

**INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10**

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. Business.

The information required by this item is contained under the sections of the information statement entitled “Information Statement Summary,” “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements,” “The Separation and Distribution,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Certain Relationships and Related Party Transactions” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

Item 1A. Risk Factors.

The information required by this item is contained under the section of the information statement entitled “Risk Factors.” That section is incorporated herein by reference.

Item 2. Financial Information.

The information required by this item is contained under the sections of the information statement entitled “Capitalization,” “Selected Historical Combined Financial Data of Carrier,” “Unaudited Pro Forma Combined Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Index to Combined Financial Statements” and the financial statements referenced therein. Those sections are incorporated herein by reference.

Item 3. Properties.

The information required by this item is contained under the section of the information statement entitled “Business.” That section is incorporated herein by reference.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

Item 5. Directors and Executive Officers.

The information required by this item is contained under the sections of the information statement entitled “Management” and “Directors.” Those sections are incorporated herein by reference.

Item 6. Executive Compensation.

The information required by this item is contained under the sections of the information statement entitled “Director Compensation” and “Executive Compensation.” Those sections are incorporated herein by reference.

Item 7. Certain Relationships and Related Transactions.

The information required by this item is contained under the sections of the information statement entitled “Management,” “Directors” and “Certain Relationships and Related Party Transactions.” Those sections are incorporated herein by reference.

Item 8. *Legal Proceedings.*

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Shareowner Matters.*

The information required by this item is contained under the sections of the information statement entitled “The Separation and Distribution,” “Dividend Policy,” “Capitalization” and “Description of Carrier Capital Stock.” Those sections are incorporated herein by reference.

Item 10. *Recent Sales of Unregistered Securities.*

The information required by this item is contained under the sections of the information statement entitled “Description of Material Indebtedness” and “Description of Carrier Capital Stock—Sale of Unregistered Securities.” Those sections are incorporated herein by reference.

Item 11. *Description of Registrant’s Securities to be Registered.*

The information required by this item is contained under the sections of the information statement entitled “The Separation and Distribution,” “Dividend Policy” and “Description of Carrier Capital Stock.” Those sections are incorporated herein by reference.

Item 12. *Indemnification of Directors and Officers.*

The information required by this item is contained under the section of the information statement entitled “Description of Carrier Capital Stock—Charter and Bylaw Provisions.” That section is incorporated herein by reference.

Item 13. *Financial Statements and Supplementary Data.*

The information required by this item is contained under the section of the information statement entitled “Index to Combined Financial Statements” and the financial statements referenced therein. That section is incorporated herein by reference.

Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

None.

Item 15. Financial Statements and Exhibits.**(a) Financial Statements**

The information required by this item is contained under the sections of the information statement entitled “Unaudited Pro Forma Combined Financial Information” and “Index to Combined Financial Statements” and the financial statements referenced therein. Those sections are incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Separation and Distribution Agreement 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 United Technologies Corporation’s Current Report on Form 8-K (Commission file number 1-812) filed with the SEC on June 10, 2019
3.1	Form of Amended and Restated Certificate of Incorporation of Carrier Global Corporation
3.2	Form of Amended and Restated Bylaws of Carrier Global Corporation
10.1	Form of Transition Services Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
10.2	Form of Tax Matters Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation*
10.3	Form of Employee Matters Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
10.4	Form of Intellectual Property Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
10.5	Form of Carrier Global Corporation 2020 Long-Term Incentive Plan
10.6	Form of Carrier Global Corporation Change in Control Severance Plan
10.7	Form of Carrier Global Corporation Executive Annual Bonus Plan
10.8	Schedule of Terms for Restricted Stock Unit Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan
10.9	Schedule of Terms for Restricted Stock Unit Awards (Off-Cycle) granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan
10.10	Schedule of Terms for Stock Appreciation Right Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan
10.11	Schedule of Terms for Stock Appreciation Right Awards (Off-Cycle) granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan
10.12	Schedule of Terms for Performance Share Unit Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan
10.13	Schedule of Terms for Non-Qualified Stock Option Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan
21.1	List of Subsidiaries*
99.1	Information Statement of Carrier Global Corporation, preliminary and subject to completion, dated November 15, 2019

* To be filed by amendment.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

CARRIER GLOBAL CORPORATION

By: _____
Name: David L. Gitlin
Title: President and Chief Executive Officer

Date: [], 2020

FORM OF
SEPARATION AND DISTRIBUTION AGREEMENT
BY AND AMONG
UNITED TECHNOLOGIES CORPORATION,
CARRIER GLOBAL CORPORATION
AND
OTIS WORLDWIDE CORPORATION
DATED AS OF [], 2020

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	2
ARTICLE II THE SEPARATION	18
2.1 Transfer of Assets and Assumption of Liabilities	18
2.2 Carrier Assets; Otis Assets; UTC Assets	21
2.3 Carrier Liabilities; Otis Liabilities; UTC Liabilities	25
2.4 Approvals, Notifications and Delays	29
2.5 Novation of Liabilities	30
2.6 Release of Guarantees	31
2.7 Termination of Agreements	32
2.8 Treatment of Shared Contracts	33
2.9 Bank Accounts; Cash Balances	34
2.10 Ancillary Agreements	35
2.11 Disclaimer of Representations and Warranties	35
2.12 Financing Arrangements; Cash Transfers.	36
2.13 Financial Information Certifications	37
2.14 Transition Committee	38
ARTICLE III THE DISTRIBUTIONS	38
3.1 Sole and Absolute Discretion; Cooperation	38
3.2 Actions Prior to the Distribution	39
3.3 Conditions to Each Distribution	40
3.4 The Distributions	42
ARTICLE IV MUTUAL RELEASES; INDEMNIFICATION	44
4.1 Release of Pre-Distribution Claims	44
4.2 Indemnification by Carrier	47
4.3 Indemnification by Otis	48
4.4 Indemnification by UTC	48
4.5 Indemnification Obligations Net of Insurance Proceeds and Other Amounts	49
4.6 Procedures for Indemnification of Third-Party Claims	50
4.7 Additional Matters	52
4.8 Right of Contribution	53
4.9 Covenant Not to Sue	54
4.10 Remedies Cumulative	54
4.11 Survival of Indemnities	55
ARTICLE V CERTAIN OTHER MATTERS	55
5.1 Insurance Matters	55
5.2 Late Payments	58
5.3 Inducement	58
5.4 Post-Effective Time Conduct	58
5.5 Director and Officer Insurance	59

ARTICLE VI EXCHANGE OF INFORMATION; CONFIDENTIALITY	59
6.1 Agreement for Exchange of Information	59
6.2 Ownership of Information	60
6.3 Compensation for Providing Information	60
6.4 Record Retention	61
6.5 Limitations of Liability	61
6.6 Other Agreements Providing for Exchange of Information	61
6.7 Production of Witnesses; Records; Cooperation	61
6.8 Privileged Matters	62
6.9 Confidentiality	65
6.10 Protective Arrangements	66
ARTICLE VII DISPUTE RESOLUTION	67
7.1 Good Faith Officer Negotiation	67
7.2 Mediation	67
7.3 Arbitration	68
7.4 Litigation and Unilateral Commencement of Arbitration	68
7.5 Conduct During Dispute Resolution Process	69
7.6 Dispute Resolution Coordination	69
ARTICLE VIII FURTHER ASSURANCES AND ADDITIONAL COVENANTS	69
8.1 Further Assurances	69
ARTICLE IX TERMINATION	70
9.1 Termination	70
9.2 Effect of Termination	71
ARTICLE X MISCELLANEOUS	71
10.1 Counterparts; Entire Agreement; Corporate Power	71
10.2 Governing Law	72
10.3 Assignability	72
10.4 Third-Party Beneficiaries	72
10.5 Notices	72
10.6 Severability	74
10.7 Force Majeure	74
10.8 No Set-Off	74
10.9 Expenses	75
10.10 Headings	75
10.11 Survival of Covenants	75
10.12 Waivers of Default	75
10.13 Specific Performance	75
10.14 Amendments	75
10.15 Interpretation	76
10.16 Limitations of Liability	76
10.17 Performance	77
10.18 Mutual Drafting	77
10.19 Ancillary Agreements	77

SCHEDULES

Schedule 1.1	Carrier Discontinued or Divested Businesses
Schedule 1.2	Carrier Contracts
Schedule 1.3	Carrier Transferred Entities
Schedule 1.4	Otis Discontinued or Divested Businesses
Schedule 1.5	Otis Contracts
Schedule 1.6	Otis Transferred Entities
Schedule 2.1(a)	Plan of Reorganization
Schedule 2.2(a)(ix)(A)	Carrier Former Captive Assets
Schedule 2.2(a)(x)	Carrier Assets
Schedule 2.2(b)(ix)(A)	Otis Former Captive Assets
Schedule 2.2(b)(x)	Otis Assets
Schedule 2.2(c)	UTC Assets
Schedule 2.3(a)(iii)	Carrier Liabilities
Schedule 2.3(a)(iv)	Carrier Business Liabilities
Schedule 2.3(a)(viii)	Carrier Specified Litigation Liabilities
Schedule 2.3(b)(iii)	Otis Liabilities
Schedule 2.3(b)(iv)	Otis Business Liabilities
Schedule 2.3(b)(viii)	Otis Specified Litigation Liabilities
Schedule 2.3(c)(i)	UTC Liabilities
Schedule 2.5(a)	Novation of Liabilities
Schedule 2.7(b)(ii)	Intercompany Agreements
Schedule 2.12(a)	Carrier Financing Arrangements
Schedule 2.12(b)	Otis Financing Arrangements
Schedule 4.4(e)	Specified UTC Information
Schedule 5.1(b)	Insurance Access Limitations
Schedule 10.9	Allocation of Certain Costs and Expenses

EXHIBITS

Exhibit A	Amended and Restated Certificate of Incorporation of Carrier Global Corporation
Exhibit B	Amended and Restated Bylaws of Carrier Global Corporation
Exhibit C	Amended and Restated Certificate of Incorporation of Otis Worldwide Corporation
Exhibit D	Amended and Restated Bylaws of Otis Worldwide Corporation

FORM OF
SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of [], 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 [], 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 [].

“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 polyfluoroalkyl 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 [], 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 [].

“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 \$[] 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 \$[], 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 \$[] of new indebtedness pursuant thereto, or in the case of the Otis Distribution, the Otis Financing Arrangements and incurred at least an aggregate of \$[] 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 Indemnatee, or assert a defense against any claim asserted by any Indemnatee, 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 Indemnatee 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 Indemnatee 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
E-mail: JRCammaker@wlrk.com
EJLee@wlrk.com
JELevine@wlrk.com

If to Carrier, to:

Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, Florida 33418
Attention: General Counsel
E-mail: []

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
E-mail: JRCammaker@wlrk.com
EJLee@wlrk.com
JELevine@wlrk.com

If to Otis, to:

Otis Worldwide Corporation
One Carrier Place
Farmington, Connecticut 06032
Attention: General Counsel
E-mail: []

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
E-mail: JRCammaker@wlrk.com
EJLee@wlrk.com
JELevine@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 allocated to the Project Oak cost center account set forth on Schedule 10.9, 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 [], 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: _____
Name:
Title:

OTIS WORLDWIDE CORPORATION

By: _____
Name:
Title:

CARRIER GLOBAL CORPORATION

By: _____
Name:
Title:

[Signature Page to Separation and Distribution Agreement]

**FORM OF
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
CARRIER GLOBAL CORPORATION**

CARRIER GLOBAL 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: Carrier Global Corporation. The original Certificate of Incorporation was filed with the Secretary of the State of Delaware on March 15, 2019 under the name “Carrier Solutions Corporation.” A Certificate of Amendment to the original Certificate of Incorporation and a Restated Certificate of Incorporation were filed with the Secretary of State of the State of Delaware on July 8, 2019. A Certificate of Amendment to the Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on [], 2020 (the Restated Certificate of Incorporation, as amended, the “Certificate of Incorporation”).
2. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL and by the written consent of its sole stockholder in accordance with Section 228 of the DGCL, and is to become effective as of [], Eastern Time, on [], 2020.
3. This Amended and Restated Certificate of Incorporation restates and amends the Certificate of Incorporation to read in its entirety as follows:

**ARTICLE I
NAME OF CORPORATION**

The name of the corporation is: Carrier Global Corporation (the “Corporation”).

**ARTICLE II
REGISTERED OFFICE; REGISTERED AGENT**

The address of the registered office of the Corporation in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of the registered agent of the Corporation at such address is The Corporation Trust Company. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors of the Corporation (the “Board of Directors”) may designate or as the business of the Corporation may from time to time require.

**ARTICLE III
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

**ARTICLE IV
STOCK**

Section 1. Authorized Stock. The total number of authorized shares of capital stock of the Corporation shall be [] shares, which shall be divided into two classes as follows: (a) [] shares of common stock par value of \$0.01 per share (the "Common Stock") and (b) [] shares of preferred stock par value \$[] per share (the "Preferred Stock").

Section 2. Common Stock. Except as otherwise provided by law, by this Amended and Restated Certificate of Incorporation, or by the resolution or resolutions adopted by the Board of Directors designating the rights, powers and preferences of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall have the right to vote on all matters, including the election of directors, to the exclusion of all other stockholders, and holders of Preferred Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote. Each holder of record of Common Stock shall be entitled to one vote for each share of Common Stock standing in the name of the stockholder on the books of the Corporation.

Section 3. Preferred Stock. Shares of Preferred Stock may be authorized and issued in one or more series. The Board of Directors (or any committee to which it may duly delegate the authority granted in this Article IV) is hereby empowered, by resolution or resolutions, to authorize the issuance from time to time of shares of Preferred Stock in one or more series, for such consideration and for such corporate purposes as the Board of Directors (or such committee thereof) may from time to time determine, and by filing a certificate pursuant to applicable law of the State of Delaware as it presently exists or may hereafter be amended to establish from time to time for each such series the number of shares to be included in each such series and to fix the designations, powers, rights and preferences of the shares of each such series, and the qualifications, limitations and restrictions thereof to the fullest extent now or hereafter permitted by this Amended and Restated Certificate of Incorporation and the laws of the State of Delaware, including, without limitation, voting rights (if any), dividend rights, dissolution rights, conversion rights, exchange rights and redemption rights thereof, as shall be stated and expressed in a resolution or resolutions adopted by the Board of Directors (or such committee thereof) providing for the issuance of such series of Preferred Stock. Each series of Preferred Stock shall be distinctly designated. The authority of the Board with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(a) the designation of the series, which may be by distinguishing number, letter or title;

(b) the number of shares of the series, which number the Board may thereafter (except where otherwise provided in the certificate of designations governing such series) increase or decrease (but not below the number of shares thereof then outstanding);

(c) the amounts payable on, and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;

(d) the dates at which dividends, if any, shall be payable;

(e) the redemption rights and price or prices, if any, for shares of the series;

(f) the terms and amount of any sinking fund provided for purchase or redemption of shares of the series;

(g) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(h) whether shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made;

(i) the restrictions on the issuance of shares of the same series or of any other class or series; and

(j) the voting rights, if any, of the holders of shares of the series.

ARTICLE V TERM

The term of existence of the Corporation shall be perpetual.

ARTICLE VI BOARD OF DIRECTORS

Section 1. Number of Directors. Subject to any rights of the holders of any class or series of Preferred Stock to elect additional directors under specified circumstances, the number of directors which shall constitute the Board of Directors shall be fixed from time to time in accordance with the Bylaws of the Corporation (as amended, restated or otherwise modified from time to time, the “Bylaws”).

Section 2. Election of Directors. At each annual meeting of stockholders, directors of the Corporation shall be elected to hold office for a term expiring at the next annual meeting of stockholders, and until their respective successors shall have been duly elected and qualified or until their earlier death, resignation or removal as hereinafter provided; except that if any such election shall be not so held, such election shall take place at a stockholders’ meeting called and held in accordance with the DGCL. Unless and except to the extent that the Bylaws shall so require, the election of directors of the Corporation need not be by written ballot. Advance notice of stockholder nominations for the election of directors shall be given in the manner and to the extent provided in the Bylaws.

Section 3. Newly Created Directorships and Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled in the manner provided in the Bylaws. No decrease in the number of authorized directors constituting the total number of directors that the Corporation would have if there were no vacancies (the “Whole Board”) shall shorten the term of any incumbent director.

Section 4. Removal of Directors. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director may be removed from office at any time with or without cause, at a meeting called for that purpose, by the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 5. Rights of Holders of Preferred Stock. Notwithstanding the provisions of this Article VI, whenever the holders of one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately or together by series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorship shall be governed by the rights of such Preferred Stock as set forth in the certificate of designations governing such series.

Section 6. No Cumulative Voting. Except as may otherwise be set forth in the resolution or resolutions of the Board of Directors providing the issuance of a series of Preferred Stock, and then only with respect to such series of Preferred Stock, cumulative voting in the election of directors is specifically denied.

ARTICLE VII STOCKHOLDER ACTION

Section 1. Special Meetings of Stockholders. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, special meetings of stockholders may only be called by or at the direction of (a) the Chairman of the Board of Directors or the Chief Executive Officer, (b) the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board or (c) the Secretary of the Corporation at the written request of a stockholder of record in accordance with the requirements and procedures provided in the Bylaws. At any special meeting of stockholders, only such business shall be conducted or considered as shall have been properly brought before the meeting pursuant to the Corporation's notice of meeting.

Section 2. Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation at an annual or special meeting of stockholders of the Corporation may be taken without a meeting and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed and delivered by the holders of stock of the Corporation in the manner and to the extent provided in the Bylaws.

ARTICLE VIII DIRECTOR LIABILITY

To the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable either to the Corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal. If the DGCL hereafter is amended to further eliminate or limit the liability of a director, then a director of the Corporation, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, shall not be liable to the fullest extent permitted by the amended DCGL.

**ARTICLE IX
AMENDMENTS TO BYLAWS**

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized and empowered to adopt, amend, alter, change or repeal the Bylaws.

**ARTICLE X
AMENDMENTS**

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights herein are granted subject to this reservation.

* * * * *

[Signature appears on next page]

IN WITNESS WHEREOF, the undersigned has duly executed this Amended and Restated Certificate of Incorporation, this [] day of [], 2020.

CARRIER GLOBAL CORPORATION

By: _____

Name:

Title:

[Signature Page to Amended and Restated Certificate of Incorporation]

**FORM OF
AMENDED AND RESTATED
BYLAWS
OF
CARRIER GLOBAL CORPORATION**

Incorporated under the Laws of the State of Delaware

These Amended and Restated Bylaws (the “Bylaws”) of Carrier Global Corporation, a Delaware corporation, are effective as of [].

ARTICLE I

STOCKHOLDERS

SECTION 1.1. Annual Meeting. The annual meeting of the stockholders of Carrier Global Corporation (the “Corporation”) shall be held at such date and time and in such manner as may be fixed by resolution of the Board of Directors of the Corporation (the “Board of Directors”).

SECTION 1.2. Special Meeting.

(A) Subject to the rights of the holders of any series of Preferred Stock (as used herein, such term shall have the meaning given in the Certificate of Incorporation of the Corporation (as amended, restated or otherwise modified from time to time, the “Certificate of Incorporation”) with respect to such series, special meetings of the stockholders may be called only by or at the direction of (1) the Chairman of the Board of Directors or the Chief Executive Officer, (2) the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies (the “Whole Board”), or (3) the Secretary of the Corporation at the written request of a stockholder of record who owns and has owned, or is acting on behalf of one or more beneficial owners who own and have owned, continuously for at least one (1) year as of the record date fixed in accordance with these Bylaws to determine who may deliver a written request to call such special meeting, capital stock representing at least fifteen percent (15%) of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the “Special Meeting Request Required Shares”), and who continue to own the Special Meeting Request Required Shares at all times between such record date and the date of the applicable meeting of stockholders. For purposes of this Section 1.2, a record or beneficial owner shall be deemed to “own” shares of capital stock of the Corporation that such record or beneficial owner would be deemed to own in accordance with clause (3) of the first paragraph of Section 1.16 (without giving effect to any reference to Constituent Holder or any stockholder fund comprising a Qualifying Fund contained therein).

(B) Any record stockholder may, by written notice to the Secretary, demand that the Board of Directors fix a record date to determine the record stockholders who are entitled to deliver a written request to call a special meeting (such record date, the “Ownership Record Date”). A written demand to fix an Ownership Record Date shall include all of the information set forth in paragraph (D) of this Section 1.2. The Board of Directors may fix the Ownership Record Date within ten (10) days of the Secretary’s receipt of a valid demand to fix the Ownership Record Date. The Ownership Record Date shall not precede, and shall not be more than ten (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 written request to call a special meeting in accordance with the requirements of this Section 1.2 is received by the Secretary.

