in millions)	Before Reclassifications	Reclassifications	Notes	After Reclassifications
Assets:				
Current Assets				
Cash and cash equivalents	$ 4,292	$		$ 4,292
Accounts receivable, net	1,364			1,364
Contract assets, current	6,122			6,122
Inventories and contracts in progress, net	671			671
Other assets, current	633			633
Total Current Assets	13,082			13,082
Customer financing assets	-			-
Future income tax benefits	-	534	(i)	534
Fixed assets, net	3,353	252	(ii)	3,605
Operating lease right-of-use assets	875			875
Goodwill	14,882			14,882
Intangible assets, net	-	283	(iii)	283
Other assets	2,374	(1,069)	(i) (ii)(iii)	1,305
Total Assets	$ 34,566			$ 34,566
Liabilities and Equity:				
Short-term borrowings	$ -			$ -
Accounts payable	1,796			1,796
Accrued liabilities	-	3,357	(iv)(v) (vii)(ix)	3,357
Accrued employee compensation	1,813	(1,813)	(vii)	-
Contract liabilities, current	3,267	(269)	(ix)	2,998
Long-term debt currently due	-	1,499	(viii)	1,499
Commercial paper and current portion of long-term debt	1,499	(1,499)	(viii)	-
Other current liabilities	1,416	(1,416)	(iv)	-
Total Current Liabilities	9,791			9,650
Long-term debt	3,261			3,261
Future pension and postretirement benefit obligations	-	8,056	(vi)	8,056
Other long-term liabilities	-	638	(v) (vi)	638
Accrued retiree benefits and other long-term liabilities	8,553	(8,553)	(vi)	-
Operating lease liabilities	706			706
Total Liabilities	$ 22,311			$ 22,311
Commitments and contingent liabilities				
Redeemable noncontrolling interest	$ 32			$ 32
Shareowners' Equity:				
Common Stock	3			3
Treasury Stock	-			
Retained earnings	21,480			21,480
Unearned ESOP shares	-			
Additional Paid in Capital	-			
Total Accumulated other comprehensive loss	(9,260)			(9,260)
Total Shareowners' Equity	12,223			12,223
Noncontrolling interest	-			-
Total Equity	$ 12,223			$ 12,223
Total Liabilities and Equity	$ 34,566			$ 34,566

i. Represents the reclassification of $534 million of non-current deferred income tax benefits from Other assets to Future income tax benefits.

ii. Represents the reclassification of $252 million of computer software developed for internal use from Other assets to Fixed assets, net.

iii. Represents the reclassification of $283 million of intangible assets from Other assets to Intangible assets, net.

iv. Represents the reclassification of Other current liabilities to Accrued liabilities.

v. Represents the reclassification of $100 million of long-term environmental remediation costs and $41 million of asset retirement obligations from Accrued liabilities to Other long-term liabilities.

vi. Represents the reclassifications of $8.1 billion from Accrued retiree benefits and other long-term liabilities to Future pension and postretirement benefit obligations and $497 million from Accrued retiree benefits and other long-term liabilities to Other long-term liabilities.

vii. Represents the reclassification of Accrued employee compensation to Accrued liabilities.

viii. Represents the reclassification of Commercial paper and current portion of long-term debt to Long-term debt currently due.

ix. Represents the reclassification of loss reserves from Contract liabilities, current to Accrued liabilities.

Reclassifications to Raytheon's consolidated statement of operations for the year ended December 31, 2019 are as follows:

(Dollars, in millions)	Before Reclassifications	Reclassifications	Notes	After Reclassifications
Net Sales:				
Product sales	$ 24,435	$ -		$ 24,435
Service sales	4,741			4,741
	29,176			29,176
Costs and expenses:				
Cost of products sold	17,747			17,747
Cost of services sold	3,666			3,666
Research and development	-	732	(i)	732
Selling, general, and administrative	2,989	(764)	(i) (iv)	2,225
	24,402			24,370
Other income, net	-	38	(ii)	38
Operating Profit	4,774			4,844
Non-service pension (benefit) cost	688			688
Interest expense (income), net	-	138	(iii)	138
Interest expense	180	(180)	(iii)	-
Interest income	(42)	42	(iii)	-
Other (income) expense, net	(38)	38	(ii)	-
Income (loss) from continuing operations before income taxes	3,986			4,018
Income tax expense (income)	658	32	(iv)	690
Net income from continuing operations	3,328			3,328
Income (loss) from discontinued operations, net of tax	1			1
Net Income	3,329			3,329
Less: Noncontrolling interest in subsidiaries' earnings (loss)	(14)			(14)
Net income (loss) attributable to Raytheon common stockholders	$ 3,343			$ 3,343

i. Represents the reclassification of $732 million of research and development costs from Selling, general, and administrative expenses to Research and development expenses.

ii. Represents the reclassification of Other (income) expense, net within Income (loss) from operations to Other income, net within Operating profit.

iii. Represents the reclassification of Interest expense and Interest income to Interest expense (income), net.

iv. Represents the reclassification of $32 million of state income taxes from Selling, general, and administrative expenses to Income tax expense (income).