(C) If a record stockholder is the nominee for more than one beneficial owner of stock, the record stockholder may deliver a 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 stockholder to sign such written request.

(D) Each written request to call a special meeting shall be delivered to the Secretary of the Corporation and shall include the following: (i) the signature of the record stockholder submitting such request and the date such request was signed, (ii) the text of each business proposal desired to be submitted for stockholder approval at the special meeting, and (iii) as to the beneficial owner, if any, directing such record stockholder to sign the written request and as to such record stockholder (unless such record stockholder is acting solely as a nominee for a beneficial owner) (each such beneficial owner and each record stockholder who is not acting solely as a nominee, a “Disclosing Party”):

(1) all of the information required to be disclosed pursuant to Section 1.9(C)(1) of these Bylaws (which information shall be supplemented by delivery to the Secretary) by each Disclosing Party, (a) not later than ten (10) days after the record date for determining the record stockholders entitled to notice of the special meeting (such record date, the “Meeting Record Date”), as of the Meeting Record Date and (b) not later than the fifth (5th) day before the special meeting, as of the date that is ten (10) days prior to the special meeting or any adjournment or postponement thereof;

(2) with respect to each business proposal to be submitted for stockholder approval at the special meeting, a statement whether 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 outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (“Voting Stock”) required under applicable law, rule or regulation to carry such proposal (such statement, a “Solicitation Statement”); and

(3) 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 the decreased Voting Stock ownership position, together with any information reasonably requested by the Board of Directors to verify such position, within ten (10) days of such decrease or as of the fifth (5th) day before the special meeting, whichever is earlier.

(E) The Secretary shall not accept, and shall consider ineffective, a written request to call a special meeting pursuant to clause (A)(3) 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 stockholder action under applicable law, rule or regulation;

(3) if such written request is delivered between the time beginning on the sixty first (61st) day after the earliest date of signature on a written request to call a special meeting, that has been delivered to the Secretary, relating to an identical or substantially similar item (as determined by the Board of Directors, a “Similar Item”), other than the election or removal of directors, and ending on the one (1)-year anniversary of such earliest date;

(4) if a Similar Item will be submitted for stockholder approval at any stockholder meeting to be held on or before the ninetieth (90th) day after the Secretary receives such written request or if a Similar Item has been presented at any meeting of stockholders held within ninety (90) days prior to receipt by the Secretary of such written request (for purposes of this clause (4), the election of directors shall be deemed to be a Similar Item with respect to all items of business involving the election or removal of directors, changing the size of the Board of Directors and the filling of vacancies or newly created directorships resulting from any increase in the authorized number of directors); or

(5) if such written request is delivered between the time beginning on the ninetieth (90th) day prior to the date of the next annual meeting and ending on the date of the next annual meeting.

(F) Revocations:

(1) A record stockholder may revoke a request to call a special meeting at any time before the special meeting by sending written notice 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 notices of ownership position decreases, the aggregate Voting Stock ownership position of all the Disclosing Parties listed on the unrevoked written requests with respect to a Similar Item 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 does not act in accordance with the representations set forth therein; or

(c) if any Disclosing Party does not provide the supplemental information required by Section 1.2(D)(3) or by the final sentence of Section 1.2(D).

(3) If a deemed revocation of all 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 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 stockholders.

SECTION 1.3. Time and Place of Meeting. The Board of Directors or the Chairman of the Board of Directors, as the case may be, may designate the place, date and time of any annual or special meeting of the stockholders or may designate that the meeting be held by means of remote communication; provided, that the date of any special meeting called at the request of one or more stockholders shall not be more than one hundred twenty (120) days after the date on which valid special meeting request(s) from holders of the Special Meeting Request Required Shares are delivered to the Secretary of the Corporation. If no designation as to place is so made, the place of meeting shall be the principal office of the Corporation.

SECTION 1.4. Notice of Meeting. Written or printed notice, stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware (as amended, the “DGCL”) (except to the extent prohibited by Section 232(e) of the DGCL) or by mail, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at such stockholder’s address as it appears on the records of the Corporation. If notice is given by electronic transmission, such notice shall be deemed to be given at the times provided in the DGCL. Such further notice shall be given as may be required by applicable law, rule or regulation. Meetings may be held without notice if all stockholders entitled to vote are present and participate at the meeting without objecting to the holding of the meeting, or if notice is waived by those not present in accordance with Section 6.3 of these Bylaws. Any previously scheduled meeting of the stockholders may be postponed, and unless the Certificate of Incorporation otherwise provides, any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

SECTION 1.5. Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the Voting Stock, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the Board of Directors or the Chief Executive Officer or the holders of a majority of the shares present in person or by proxy and entitled to vote may adjourn the meeting from time to time, whether or not there is a quorum. No notice of the time, date and place, if any, of adjourned meetings need be given except as required by applicable law, rule or regulation. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave 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 1.6. Organization. Meetings of stockholders shall be presided over by the Chairman of the Board of Directors, if present, or such other person as the Board of Directors may designate as chairman of the meeting, or in the absence of the foregoing, by a chairman to be chosen by the holders of a majority of the shares entitled to vote who are present in person or by proxy at the meeting. The Secretary, or in the Secretary’s absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the presiding officer of the meeting shall appoint any person present to act as secretary of the meeting. The Board of Directors shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies and such other persons as the chairman of the meeting shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting and matters which are to be voted on by ballot.

SECTION 1.7. Proxies and List of Stockholders. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the DGCL) by the stockholder, or by such stockholder's duly authorized attorney in fact. A complete list of the stockholders entitled to vote at each meeting of stockholders, arranged in alphabetical order, and showing the address and number of shares registered in the name of each stockholder, shall be prepared and made available for examination during regular business hours by any stockholder 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 ten (10) days prior to the meeting and during the whole time of the meeting.

SECTION 1.8. Order of Business.

(A) Annual Meetings of Stockholders. At any annual meeting of the stockholders, only such nominations of individuals for election to the Board of Directors shall be made, and only such other business shall be conducted or considered, as shall have been properly brought before the meeting. For nominations to be properly made at an annual meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (1) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (2) otherwise properly made at the annual meeting, by or at the direction of the Board of Directors or (3) otherwise properly requested to be brought before the annual meeting by a stockholder of the Corporation in accordance with these Bylaws. For nominations of individuals for election to the Board of Directors or proposals of other business to be properly requested by a stockholder to be made at an annual meeting, a stockholder must (a) be a stockholder of record at the time of giving of notice of such annual meeting by or at the direction of the Board of Directors and at the time of the annual meeting, (b) be entitled to vote at such annual meeting and (c) comply with the procedures set forth in these Bylaws as to such business or nomination. Subject to Section 1.16 of these Bylaws, the immediately preceding sentence shall be the exclusive means for a stockholder to make nominations or other business proposals (other than 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 stockholders.

(B) Special Meetings of Stockholders. At any special meeting of the stockholders, only such business shall be conducted or considered as shall have been properly 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 (1) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (2) otherwise properly brought before the special meeting, by or at the direction of the Board of Directors or (3) specified in the Corporation's notice of meeting (or any supplement thereto) given by the Corporation pursuant to a valid stockholder request in accordance with Section 1.2 of these Bylaws, it being understood that business transacted at such a special meeting shall be limited to the matters stated in such valid stockholder request; provided, that nothing herein shall prohibit the Board of Directors from submitting additional matters to stockholders at any such special meeting.

Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders 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 stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice of such special meeting and at the time of the special meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the procedures set forth in these Bylaws as to such nomination. Subject to Section 1.16 of these Bylaws, this Section 1.8(B) shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting) before a special meeting of stockholders.

(C) General. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chairman of any annual or special meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with these Bylaws and, if any proposed nomination or other business is not in compliance with these Bylaws, to declare that no action shall be taken on such nomination or other proposal and such nomination or other proposal shall be disregarded.

SECTION 1.9. Advance Notice of Stockholder Business and Nominations.

(A) Annual Meeting of Stockholders. Without qualification or limitation, subject to Section 1.9(C)(4) of these Bylaws, for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.8(A) of these Bylaws, the stockholder must have given timely notice thereof (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required by Section 1.10 of these Bylaws), and timely updates and supplements thereof, in each case in proper form, in writing to the Secretary, and such other business must otherwise be a proper matter for stockholder action.

To be timely, a stockholder'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 one hundred twentieth (120th) day and not later than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting; provided, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to the date of such annual meeting or the tenth (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 public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

Notwithstanding anything in the immediately preceding paragraph to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased by the Board of Directors and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.9(A) 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 tenth (10th) day following the day on which such public announcement is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof. For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or under any other provision of the Bylaws or enable or be deemed to permit a stockholder who has previously submitted notice hereunder or under any other provision of the Bylaws to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and or resolutions proposed to be brought before a meeting of the stockholders.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting, subject to the provisions of Section 1.8(B) of these Bylaws.

Subject to Section 1.9(C)(4) of these Bylaws, in the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, provided, that the stockholder gives timely notice thereof (including the completed and signed questionnaire, representation and agreement required by Section 1.10 of these Bylaws), and timely updates and supplements thereof in each case in proper form, in writing, to the Secretary. To be timely, a stockholder's notice pursuant to the preceding sentence shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to the date of such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to the date of such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and 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 of stockholders, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above. In addition, to be considered timely, a stockholder's notice pursuant to the first sentence of this paragraph shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(C) Disclosure Requirements.

(1) To be in proper form, a stockholder's notice (whether given pursuant to Section 1.2, Section 1.8, this Section 1.9 or Section 1.10) to the Secretary must include the following, as applicable:

(a) As to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal, as applicable, is made: (i) the name and address of such stockholder, as they appear on the Corporation's books, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (ii) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (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, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks corresponding substantially to the ownership of any class or series of shares of the Corporation, whether such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, and without regard to any transaction to hedge or mitigate the economic effect thereof, or 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 (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith have any right to vote any class or series of shares of the Corporation, (D) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation (any of the foregoing, a "Short Interest"), (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith 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, by a general or limited partnership in which such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith are entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of the immediate family sharing the same household of such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith and (I) any direct or indirect interest of such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (iii) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, if any, and (iv) any other information relating to such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, if any, that would be required to be disclosed in a proxy statement and form of proxy 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 stockholder proposes to bring before the meeting, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also 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 such stockholder, such beneficial owner and each of their respective affiliates or associates or others acting in concert therewith, if any, in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration), and (iii) a description of all agreements, arrangements and understandings between such stockholder, such beneficial owner and any of their respective affiliates or associates or others acting in concert therewith, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(c) As to each individual, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also include: (i) all information relating to such individual 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 individual's written consent to being named in the Corporation's proxy statement as a nominee and to serving as a director if elected); (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective 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 or any successor provision promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, 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 (iii) a completed and signed questionnaire, representation and agreement required by Section 1.10 of these Bylaws; and

(d) 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 stockholder's understanding of the independence, or lack thereof, of such nominee. Notwithstanding anything to the contrary, only persons who are nominated in accordance with the procedures set forth in these Bylaws, including without limitation Section 1.8, Section 1.9 and Section 1.10 hereof, shall be eligible for election as directors.

(2) For purposes of these Bylaws, "public announcement" shall mean disclosure (A) in a press release reported by a national news service or (B) in a document publicly filed by the Corporation with the Securities and Exchange Commission (the "SEC") pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the provisions of these Bylaws, a stockholder 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 Bylaw; provided, that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these Bylaws with respect to nominations or proposals as to any other business to be considered.

(4) Nothing in this Section 1.9 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or these Bylaws. Subject to Rule 14a-8 under the Exchange Act, nothing in this Section 1.9 shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

SECTION 1.10. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person nominated by a stockholder for election or reelection to the Board of Directors must deliver (in accordance with the time periods prescribed for delivery of notice under Section 1.9 of these Bylaws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such individual and the background of any other person or entity on whose behalf, directly or indirectly, 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 individual (A) is not and will not become a party to (1) 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 (2) any Voting Commitment that could limit or interfere with such individual's ability to comply, if elected as a director of the Corporation, with such individual's fiduciary duties under applicable law, rule or regulation, (B) 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, (C) will comply with the Corporation's corporate governance guidelines and other policies applicable to its directors, and has disclosed therein whether all or any portion of securities of the Corporation which are owned of record and beneficially by such individual were purchased with any financial assistance provided by any other person and whether any other person has any interest in such securities, (D) in such individual's personal capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply, with the Corporation's Code of Ethics and all applicable corporate governance, conflict of interest, confidentiality, stock ownership, and trading policies and guidelines and any other code of conduct, policies and guidelines of the Corporation or any rules, regulations and listing standards, in each case as applicable to other members of the Board of Directors, (E) consents to being named as a nominee in the Corporation's proxy statement pursuant to Rule 14a-4(d) under the Exchange Act and any associated proxy card of the Corporation and agrees to serve if elected as a director, and (F) will abide by the requirements of Section 1.11 of these Bylaws.

SECTION 1.11. Procedure for Election of Directors; Required Vote.

(A) Except as set forth below, election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors, a majority of the votes cast at any meeting for the election of directors at which a quorum is present shall elect directors. For purposes of this Bylaw, a majority of votes cast shall mean that the number of shares voted "for" a director's election exceeds fifty percent (50%) of the number of votes cast with respect to that director's election. Votes cast shall include votes against in each case and exclude abstentions and broker nonvotes with respect to that director's election. Notwithstanding the foregoing, in the event of a "contested election" of directors, directors shall be elected by the vote of a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. For purposes of this Bylaw, 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 as of the later of (1) the close of the applicable notice of nomination period set forth in Section 1.9 of these Bylaws or under applicable law, rule or regulation and (2) the last day on which a Proxy Access Notice may be delivered in accordance with the procedures set forth in Section 1.16, based on whether one or more notice(s) of nomination or Proxy Access Notice(s) were timely filed in accordance with said Section 1.9 and/or Section 1.16, as applicable; provided, that the determination that an election is a "contested election" shall be determinative only as to the timeliness of a notice of nomination and not otherwise as to such notice's validity. If, prior to the tenth (10th) day before the Corporation mails its initial proxy statement in connection with such election of directors, one or more notices of nomination are withdrawn 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.

(B) Except as otherwise provided by law, the Certificate of Incorporation, or these Bylaws, in all matters other than the election of directors, the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

(C) Any individual who is nominated for election to the Board of Directors and included in the Corporation's proxy materials for an annual meeting, including pursuant to Section 1.16, shall tender an irrevocable resignation, effective immediately, upon a determination by the Board of Directors or any committee thereof that (1) the information provided to the Corporation by such individual or, if applicable, by the Eligible Stockholder (or any stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) who nominated such individual, was untrue in any material respect or omitted 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 or (2) such individual or, if applicable, the Eligible Stockholder (including each stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) who nominated such individual, shall have breached any representations or obligations owed to the Corporation under these Bylaws.

SECTION 1.12. Inspectors of Elections; Opening and Closing the Polls. The Board of Directors shall appoint one or more inspectors, which inspector or inspectors may, but does not need to, include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting 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 inspectors 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 the matters upon which the stockholders will vote at a meeting.

SECTION 1.13. Stockholder Action by Written Consent; Request for Record Date, Votes Required and Contents of Written Request. All actions required or permitted to be taken by stockholders at an annual or special meeting of stockholders of the Corporation may be effected by the written consent of the holders of the Corporation entitled to vote, in accordance with this Article I and applicable law, rule or regulation. Such action shall be evidenced by a consent or consents in writing, setting forth the action so taken, which shall be (A) signed and delivered to the Secretary of the Corporation and (B) unless revoked by stockholders having the requisite votes, filed with the records of the meetings of stockholders. Such consents shall be treated for all purposes as a vote at a meeting. The record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be as fixed by the Board of Directors or as otherwise established under this Article I. Any stockholder seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall submit a written notice to the Secretary of the Corporation requesting that the Board of Directors fix a record date (a "Written Request") signed by holders of record of at least twenty-five percent (25%) of the aggregate voting power of the Voting Stock. In determining whether a record date has been requested by stockholders of record representing at least twenty-five percent (25%) of the aggregate voting power of the Voting Stock, multiple Written Requests delivered to the Secretary of the Corporation will be considered together only if (1) each identifies substantially the same proposed action and includes substantially the same text of the proposal (in each case as determined in good faith by the Board of Directors), and (2) such Written Requests have been dated and delivered to the Secretary of the Corporation within sixty (60) days of the earliest Written Request. A Written Request shall be signed and dated by each stockholder of record, or duly authorized agent of such stockholder, submitting the Written Request and shall be accompanied by (a) the name and address, as they appear in the Corporation's books, of each stockholder signing such Written Request and the class or series and number of shares of the Corporation which are owned of record and beneficially by each such stockholder, and a statement of the purpose or purposes of the action or actions proposed to be taken by written consent and (b) an acknowledgment that any disposition of shares described in the information provided constitutes a revocation of the Written Request with respect to such disposed shares. In addition, the stockholders shall promptly provide any other information reasonably requested by the Corporation. Following delivery of the Written Request, the Board of Directors shall, by the later of (i) twenty (20) days after delivery of a valid Written Request and (ii) ten (10) days after delivery of any information requested by the Corporation to determine the validity of the Written Request or to determine whether the action to which the Written Request relates may be effected by written consent, determine the validity of the Written Request pursuant to this Article I and whether the Written Request relates to an action that may be taken by written consent and, if appropriate, adopt a resolution fixing the record date for such purpose. The record date for such purpose shall be no more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors and shall not precede the date such resolution is adopted. If the Written Request has been determined to be valid pursuant to this Article I and to relate to an action that may be effected by written consent or if no such determination shall have been made by the date required by this Section 1.13, and in either event no record date has been fixed by the Board of Directors, the record date shall be the first date on which a signed written consent relating to the action taken or proposed to be taken by written consent is delivered to the Corporation in the manner described in Section 1.14; provided, that, if prior action by the Board of Directors is required under the DGCL, the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action. Any stockholder may revoke a Written Request with respect to such stockholder's shares at any time by written revocation delivered to the Secretary of the Corporation.

SECTION 1.14. Stockholder Action by Written Consent; Date and Delivery of Consents and Inspectors of Election. Every written consent purporting to take or authorize the taking of corporate action (each such written consent is referred to in this Section 1.14 as a “Consent”) must bear the date of signature of each stockholder who signs the Consent, and no Consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated Consent delivered in the manner required by this Section 1.14, but in no event later than one hundred and twenty (120) days after the record date, Consents signed by a sufficient number of stockholders to take such action are so delivered to the Corporation. No Consents may be dated or delivered to the Corporation until sixty (60) days after the delivery of a valid Written Request, satisfying all applicable requirements of this Section 1.14. Consents must be delivered to the Corporation at the principal executive offices of the Corporation, attention Secretary. Delivery must be made by hand or by certified or registered mail, return receipt requested. In the event of the delivery, in the manner provided by this Article I and applicable law, rule or regulation, to the Corporation of the requisite Consent or Consents to take action and any related revocation or revocations, the Board of Directors shall appoint, or shall authorize an officer of the Corporation to appoint, one or more inspectors in accordance with the provisions of Section 1.12 for the purpose of promptly performing a ministerial review of the validity of the Consents and revocations. For the purpose of permitting the inspector or inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the inspector or inspectors certify to the Corporation that the Consents delivered to the Corporation in accordance with this Article I and applicable law, rule or regulation represent not less than the minimum number of votes necessary to take the action at a meeting at which all stockholders entitled to vote on the action are present and voting. Nothing contained in this Article I shall in any way be construed to suggest or imply that the Board or any stockholder shall not be entitled to contest the validity of any Consent or revocation thereof, whether before or after such certification by the inspector or inspectors, or to take any other action with respect thereto.

SECTION 1.15. Stockholder Action by Written Consent; Effectiveness of Written Consent. Notwithstanding anything in these Bylaws to the contrary, no action may be taken by the stockholders by less than unanimous written consent except in accordance with these Bylaws. The Board of Directors shall not be obligated to set a record date for an action by written consent and any such purported action by written consent shall be null and void to the fullest extent permitted by applicable law, rule or regulation if (A) the Written Request does not comply with these Bylaws, (B) the action relates to an item of business that is not a proper subject for stockholder action under applicable law, rule or regulation, (C) the Written Request is received by the Corporation during the period commencing ninety (90) days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the next annual meeting, (D) an annual or special meeting of stockholders that included an item of business substantially the same as or substantially similar to (a “Written Consent Similar Item”) such action was held not more than one hundred twenty (120) days before such Written Request was received by the Corporation, (E) a Written Consent Similar Item is to be included in the Corporation’s notice as an item of business to be brought before a meeting of the stockholders to be called within forty (40) days after the Written Request is received and held as soon as practicable thereafter, (F) such Written Request was made in a manner that involved a violation of Regulation 14A under the Exchange Act or (G) the stockholder or stockholders seeking to take action by written consent do not otherwise comply with these Bylaws, the Certificate of Incorporation or applicable law, rule or regulation. Stockholders may take action by written consent only if consents are solicited by the stockholder or group of stockholders seeking to take action by written consent of stockholders from all holders of capital stock of the Corporation entitled to vote on the matter pursuant to and in accordance with this Article I and applicable law, rule or regulation. In addition to the requirements of these Bylaws with respect to stockholders seeking to take an action by written consent, any stockholder seeking to have the stockholders authorize or take corporate action by written consent shall comply with all requirements of applicable law, rule or regulation, including all requirements of the Exchange Act, with respect to such action. Notwithstanding anything in these Bylaws to the contrary, the Board of Directors shall be entitled to solicit stockholder action by written consent in accordance with applicable law, rule or regulation, and where written consents are solicited by or at the direction of the Board of Directors, stockholders may act without a meeting if the action is taken by stockholders having not less than the minimum number of votes necessary to take that action at a meeting at which all stockholders entitled to vote on the action are present and voting, and none of the foregoing provisions shall apply to such action. Any action by written consent must be a proper subject for stockholder action by written consent under applicable law, rule or regulation.

SECTION 1.16. Inclusion of Stockholder Director Nominations in the Corporation's Proxy Materials. Subject to the terms and conditions set forth in these Bylaws, the Corporation shall include in its proxy statement for annual meetings of stockholders the name, together with the Required Information (as defined in paragraph (A) below), of an eligible person nominated for election (the "Stockholder Nominee") to the Board of Directors pursuant to this Section 1.16 by a stockholder or group of stockholders that satisfy the requirements of this Section 1.16, including qualifying as an Eligible Stockholder (as defined in paragraph (D) below) and that expressly elects at the time of providing the written notice required by this Section 1.16 (a "Proxy Access Notice") to have its nominee(s) included in the Corporation's proxy statement pursuant to this Section 1.16. For the purposes of this Section 1.16:

(1) "Constituent Holder" shall mean any stockholder, investment fund included within a Qualifying Fund (as defined in paragraph (D) below) or beneficial holder whose stock ownership is counted for the purposes of qualifying as holding the Proxy Access Request Required Shares (as defined in paragraph (D) below) or qualifying as an Eligible Stockholder (as defined in paragraph (D) below);

(2) "affiliate" and "associate" shall have the meanings ascribed thereto in Rule 405 under the Securities Act of 1933, as amended; provided, 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) a stockholder (including any Constituent Holder) shall be deemed to "own" only those outstanding shares of Voting Stock as to which the stockholder itself (or such Constituent Holder itself) 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 stockholder (or of any Constituent Holder), shall be reduced by) any shares (i) sold by such stockholder or Constituent Holder (or any of either's affiliates) in any transaction that has not been settled or closed, including any short sale, (ii) borrowed by such stockholder or Constituent Holder (or any of either's affiliates) for any purposes or purchased by such stockholder or Constituent Holder (or any of either's affiliates) pursuant to an agreement to resell, or (iii) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such stockholder or Constituent Holder (or any of either's 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 (x) reducing in any manner, to any extent or at any time in the future, such stockholder's or Constituent Holder's (or either's affiliate's) full right to vote or direct the voting of any such shares, and/or (y) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such stockholder or Constituent Holder (or either's 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 ten percent (10%) of the proportionate value of such index. For purposes of this Section 1.16, a stockholder (including any Constituent Holder) will be deemed to "own" shares held in the name of a nominee or other intermediary so long as the stockholder itself (or such Constituent Holder itself) 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. For purposes of this Section 1.16, a stockholder's (including any Constituent Holder's) ownership of shares shall be deemed to (I) continue during any period in which such person has loaned such shares in the ordinary course of its business so long as such stockholder retains the unrestricted power to recall such shares on no more than five (5) business days' notice or delegated any voting power over such shares by means of a proxy, power of attorney or other instrument or arrangement so long as such delegation is revocable at any time by the stockholder, and (II) include, for purposes of measuring ownership for any applicable time period, ownership of Voting Stock of the Corporation's immediate predecessor. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings.

(A) For purposes of this Section 1.16, the “Required Information” that the Corporation shall include in its proxy statement is (1) the information concerning the Stockholder Nominee and the Eligible Stockholder 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 Stockholder so elects, a Statement (as defined in paragraph (F) below). The Corporation shall also include the name of the qualifying Stockholder 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 Stockholder and/or Stockholder Nominee, including any information provided to the Corporation with respect to the foregoing.

(B) To be timely, a stockholder’s Proxy Access Notice must be delivered to the principal executive offices of the Corporation no earlier than one hundred and fifty (150) days and no later than one hundred and twenty (120) days before the one (1)-year anniversary of the date that the Corporation commenced mailing of its definitive proxy statement (as stated in such proxy statement) for the immediately preceding annual meeting with the SEC. 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.

(C) The number of Stockholder Nominees (including Stockholder Nominees that were submitted by an Eligible Stockholder for inclusion in the Corporation’s proxy materials pursuant to this Section 1.16 but either are subsequently withdrawn or that the Board of Directors decides to nominate as Board of Directors’ nominees or otherwise appoint to the Board of Directors) appearing in the Corporation’s proxy materials with respect to an annual meeting of stockholders may not exceed the greater of (1) two (2) and (2) the largest whole number that does not exceed twenty percent (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 1.16 (such greater number, the “Permitted Number”); provided, that the Permitted Number shall be reduced by the number of directors in office with respect to whom a Proxy Access Notice was previously provided to the Corporation pursuant to this Section 1.16, other than (a) any such director whose term of office will expire at such annual meeting and who is not nominated by the Corporation at such annual meeting for another term of office and who is not seeking or agreeing to be nominated at such meeting for another term of office, and (b) any such director who at the time of such annual meeting will have served as a director continuously for at least two (2) years; provided, further, that in no circumstance shall the Permitted Number exceed the number of directors to be elected at the applicable annual meeting as noticed by the Corporation; and 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. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Corporation’s proxy statement pursuant to this Section 1.16 shall (i) rank such Stockholder Nominees based on the order that the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the Corporation’s proxy statement in the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 1.16 exceeds the Permitted Number and (ii) explicitly specify and include the respective rankings referred to in the foregoing clause (i) in the Proxy Access Notice delivered to the Corporation with respect to all Stockholder Nominees submitted pursuant thereto. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 1.16 exceeds the Permitted Number, each Eligible Stockholder will have its highest ranking Stockholder Nominee (as ranked pursuant to the preceding sentence) who meets the requirements of this Section 1.16 selected 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 Stockholder disclosed as owned in its Proxy Access Notice submitted to the Corporation (with the understanding that an Eligible Stockholder may not ultimately have any of its Stockholder Nominees included if the Permitted Number has previously been reached). If the Permitted Number is not reached after each Eligible Stockholder has had one (1) Stockholder Nominee selected, this selection process shall continue as many times as necessary, following the same order each time, until the Permitted Number is reached. After reaching the Permitted Number of Stockholder Nominees, if any Stockholder Nominee who satisfies the eligibility requirements in this Section 1.16 thereafter withdraws, has his or her nomination withdrawn or is thereafter not submitted for director election, no other nominee or nominees shall be required to be substituted for such Stockholder Nominee and included in the Corporation’s proxy statement or otherwise submitted for director election pursuant to this Section 1.16.

(D) An “Eligible Stockholder” is one or more stockholders 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), in each case continuously for at least three (3) years as of both the date that the Proxy Access Notice is received by the Corporation pursuant to this Section 1.16, and as of the record date for determining stockholders eligible to vote at the annual meeting, at least three percent (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 stockholders, and, if and to the extent that a stockholder 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 may not exceed twenty (20). Two or more investment funds that are (1) under common management and investment control, (2) under common management and funded primarily by the same employers or (3) a “group of investment companies” as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940 (a “Qualifying Fund”) will be treated as one stockholder for the purpose of determining the aggregate number of stockholders in this paragraph (D); provided, that each fund included within a Qualifying Fund otherwise meets the requirements set forth in this Section 1.16. No shares may be attributed to more than one group constituting an Eligible Stockholder under this Section 1.16 (and, for the avoidance of doubt, no stockholder may be a member of more than one group constituting an Eligible Stockholder). A record holder acting on behalf of one or more beneficial owners will not be counted separately as a stockholder 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 (D), for purposes of determining the number of stockholders whose holdings may be considered as part of an Eligible Stockholder’s holdings. For the avoidance of doubt, Proxy Access Request Required Shares will qualify as such if and 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 (3)-year period ending on that date and through the other applicable dates referred to above (in addition to the other applicable requirements being met).

(E) No later than the final date when a Proxy Access Notice pursuant to this Section 1.16 may be timely delivered to the Corporation, an Eligible Stockholder (including each Constituent Holder) must provide the following in writing to the Secretary of the Corporation:

(1) with respect to each Constituent Holder, the information, representations and agreements that would be required to be provided in a stockholder's notice of nomination pursuant to the requirements of Section 1.9(C) and Section 1.10 of these Bylaws;

(2) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among the Eligible Stockholder (including any Constituent Holder) and its or their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each of such Eligible Stockholder's Stockholder Nominee(s), 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 the Eligible Stockholder (including any Constituent Holder), or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the Stockholder Nominee were a director or executive officer of such registrant;

(3) 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 (3)-year holding period) verifying that, as of a date within seven (7) 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 (3) years, the Proxy Access Request Required Shares, and such person's agreement to provide:

(a) within ten (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 Stockholder ceases to own any of the Proxy Access Request Required Shares prior to the date of the applicable annual meeting of stockholders;

(4) 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 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 Stockholder Nominee(s) being nominated pursuant to this Section 1.16;

(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 Stockholder Nominee(s) or a nominee of the Board of Directors;

(d) will not distribute to any stockholder 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 stockholders 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 1.16;

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

(6) an undertaking that such person agrees to:

(a) assume all liability stemming from, and indemnify and hold harmless the Corporation and its affiliates and each of its and their directors, officers, and employees individually 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 affiliates, or any of its or their directors, officers or employees arising out of any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder (including such person) provided to the Corporation in connection with the nomination of the Stockholder Nominee(s) or efforts to elect such Stockholder Nominee(s) or out of any failure of the Eligible Stockholder to comply with, or any breach of, its obligations, agreements or representations pursuant to these Bylaws;

(b) comply with all laws, rules, regulations and listing standards applicable to nominations or solicitations in connection with the annual meeting of stockholders, and promptly provide the Corporation with such other information as the Corporation may reasonably request; and

(c) file with the SEC any solicitation by the Eligible Stockholder of stockholders of the Corporation relating to the annual meeting at which the Stockholder Nominee will be nominated.

In addition, no later than the final date when a Proxy Access Notice pursuant to this Section 1.16 may be timely delivered to the Corporation, a Qualifying Fund whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder 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 satisfy the definition thereof. In order to be considered timely, any information required by this Section 1.16 to be provided to the Corporation must be supplemented (by delivery to the Secretary of the Corporation) (1) no later than ten (10) days following the record date for the applicable annual meeting, as of such record date, and (2) no later than the fifth day before the annual meeting, as of the date that is no earlier than ten (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 Stockholder or other person to change or add any proposed Stockholder 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.

(F) The Eligible Stockholder may provide to the Secretary of the Corporation, at the time the information required by this Section 1.16 is originally provided, a written statement for inclusion in the Corporation's proxy statement for the annual meeting, not to exceed five hundred (500) words, in support of the candidacy of such Eligible Stockholder's Stockholder Nominee (the "Statement"). Notwithstanding anything to the contrary contained in this Section 1.16, 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, rule or regulation.

(G) No later than the final date when a Proxy Access Notice pursuant to this Section 1.16 may be timely delivered to the Corporation, each Stockholder 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 stockholder), that such Stockholder 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 with respect to the Corporation) as a nominee;

(2) complete, sign and submit all questionnaires, representations and agreements required by these Bylaws, including Section 1.9(C) and Section 1.10 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 Stockholder 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 SEC and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors;

(b) 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;

(c) would, by serving on the Board of Directors, violate or cause the Corporation to be in violation of these Bylaws, the Certificate of Incorporation, the rules and listing standards of each principal U.S. exchange upon which the common stock of the Corporation is listed or any applicable law, rule or regulation; and

(d) is or has been subject to any event specified in Item 401(f) of Regulation S-K (or successor rule) of the SEC.

In the event that any information or communications provided by the Eligible Stockholder (or any Constituent Holder) or the Stockholder Nominee to the Corporation or its stockholders 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 Stockholder or Stockholder 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 will 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.

(H) Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but withdraws from or becomes ineligible or unavailable for election at that annual meeting (other than by reason of such Stockholder Nominee's disability or other health reason) shall be ineligible to be a Stockholder Nominee pursuant to this Section 1.16 for the next two annual meetings. Any Stockholder Nominee who is included in the Corporation's proxy statement for a particular annual meeting of stockholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 1.16 or any other provision of these Bylaws, the Certificate of Incorporation or other applicable rules or regulation any time before the annual meeting of stockholders, shall not be eligible for election at the relevant annual meeting of stockholders.

(I) The Corporation will not be required to include, pursuant to this Section 1.16, any Stockholder Nominee in its proxy materials for any annual meeting of stockholders, and if the proxy statement already has been filed, any Stockholder Nominee will cease to be eligible for nomination as a Stockholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if:

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

(3) such Stockholder Nominee is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, 15 U.S.C. §19;

(4) such Stockholder Nominee is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten (10) years;

(5) such Stockholder Nominee is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933;

(6) the Eligible Stockholder (or any Constituent Holder) or applicable Stockholder Nominee otherwise breaches or fails to comply in any material respect with its obligations pursuant to this Section 1.16 or any agreement, representation or undertaking required by this Section;

(7) the Eligible Stockholder ceases to be an Eligible Stockholder for any reason, including, without limitation, not owning the Proxy Access Request Required Shares through the date of the applicable annual meeting; or

(8) the Secretary of the Corporation receives a notice that any stockholder has nominated or intends to nominate a person for election to the Board of Directors at such annual meeting pursuant to Section 1.9 of these Bylaws.

For the purposes of this paragraph (I), clauses (1), (2), (3), (4), (5) and (8) and, to the extent related to a breach or failure by the Stockholder Nominee, clause (6) will result in the exclusion from the proxy materials pursuant to this Section 1.16 of the specific Stockholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of such Stockholder Nominee to be nominated pursuant to this Section 1.16; provided, that clause (7) and, to the extent related to a breach or failure by an Eligible Stockholder (or any Constituent Holder), clause (6) will result in the Voting Stock owned by such Eligible Stockholder (or Constituent Holder) being excluded from the Proxy Access Request Required Shares (and, if as a result the Proxy Access Notice will no longer have been filed by an Eligible Stockholder, the exclusion from the proxy materials pursuant to this Section 1.16 of all of the applicable stockholder's Stockholder Nominees from the applicable annual meeting of stockholders or, if the proxy statement has already been filed, the ineligibility of all of such stockholder's Stockholder Nominees to be nominated).

Notwithstanding anything to the contrary set forth herein, the Board of Directors or the chairman of the applicable annual meeting shall declare a nomination by an Eligible Stockholder to be invalid, and the nominated Stockholder Nominee shall cease to be eligible for nomination pursuant to this Section 1.16, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if (1) the Eligible Stockholder (or a qualified representative thereof) does not appear at the annual meeting to present any nomination pursuant to this Section 1.16 or (2) the Eligible Stockholder (or any Constituent Holder) becomes ineligible to nominate a director for inclusion in the Corporation's proxy materials pursuant to this Section 1.16 or withdraws its nomination or a Stockholder Nominee becomes unwilling, unavailable or ineligible to serve on the Board of Directors, whether before or after the Corporation's issuance of the definitive proxy statement.

ARTICLE II

BOARD OF DIRECTORS

SECTION 2.1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by applicable law, rule or regulation or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

SECTION 2.2. Number. The number of directors shall not be less than five (5) nor more than fourteen (14). Subject to the rights of the holders of any series of Preferred Stock to elect directors, the number of directors, within those limits, shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Whole Board. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

SECTION 2.3. Election of Directors and Tenure. The directors shall be elected at the annual meetings of stockholders as specified in the Certificate of Incorporation to hold office until the annual meeting of stockholders held in the following fiscal year, and, except as otherwise provided in the Certificate of Incorporation and in these Bylaws, each director of the Corporation shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

SECTION 2.4. Organizational and Stated Meetings. As promptly as practicable after each annual meeting of stockholders, 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. 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 at the request of the Chairman of the Board of Directors, the Lead Director (if applicable), the Chief Executive Officer or any four directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place, if any, date and time of the meetings.

SECTION 2.6. Notice of Meeting. No notice need be given of any organizational or stated meeting of the Board of Directors for which the Board of Directors 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 (4) 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. Neither the business to be transacted at, nor the purpose of, any organizational and stated or special meeting of the Board of Directors need be specified in the notice of such meeting. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 6.3 of these Bylaws.

SECTION 2.7. Action by Consent of Board of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors, or committee. Such filing 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 2.8. Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 2.9. Quorum. Subject to Section 2.10 of these Bylaws, a whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 2.10. Vacancies. Subject to Section 2.13, any applicable law, rule or regulation and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement or disqualification or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or by a sole remaining director, and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

SECTION 2.11. Chairman of the Board of Directors; Lead Director. The Chairman of the Board of Directors shall be annually elected from among the directors and may be the Chief Executive Officer, and the Board of Directors shall fill any vacancy in the position at such time and in such manner as the Board of Directors shall determine. The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors and stockholders at which he or she is present, and shall have such other powers and duties as may from time to time be committed to him or her by the Board of Directors. The Board of Directors may designate the Chairman of the Board of Directors as an executive or non-executive Chairman. In addition, the Board of Directors may select a non-management director as the Corporation's "lead director" (the "Lead Director").

SECTION 2.12. Committees. The Board of Directors may designate any committee as the Board of Directors considers appropriate, which shall consist of one or more directors of the Corporation. Any such committee may to the extent permitted by law exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. Each committee shall keep written minutes of its proceedings and shall report such proceedings to the Board of Directors as appropriate.

Each committee of the Board of Directors 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 of the Board of Directors, except if that member is the Chairman of the Board of Directors then by the Chairman of the Board of Directors) or by the Chairman of the Board of Directors, in consultation with the Chief Executive Officer and/or the Lead Director (if applicable). Notice of such meetings shall be given to each member of the committee in the manner provided for in Section 2.6 of these Bylaws. The Board of Directors shall have power at any time to fill vacancies in, to designate alternate members of, to change the membership of, or to dissolve, any such committee. Nothing herein shall be deemed to prevent the Board of Directors from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, that no such committee shall have or may exercise any authority of the Board of Directors.

So far as practicable, members of the committees of the Board of Directors 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 of Directors and until their respective successors are appointed. In the absence or disqualification of any member of a committee of the Board of Directors, 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.

No committee of the Board of Directors 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 stockholders 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 of Directors shall take any action which is required in these Bylaws, in the Corporation's Certificate of Incorporation or by applicable law, rule or regulation to be taken by a vote of a specified proportion of the Whole Board.

SECTION 2.13. Removal. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time by the stockholders, with or without cause, by the affirmative vote of the holders of a majority of the then-outstanding shares of Voting Stock, voting together as a single class, at a meeting of the stockholders called for such purpose, and the vacancy or vacancies on the Board of Directors caused by any such removal may be filled by the stockholders at any such meeting at which removal occurs 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 2.13, 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 of Directors 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 2.14. 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 of Directors, and may also receive fees for attendance at any meetings of the Board of Directors or any committee of the Board of Directors, and the Board of Directors may from time to time fix the amount and method of payment of such compensation and fees. The Board of Directors 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.

ARTICLE III

OFFICERS

SECTION 3.1. Elected Officers. The elected officers of the Corporation shall be a Chief Executive Officer, President, one or more Vice Presidents, including a Chief Financial Officer and a General Counsel, a Controller, a Treasurer, a Secretary and such other officers or assistant officers as the Board of Directors from time to time may deem proper. Any number of offices may be held by the same person. All officers and assistant officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article III. Such officers and assistant officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. The Board of Directors or any committee thereof may from time to time elect such other officers and assistant officers (including one or more Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Assistant officers and agents also may be appointed by the Chief Executive Officer. Such other officers, assistant officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board of Directors or such committee or by the Chief Executive Officer, as the case may be.