Note 5: Purchase price accounting and estimated merger consideration

The unaudited pro forma combined balance sheet has been adjusted to reflect a preliminary allocation of the estimated purchase price to Raytheon's identifiable assets acquired and liabilities assumed, with the excess recorded as goodwill. The preliminary purchase price allocation in this unaudited pro forma combined financial information is based upon an estimated purchase price of approximately $32.7 billion as determined by (1) the price per share of UTC common stock on an "ex-distribution" market as of April 2, 2020, in which UTC shares trade without the right to receive shares of Carrier and Otis common stock distributed pursuant to the Distributions, multiplied by the approximately 649 million shares of UTC common stock that were issued (400 million from Treasury stock) to Raytheon stockholders in connection with the Merger, and the approximately 7.0 million shares of UTC common stock that were issued to Raytheon equity award holders in exchange for awards that will vest upon completion of the Merger, (2) the portion of the fair value attributable to pre-Merger completion service for replacement equity awards that were exchanged for the outstanding awards held by Raytheon employees, and (3) estimated cash consideration payable in lieu of fractional shares owed to current Raytheon equity and equity award holders.

The pro forma purchase price adjustments are preliminary and are subject to change. Increases or decreases in the estimated fair value of assets and liabilities may result in adjustments that could materially impact the unaudited pro forma combined financial information.

Total estimated merger consideration is calculated as follows:

(Dollars, in millions)	Amount
Fair value of UTC common stock issued for Raytheon outstanding common stock and vested equity awards	$ 32,578
Fair value attributable to pre-merger service for replacement equity awards	118
Total estimated merger consideration	$ 32,696

The fair value of UTC common stock issued for Raytheon outstanding common stock and equity awards that are vested or expected to vest upon completion of the Merger is calculated as follows:

(Dollars and shares in millions, except per share amounts)	Amount
Number of Raytheon ordinary shares outstanding as of April 3, 2020	277.3
Number of Raytheon stock awards expected to vest as a result of the Merger (i)	0.6
Total outstanding shares of Raytheon common stock and equity awards entitled to merger consideration	277.9
Exchange ratio (ii)	2.3348
Shares of UTC common stock issued for Raytheon outstanding common stock and vested equity awards	648.8
Price per share of UTC common stock, excluding Otis and Carrier (iii)	50.21
Fair value of UTC common stock issued for Raytheon outstanding common stock and vested equity awards	32,578

(i) Represents Raytheon stock awards that vested as a result of the Merger, which is considered a “change in control” for purposes of the Raytheon 2010 Stock Plan. Certain Raytheon restricted stock awards and Raytheon RSU awards, issued under the Raytheon 2010 Stock Plan vested on an accelerated basis as a result of the Merger. Such vested awards were converted into the right to receive UTC common stock determined as the product of (1) the number of vested awards, and (2) the exchange ratio.

(ii) The exchange ratio is equal to 2.3348 in accordance with the merger agreement.

(iii) The price per share of UTC common stock is based on an “ex-distribution” market as of April 2, 2020, in which UTC shares trade without the right to receive shares of Carrier and Otis common stock distributed pursuant to the Distributions.

The fair value of UTC common stock expected to be issued to replace Raytheon outstanding equity awards is calculated as follows:

(Dollars and shares in millions, except per share amounts)	Amount
Number of Raytheon stock awards outstanding (i)	3.0
Exchange ratio (ii)	2.3348
UTC equity awards issued for Raytheon outstanding stock awards	7.0
Price per share of UTC common stock, excluding Otis and Carrier (iii)	50.21
Fair value of UTC equity awards issued for Raytheon outstanding stock awards	353
Less: Estimated fair value allocated to post acquisition compensation expense	(235)
Fair value of awards included in purchase accounting	118

(i) Represents Raytheon stock awards that were replaced with UTC stock awards upon completion of the Merger. Raytheon stock awards include awards issued under the Raytheon 2010 Stock Plan and Raytheon 2019 Stock Plan, inclusive of Raytheon restricted stock awards, Raytheon RSU awards, and Raytheon PSU awards.