SECTION 3.2. Election and Term of Office. The elected officers of the Corporation shall be elected by the Board of Directors. Each officer shall hold office until such officer's successor shall have been duly elected and shall have qualified or until such officer's earlier death, resignation or removal.

SECTION 3.3. Chief Executive Officer. Under the general supervision of the Board of Directors, the Chief Executive Officer shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incident to the office which may be required by applicable law, rule or regulation and all such other duties as are properly required of the Chief Executive Officer by the Board of Directors, and, except to the extent otherwise provided in these Bylaws or by the Board of Directors, 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. The Chief Executive Officer of the Corporation may also serve as President, if so elected by the Board of Directors. 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 3.4. 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 of Directors shall assign to one or more of the officers of the Corporation the duty to record the proceedings of the meetings of the stockholders and the Board of Directors in a book to be kept for that purpose.

SECTION 3.5. 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.

SECTION 3.6. Removal. Elected officers may be removed at any time, either for or without cause, by the affirmative vote of a majority of the Whole Board at a meeting called for that purpose.

SECTION 3.7. Term of Office and Vacancies. So far as practicable, the elected officers shall be elected at each organizational meeting of the Board of Directors, and shall hold office until the next organizational meeting of the Board of Directors 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 of Directors or of the officer or officers authorized by the Board of Directors to make such appointments.

ARTICLE IV

STOCK AND TRANSFERS

SECTION 4.1. Stock; Transfers. Unless otherwise determined by the Board of Directors, the interest of each stockholder of the Corporation will be uncertificated.

The shares of the stock of the Corporation shall be transferred on the books of the Corporation, in the case of certificated shares of stock, if any, by the holder thereof in person or by such person's attorney duly authorized in writing, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require; and, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney duly authorized in writing, and upon compliance with appropriate procedures for transferring shares in uncertificated form. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

The certificates of stock, if any, shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Notwithstanding anything to the contrary in these Bylaws, at all times that the Corporation's stock is listed on a stock exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by such exchange, including any requirement that shares of the Corporation's stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated (if any) and uncertificated form.

SECTION 4.2. Lost, Stolen or Destroyed Certificates. As applicable, no certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors or any financial officer may in its or such person's discretion require.

SECTION 4.3. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether it shall have express or other notice thereof, except as otherwise required by applicable law, rule or regulation.

SECTION 4.4. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors or by the Chief Executive Officer or the President.

ARTICLE V

INDEMNIFICATION

SECTION 5.1. Indemnification. 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 Article V 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 (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.

SECTION 5.2. Advance of Expenses. 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 (A) the Chief Executive Officer or (B) 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.

SECTION 5.3. Scope of Rights. The rights provided by this Article V to any person who serves or served as a director, officer or employee 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 Article V 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 Article V shall impair the rights of any such person arising at any time with respect to events occurring prior to such amendment.

SECTION 5.4. Board Consent for Indemnification. Notwithstanding anything contained in this Article V, except for proceedings to enforce rights provided in this Article V, the Corporation shall not be obligated under this Article V 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 of Directors.

SECTION 5.5. Certain Definitions. For purposes of this Article V, 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 "ERISA" shall mean the Employee Retirement Income Security Act of 1974 (or any successor legislation thereto), as amended and all of the rules and regulations promulgated thereunder; 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.

SECTION 5.6. Non-Exclusivity of Rights. Nothing in this Article V 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 Article V. The rights to indemnification and to receive payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other rights which any person may have or hereafter acquire under any applicable law, rule or regulation, provision of the Certificate of Incorporation, these Bylaws, agreement or otherwise.

SECTION 5.7. Severability. If any provision or provisions of this Article V shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (A) the validity, legality and enforceability of the remaining provisions of this Article V (including, without limitation, each portion of any Section of this Article V containing any such provision held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (B) to the fullest extent possible, the provisions of this Article V (including, without limitation, each such portion of any Section of this Article V 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.

SECTION 5.8. Extension of Rights. Subject to the approval of either (A) the Chief Executive Officer or (B) 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 Article V 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 Article V.

SECTION 5.9. Insurance. Subject to the approval of either the Chief Financial Officer or the 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 Article V 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 Section 5.8, 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.

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.1. Fiscal Year. The fiscal year of the Corporation shall end on the thirty first (31st) day of December; provided, that the Board of Directors shall have the power, from time to time, to fix a different fiscal year of the Corporation by a duly adopted resolution.

SECTION 6.2. Seal. The corporate seal, if the Corporation shall have a corporate seal, shall have inscribed thereon the words "Corporate Seal, Delaware," the name of the Corporation and the year of its organization. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 6.3. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting 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 6.4. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary, or at such later time as is specified therein. Except to the extent specified in such notice, no formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

SECTION 6.5. Independent Accountants. At each annual meeting, the stockholders 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 stockholders 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 stockholders. In case the stockholders shall at any time fail to appoint Independent Accountants or in case the Independent Accountants appointed by the stockholders 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 stockholders, and the fees and expenses of any such Independent Accountants shall be paid by the Corporation.

SECTION 6.6. Forum and Venue. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (A) any derivative action or proceeding brought on behalf of the Corporation, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of the Corporation to the Corporation or to the Corporation's stockholders, including any claim alleging aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against the Corporation or any current or former director or officer or other employee of the Corporation arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these Bylaws (as either may be amended from time to time), (D) any action asserting a claim related to or involving the Corporation that is governed by the internal affairs doctrine or (E) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL, 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 court for the District of Delaware).

ARTICLE VII

CONTRACTS, PROXIES, ETC.

SECTION 7.1. Contracts. Except as otherwise required by applicable law, rule or regulation the Certificate of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board of Directors may determine. The Chairman of the Board of Directors, the Chief Executive Officer, the President, any Vice President, the Secretary, the Treasurer, the General Counsel, the Controller and any other officer of the Corporation elected by the Board of Directors may sign, acknowledge, verify, make, execute and/or deliver on behalf of the Corporation any agreement, application, bond, certificate, consent, guarantee, mortgage, power of attorney, receipt, release, waiver, contract, deed, lease and any other instrument, or any assignment or endorsement thereof. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board of Directors, the Chief Executive Officer, the President, any Vice President, the Secretary, the Treasurer, the General Counsel, the Controller or any other officer of the Corporation elected by the Board of Directors may delegate contractual powers to others under his or her jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

SECTION 7.2. Proxies. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President or any officer of the Corporation elected by the Board of Directors may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

ARTICLE VIII

AMENDMENTS

SECTION 8.1. By the Stockholders. Subject to the provisions of the Certificate of Incorporation, these Bylaws may be altered, amended or repealed, or new Bylaws enacted, at any special meeting of the stockholders if duly called for that purpose (provided that in the notice of such special meeting, notice of such purpose shall be given), or at any annual meeting, by the affirmative vote of the holders of a majority of the Voting Stock.

SECTION 8.2. By the Board of Directors. Subject to the laws of the State of Delaware, the Certificate of Incorporation and these Bylaws, these Bylaws may also be altered, amended or repealed, or new Bylaws enacted, by the Board of Directors.

FORM OF
TRANSITION SERVICES AGREEMENT
BY AND AMONG
UNITED TECHNOLOGIES CORPORATION,
CARRIER GLOBAL CORPORATION
AND
OTIS WORLDWIDE CORPORATION
DATED AS OF [], 2020

	<u>Page</u>
ARTICLE I DEFINITIONS	2
Section 1.01. Definitions	2
ARTICLE II SERVICES	8
Section 2.01. Services	8
Section 2.02. Performance of Services	9
Section 2.03. Charges for Services	11
Section 2.04. Reimbursement for Out-of-Pocket Costs and Expenses	11
Section 2.05. Changes in the Performance of Services	12
Section 2.06. Transitional Nature of Services	12
Section 2.07. Subcontracting	12
Section 2.08. Local Agreements	13
ARTICLE III OTHER ARRANGEMENTS	13
Section 3.01. Access	13
ARTICLE IV BILLING; TAXES	15
Section 4.01. Procedure	15
Section 4.02. Late Payments	15
Section 4.03. Taxes	15
Section 4.04. No Set-Off	15
Section 4.05. Audit Rights	15
ARTICLE V TERM AND TERMINATION	16
Section 5.01. Term	16
Section 5.02. Extension of a Service Period	16
Section 5.03. Early Termination	17
Section 5.04. Interdependencies	17
Section 5.05. Effect of Termination	18
Section 5.06. Information Transmission	18
ARTICLE VI CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS	19
Section 6.01. Obligations of UTC, Carrier and Otis	19
Section 6.02. No Release; Return or Destruction	20
Section 6.03. Privacy and Data Protection Laws	20
Section 6.04. Protective Arrangements	20

ARTICLE VII LIMITED LIABILITY AND INDEMNIFICATION	21
Section 7.01. Limitations on Liability	21
Section 7.02. Obligation to Re-Perform; Liabilities	24
Section 7.03. Third-Party Claims	24
Section 7.04. Service Provider Indemnity	24
Section 7.05. Indemnification Procedures	24
ARTICLE VIII MISCELLANEOUS	25
Section 8.01. Mutual Cooperation	25
Section 8.02. Further Assurances	25
Section 8.03. Audit Assistance	25
Section 8.04. Title to Intellectual Property	25
Section 8.05. Independent Contractors	26
Section 8.06. Counterparts; Entire Agreement; Corporate Power	26
Section 8.07. Governing Law	27
Section 8.08. Assignability	27
Section 8.09. Third-Party Beneficiaries	28
Section 8.10. Notices	29
Section 8.11. Severability	29
Section 8.12. Force Majeure	30
Section 8.13. Headings	30
Section 8.14. Waivers of Default	30
Section 8.15. Dispute Resolution	30
Section 8.16. Specific Performance	31
Section 8.17. Amendments	32
Section 8.18. Precedence of Schedules	32
Section 8.19. Interpretation	32
Section 8.20. Mutual Drafting	32
Annex A: TSA Committee	

FORM OF
TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of [], 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 [], 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.

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.

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: []

If to Otis, to:

Otis Worldwide Corporation
One Carrier Place
Farmington, CT 06032
Attention: General Counsel
E-mail: []

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 [], 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: _____
Name:
Title:

CARRIER GLOBAL CORPORATION

By: _____
Name:
Title:

OTIS WORLDWIDE CORPORATION

By: _____
Name:
Title:

[Signature Page to Transaction Services Agreement]

FORM OF
EMPLOYEE MATTERS AGREEMENT
BY AND AMONG
UNITED TECHNOLOGIES CORPORATION,
CARRIER GLOBAL CORPORATION
AND
OTIS WORLDWIDE CORPORATION
DATED AS OF [], 2020

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	2
Section 1.01. Definitions	2
Section 1.02. Interpretation	11
ARTICLE II GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES	11
Section 2.01. General Principles	11
Section 2.02. Service Credit	13
Section 2.03. Adoption and Transfer and Assumption of Benefit Plans	14
ARTICLE III ASSIGNMENT OF EMPLOYEES	16
Section 3.01. Active Employees	16
Section 3.02. Individual Agreements	17
Section 3.03. Consultation with Labor Representatives; Labor Agreements	18
Section 3.04. Non-Solicitation	19
ARTICLE IV EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION	19
Section 4.01. General Rules and Adoption of Equity Plans	19
Section 4.02. Equity Incentive Awards	20
Section 4.03. Equity Grants to Rehired Employees	31
Section 4.04. Cash Payment for Fractional Shares	31
Section 4.05. Non-Equity Incentive Plans	31
Section 4.06. Director Compensation	32
ARTICLE V U.S. QUALIFIED RETIREMENT PLANS	32
Section 5.01. UTC Employee Retirement Plan	32
Section 5.02. UTC Savings Plans	32
ARTICLE VI NONQUALIFIED DEFERRED COMPENSATION PLANS	34
Section 6.01. UTC Retained Nonqualified Deferred Compensation Plans	34
Section 6.02. UTC Bifurcated Nonqualified Deferred Compensation Plans	35
ARTICLE VII NON-U.S. RETIREMENT PLANS	37
Section 7.01. Retention of UK Pension Scheme	37
ARTICLE VIII WELFARE BENEFIT PLANS	37
Section 8.01. Welfare Plans	37
Section 8.02. COBRA	38
Section 8.03. Flexible Benefit Plans	39
Section 8.04. Vacation, Holidays and Leaves of Absence	39

Section 8.05.	Disability Plans	40
Section 8.06.	Life Insurance	40
Section 8.07.	Retiree Medical	40
Section 8.08.	Severance, Retention and Unemployment Compensation	40
Section 8.09.	Workers' Compensation	41
Section 8.10.	Insurance Contracts	41
Section 8.11.	Third-Party Vendors	41
ARTICLE IX MISCELLANEOUS		41
Section 9.01.	Information Sharing and Access	41
Section 9.02.	Preservation of Rights to Amend	42
Section 9.03.	Fiduciary Matters	42
Section 9.04.	Reimbursement of Costs and Expenses	43
Section 9.05.	Dispute Resolution	43
Section 9.06.	No Third-Party Beneficiaries	43
Section 9.07.	Incorporation of Separation Agreement Provisions	43

FORM OF
EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of [], 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 [], 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 [].

“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 Share” means a share of the common stock, par value \$0.01 per share, of Carrier.

“Carrier Stock Value” means [].

“Carrier Transferred Director” means each Carrier non-employee 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.

“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 Ratio” means a number equal to [].

“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 Section 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 Share” means a share of the common stock, par value \$0.01 per share, of Otis.

“Otis Stock Value” means [].

“Otis Transferred Director” means each Otis non-employee 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.

“Parties” means the parties to this Agreement.

“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 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 [].

“UTC Pre-Separation Stock Value” means [].

“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.

(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 VI; 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 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.

(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 4.04 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 4.04 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.

(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 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: _____
Name:
Title:

OTIS WORLDWIDE CORPORATION

By: _____
Name:
Title:

CARRIER GLOBAL CORPORATION

By: _____
Name:
Title:

[Signature Page to Employee Matters Agreement]

**FORM OF
INTELLECTUAL PROPERTY AGREEMENT**

by and among

UNITED TECHNOLOGIES CORPORATION,

OTIS WORLDWIDE CORPORATION

and

CARRIER GLOBAL CORPORATION

Dated as of [], 2020

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	2
1.1 Defined Terms	2
ARTICLE II ASSIGNMENT OF SOLELY OWNED INTELLECTUAL PROPERTY RIGHTS	7
2.1 Assigned Intellectual Property Rights	7
ARTICLE III LICENSING OF INTELLECTUAL PROPERTY RIGHTS	7
3.1 Licensed Intellectual Property Rights	7
3.2 Reserved Intellectual Property Rights	9
3.3 No Rescission	9
ARTICLE IV TRADEMARKS	10
4.1 Ownership of United Technologies Trademarks	10
4.2 Use of United Technologies Trademarks	11
4.3 Special Trademark Provisions.	11
ARTICLE V EXCLUDED AGREEMENTS	11
5.1 No Change to Excluded Agreements	11
ARTICLE VI CONFIDENTIALITY	12
6.1 Received Information and Materials	12
6.2 Confidential Information	12
6.3 Obligations	12
6.4 Termination of UTC NDA	13
ARTICLE VII LIMITATIONS AND DISCLAIMERS	13
7.1 Subsequent Delivery of Intellectual Property Rights	13
7.2 No Additional Obligations	13
7.3 DISCLAIMER	14
7.4 Limitations of Liability	14
ARTICLE VIII GOVERNING LAW AND DISPUTE RESOLUTION	14
8.1 Governing Law	14
8.2 Alternative Dispute Resolution	14
8.3 Confidentiality	15
8.4 Equitable Relief	15

ARTICLE IX GENERAL PROVISIONS		16
9.1	Entire Agreement; Conflict Among Agreements	16
9.2	Assignment and Change of Control; Successor and Assigns	16
9.3	Bankruptcy	17
9.4	Amendments and Waivers	17
9.5	Notice	17
9.6	Severability	18
9.7	Counterparts	18
9.8	Further Assurances	18
9.9	Interpretation	18

**FORM OF
INTELLECTUAL PROPERTY AGREEMENT**

This INTELLECTUAL PROPERTY AGREEMENT (this “Agreement”), dated as of [], 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 mean 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.

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.

CONFIDENTIALITY

6.1 Received Information and Materials. The Parties acknowledge that members of each Party Group currently are in possession of information and materials of 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.

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: _____
Name:
Title:

OTIS WORLDWIDE CORPORATION

By: _____
Name:
Title:

CARRIER GLOBAL CORPORATION

By: _____
Name:
Title:

Form of Carrier Global Corporation 2020 Long-Term Incentive Plan**SECTION 1: Purpose; Definitions**

The purpose of this Plan is to enable the Corporation to implement a compensation program that correlates compensation opportunities with shareowner value, focuses management on long-term, sustainable performance, and provides the Corporation with a competitive advantage in attracting, retaining and motivating officers, employees and directors.

For purposes of this Plan, the following terms are defined as set forth below:

- a. "Affiliate" means a company or other entity in which the Corporation has an equity or other financial interest, including joint ventures and partnerships.
 - b. "Applicable Exchange" means the New York Stock Exchange or such other securities exchange as may at the applicable time be the principal market for the Common Stock.
 - c. "Assumed Spin-Off Award" means an award granted to certain employees, officers, and directors of the Corporation, United Technologies Corporation, Otis Worldwide Corporation, and their respective Subsidiaries under a Prior Plan, which award is assumed by the Corporation and converted into an Award in connection with the Spin-Off, pursuant to the terms of the Employee Matters Agreement.
 - d. "Award" means a Stock Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Other Stock-Based Award or Cash Award granted pursuant to the terms of this Plan. For the avoidance of doubt, the term "Award" includes each Assumed Spin-Off Award.
 - e. "Award Agreement" means a written or electronic document or agreement setting forth the terms and conditions of a specific Award.
 - f. "Board" means the Board of Directors of the Corporation.
 - g. "Business Combination" has the meaning set forth in Section 10(e)(iii).
 - h. "Cash Award" means an award granted to a Participant under Section 9 of this Plan.
 - i. "Cause" means, unless otherwise provided in an Award Agreement: (i) conduct involving a felony criminal offense under U.S. federal or state law or an equivalent violation of the laws of any other country; (ii) dishonesty, fraud, self-dealing or material violations of civil law in the course of fulfilling the Participant's employment duties; (iii) breach of the Participant's intellectual property agreement or other written agreement with the Corporation; (iv) willful misconduct injurious to the Corporation or any of its Subsidiaries or Affiliates as shall be determined by the Committee; (v) negligent conduct injurious to the Corporation and any of its Subsidiaries and Affiliates, including negligent supervision of a subordinate who causes significant harm to the Corporation as determined by the Committee; or (vi) prior to a Change-in-Control, such other events as shall be determined by the Committee. Notwithstanding the general rule of Section 2(c), following a Change-in-Control, any determination by the Committee as to whether "Cause" exists shall be subject to de novo review. Notwithstanding the foregoing, if a Participant is covered by the Corporation's Change in Control Severance Plan, the definition of Cause for such Participant shall be as set forth in such plan.
 - j. "Change-in-Control" has the meaning set forth in Section 10(e).
 - k. "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.
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- l. "Committee" means the Committee referred to in Section 2.
- m. "Common Stock" means common stock, par value \$0.01 per share, of the Corporation.
- n. "Corporate Transaction" has the meaning set forth in Section 3(d).
- o. "Corporation" means Carrier Global Corporation, a Delaware corporation, or its successor.
- p. "Disability" means permanent and total disability as determined under the Corporation's long-term disability plan applicable to the Participant, or if there is no such plan applicable to the Participant, "Disability" means a determination of total disability by the Social Security Administration; provided that, in either case, the Participant's condition also qualifies as a "disability" for purposes of Section 409A(a)(2)(C) of the Code, with respect to an Award that constitutes "nonqualified deferred compensation" subject to Section 409A of the Code.
- q. "Disaffiliation" means a Subsidiary's or an Affiliate's ceasing to be a Subsidiary or Affiliate for any reason (including as a result of a public offering, or a spinoff or sale by the Corporation, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Corporation and its Affiliates.
- r. "Effective Date" has the meaning set forth in Section 12(a).
- s. "Eligible Individuals" means directors, officers, and employees of the Corporation or any of its Subsidiaries or Affiliates, and prospective directors, officers and employees who have accepted offers of employment or consultancy from the Corporation or its Subsidiaries or Affiliates.
- t. "Employee Matters Agreement" means the Employee Matters Agreement among the Corporation, United Technologies Corporation, and Otis Worldwide Corporation, entered into in connection with the Spin-Off.
- u. "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.
- v. "Fair Market Value" means, except as otherwise determined by the Committee, the closing price of a Share on the Applicable Exchange on the date of measurement or, if Shares were not traded on the Applicable Exchange on such measurement date, then on the next preceding date on which Shares were traded on the Applicable Exchange, as reported by such source as the Committee may select. If there is no regular public trading market for such Common Stock, the Fair Market Value of the Common Stock shall be determined by the Committee in good faith and, to the extent applicable, such determination shall be made in a manner that satisfies Sections 409A and Sections 422(c)(1) of the Code.
- w. "Forfeiture Amount" has the meaning set forth in Section 14(i)(ii).
- x. "Full-Value Award" means any Award other than Stock Appreciation Right, Stock Option or Cash Awards.