(ii) The exchange ratio is equal to 2.3348 in accordance with the terms of the merger agreement.

(iii) The price per share of UTC common stock is based on an “ex-distribution” market as of April 2, 2020, in which UTC shares trade without the right to receive shares of Carrier and Otis common stock distributed pursuant to the Distributions.

The following is a preliminary estimate of the assets to be acquired and the liabilities to be assumed by UTC, as if the Merger had occurred on December 31, 2019:

(Dollars, in millions)	Amount
Current assets, including cash acquired	$ 13,282
Fixed assets	4,650
Goodwill	19,685
Intangible assets	19,240
Other assets	2,462
Total assets	$ 59,319
Future pension and postretirement benefit obligations	7,807
Long-term debt, including current portion	4,909
Other liabilities assumed	13,875
Total Liabilities	$ 26,591
Redeemable noncontrolling interest	32
Total consideration transferred	$ 32,696

Note 6: Adjustments to Unaudited Pro Forma Combined Balance Sheet

a) Accounts receivable, net: Represents the elimination of accounts receivable of $43 million owed to UTC from Raytheon.

b) Other assets, current: Represents elimination of deferred sales commissions of $26 million, an increase of $210 million for Raytheon's assets held for sale that will be sold to meet regulatory requirements of the Merger and an increase of $59 million for the elimination of deferred state income taxes which under historical Raytheon policy reduced future recoverable amounts.

c) Future income tax benefits: Deferred income taxes are included in Future income tax benefits and Other long-term liabilities in the unaudited pro forma combined balance sheet as of December 31, 2019. Deferred tax adjustments include a $238 million decrease in Future income tax benefits and a $4.2 billion increase in Other long-term liabilities. These are as a result of the estimated tax impact for the pro forma adjustments. Pro forma adjustments were tax effected at the applicable blended statutory tax rates, generally 23% in 2019. This estimate is preliminary and subject to change based upon final determination of fair values and tax rates. Additionally, the amounts recorded for deferred taxes relating to undistributed earnings may change subsequent to the Separation and the Distributions.

d) Fixed assets, net: Represents the adjustment in carrying value of Raytheon's fixed assets from its recorded net book value to its preliminary estimated fair value. The estimated fair value is expected to be depreciated over the estimated useful lives of the assets, generally on a straight-line basis. The fixed assets acquired primarily consist of the following:

(Dollars, in millions)	Estimated Useful Life	Raytheon Historical Carrying Amount Before Reclassification	Fair Value Adjustment	Estimated Fair Value
Land		$ 81	$ 518	$ 599
Buildings and improvements	20 years	1,112	402	1,514
Machinery, tools and equipment	6 years	1,101	125	1,226
Other, including assets under construction		1,059	-	1,059
Total Fixed Assets		$ 3,353	$ 1,045	$ 4,398
Right of use assets		875	43	918
Total		$ 4,228	$ 1,088	$ 5,316

The pro forma adjustment to Fixed assets, net also reflects the elimination of Raytheon's historical accumulated depreciation of $5.2 billion against the gross carrying value of the related fixed assets of $8.6 billion.

e) Goodwill: Represents a net increase in goodwill of $4.8 billion, comprised of the elimination of Raytheon's historical goodwill balance of $14.9 billion, offset by $19.7 billion of goodwill resulting from the Merger. Goodwill resulting from the Merger represents the excess of estimated merger consideration over the preliminary fair value of the underlying tangible and identifiable intangible assets acquired and liabilities assumed. The estimated goodwill to be recognized is attributable primarily to expected synergies, expanded market opportunities, and other benefits that UTC believes will result from combining its operations with the operations of Raytheon. The goodwill created in the Merger is not deductible for tax purposes and is subject to material revision as the purchase price allocation is completed.

f) Intangible assets, net: Represents adjustments to record the preliminary estimated fair value of intangibles of approximately $19.2 billion, which represents an increase of $19 billion over Raytheon's net book value of intangible assets prior to the Merger. The estimated fair values of identifiable intangible assets are preliminary and are determined based on assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). The final fair value determinations for identifiable intangible assets may differ from this preliminary determination, and such differences could be material. The intangible assets acquired primarily consist of the following:

(Dollars, in millions)	Estimated Useful Life	Amortization method	Estimated Fair Value
Amortized:			
Customer relationships and other	12-15 years	Pattern of economic benefit	$ 12,900
Developed technology and royalty agreements	6-8 years	Pattern of economic benefit	900
Unamortized:			
Trademarks and other			5,440
Total			$ 19,240

Pro forma amortization expense of the acquired intangible assets was $1.5 billion for the year ended December 31, 2019. The following table summarizes the expected pro forma amortization expense of the acquired intangible assets for the years 2020 through 2025, which has been prepared to reflect the Merger as if it occurred on January 1, 2019. The finalization of the detailed valuation work may have a material impact on the valuation of intangible assets and the purchase price allocation.

	Remaining					
(Dollars, in millions)	2020	2021	2022	2023	2024	2025 and thereafter
Amortization expense	$ 1,465	$ 959	$ 1,015	$ 1,074	$ 935	$ 6,852

g) Other assets: Represents the elimination of deferred sales commissions of $29 million and a $28 million decrease of the pension and postretirement benefit assets based upon revaluation using UTC's methodology.

h) Accounts payable: Represents the elimination of accounts payable of $43 million owed to UTC by Raytheon.

i) Accrued liabilities: Represents adjustment for directly attributable transaction costs related to the Merger not yet accrued by UTC and Raytheon of approximately $150 million and $95 million, respectively, a $166 million increase related to the recognition of onerous contracts at fair value, and a $28 million accrual for change in control payments due to certain Raytheon personnel shortly after the Merger.

j) Contract liabilities, current: Reflects a decrease in deferred revenue of $44 million as a result of fair value purchase accounting.

k) Long-term debt: Reflects an increase of $149 million in historical Raytheon indebtedness to fair value in connection with preliminary purchase price allocation.

l) Future pension and postretirement benefit obligations: Represents a decrease of the pension and postretirement benefit obligation determined under UTC's methodology.

m) Other long-term liabilities: Reflects a $4.2 billion increase as a result of the estimated deferred tax impact of pro forma adjustments and a $9 million decrease in deferred revenue as a result of fair value purchase accounting.

n) Total Shareowners' Equity: Represents the elimination of Raytheon common stock, additional paid-in capital, retained earnings, and accumulated other comprehensive loss, as well as the following adjustments to reflect the capital structure of the combined company.

(Dollars, in millions)	**Common Stock**	**Treasury Stock**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**
Fair value of UTC common stock issued for Raytheon common stock and equity awards (i)	$ 10,428	$ -	$ -	$ -
Issuance of UTC treasury shares for Raytheon common stock and equity awards (i)	-	22,268	-	-
Elimination of Raytheon historical shareholders' equity (i)	(3)		(21,480)	-
Adjustments related to pensions and postretirement benefits (ii)	-	-	-	(9,132)
Recognition of Merger-related transaction costs (iii)	-	-	(150)	-
Elimination of cash flow hedge and treasury rate lock losses (iv)	-	-	-	(4)
Elimination of foreign currency translation adjustment (v)	-	-	-	(124)
Total	$ 10,425	$ 22,268	$ (21,630)	$ (9,260)

(i) Represents an adjustment to increase the common stock of the combined company for 249 million of additional shares issued and the use of 400 million treasury shares for the total of the 649 million shares issued as consideration for the Merger, and to eliminate the par value of the Raytheon common stock acquired, as well as to increase additional paid-in capital for the net difference.

(ii) Represents adjustment to eliminate unamortized prior service costs and actuarial losses, as a result of fair value purchase accounting.

(iii) Represents recognition of approximately $150 million of anticipated transaction costs that are directly attributable to the transactions but that were not incurred by UTC as of December 31, 2019.

(iv) Represents elimination of accumulated other comprehensive losses associated with Raytheon cash flow hedges and treasury rate locks in connection with purchase accounting.

(v) Represents adjustment to eliminate foreign currency translation associated with the translation of non-USD denominated entities to USD, which was recorded by Raytheon, as a result of fair value purchase accounting.