- y. "Good Reason" means, the occurrence of any of the following without a Participant's consent: (i) a material reduction in the Participant's annual base salary, annual bonus opportunities, long-term incentive opportunities or other compensation and benefits in the aggregate from those in effect immediately prior to the Change-in-Control; (ii) a material diminution in the Participant's title, duties, authority, responsibilities, functions or reporting relationship from those in effect immediately prior to the Change-in-Control; or (iii) a mandatory relocation of the Participant's principal location of employment greater than 50 miles from immediately prior to the Change-in-Control. In order to invoke a termination for Good Reason, the Participant shall provide written notice to the Corporation of the existence of one or more of the conditions described in clauses (i) through (iii) within 90 days following the Participant's knowledge of the initial existence of such condition or conditions, and the Corporation shall have 30 days following receipt of such written notice (the "Cure Period") during which it may cure the condition, if curable. If the Corporation fails to cure the condition constituting Good Reason during the Cure Period, the Participant must terminate employment, if at all, within one year following the end of the Cure Period in order for such termination to constitute a termination for Good Reason. The Participant's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (iii) shall not affect the Participant's ability to terminate employment for Good Reason. Notwithstanding the foregoing, if a Participant is covered by the Corporation's Change in Control Severance Plan, the definition of Good Reason for such Participant shall be as set forth in such plan.
- z. "Grant Date" means (i) the date on which the Committee by resolution selects an Eligible Individual to receive a grant of an Award and determines the number of Shares, or the formula for earning a number of Shares, to be subject to such Award or the cash amount subject to such Award and all other material terms applicable to such Award; or (ii) such later date as the Committee shall provide in such resolution.
- aa. "Incentive Stock Option" means any Stock Option designated in the applicable Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code, and that in fact so qualifies.
- bb. "Incumbent Board" has the meaning set forth in Section 10(e)(ii).
- cc. "Individual Agreement" means, after a Change-in-Control, (i) a change-in-control or severance agreement between a Participant and the Corporation or one of its Affiliates, or (ii) a change-in-control or severance plan covering a Participant that is sponsored by the Corporation or one of its Affiliates.
- dd. "Nonqualified Stock Option" means any Stock Option that is not an Incentive Stock Option.
- ee. "Other Stock-Based Award" means an award granted to a Participant under Section 8 of this Plan.
- ff. "Outstanding Corporation Common Stock" has the meaning set forth in Section 10(e)(i).
- gg. "Outstanding Corporation Voting Securities" has the meaning set forth in Section 10(e)(i).
- hh. "Participant" means an Eligible Individual to whom an Award is or has been granted.
- ii. "Performance Goals" means the performance goals established by the Committee in connection with the grant of an Award which may be based on attainment of specified levels of one or more of the following measures, or of any other measures determined by the Committee in its discretion: stock price, total shareholder return, earnings (whether based on earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization), earnings per share, return on equity, return on sales, return on assets or operating or net assets, market share, objective customer service measures or indices, pre- or after-tax income, net income, cash flow (before or after dividends or other adjustments), free cash flow, cash flow per share (before or after dividends or other adjustments), gross margin, working capital and gross inventory turnover, risk-based capital, revenues, revenue growth, return on capital (whether based on return on total capital or return on invested capital), cost control, gross profit, operating profit, unit volume, sales, in each case with respect to the Corporation or any one or more Subsidiaries, Affiliates, divisions, business units or business segments thereof, either in absolute terms or relative to the performance of one or more other companies (including an index covering multiple companies).

- jj. "Person" has the meaning set forth in Section 10(e)(i).
- kk. "Plan" means the Carrier Global Corporation 2020 Long-Term Incentive Plan, as set forth herein and as hereinafter amended from time to time.
- ll. "Prior Plans" means the United Technologies Corporation 2018 Long-Term Incentive Plan, the United Technologies Corporation Long-Term Incentive Plan, as amended and restated, and the Rockwell Collins, Inc. 2015 Long-Term Incentives Plan, as assumed by United Technologies Corporation.
- mm. "Replaced Award" has the meaning set forth in Section 10(b).
- nn. "Replacement Award" has the meaning set forth in Section 10(b).
- oo. "Section 16(b)" has the meaning set forth in Section 11(a).
- pp. "Share" means a share of Common Stock.
- qq. "Spin-Off" shall mean the distribution of Shares to the shareowners of United Technologies Corporation in 2020 pursuant to the Separation and Distribution Agreement between the Corporation, United Technologies Corporation, and Otis Worldwide Corporation, entered into in connection with such distribution.
- rr. "Stock Appreciation Right" means an Award granted under Section 5(a).
- ss. "Stock Option" means an Award granted under Section 5(b).
- tt. "Subsidiary" means any corporation, partnership, joint venture, limited company or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Corporation or any successor to the Corporation.
- uu. "Term" means the maximum period during which a Stock Appreciation Right or Stock Option may remain outstanding, subject to earlier termination upon Termination of Service or otherwise, as specified in the applicable Award Agreement.
- vv. "Termination of Service" means the termination of the applicable Participant's employment with, or performance of services for, the Corporation and any of its Subsidiaries or Affiliates. Unless otherwise determined by the Committee: (i) if a Participant's employment with the Corporation and its Affiliates terminates but such Participant continues to provide services to the Corporation and its Affiliates in a non-employee capacity, such change in status shall not be deemed a Termination of Service, (ii) a Participant employed by, or performing services for, a Subsidiary or an Affiliate or a division of the Corporation and its Affiliates shall also be deemed to incur a Termination of Service if, as a result of a Disaffiliation, such Subsidiary, Affiliate or division ceases to be a Subsidiary, Affiliate or division, as the case may be, and the Participant does not immediately thereafter become an employee of, or service provider for, the Corporation or another Subsidiary or Affiliate, and (iii) a Participant shall not be deemed to have incurred a Termination of Service solely by reason of such individual's incurrance of a Disability. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Corporation and its Subsidiaries and Affiliates shall not be considered a Termination of Service. Absences from employment by reason of notice periods, garden leaves or similar paid leaves implemented in contemplation of a permanent termination of employment shall not be recognized as service under this Plan. Notwithstanding the foregoing provisions of this definition, with respect to any Award that constitutes "nonqualified deferred compensation" subject to Section 409A of the Code, a Participant shall not be considered to have experienced a "Termination of Service" unless the Participant has experienced a "separation from service" within the meaning of Section 409A of the Code (a "Separation from Service"), and a Separation from Service shall be deemed to occur where the Participant and the Corporation and its Subsidiaries and Affiliates reasonably anticipate that the bona fide level of services that the Participant will perform (whether as an employee or as an independent contractor) will be permanently reduced to a level that is less than thirty-seven and a half percent (37.5%) of the average level of bona fide services the Participant performed during the immediately preceding 36 months (or the entire period the Participant has provided services if the Participant has been providing services to the Corporation and/or any of its Subsidiaries or Affiliates for less than 36 months).

SECTION 2. Administration

- a. *Committee*. This Plan shall be administered by the Board directly, or if the Board elects, by the Compensation Committee or such other committee of the Board as the Board may from time to time designate, which committee shall be composed of not less than two directors, and shall be appointed by and serve at the pleasure of the Board. All references in this Plan to the "Committee" refer to the Board as a whole, unless a separate committee has been designated or authorized consistent with the foregoing.

Subject to the terms and conditions of this Plan, the Committee shall have absolute authority:

- i. To select the Eligible Individuals to whom Awards may from time to time be granted;
- ii. To determine whether and to what extent Stock Appreciation Rights, Incentive Stock Options, Nonqualified Stock Options, Restricted Stock Units, Restricted Stock, Other Stock-Based Awards and Cash Awards or any combination thereof are to be granted hereunder;
- iii. To determine the number of Shares to be covered by each Award granted hereunder;
- iv. To approve the form of any Award Agreement and determine the terms and conditions of any Award granted hereunder, including, but not limited to, the exercise price (subject to Section 5(c)), any vesting condition, restriction or limitation (which may be related to the performance of the Participant, the Corporation or any Subsidiary or Affiliate), treatment on Termination of Service, and any vesting acceleration or forfeiture waiver regarding any Award and the Shares relating thereto, based on such factors as the Committee shall determine;
- v. To modify, amend or adjust the terms and conditions (including, but not limited to, Performance Goals and measured results when necessary or appropriate for the purposes of preserving the validity of the goals as originally set by the Committee) of any Award (subject to Sections 5(d) and 5(e)), from time to time, including, without limitation, in order to comply with tax and securities laws, including laws of countries outside of the United States, and to comply with changes of law and accounting standards;
- vi. To determine to what extent and under what circumstances Common Stock or cash payable with respect to an Award shall be deferred either automatically or at the election of a Participant;
- vii. To determine under what circumstances an Award may be settled in cash, Shares, other property or a combination of the foregoing;
- viii. To adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan as it shall, from time to time, deem advisable;
- ix. To establish any "blackout" period that the Committee in its sole discretion deems necessary or advisable;

- x. To interpret the terms and provisions of this Plan and any Award issued under this Plan (and any Award Agreement relating thereto);
- xi. To decide all other matters that must be determined in connection with an Award; and
- xii. To otherwise administer this Plan.

b. *Procedures.*

- i. The Committee may act only by a majority of its members then in office, except that the Committee may, except to the extent prohibited by applicable law, including Section 157(c) of the Delaware General Corporation Law, or the listing standards of the Applicable Exchange, allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.
 - ii. Subject to Section 11(a), any authority granted to the Committee may be exercised by the full Board. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.
- c. *Discretion of Committee.* Subject to Section 1(i), any determination made by the Committee or pursuant to delegated authority under the provisions of this Plan with respect to any Award shall be made in the sole discretion of the Committee or such delegate at the time of the grant of the Award or, unless in contravention of any express term of this Plan, at any time thereafter. All decisions made by the Committee or any appropriately delegated person pursuant to the provisions of this Plan shall be final, binding and conclusive on all persons, including the Corporation, Participants and Eligible Individuals.
- d. *Cancellation or Suspension.* Subject to Section 5(d), the Committee shall have full power and authority to determine whether, to what extent and under what circumstances any Award shall be canceled or suspended.
- e. *Award Agreements.* The terms and conditions of each Award, as determined by the Committee, shall be set forth in a written (or electronic) Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. The effectiveness of an Award shall be subject to the Participant's acceptance of the applicable Award Agreement within the time period specified in the Award Agreement, unless otherwise provided in the Award Agreement. Award Agreements may be amended only in accordance with Section 12(d) hereof.
- f. *Minimum Vesting Period.* Except for Awards granted with respect to a maximum of five percent of the Shares authorized in the first sentence of Section 3(a) and Assumed Spin-Off Awards, Award Agreements shall not provide for a designated vesting period of less than one year.
- g. *Foreign Employees and Foreign Law Considerations.* The Committee may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States, who are not compensated from a payroll maintained in the United States, and/or who are otherwise subject to (or could cause the Corporation to be subject to) legal or regulatory provisions of countries or jurisdictions outside the United States, and, in furtherance of such purposes, the Committee may adopt such procedures or sub-plans as may be necessary or advisable to comply with such legal or regulatory provisions.

SECTION 3. Common Stock Subject to Plan

- a. *Authorized Shares.* The maximum number of Shares that may be issued pursuant to Awards granted under this Plan shall be [], which includes Shares subject to Assumed Spin-Off Awards. The maximum number of shares that may be issued pursuant to Incentive Stock Options under this Plan shall be []. Shares issued under this Plan may be authorized and unissued Shares, treasury Shares, or Shares purchased in the open market or otherwise, at the sole discretion of the Committee. Each Share issued pursuant to a Full-Value Award will result in a reduction of the number of Shares available for issuance under this Plan by 2 Shares. Each Share issued pursuant to a Stock Option or Stock Appreciation Right will result in a reduction of the number of Shares available for issuance under this Plan by one Share.

- b. *Individual Limits.* A Participant who is not a non-employee director may not be granted: (i) Stock Appreciation Rights and Stock Options in excess of 2,500,000 Shares during any calendar year, (ii) Full-Value Awards in excess of 600,000 Shares during any calendar year, or (iii) Cash Awards in excess of \$10,000,000. Compensation payable by the Corporation to any non-employee director of the Corporation, including Awards granted under this Plan (with Awards valued based on the fair value on the Grant Date for accounting purposes) and cash fees paid or credited, may not exceed \$1,500,000 during any single calendar year. None of the foregoing limitations in this Section 3(b) shall apply to Assumed Spin-Off Awards.
- c. *Rules for Calculating Shares Issued.* To the extent that any Award is forfeited, terminates, expires or lapses instead of being exercised, or any Award is settled for cash, the Shares subject to such Awards will not be counted as Shares issued under this Plan. If the exercise price of any Stock Appreciation Right or Stock Option and/or the tax withholding obligations relating to any Award are satisfied by delivering Shares (either actually or through a signed document affirming the Participant's ownership and delivery of such Shares) or the Corporation withholding Shares relating to such Award, the gross number of Shares subject to the Award shall nonetheless be deemed to have been issued under this Plan.
- d. *Adjustment Provisions.*
- i. In the event of a merger, consolidation, acquisition of property or shares, stock rights offering, liquidation, disposition for consideration of the Corporation's direct or indirect ownership of a Subsidiary or Affiliate (including by reason of a Disaffiliation), or similar event affecting the Corporation or any of its Subsidiaries (each, a "Corporate Transaction"), the Committee or the Board may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to: (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under this Plan; (B) the various maximum limitations set forth in Section 3(b) applicable to the grants to individuals of certain types of Awards; (C) the number and kind of Shares or other securities subject to outstanding Awards; (D) financial goals or measured results to preserve the validity of the original goals set by the Committee; and (E) the exercise price of outstanding Awards.
 - ii. In the event of a stock dividend, stock split, reverse stock split, reorganization, share combination, or recapitalization or similar event affecting the capital structure of the Corporation, or a Disaffiliation, separation or spinoff, in each case without consideration, or other extraordinary dividend of cash or other property to the Corporation's shareholders, the Committee or the Board shall make such substitutions or adjustments as it deems appropriate and equitable to: (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under this Plan; (B) the various maximum limitations set forth in Section 3(b) applicable to the grants to individuals of certain types of Awards; (C) the number and kind of Shares or other securities subject to outstanding Awards; (D) financial goals or measured results to preserve the validity of the original goals set by the Committee; and (E) the exercise price of outstanding Awards.
 - iii. In the case of Corporate Transactions, such adjustments may include: (A) the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Committee or the Board in its sole discretion (it being understood that in the case of a Corporate Transaction with respect to which shareholders of Common Stock receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of a Stock Option or Stock Appreciation Right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Corporate Transaction over the exercise price of such Stock Appreciation Right or Stock Option shall conclusively be deemed valid); (B) the substitution of other property (including cash or other securities of the Corporation and securities of entities other than the Corporation) for the Shares subject to outstanding Awards; and (C) in connection with any Disaffiliation, arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including other securities of the Corporation and securities of entities other than the Corporation), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Corporation securities).

- iv. Any adjustments made pursuant to this Section 3(d) to Awards that are considered “nonqualified deferred compensation” subject to Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code; and any adjustments made pursuant to Section 3(d) to Awards that are not considered “deferred compensation” subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustments, either: (A) the Awards continue not to constitute “deferred compensation” subject to Section 409A of the Code; or (B) there does not result in the imposition of any penalty taxes under Section 409A of the Code in respect of such Awards.
- v. Any adjustment under this Section 3(d) need not be applied uniformly to all Participants.

SECTION 4: Eligibility

- a. Awards may be granted under this Plan to Eligible Individuals; provided, however, that Incentive Stock Options may be granted only to employees of the Corporation and its subsidiaries or Parent Corporation (within the meaning of Section 424(f) of the Code). In connection with the Spin-Off and pursuant to the terms of the Employee Matters Agreement, certain employees, officers, and directors of the Corporation, United Technologies Corporation, and Otis Worldwide Corporation and their respective Subsidiaries will receive Assumed Spin-Off Awards.

SECTION 5: Stock Appreciation Rights and Stock Options

- a. *Nature of Stock Appreciation Rights.* Upon the exercise of a Stock Appreciation Right, the Participant shall be entitled to receive an amount in cash, or Shares with a Fair Market Value, equal to the product of (i) the excess of the Fair Market Value of one Share over the exercise price of the applicable Stock Appreciation Right, multiplied by (ii) the number of Shares in respect of which the Stock Appreciation Right has been exercised. The applicable Award Agreement shall specify whether such payment is to be made in cash or Common Stock, or shall reserve to the Committee or the Participant the right to make that determination prior to or upon the exercise of the Stock Appreciation Right.
- b. *Types of Stock Options.* Stock Options may be granted in the form of Incentive Stock Options or Nonqualified Stock Options. The Award Agreement for a Stock Option shall indicate whether the Stock Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.
- c. *Exercise Price.* The exercise price per Share subject to a Stock Appreciation Right or Stock Option shall be determined by the Committee and set forth in the applicable Award Agreement, and shall not be less than the Fair Market Value of a Share on the applicable Grant Date. In no event may any Stock Appreciation Right or Stock Option granted under this Plan be amended, other than pursuant to Section 3(d), to decrease the exercise price thereof, be cancelled in exchange for cash or other Awards or in conjunction with the grant of any new Stock Appreciation Right or Stock Option with a lower exercise price, or otherwise be subject to any action that would be treated, under the Applicable Exchange listing standards or for accounting purposes, as a “repricing” of such Stock Appreciation Right or Stock Option, unless such amendment, cancellation or action is approved by the Corporation's shareholders.
- d. *Term.* The Term of each Stock Appreciation Right and each Stock Option shall be fixed by the Committee, but no Stock Appreciation Right or Stock Option shall be exercisable more than 10 years after its Grant Date.
- e. *Exercisability; Method of Exercise.* Except as otherwise provided herein, Stock Appreciation Rights and Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. Subject to the provisions of this Section 5, Stock Appreciation Rights and Stock Options may be exercised, in whole or in part in accordance with the methods and procedures established by the Committee in the Award Agreement or otherwise.