Note 7: Adjustments to Pro Forma Combined Statements of Operations

o) Product sales: Represents a decrease to product sales for the elimination of $244 million in revenues earned by UTC on sales to Raytheon that would be considered intercompany transactions and will be eliminated in the consolidated financial statements of the combined company following completion of the Merger, as well as a $44 million decrease related to the preliminary fair value of Raytheon's deferred revenue in purchase accounting. The pro forma adjustment related to the reduction in deferred revenue reflects the difference between prepayments related to extended arrangements and the preliminary fair value of the assumed performance obligations as they are satisfied, assuming the Merger was completed on January 1, 2019.

p) Cost of products and services sold: Represents adjustments to cost of products and services sold comprised of the following:

1. Cost of products sold: ***(Dollars, in millions)***	**Year Ended 12/31/2019**
Amortization of acquired intangible assets (i)	$ 1,391
Depreciation of fixed assets step-up (ii)	32
Adjustment to pension service cost (iii)	(16)
Elimination of costs related to intercompany sales from UTC to Raytheon (iv)	(244)
Amortization of onerous contracts (v)	(71)
Total pro forma adjustment to cost of products sold	$ 1,092

2. Cost of services sold: ***(Dollars, in millions)***	**Year Ended 12/31/2019**
Depreciation of fixed assets step-up (ii)	$ 4
Adjustment to pension service cost (iii)	(3)
Total pro forma adjustment to cost of services sold	$ 1

(i) Represents net impact of removal of historical amortization expense and amortization expense recognized due to the identification of definite-lived intangible assets in purchase accounting.

(ii) Represents adjustment to depreciation expense due to the recognition of Raytheon's fixed assets at their preliminary fair values in purchase accounting, depreciated over their estimated remaining useful lives, determined in accordance with UTC policy.

(iii) Represents the impact of the pension and postretirement service cost expense as determined under UTC's plan assumptions.

(iv) Represents elimination of cost of sales relating to transactions between UTC and Raytheon that would be considered intercompany transactions and will be eliminated in the consolidated financial statements of the combined company following the Merger.

(v) Represents amortization of onerous contracts recorded at their preliminary fair values in purchase accounting.

q) Research and development expenses: Reflects an increase of $4 million in depreciation expense due to the recognition of Raytheon's fixed assets at their preliminary fair values in purchase accounting, as well as a $1 million decrease reflecting the impact of the pension and post retirement service cost expense determined under UTC's plan assumptions.

r) Selling, general and administrative expenses: Represents adjustments to selling, general and administrative expenses comprised of the following:

(Dollars, in millions)	**Year Ended 12/31/2019**
Depreciation of fixed assets step-up (i)	$ 1
Adjustment to pension service cost (ii)	(2)
Elimination of deferred commissions amortization (iii)	(26)
Elimination of transaction costs (iv)	(152)
Total pro forma adjustment to selling, general, and administrative expenses	(179)

(i) Represents adjustment to depreciation expense due to the recognition of Raytheon's fixed assets at their preliminary fair values in purchase accounting, depreciated over their estimated remaining useful lives, determined in accordance with UTC policy.

(ii) Represents the impact of the pension and postretirement service cost expense as determined under UTC's plan assumptions.

(iii) Represents elimination of amortization recognized on deferred commissions that are eliminated in purchase accounting.

(iv) Represents the elimination of non-recurring transaction costs incurred related to the Merger.

s) Non-service pension (benefit) cost: The $1.1 billion adjustment to Non-service pension (benefit) cost for the twelve months ended December 31, 2019 reflects the elimination of prior service cost and actuarial loss amortization, which was recorded by Raytheon, as a result of fair value purchase accounting, net of the impact of the pension and postretirement benefit (expense) determined under UTC's plan assumptions.

t) Interest expense (income), net: reflects the amortization of the incremental fair value of assumed debt recognized in connection with purchase accounting.

u) Income tax expense: reflects the tax effect of pro forma adjustments. The pro forma adjustments were tax effected at the applicable blended statutory tax rate, generally 23%. UTC's effective tax rate may be materially different after conclusion of final acquisition accounting, removal of one-time items reflected in historical amounts, analysis of the post-closing geographical mix of income, and other factors. Adjustments to tax assets and liabilities will occur in conjunction with the finalization of the purchase accounting, and these items could be material.

v) Basic weighted average number of shares outstanding: Reflects the pro forma issuance of 649 million shares of UTC common stock issued in exchange for Raytheon outstanding common stock and equity awards that vest immediately upon closing of the Merger in accordance with the merger agreement.

w) Diluted weighted average number of shares outstanding: Reflects the pro forma issuance of 3.1 million shares of UTC common stock issued in exchange for Raytheon outstanding common stock and equity awards that vested immediately upon closing of the Merger and the issuance of shares of common stock under replacement equity awards issued in accordance with the merger agreement. In connection with the Merger, unvested awards held by certain Raytheon employees were converted to UTC restricted stock awards, such that the total value of equity awards held by Raytheon employees post-Merger will be substantially economically equivalent to the value of such awards prior to the Merger.