- f. Delivery; Rights of Shareowners.* A Participant shall not be entitled to delivery of Shares pursuant to the exercise of a Stock Appreciation Right or Stock Option until the exercise price therefore has been fully paid and applicable taxes have been withheld. Except as otherwise provided in Section 5(j), a Participant shall have all of the rights of a shareowner of the number of Shares deliverable pursuant to such Stock Appreciation Right or Stock Option (including, if applicable, the right to vote the applicable Shares), when the Participant: (i) has given written notice of exercise; (ii) if requested, has given the representation described in Section 14(a); and (iii) in the case of a Stock Option, has paid in full for such Shares.
- g. Nontransferability of Stock Appreciation Rights and Stock Options.* No Stock Appreciation Right or Stock Option shall be transferable by a Participant other than, for no value or consideration: (i) by will or by the laws of descent and distribution; or (ii) in the case of a Stock Appreciation Right or Nonqualified Stock Option, as otherwise expressly permitted by the Committee including, if so permitted, pursuant to a transfer to such Participant's family members, whether directly or indirectly, or by means of a trust or partnership or otherwise (for purposes of this Plan, unless otherwise determined by the Committee, "family member" shall have the meaning given to such term in General Instructions A.1(a)(5) to Form S-8 under the Securities Act of 1933, as amended, and any successor thereto). Any Stock Appreciation Right or Stock Option shall be exercisable, subject to the terms of this Plan, only by the Participant, the guardian or legal representative of the Participant, or any person to whom such Stock Option is transferred pursuant to this Section 5(g), it being understood that the term "holder" and "Participant" include such guardian, legal representative and other transferee; provided, however, that the term "Termination of Service" shall continue to refer to the Termination of Service of the original Participant. No Participant may enter into any agreement for the purpose of selling, transferring or otherwise engaging in any transaction that has the effect of exchanging his or her economic interest in any Award to another person or entity for a cash payment or other consideration unless first approved by a majority of the Corporation's shareowners.
- h. Termination of Service.* The effect of a Participant's Termination of Service on any Stock Appreciation Right or Stock Option then held by the Participant shall be set forth in the applicable Award Agreement.
- i. Additional Rules for Incentive Stock Options.* Notwithstanding any other provision of this Plan to the contrary, no Stock Option that is intended to qualify as an Incentive Stock Option may be granted to any Eligible Individual who at the time of such grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or of any Subsidiary, unless at the time such Stock Option is granted the exercise price is at least 110% of the Fair Market Value of a Share and such Stock Option by its terms is not exercisable after the expiration of five years from the date such Stock Option is granted. In addition, the aggregate Fair Market Value of the Common Stock (determined at the time a Stock Option for the Common Stock is granted) for which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year, under all of the incentive stock option plans of the Corporation and of any Subsidiary, may not exceed \$100,000. To the extent a Stock Option that by its terms was intended to be an Incentive Stock Option exceeds this \$100,000 limit, the portion of the Stock Option in excess of such limit shall be treated as a Nonqualified Stock Option.
- j. Dividends and Dividend Equivalents.* Dividends (whether paid in cash or Shares) and dividend equivalents may not be paid or accrued on Stock Appreciation Rights or Stock Options; provided that Stock Appreciation Rights and Stock Options may be adjusted under certain circumstances in accordance with the terms of Section 3(d).

SECTION 6: Restricted Stock

- a. *Administration.* Shares of Restricted Stock are actual Shares issued to a Participant and may be awarded either alone or in addition to other Awards granted under this Plan. The Committee shall determine the Eligible Individuals to whom and the time or times at which grants of Restricted Stock will be awarded, the number of Shares to be awarded to any Eligible Individual, the conditions for vesting, the time or times within which such Awards may be subject to forfeiture, and any other terms and conditions of the Awards, in addition to those contained in Section 6(c).
- b. *Book Entry Registration or Certificated Shares.* Shares of Restricted Stock shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates registered in the name of the Participant and bearing an appropriate legend referring to the terms, conditions and restrictions applicable to such Award.
- c. *Terms and Conditions.* Shares of Restricted Stock shall be subject to the following terms and conditions and such other terms and conditions as are set forth in the applicable Award Agreement (including the vesting or forfeiture provisions applicable upon a Termination of Service):
 - i. The Committee shall, prior to or at the time of grant, condition: (A) the vesting of an Award of Restricted Stock upon the continued service of the applicable Participant, or (B) the grant or vesting of an Award of Restricted Stock upon the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. The conditions for grant or vesting and the other provisions of Restricted Stock Awards (including any applicable Performance Goals) need not be the same with respect to each recipient.
 - ii. Subject to the provisions of this Plan and the applicable Award Agreement, during the period, if any, set by the Committee, commencing with the date of such Restricted Stock Award for which such vesting restrictions apply, and until the expiration of such period, the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Shares of Restricted Stock.
- d. *Rights of a Shareowner.* Except as provided in this Section 6 and the applicable Award Agreement, the applicable Participant shall have, with respect to the Shares of Restricted Stock, all of the rights of a shareowner of the Corporation holding the class or series of Common Stock that is the subject of the Restricted Stock, including, if applicable, the right to vote the Shares and the right to receive any dividends (subject to Section 14(e)).
- e. *Termination of Service.* The effect of a Participant's Termination of Service on his or her Restricted Stock shall be set forth in the applicable Award Agreement.

SECTION 7: Restricted Stock Units

- a. *Nature of Awards.* Restricted stock units and deferred stock units (together, "Restricted Stock Units") are Awards denominated in Shares that will be settled, subject to the terms and conditions of the Restricted Stock Units, in a specified number of Shares or an amount of cash equal to the Fair Market Value of a specified number of Shares.
- b. *Terms and Conditions.* Restricted Stock Units shall be subject to the following terms and conditions and such other terms and conditions as are set forth in the applicable Award Agreement (including the vesting or forfeiture provisions applicable upon a Termination of Service):
 - i. The Committee shall, prior to or at the time of grant, condition: (A) the vesting of Restricted Stock Units upon the continued service of the applicable Participant, or (B) the grant or vesting of Restricted Stock Units upon the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. The conditions for grant or vesting and the other provisions of Restricted Stock Units (including any applicable Performance Goals) need not be the same with respect to each recipient. An Award of Restricted Stock Units shall be settled as and when the Restricted Stock Units vest, at a later time specified by the Committee in the applicable Award Agreement, or, if the Committee so permits, in accordance with an election of the Participant.

- ii. The Award Agreement for Restricted Stock Units shall specify whether, to what extent and on what terms and conditions the applicable Participant shall be entitled to receive payments corresponding to the dividends payable on the Common Stock (subject to Section 14(e)).
- c. *Rights of a Shareowner.* A Participant to whom Restricted Stock Units are awarded shall have no rights as a shareowner with respect to the Shares represented by the Restricted Stock Units unless and until Shares are actually delivered to the Participant in settlement thereof.
- d. *Termination of Service.* The effect of a Participant's Termination of Service on his or her Restricted Stock Units shall be set forth in the applicable Award Agreement.

SECTION 8: Other Stock-Based Awards

The Committee may grant equity-based or equity-related awards not otherwise described herein in such amounts and subject to such terms and conditions consistent with the terms of this Plan as the Committee shall determine. Without limiting the generality of the preceding sentence, each such Other Stock-Based Award may: (a) involve the transfer of actual Shares to Participants, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of Shares; (b) be subject to performance-based and/or service-based conditions; (c) be in the form of phantom stock, restricted stock, restricted stock units, performance shares, deferred share units or share-denominated performance units, or other awards denominated in, or with a value determined by reference to, a number of Shares that is specified at the time of the grant of such award; and (d) be designed to comply with applicable laws of jurisdictions other than the United States.

SECTION 9: Cash Awards

The Committee may grant awards that are denominated and payable in cash in such amounts and subject to such terms and conditions consistent with the terms of this Plan as the Committee shall determine.

SECTION 10: Change-in-Control Provisions

- a. *General.* The provisions of this Section 10 shall, subject to Section 3(d), apply notwithstanding any other provision of this Plan to the contrary, except to the extent the Committee specifically provides otherwise in an Award Agreement.
- b. *Impact of Change-in-Control.* Upon the occurrence of a Change-in-Control: (i) all then-outstanding Stock Appreciation Rights and Stock Options shall become fully vested and exercisable, all Full-Value Awards (other than performance-based Awards), and all Cash Awards (other than performance-based Awards) shall vest in full, be free of restrictions, and be deemed to be earned and payable in an amount equal to the full value of such Award, except in each case to the extent that another Award meeting the requirements of Section 10(c) (any award meeting the requirements of Section 10(c), a "Replacement Award") is provided to the Participant pursuant to Section 3(d) to replace such Award (any award intended to be replaced by a Replacement Award, a "Replaced Award"), and (ii) any performance-based Award that is not replaced by a Replacement Award shall be deemed to be earned and payable in an amount equal to the full value of such performance-based Award (with all applicable Performance Goals deemed achieved at the greater of (x) the applicable target level; and (y) the level of achievement as determined by the Committee not later than the date of the Change-in-Control, taking into account performance through the latest date preceding the Change-in-Control as to which performance can, as a practical matter, be determined (but not later than the end of the applicable performance period)).

- c. *Replacement Awards.* An Award shall meet the conditions of this Section 10(c) (and hence qualify as a Replacement Award) if: (i) it is of the same type as the Replaced Award (except that for any Replaced Award that is performance-based, the Replacement Award shall be subject solely to time-based vesting for the remainder of the applicable performance period (or such shorter period as determined by the Committee) and the applicable Performance Goals shall be deemed to be achieved at the greater of (x) the applicable target level; and (y) the level of achievement as determined by the Committee taking into account performance through the latest date preceding the Change-in-Control as to which performance can, as a practical matter, be determined (but not later than the end of the applicable performance period); (ii) it has a value equal to the value of the Replaced Award as of the date of the Change-in-Control, as determined by the Committee in its sole discretion consistent with Section 3(d); (iii) the underlying Replaced Award was an equity-based award, it relates to publicly traded equity securities of the Corporation or the entity surviving the Corporation following the Change-in-Control; (iv) it contains terms relating to time-based vesting (including with respect to a Termination of Service) that are substantially identical to those of the Replaced Award; and (v) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change-in-Control) as of the date of the Change-in-Control. Without limiting the generality of the foregoing, a Replacement Award may take the form of a continuation of the applicable Replaced Award if the requirements of the preceding sentence are satisfied. If a Replacement Award is granted, the Replaced Award shall not vest upon the Change-in-Control. The determination whether the conditions of this Section 10(c) are satisfied shall be made by the Committee, as constituted immediately before the Change-in-Control, in its sole discretion.
- d. *Termination of Service.* Notwithstanding any other provision of this Plan to the contrary, and unless otherwise determined by the Committee and set forth in the applicable Award Agreement, upon a Termination of Service of a Participant by the Corporation other than for Cause or by the Participant for Good Reason within 24 months (or such longer period as is specified in the applicable Award Agreement) following a Change-in-Control: (i) all Replacement Awards held by such Participant shall vest in full and be free of restrictions, and (ii) unless otherwise provided in the applicable Award Agreement, notwithstanding any other provision of this Plan to the contrary, any Stock Appreciation Right or Stock Option held by the Participant as of the date of the Change-in-Control that remains outstanding as of the date of such Termination of Service may thereafter be exercised until the expiration of the stated full Term of such Stock Appreciation Right or Nonqualified Stock Option.
- e. *Definition of Change-in-Control.* For purposes of this Plan, a "Change-in-Control" shall mean the happening of any of the following events:
- i. An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either: (1) the then outstanding shares of common stock of the Corporation (the "Outstanding Corporation Common Stock"); or (2) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change-in-Control: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any entity controlled by the Corporation, or (4) any acquisition by any entity pursuant to a transaction that complies with clauses (1), (2) and (3) of subsection (iii) of this Section 10(e); or
 - ii. A change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this Section 10(e), any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Corporation's shareowners, was approved by a vote of at least two-thirds of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered as a member of the Incumbent Board; or

- iii. The consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries or sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or securities of another entity by the Corporation or any of its subsidiaries (a "Business Combination"), in each case, unless, following such Business Combination, (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock (or, for a noncorporate entity, equivalent securities) and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or, for a noncorporate entity, equivalent securities), as the case may be, of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock (or, for a noncorporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the Board of Directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
- iv. The approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.
- f. Notwithstanding any other provision of this Plan, any Award Agreement or any Individual Agreement, for any Award that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code, a Change-in-Control shall not constitute a settlement or distribution event with respect to such Award, or an event that otherwise changes the timing of settlement or distribution of such Award, unless the Change-in-Control also constitutes an event described in Section 409A(a)(2)(v) of the Code and the regulations promulgated thereunder (a "Section 409A CIC"); provided, however, that whether or not a Change-in-Control is a Section 409A CIC, such Change-in-Control shall result in the accelerated vesting of such Award to the extent provided by the Award Agreement, this Plan, any Individual Agreement or otherwise by the Committee.

SECTION 11: Section 16(b); Section 409A

- a. The provisions of this Plan are intended to ensure that no transaction under this Plan is subject to (and all such transactions will be exempt from) the short-swing profit recovery rules of Section 16(b) of the Exchange Act ("Section 16(b)"). Accordingly, the composition of the Committee shall be subject to such limitations as the Board deems appropriate to permit transactions pursuant to this Plan to be exempt (pursuant to Rule 16b-3 promulgated under the Exchange Act) from Section 16(b), and no delegation of authority by the Committee shall be permitted if such delegation would cause any such transaction to be subject to (and not exempt from) Section 16(b).

- b. This Plan and the Awards granted hereunder are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and, with respect to amounts that are subject to Section 409A of the Code, it is intended that this Plan be administered and interpreted in all respects in accordance with Section 409A of the Code. Each payment under any Award that constitutes "nonqualified deferred compensation" subject to Section 409A of the Code shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any Award that constitutes "nonqualified deferred compensation" subject to Section 409A of the Code. Notwithstanding any other provision of this Plan or any Award Agreement to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A of the Code (as determined in accordance with the methodology established by the Corporation), amounts that constitute "nonqualified deferred compensation" subject to Section 409A of the Code that would otherwise be payable by reason of a Participant's Separation from Service during the six-month period immediately following such Separation from Service shall instead be paid or provided on the first business day following the date that is six months following the Participant's Separation from Service. If the Participant dies following the Separation from Service and prior to the payment of any amounts delayed on account of Section 409A of the Code, such amounts shall be paid to the personal representative of the Participant's estate within 30 days following the date of the Participant's death.

SECTION 12: Term, Amendment and Termination

- a. *Effectiveness.* Prior to the Spin-Off, this Plan was approved by the Board and by United Technologies Corporation as the sole shareowner of the Corporation. This Plan will be effective on the date on which the Spin-Off occurs (the "Effective Date").
- b. *Termination.* This Plan will terminate on the tenth anniversary of the Effective Date. Awards outstanding as of such date shall not be affected or impaired by the termination of this Plan.
- c. *Amendment of Plan.* The Board or the Committee may amend, alter, or discontinue this Plan, but no amendment, alteration or discontinuation shall be made that would materially impair the rights of the Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law, including Section 409A of the Code, Applicable Exchange listing standards or accounting rules. In addition, no amendment shall be made without the approval of the Corporation's shareowners to the extent such approval is required by applicable law or the listing standards of the Applicable Exchange.
- d. *Amendment of Awards.* Subject to Section 5(c), the Committee may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall, without the Participant's consent, materially impair the rights of any Participant with respect to an Award, except such an amendment made to cause this Plan or Award to comply with applicable law, including Section 409A of the Code, Applicable Exchange listing standards or accounting rules.

SECTION 13: Unfunded Status of Plan

Neither the Corporation nor the Committee shall have any obligation to segregate assets or establish a trust or other arrangements to meet the obligations created under the Plan. Any liability of the Corporation to any Participant with respect to an Award shall be based solely upon contractual obligation created by the Plan and the Award Agreement. No such obligation shall be deemed to be secured by any pledge or encumbrance on the property of the Corporation.

SECTION 14: General Provisions

- a. *Conditions for Issuance.* The Committee may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Corporation in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer. Notwithstanding any other provision of this Plan or agreements made pursuant thereto, the Corporation shall not be required to issue or deliver any Shares (whether in certificated or book-entry form) under this Plan prior to fulfillment of all of the following conditions: (i) listing or approval for listing upon notice of issuance, of such Shares on the Applicable Exchange; (ii) any registration or other qualification of such Shares of the Corporation under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification that the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and (iii) obtaining any other consent, approval, or permit from any state or federal governmental agency that the Committee shall, in its absolute discretion, determine to be necessary or advisable.

- b. *Additional Compensation Arrangements.* Nothing contained in this Plan shall prevent the Corporation or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.
- c. *No Contract of Employment.* This Plan shall not constitute a contract of employment, and adoption of this Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Corporation or any Subsidiary or Affiliate to terminate the employment of any employee at any time.
- d. *Required Taxes.* No later than the date as of which an amount first becomes includible in the gross income of a Participant for federal, state, local or foreign income, or employment or other tax purposes with respect to any Award under this Plan, such Participant shall pay to the Corporation, or make arrangements satisfactory to the Corporation regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Corporation, withholding obligations may be settled with Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement, having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes, all in accordance with such procedures as the Committee establishes. The obligations of the Corporation under this Plan shall be conditional on such payment or arrangements, and the Corporation and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to such Participant. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Common Stock.
- e. *Dividends and Dividend Equivalents.* Any dividends or dividend equivalents credited with respect to any Award will be subject to the same time and/or performance-based vesting conditions applicable to such Award and shall, if vested, be delivered or paid at the same time as such Award.
- f. *Designation of Death Beneficiary.* The Committee shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of such Participant's death are to be paid or by whom any rights of such Participant, after such Participant's death, may be exercised.
- g. *Governing Law and Interpretation.* This Plan and all Awards made and actions taken hereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Plan are not part of the provisions hereof and shall have no force or effect. Whenever the words "include," "includes" or "including" are used in this Plan, they shall be deemed to be followed by the words "but not limited to" and the word "or" shall be understood to mean "and/or" where the context so requires.
- h. *Non-Transferability.* Except as otherwise provided in Section 5(g) or as determined by the Committee, Awards under this Plan are not transferable except by will or by laws of descent and distribution.

i. *Clawback Policy.*

- i. *Forfeiture Event.* Unless otherwise determined by the Committee, upon the occurrence of any of the following events, the Participant shall forfeit all of the Participant's outstanding Awards, whether vested or unvested, and shall pay the Forfeiture Amount (as defined in clause (ii) below) to the Corporation within 30 days following receipt from the Corporation of written notice from the Corporation:
- A. Termination of Service for Cause;
 - B. Within three years following any Termination of Service the Committee determines that the Participant engaged in conduct before the Participant's termination date that would have constituted the basis for a Termination of Service for Cause;
 - C. At any time during the 24-month period immediately following any Termination of Service, a Participant:
 - 1. Solicits for employment or otherwise attempts to retain the professional services of any individual then employed or engaged by the Corporation (other than a person performing secretarial or similar services) or who was so employed or engaged during the three-month period preceding such solicitation; or
 - 2. Publicly disparages the Corporation or any of its officers, directors or senior executive employees or otherwise makes any public statement that is materially detrimental to the interests of the Corporation or such individuals; or
 - D. At any time during the 12-month period following any Termination of Service, a Participant becomes employed by, consults for or otherwise renders services to any business entity or person engaged in activities that compete with the Corporation or the business unit that employed the Participant, unless the Participant has first obtained the written consent of the Chief Human Resources Officer or her or his delegate. For purposes of applying this provision: (x) Participant shall be deemed to have been employed by each business unit that employed the Participant within the two-year period immediately prior to the date of the Termination of Service, and (y) the status of a business entity or person as a competitor shall be determined by the Chief Human Resources Officer in her or his sole discretion.
- ii. *Forfeiture Amount.* The "Forfeiture Amount" means an amount determined by the Committee in its sole and absolute discretion, up to the sum of: (A) the Fair Market Value of any Shares held by the Participant as of the date that the Committee requires forfeiture that were acquired by the Participant pursuant to an Award during the three-year period preceding such date, (B) the amount of (1) the proceeds from the sale (including sales to the Corporation) of any Shares acquired by the Participant pursuant to an Award during the three-year period preceding the date that the Committee requires forfeiture, less (2) the amount, if any, paid by the Participant to purchase such Shares, and (C) any proceeds received by the Participant upon cash settlement of any Award during the three-year period preceding the date that the Committee requires forfeiture.
- iii. *Committee Determination.* Without limiting the generality of Section 2, the Committee shall make all determinations required pursuant to this Section 14(i) in its sole and absolute discretion, and such determinations shall be conclusive and binding on all Persons. Notwithstanding any provision of Section 14(i)(i) to the contrary, the Committee has sole and absolute discretion not to require a Participant to pay all or any portion of a Forfeiture Amount, and its determination not to require any Participant to pay all or any portion of a Forfeiture Amount with respect to any particular act by any particular Participant shall not in any way reduce or eliminate the Committee's authority to require payment of a Forfeiture Amount with respect to any other act or other Participant.
- iv. *Effect of Change-in-Control.* Notwithstanding the foregoing and notwithstanding anything to the contrary in any Award Agreement or otherwise, this Section 14(i) shall not be applicable to any Participant following a Change-in-Control.
- v. *Nonexclusive Remedy.* This Section 14(i) shall be a nonexclusive remedy and nothing contained in this Section 14(i) shall preclude the Corporation from pursuing any other applicable remedies available to it, whether in addition to, or in lieu of, application of this Section 14(i).

j. *Assumed Spin-Off Awards.* Notwithstanding anything in this Plan to the contrary, each Assumed Spin-Off Award shall be subject to the terms and conditions of the Prior Plan and award agreement to which such Award was subject immediately prior to the Spin-Off, subject to the adjustment of such Award by the Compensation Committee of United Technologies Corporation and the terms of the Employee Matters Agreement, provided that following the date of the Spin-Off, each such Award shall relate solely to Shares and be administered by the Committee in accordance with the administrative procedures in effect under this Plan.

**FORM OF CARRIER GLOBAL CORPORATION
CHANGE IN CONTROL SEVERANCE PLAN**

**SECTION 1
PURPOSE OF THE PLAN**

The Board of Directors (the "Board") of Carrier Global Corporation (the "Company"), recognizes that the possibility of a Change in Control (as defined in Section 2.6) of the Company, and the uncertainty it could create, may result in the loss or distraction of employees of the Company to the detriment of the Company and its shareholders.

The Committee considers the avoidance of such loss and distraction to be essential to protecting and enhancing the best interests of the Company and its shareholders. The Committee also believes that when a Change in Control is perceived as imminent, or is occurring, the Committee should be able to receive and rely on disinterested service from employees regarding the best interests of the Company and its shareholders without concern that employees might be distracted or concerned by the personal uncertainties and risks created by the perception of an imminent or occurring Change in Control.

Therefore, in order to fulfill the above purposes, the Plan was adopted by the Board on [] and shall become effective on the Effective Date (as defined in Section 2.12).

**SECTION 2
DEFINITIONS**

Certain terms used herein have the definitions given to them in the first place in which they are used. As used herein, the following words and phrases shall have the following respective meanings:

2.1 "Affiliated Entity" means any entity controlled by, controlling or under common control with the Company.

2.2 "Annual Base Salary" means the annual base salary paid or payable, including any base salary that is subject to deferral, to the Participant by the Company or any of the Affiliated Entities at the rate in effect (or required to be in effect before any diminution that is a basis of the Participant's termination for Good Reason) immediately prior to the Change in Control, or, if higher, immediately prior to the Date of Termination.

2.3 "Benefit Continuation Period" means a period of twelve (12) months from the Date of Termination.

2.4 “Cause” means (a) the willful and continued failure of the Participant to perform substantially the Participant’s duties with the Company or any Affiliated Entity (other than any such failure resulting from incapacity due to physical or mental illness or following the Participant’s delivery of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Participant by the Board, or if the Company is not the ultimate parent corporation of the Affiliated Entities and is not publicly traded, the board of directors of the ultimate parent of the Company (the “Applicable Board”), which specifically identifies the manner in which the Board believes that the Participant has not substantially performed the Participant’s duties, or (b) the willful engaging by the Participant in illegal conduct which is materially and demonstrably injurious to the Company. For purposes of this provision, no act or failure to act, on the part of the Participant, shall be considered “willful” unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that the Participant’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon (i) authority given pursuant to a resolution duly adopted by the Applicable Board, (ii) the instructions of the CEO or another executive officer of the Company or (iii) the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. The cessation of employment of the Participant shall not be deemed to be for Cause unless and until there shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Applicable Board at a meeting of the Applicable Board called and held for such purpose (after reasonable notice is provided to the Participant and the Participant is given an opportunity, together with counsel for the Participant, to be heard before the Applicable Board), finding that, in the good faith opinion of the Applicable Board, the Participant is guilty of the conduct described in this definition, and specifying the particulars of such conduct in detail.

2.5 “CEO” means the Chief Executive Officer of the Company.

2.6 “Change in Control” means the first to occur of the following:

(a) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); *provided, however*, that, for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates or Subsidiaries or (iv) any acquisition by any entity pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2.6;

(b) A change in the composition of the Board such that individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that, for purposes of this Section 2.6, any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least two-thirds of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; *provided*, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered as a member of the Incumbent Board;

(c) The consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its Subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock (or, for a noncorporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a noncorporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the Board of Directors (or, for a noncorporate entity, equivalent governing body) of the entity resulting from the Business Corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

For the avoidance of doubt, the Separation (as defined in Section 2.23) shall not constitute a Change in Control.

2.7 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.8 "Committee" means the Compensation Committee of the Board.

2.9 "Company," means Carrier Global Corporation and any successor(s) thereto or, if applicable, the ultimate parent of any such successor.

2.10 "Date of Termination" means the date of receipt of a Notice of Termination from the Company or the Participant, as applicable, or any later date specified in the Notice of Termination (subject to the notice and cure periods in the definition of Good Reason). If the Participant's employment is terminated by reason of death, the Date of Termination shall be the date of death of the Participant. If the Participant's employment is terminated by reason of Disability, the Date of Termination shall be the Disability Effective Date. Notwithstanding the foregoing, in no event shall the Date of Termination occur until the Participant experiences a "separation from service" within the meaning of Section 409A of the Code, and the date on which such separation from service takes place shall be the "Date of Termination."

2.11 “Disability” means the absence of the Participant from his or her duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Participant or the Participant’s legal representative (the date of such determination, the “Disability Effective Date”).

2.12 “Effective Date” means the date on which the Separation (as defined in Section 2.23) occurs.

2.13 “Good Reason” means:

(a) A reduction of the Participant’s Annual Base Salary from that in effect immediately prior to the Change in Control, or if higher, that in effect thereafter;

(b) A material reduction in the Participant’s (i) target or maximum annual cash bonus opportunity or (ii) annual long-term incentive compensation (cash and equity awards), including target or maximum incentive opportunity from those in effect immediately prior to the Change in Control, or if higher, than in effect at any time thereafter;

(c) A material reduction in the retirement, welfare, fringe and other benefits provided or made available to the Participant from those in effect immediately prior to the Change in Control, or if more favorable, those provided or made available to similarly situated executives of the Company or the Affiliated Entities at any time thereafter;

(d) A material diminution in the Participant’s authority, duties, or responsibilities from those in effect immediately prior to the Change in Control or a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Participant is required to report from those in effect immediately prior to the Change in Control;

(e) A change in the geographic location at which the Participant must perform services of more than 50 miles from the location the Participant was customarily required to perform services immediately prior to the Change in Control that results in an increase in the Participant’s commute from his or her principal personal residence by more than twenty-five (25) miles;

(f) A material diminution in the budget over which the Participant retains authority from that in effect immediately prior to the Change in Control; or

(g) Any other action or inaction that constitutes a material breach by the Company of an agreement with the Participant related to the terms and conditions of the Participant’s employment.

In order to invoke a termination for Good Reason, the Participant shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (a) through (g) within 90 days of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Company shall have 30 days following receipt of such written notice (the "Cure Period") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, the Participant's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within 30 days from the earlier of (i) the end of the Cure Period, or (ii) the date the Company provides written notice to the Participant that it does not intend to cure such condition. The Participant's mental or physical incapacity following the occurrence of an event described above in clauses (a) through (g) shall not affect the Participant's ability to terminate employment for Good Reason and the Participant's death following delivery of a Notice of Termination for Good Reason shall not affect the Participant's estate's entitlement to the severance payments and benefits provided hereunder upon a termination of employment for Good Reason.

2.14 "Multiple" means (a) for the CEO three (3), (b) for Tier 1 Participants two (2), (c) for Tier 2 Participants one and one-half (1.5) and (d) for Tier 3 Participants, a multiple between one (1) and two (2), as determined by the Committee and set forth in the Tier 3 Participant's Participation Notice.

2.15 "Notice of Termination" means a written notice delivered to the other party that (a) indicates the specific termination provision in this Plan relied upon, (b) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Participant's employment under the provision so indicated, and (c) if the Date of Termination (as defined herein) is other than the date of receipt of such notice, specifies the Date of Termination (which Date of Termination shall be not more than 30 days after the giving of such notice; except in the case of a termination for Good Reason, notice shall not be more than 90 days before the termination date). Any termination by the Company for Cause or by the Participant for Good Reason shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 10.7 of this Plan. The failure by the Participant or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Participant or the Company, respectively, hereunder or preclude the Participant or the Company, respectively, from asserting such fact or circumstance in enforcing the Participant's or the Company's respective rights hereunder.

2.16 "Participant" means the CEO and each executive (i.e., job grades E5, E4, E3, E2 and E1) of the Company or an Affiliated Entity who is on U.S. payroll and primarily provides services in the United States.

2.17 "Plan" means this Carrier Global Corporation Change in Control Severance Plan.

2.18 "Qualified Termination" means any termination of a Participant's employment, during the two-year period beginning on and including the date of a Change in Control, by the Participant for Good Reason or by the Company other than for Cause, death or Disability.

2.19 "Target Annual Bonus" means the Participant's target annual bonus pursuant to the Company Executive Annual Bonus Plan (or other applicable annual bonus plan) in effect (or required to be in effect before any diminution that is a basis of the Participant's termination for Good Reason) immediately prior to the Change in Control, or, if higher, immediately prior to the Date of Termination.

- 2.20 “Tier 1 Participant” means each Participant who is an E5, E4 or E3 executive immediately prior to a Change in Control.
- 2.21 “Tier 2 Participant” means each Participant who is an E2 or E1 executive immediately prior to a Change in Control.
- 2.22 “Tier 3 Participant” means each other employee of the Company or an Affiliated Entity who is designated by the Committee in writing as a Participant.
- 2.23 “Separation” means the separation of the Company from United Technologies Corporation pursuant to which the Company becomes a separate publicly traded company.
- 2.24 “Subsidiaries” means any corporation, limited liability company, partnership or other organization, whether incorporated or unincorporated, of which (a) at least a majority of the outstanding shares of capital stock of, or other equity interests, having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by the Company or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries, or (b) with respect to a partnership, the Company or any other Subsidiary of the Company is a general partner of such partnership.

SECTION 3 SEPARATION BENEFITS

3.1 Qualified Termination. If a Participant experiences a Qualified Termination, the Company shall pay or provide to the Participant the following payments and benefits at the time or times set forth below, subject to Section 9:

(a) a lump sum payment in cash, subject to (other than in the case of the Accrued Obligations and Other Benefits) the Participant’s execution and nonrevocation of a General Release of Claims and Restrictive Covenant Agreement substantially in the form attached hereto as Exhibit B (the “Release and Covenant Agreement”), payable as soon as practicable following the date on which such agreement becomes effective and irrevocable and in any event no later than the seventieth (70th) day following the Date of Termination, equal to the aggregate of the following amounts:

(i) the sum of (A) the Participant’s Annual Base Salary through the Date of Termination, (B) any annual incentive payment earned by the Participant for a performance period that was completed prior to the Date of Termination, (C) any accrued and unused vacation pay or other paid time off, and (D) any business expenses incurred by the Participant that are unreimbursed as of the Date of Termination, in each case, to the extent not theretofore paid (the sum of the amounts described in clauses (A), (B), (C) and (D) shall be hereinafter referred to as the “Accrued Obligations”); *provided that*, notwithstanding the foregoing, in the case of clauses (A) and (B), if the Participant has made an irrevocable election under any deferred compensation arrangement subject to Section 409A of the Code to defer any portion of the Annual Base Salary or annual incentive payment described in clause (A) or (B) above, then for all purposes of this Section 3 (including, without limitation, Section 3.1(a)(i)), such deferral election, and the terms of the applicable arrangement, shall apply to the same portion of the amount described in such clauses (A) or (B), and such portion shall not be considered as part of the “Accrued Obligations” but shall instead be an “Other Benefit” (as defined below);

(ii) the product of (A) the Target Annual Bonus and (B) a fraction, the numerator of which is the number of days in the fiscal year in which the Date of Termination occurs from the first day of such fiscal year to and including the Date of Termination, and the denominator of which is the total number of days in such fiscal year (the "Prorated Bonus"), reduced by any annual bonus payment to which the Participant has been paid or is otherwise entitled, in each case, for the same period of service, and subject to any applicable deferral election on the same basis as set forth in the proviso to Section 3.1(a)(i); and

(iii) the amount equal to the product of (A) the Multiple and (B) the sum of (1) the Participant's Annual Base Salary and (2) the Target Annual Bonus.

The Accrued Obligations shall be paid in cash within 30 days following the Date of Termination.

(b) Healthcare Benefits. For the Benefit Continuation Period, the Company shall continue to provide to the Participant (and the Participant's dependents who were covered by healthcare benefit coverage pursuant to a plan sponsored by the Company or an Affiliated Entity as of immediately prior to the Date of Termination, if any (the "eligible dependents")), without any requirement for the Participant (or the eligible dependents) to pay a monthly premium, healthcare benefit coverage (including medical, prescription, dental, vision, basic life, and employee assistance program coverage and, for Participants who are ELG members, annual executive physicals if such physicals were offered to ELG members either immediately prior to the Change in Control, or immediately prior to the Date of Termination) at least equal to the coverage that would have been provided to the Participant (and the Participant's eligible dependents, if any) if the Participant had continued employment with the Company during the Benefit Continuation Period; *provided, however*, that if the Participant becomes reemployed with another employer and is eligible to receive any of the types of healthcare benefits under another employer-provided plan, the healthcare benefit coverage that is duplicative of the type of coverage provided hereunder shall cease. The Participant shall promptly notify the Company that the Participant has become eligible to receive healthcare benefits under another employer-provided plan. The period for providing continuation coverage under the group health plans of the Company and the Affiliated Entities as described in Section 4980B of the Code (i.e., "COBRA" continuation benefits), if applicable, shall commence upon the expiration of the Benefits Continuation Period (or, if earlier, upon the cessation of the healthcare benefits coverage provided hereunder). For purposes of determining eligibility (but not the time of commencement of benefits) of the Participant for retiree benefits pursuant to any applicable plans, practices, programs and policies, the Participant shall be considered to have remained employed during the Benefit Continuation Period and to have retired on the last day of such period.

(c) Outplacement Services. The Company shall, at its sole expense as incurred, provide the Participant with outplacement services for a period of twelve (12) months following the Date of Termination, the scope and provider of which shall be selected by the Participant in the Participant's sole discretion, *provided* that the aggregate cost of such services shall not exceed 15% of the Participant's Annual Base Salary.

(d) Financial Planning Services. The Company shall, at its expense as incurred, provide the Participant with continuation of financial planning services for a period of twelve (12) months following the Date of Termination, if the Participant was eligible for this benefit immediately prior the Change in Control or the Date of Termination, the scope and provider of which shall be determined by the Participant in the Participant's discretion, *provided* that the aggregate cost of such services shall not exceed the maximum cost of such services available to the Participant as of immediately prior to the Change in Control (or if greater, at any time thereafter).

(e) Other Benefits. To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Participant any other amounts or benefits required to be paid or provided or which the Participant is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and the Affiliated Entities, including amounts credited to the Participant's account under the Company Deferred Compensation Plan, as amended, or any successor plan (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

3.2 Death; Disability. If the Participant's employment is terminated by reason of the Participant's death or Disability during the two-year period beginning on the date of a Change in Control, the Company shall provide the Participant's estate or beneficiaries with the Accrued Obligations, a pro-rated Target Annual Bonus for the year of termination and the timely payment or delivery of the Other Benefits in accordance with the terms of the underlying plans or agreements, and shall have no other severance obligations under this Plan. The Accrued Obligations and the Prorated Target Bonus shall be paid to the Participant, or the Participant's estate or beneficiary, as applicable, in a lump sum in cash within 30 days after the Date of Termination, subject to any applicable deferral election as contemplated by Sections 3.1(a)(i) and (ii). With respect to the provision of the Other Benefits, the term "Other Benefits" as used in this Section 4.2 shall include, without limitation, and the Participant, or the Participant's estate and/or beneficiary, shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and the Affiliated Entities to similarly situated executives, or the estates and/or beneficiaries of similarly situated executives, of the Company and the Affiliated Entities under such plans, programs, practices and policies relating to disability or death benefits, as applicable, as in effect with respect to other similarly situated executives, or their estates and/or beneficiaries at any time during the 120-day period immediately preceding the Change in Control or, if more favorable to the Participant, or the Participant's estate and/or beneficiary, as in effect on the Disability Effective Date or the date of the Participant's death with respect to other similarly situated executives of the Company and the Affiliated Entities and/or their estate or beneficiaries.

SECTION 4
GOLDEN PARACHUTE EXCISE TAX

4.1 Anything in this Plan to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject the Participant to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Plan (the "Plan Payments") so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Plan Payments shall be so reduced only if the Accounting Firm determines that the Participant would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Plan Payments were so reduced. If the Accounting Firm determines that the Participant would not have a greater Net After-Tax Receipt of aggregate Payments if the Plan Payments were so reduced, the Participant shall receive all Plan Payments to which the Participant is entitled hereunder.

4.2 If the Accounting Firm determines that aggregate Plan Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give the Participant notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 4 shall be binding upon the Company and the Participant and shall be made as soon as reasonably practicable and in no event later than 15 days following the Date of Termination. For purposes of reducing the Plan Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under this Plan (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the Plan Payments and benefits that have a Parachute Value in the following order: Section 3.1(c), Section 3.1(d), Section 3.1(e), Section 3.1(b), Section 3.1(a)(ii), and Section 3.1(a)(iii), in each case, beginning with payments or benefits that do not constitute non-qualified deferred compensation and reducing payments or benefits in reverse chronological order beginning with those that are to be paid or provided the farthest in time from the Date of Termination, based on the Accounting Firm's determination. All reasonable fees and expenses of the Accounting Firm shall be borne solely by the Company.

4.3 To the extent requested by the Participant, the Company shall cooperate with the Participant in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by the Participant (including, without limitation, the Participant's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

4.4 The following terms shall have the following meanings for purposes of this Section 5:

(a) "Accounting Firm" shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder, which firm shall not, without the Participant's consent, be a firm serving as accountant or auditor for the individual, entity or group effecting the Change in Control.

(b) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Participant's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Participant in the relevant tax year(s).

(c) "Parachute Value" of a Payment shall mean the present value as of the date of the Change in Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

(d) "Payment" shall mean any payment, benefit or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid, payable or provided pursuant to this Plan or otherwise.

(e) "Safe Harbor Amount" shall mean the maximum Parachute Value of all Payments that the Participant can receive without any Payments being subject to the Excise Tax.

4.5 The provisions of this Section 4 shall survive the expiration of this Plan.

SECTION 5 NONDUPLICATION; LEGAL FEES; NON-EXCLUSIVITY OF RIGHTS

5.1 Nonduplication. The amount of the payment under Section 3.1(a)(iii) of this Plan will be offset and reduced by the full amount and/or value of any severance benefits, compensation and benefits provided during any notice period, pay in lieu of notice, mandated termination indemnities, or similar benefits that the Participant may separately be entitled to receive from the Company or any Affiliated Entity based on any employment agreement or other contractual obligation (whether individual or union/works council) or statutory scheme. If a Participant's employment is terminated because of a plant shut-down or mass layoff or other event to which the Worker Adjustment and Retraining Notification Act of 1988 or similar state law (collectively, "WARN") applies, then the amount of the severance payment under Section 3.1(a)(iii) of this Plan to which the Participant is entitled shall be reduced, dollar for dollar, by the amount of any pay provided to the Participant in lieu of the notice required by WARN, and the Benefits Continuation Period shall be reduced for any period of benefits continuation or pay in lieu thereof provided to Participant due to the application of WARN.

5.2 Legal Fees. The Company agrees to pay as incurred (within ten business days following the Company's receipt of an invoice from the Participant), to the full extent permitted by law, all legal fees and expenses that the Participant may reasonably incur as a result of any contest by the Company, the Participant or others of the validity or enforceability of, or liability under, any provision of this Plan or any guarantee of performance thereof (including as a result of any contest (regardless of the outcome) by the Participant about the amount of any payment pursuant to this Plan) (each, a "Contest"), plus, in each case, interest on any delayed payment to which the Participant is ultimately determined to be entitled at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code ("Interest") based on the rate in effect for the month in which such legal fees and expenses were incurred.

5.3 Non-exclusivity of Rights. Nothing in this Plan shall prevent or limit a Participant's continuing or future participation in any plan, program, policy or practice provided by the Company or the Affiliated Entities and for which the Participant may qualify, nor shall anything herein limit or otherwise affect such rights as a Participant may have under any other contract or agreement with the Company or any of the Affiliated Entities, including without limitation the Company's 2020 Long-Term Incentive Plan (or any successor plan) and any applicable schedule of terms or award agreement thereunder. Amounts that are vested benefits or that a Participant and/or a Participant's dependents are otherwise entitled to receive under any plan, policy, practice, program, agreement or arrangement of the Company or any of the Affiliated Entities shall be payable in accordance with such plan, policy, practice, program, agreement or arrangement. Without limiting the generality of the foregoing, the Participant's resignation under this Plan, with or without Good Reason, shall in no way affect the Participant's ability to terminate employment by reason of the Participant's "retirement" under, or to be eligible to receive benefits under, any compensation and benefits plans, programs or arrangements of the Company or the Affiliated Entities, including without limitation any retirement or pension plans or arrangements or substitute plans adopted by the Company, the Affiliated Entities or their respective successors, and any termination which otherwise qualifies as Good Reason shall be treated as such even if it is also a "retirement" for purposes of any such plan.

SECTION 6 AMENDMENT AND TERMINATION

The Plan may be terminated or amended in any respect by resolution adopted by the Committee; *provided* that, in connection with or in anticipation of a Change in Control, this Plan may not be terminated or amended in any manner that would adversely affect the rights or potential rights of Participants; *provided, further*, that following a Change in Control, this Plan shall continue in full force and effect and shall not terminate, expire or be amended until after all Participants who become entitled to any payments or benefits hereunder shall have received such payments and benefits in full pursuant to Section 3.

SECTION 7 PLAN ADMINISTRATION

7.1 General. The Committee is responsible for the general administration and management of this Plan (the committee acting in such capacity, the "Plan Administrator") and shall have all powers and duties necessary to fulfill its responsibilities, including, but not limited to, the discretion to interpret and apply the provisions of this Plan and to determine all questions relating to eligibility for benefits under this Plan, to interpret or construe ambiguous, unclear, or implied (but omitted) terms in any fashion it deems to be appropriate, and to make any findings of fact needed in the administration of this Plan. Following a Change in Control, the validity of any such interpretation, construction, decision, or finding of fact shall be given *de novo* review if challenged in court, by arbitration, or in any other forum, and such *de novo* standard shall apply notwithstanding the grant of full discretion hereunder to the Plan Administrator or characterization of any such decision by the Plan Administrator as final or binding on any party.

7.2 Not Subject to ERISA. This Plan does not require an ongoing administrative scheme and, therefore, is intended to be a payroll practice which is not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). However, if it is determined that this Plan is subject to ERISA, (i) it shall be considered to be an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees (a "top-hat plan"), and (ii) it shall be administered in a manner which complies with the provisions of ERISA that are applicable to top-hat plans.

7.3 Indemnification. To the extent permitted by law, the Company shall indemnify the Plan Administrator, whether the Committee or the Independent Committee, from all claims for liability, loss, or damage (including the payment of expenses in connection with defense against such claims) arising from any act or failure to act in connection with this Plan.

SECTION 8 SUCCESSORS; ASSIGNMENT

8.1 Successors. The Company shall require any corporation, entity, individual or other person who is the successor (whether direct or indirect by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all the business and/or assets of the Company to expressly assume and agree to perform, by a written agreement in form and in substance satisfactory to the Company, all of the obligations of the Company under this Plan. As used in this Plan, the term "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Plan by operation of law, written agreement or otherwise.

8.2 Assignment of Rights. It is a condition of this Plan, and all rights of each person eligible to receive benefits under this Plan shall be subject hereto, that no right or interest of any such person in this Plan shall be assignable or transferable in whole or in part, except by will or the laws of descent and distribution or other operation of law, including, but not by way of limitation, lawful execution, levy, garnishment, attachment, pledge, bankruptcy, alimony, child support or qualified domestic relations order.

SECTION 9 SECTION 409A OF THE CODE

9.1 General. The obligations under this Plan are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception to the maximum extent possible. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the exclusion under Section 409A of the Code for short-term deferral amounts, the separation pay exception or any other exception or exclusion under Section 409A of the Code. All payments to be made upon a termination of employment under this Plan may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on a Participant pursuant to Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan.

9.2 Reimbursements and In-Kind Benefits. Notwithstanding anything to the contrary in this Plan, all reimbursements and in-kind benefits provided under this Plan that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including without limitation, where applicable, the requirement that (i) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the Participant's remaining lifetime (or if longer, through the 20th anniversary of the Effective Date; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (iii) the reimbursement of an eligible fees and expenses shall be made no later than the last day of the calendar year following the year in which the applicable fees and expenses were incurred; *provided* that the Participant shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

9.3 Delay of Payments. Notwithstanding any other provision of this Plan to the contrary, if a Participant is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the Date of Termination), any payment or benefit that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to be paid to such Participant under this Agreement during the six-month period immediately following such Participant's separation from service (as determined in accordance with Section 409A of the Code) on account of such Participant's separation from service shall be accumulated and paid to such Participant with Interest (based on the rate in effect for the month in which the Participant's separation from service occurs) on the first business day of the seventh month following the Participant's separation from service (the "Delayed Payment Date"), to the extent necessary to avoid penalty taxes or accelerated taxation pursuant to Section 409A of the Code. If such Participant dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of his or her estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of such Participant's death.

SECTION 10 MISCELLANEOUS

10.1 Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without giving effect to any choice of law or conflicting provision or rule (whether of the State of Florida or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Florida to be applied. In furtherance of the foregoing, the internal laws of the State of Florida will control the interpretation and construction of this Agreement, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

10.2 Withholding. The Company may withhold from any amount payable or benefit provided under this Plan such federal, state, local, foreign and other taxes as are required to be withheld pursuant to any applicable law or regulation.

10.3 Gender and Plurals. Wherever used in this Plan document, words in the masculine gender shall include masculine or feminine gender, and, unless the context otherwise requires, words in the singular shall include the plural, and words in the plural shall include the singular.

10.4 Plan Controls. In the event of any inconsistency between this Plan document and any other communication regarding this Plan, this Plan document controls. The captions in this Plan are not part of the provisions hereof and shall have no force or effect.

10.5 Not an Employment Contract. Neither this Plan nor any action taken with respect to it shall confer upon any person the right to continued employment with the Company.

10.6 Notices.

(a) Any notice required to be delivered to the Company by a Participant hereunder shall be properly delivered to the Company when personally delivered to, or actually received through the U.S. mail by:

Carrier Global Corporation
13995 Pasteur Blvd
Palm Beach Gardens, Florida 33418
Attention: General Counsel

(b) Any notice required to be delivered to the Participant by the Company hereunder shall be properly delivered to the Participant when the Company delivers such notice personally or by placing said notice in the U.S. mail registered or certified mail, return receipt requested, postage prepaid to that person's last known address as reflected on the books and records of the Company.

10.7 Severability. If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of this Plan, and this Plan shall be construed and enforced as if such provision had not been included in this Plan.

Exhibit A

Carrier Global Corporation

Designation of Change in Control Severance Plan Participation

The Participant identified below has been selected to participate in the Carrier Global Corporation Change in Control Severance Plan (the "Plan"), at the Tier level noted below]. A copy of the Plan is attached. By signing this designation, which is a condition to the Participant's participation in the Plan, the Participant acknowledges and agrees that (a) the Participant's entitlement to benefits under the Plan is subject to the terms and conditions of the Plan as in effect from time to time and (b) the Participant's rights under the Plan are the sole and exclusive rights of the Participant with respect to separation pay in connection with, or following, a Change in Control (as defined in the Plan) and supersede and replace any rights of the Participant under any prior arrangement relating to separation pay in connection with, or following, a change in control of the Company.

Carrier Global Corporation

By: _____

Title: _____

Date: _____

Name of Participant

[Tier: _____]

Acknowledged and agreed this ____ day of _____, 20__

[Insert Name of Participant]

Exhibit B

GENERAL RELEASE OF CLAIMS AND RESTRICTIVE COVENANT AGREEMENT

THIS GENERAL RELEASE OF CLAIMS AND RESTRICTIVE COVENANT AGREEMENT (this "Agreement") is entered into between [] ("Employee") and Carrier Global Corporation (the "Company") as of [DATE]. Capitalized terms used and not defined herein shall have the meanings provided in the Carrier Global Corporation Change in Control Severance Plan (the "Plan"). Capitalized terms used in this Agreement that are not otherwise defined shall have the meanings set forth in the Plan. The entering into and non-revocation of this Agreement is a condition to Employee's right to receive the severance payments and benefits under Section 3.1 of the Plan (other than the Accrued Obligations and Other Benefits).

Accordingly, Employee and the Company agree as follows:

1. Release of Claims.

(a) *Employee Release of Claims.* Employee, for himself, his heirs, administrators, representatives, executors, successors and assigns (collectively, "Releasers"), hereby irrevocably and unconditionally releases, acquits and forever discharges and agrees not to sue the Company or any of its Affiliated Entities and their respective current and former directors, officers, shareholders, trustees, employees, consultants, independent contractors, successors and assigns and all persons acting by, through or under or in concert with any of them (collectively, "Releasees"), from all actions, damages, losses, costs and claims of any and every kind and nature whatsoever, at law or in equity, whether absolute or contingent, up to and including the date of this Agreement, arising from or relating to Employee's employment with, or termination of employment from, the Company and its Affiliated Entities, and from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected and any claims of wrongful discharge, breach of contract, implied contract, promissory estoppel, defamation, slander, libel, tortious conduct, employment discrimination or claims under any federal, state or local employment statute, law, order or ordinance, including any rights or claims arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") Title VII of the Civil Rights Act of 1964, as amended; the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990, as amended; the Employee Retirement Income Security Act of 1974, as amended and any other federal, state or local laws or regulations prohibiting employment discrimination. This Agreement specifically excludes (i) Employee's right to receive the amounts and benefits under the Plan and to enforce the terms of this Agreement, (ii) Employee's rights to vested amounts and benefits under any employee benefit plan of the Company or its Affiliated Entities, (iii) any claims arising after the date hereof, and (iv) any claim or right Employee may have to indemnification or coverage under the Company's or any of its Affiliated Entities' respective bylaws or directors' and officers' insurance policies or any agreement to which Employee is a party or a third-party beneficiary. To the maximum extent permitted by law, Employee agrees that he has not filed, nor will he ever file, a lawsuit asserting any claims which are released by this Agreement, or to accept any benefit from any lawsuit which might be filed by another person or governmental entity based in whole or in part on any event, act, or omission which is the subject of the release contained in this Agreement.

(b) *EEOC*. The parties agree that this Agreement shall not affect the rights and responsibilities of the U.S. Equal Employment Opportunity Commission (hereinafter "EEOC") to enforce ADEA and other laws. Employee agrees, however, to waive the right to recover monetary damages in any charge, complaint or lawsuit filed by him or on his behalf with respect to any claims released in this Agreement.

(c) *Section 1542 of the California Civil Code*. The parties hereto expressly acknowledge and agree that all rights under Section 1542 of the California Civil Code are expressly waived. That section provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

2. **Restrictive Covenants.**

(a) *Confidential Information*. Employee shall hold in a fiduciary capacity for the benefit of the Company and its Affiliated Entities all secret or confidential information, knowledge, or data relating to the Company and its Affiliated Entities and businesses, which information, knowledge or data shall have been obtained by Employee during Employee's employment by the Company or its Affiliated Entities and which information, knowledge or data shall not be or become public knowledge (other than by acts by Employee or representatives of Employee in violation of this Agreement, collectively, "Confidential Information"), and Employee agrees not to provide such Confidential Information, directly or indirectly, to any third party; provided that any information that: (i) is lawfully received by Employee from any third party without restriction on disclosure or use; or (ii) is required to be disclosed by law; or (iii) is clearly immaterial in amount or significance, shall not be deemed to be Confidential Information for purposes of this Section 2(a). After the Date of Termination, Employee shall not, without the prior written consent of the Company or as may otherwise be required by law, use, communicate or divulge any such Confidential Information. Notwithstanding any other provisions of this Section 2(a), pursuant to 18 USC Section 1833(b), Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of any Confidential Information that is a trade secret that is made: (A) confidentially to a federal, state or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (B) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose such trade secret to Employee's attorney and use the trade secret information in related court proceedings, *provided* that Employee files any document containing the trade secret information under seal and does not disclose the trade secret, except pursuant to court order. Notwithstanding any provision of this Agreement to the contrary, the provisions of this Agreement are not intended to, and shall be interpreted in a manner that does not, limit or restrict Employee from exercising any legally protected whistleblower rights (including pursuant to Rule 21F under the Securities Exchange Act of 1934).

(b) To further ensure the protection of the Company's confidential information, Employee agrees that for a period of one (1) year after Employee's Date of Termination, Employee will not accept employment with or provide services in any form to (including serving as a director, partner or founder, or entering into a consulting relationship or similar arrangements) a business that (i) competes, directly or indirectly, with any of the Company's principal business units as of the Date of Termination; or (ii) is a material customer of or a material supplier to any of the Company's businesses as of the Date of Termination (a "Competitive Business"); *provided* that, it shall not be considered a breach of this Agreement for Employee to be a passive owner of not more than 5% of the outstanding stock or other securities or interests of a corporation or other entity that is a Competitive Business, so long as Employee has no direct or indirect active participation in the business or management of such corporation or entity.

(c) *Employee and Customer Nonsolicitation.* Employee agrees that for a period of two (2) years after Employee's Date of Termination, Employee shall not, directly or indirectly: (i) solicit any individual who is, at the time of such solicitation (or was during the three (3)-month period prior to the date of such solicitation), employed by the Company or one of its Affiliated Entities with whom Employee had direct contact (other than incidental) during the two (2)-year period prior to the Date of Termination to terminate or refrain from rendering services to the Company or its Affiliated Entities for the purpose of becoming employed by, or becoming a consultant to, any individual or entity other than the Company or its Affiliated Entities, or (ii) induce or attempt to induce any current customer, investor, supplier, licensee or other business relation of the Company or any of its Affiliated Entities with whom or which Employee had direct contact (other than incidental) during the two (2)-year period prior to the Date of Termination ("Customer") to cease doing business with the Company or its Affiliated Entities, or in any way interfere with the relationship between any such Customer, on the one hand, and the Company or any of its Affiliated Entities, on the other hand.

(d) *Non-disparagement.* Employee agrees not to disparage or defame, through any public medium (including social media) the business reputation, technology, products, practices or conduct of the Company or its Affiliated Entities or any member of the board of directors or any executive officer of the Company in their capacity as such. Nothing in this Agreement or elsewhere shall prevent Employee from making statements in confidence to an immediate family member or to an attorney for the purpose of seeking legal advice, or from making truthful statements when required by law, subpoena or the like, or in arbitration or other proceeding permitted under this Agreement and/or the Plan, as applicable.

(e) *Employee Acknowledgment.* Employee acknowledges that Employee's agreeing to comply with the covenants in this Section 2 is in consideration for the payments and benefits to be received by Employee under Section 3.1 of the Plan. Employee understands that the covenants in this Section 2 may limit Employee's ability to work in a business similar to the business of the Company and its Affiliated Entities; *provided, however,* Employee agrees that, in light of Employee's education, skills, abilities and financial resources, Employee shall not assert, and it shall not be relevant nor admissible as evidence in any dispute arising in respect of the covenants in this Section 2, that any provisions of such covenants prevent Employee from earning a living. Employee acknowledges that any intellectual property agreement between Employee and the Company will continue in full force and effect following the Date of Termination.

(f) *Remedies.* Employee acknowledges that the Company and its Affiliated Entities would be irreparably injured by a violation of Section 2(a), (b), (c) or (d), and Employee agrees that the Company and such Affiliated Entities, in addition to any other remedies available, shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining Employee from any actual or threatened material breach of any of Sections 2(a), (b), (c) or (d). In no event shall an asserted violation of the provisions of this Section 2 constitute a basis for deferring or withholding any amounts otherwise payable to Employee under this Agreement.

(g) *Severability; Blue Pencil.* Employee acknowledges and agrees that Employee has had the opportunity to seek advice of counsel in connection with this Agreement and the restrictive covenants contained herein are reasonable in geographic scope, temporal duration, and in all other respects. If it is determined that any provision of this Section 2 is invalid or unenforceable, the remainder of the provisions of this Section 2 shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court or other decision-maker of competent jurisdiction determines that any of the covenants in this Section 2 is unenforceable because of the duration or geographic scope of such provision, then, after such determination becomes final and unappealable, the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable, and that, in its reduced form, such provision shall be enforced.

3. **Timing for Consideration.**

Employee acknowledges that the Company has specifically advised Employee of the right to seek the advice of an attorney concerning the terms and conditions of this Agreement. Employee further acknowledges that Employee has been furnished with a copy of this Agreement, and has been afforded forty-five (45) calendar days in which to consider the terms and conditions of this Agreement. By executing this Agreement, Employee affirmatively states that Employee has had sufficient and reasonable time to review this Agreement and to consult with an attorney concerning Employee's legal rights prior to the final execution of this Agreement. Employee further agrees that Employee has carefully read this Agreement and fully understands its terms. Employee acknowledges that Employee has entered into this Agreement, knowingly, freely and voluntarily. Employee understands that Employee may revoke this Agreement within seven (7) calendar days after signing this Agreement. Revocation of this Agreement must be made in writing and must be received by the General Counsel of the Company, at the address above, within the time period set forth above.

4. **Effectiveness of Agreement.**

This Agreement shall become effective and enforceable on the eighth (8) day following Employee's delivery of a copy of this executed Agreement to the Company, provided Employee does not timely exercise Employee's right of revocation as described in Section 3 above. If Employee fails to timely sign and deliver this Agreement or timely revokes this Agreement, this Agreement will be without force or effect, and Employee shall not be entitled to the payments or benefits described in Section 3.1 of the Plan (other than the Accrued Obligations and Other Benefits).

5. **Miscellaneous.**

(a) *Governing Law.* This Agreement will be governed by and construed in accordance with the laws of the State of Florida, without giving effect to any choice of law or conflicting provision or rule (whether of the State of Florida or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Florida to be applied. In furtherance of the foregoing, the internal laws of the State of Florida will control the interpretation and construction of this Agreement, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

(b) *Severability.* The provisions of this Agreement and obligations of the parties are severable, and if any part or portion of it is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable.

(c) *Entire Agreement; Amendment.* This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement. No amendment to this Agreement shall be binding upon either party unless in writing and signed by or on behalf of such party.

(d) *Dispute Resolution.* Except with respect to claims for breach of the obligations under Section 2 of this Agreement, for which the Company may seek enforcement in any court having competent jurisdiction at its election, any dispute arising between the Company and Employee with respect to the validity, performance or interpretation of this Agreement shall be submitted to and determined in binding arbitration in the State of Florida, for resolution in accordance with the rules of the American Arbitration Association, modified to provide that the decision of the arbitrator shall be binding on the parties; shall be furnished in writing, separately and specifically stating the findings of fact and conclusions of law on which the decision is based; shall be kept confidential by the arbitrator and the parties; and shall be rendered within sixty (60) days following the arbitrator being impaneled. Costs and expenses of the arbitration shall be borne by the Company regardless of the outcome. The arbitrator shall be selected in accordance with the rules of the American Arbitration Association.

(e) *Assignment.* Without the prior written consent of Employee, this Agreement shall not be assignable by the Company. This Agreement shall inure to the benefit of and be enforceable by Employee's heirs and legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(f) *Successors.* The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as herein defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law or otherwise.

ACKNOWLEDGED AND AGREED BY:

Date: _____

CARRIER GLOBAL CORPORATION

Name:

Title:

**FORM OF CARRIER GLOBAL CORPORATION
EXECUTIVE ANNUAL BONUS PLAN**

1. Purpose

The purpose of the Carrier Global Corporation Executive Annual Bonus Plan (the "Plan") is to reinforce corporate, organizational and other goals; to promote the achievement of those goals; to ensure a strong linkage of pay to performance; and to attract, retain and motivate eligible employees. This Plan shall be effective as of the date the Company becomes a separate publicly traded company following its spin-off from United Technologies Corporation (the "Effective Date").

2. Definitions

For the purposes of the Plan, the following terms shall have the following meanings:

"**Affiliated Entity**" means any entity controlled by, controlling or under common control with the Company.

"**Award**" means a cash award based on the achievement of performance goals for a Performance Period.

"**Board**" means the Board of Directors of the Company.

"**Change in Control**" has the meaning set forth in the Company's 2020 Long-Term Incentives Plan (or any successor plan thereto). For the avoidance of doubt, the Separation shall not constitute a Change in Control.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and all regulations, interpretations, and administrative guidance issued thereunder.

"**Committee**" means the Compensation Committee of the Board, or such other committee as the Board may from time to time designate, which committee shall be comprised of not less than two directors, and shall be appointed by and serve at the pleasure of the Board.

"**Common Stock**" means the common stock of the Company.

"**Company**" means Carrier Global Corporation, a Delaware corporation, or its successor.

"**Effective Date**" has the meaning set forth in Section 1.

"**ELG Member**" means a person who is a member of the Company's Executive Leadership Group.

"**Eligible Employee**" means any employee who has been designated by the Company or an Affiliated Entity as an executive (e.g., employee grades E5 (including ELG Members), E4, E3, E2 and E1) and who is on the active salaried payroll of the Company or an Affiliated Entity at any time during the Performance Period to which an Award relates.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

“**Executive Officer**” means an officer of the Company who is subject to Section 16 of the Exchange Act.

“**Performance Period**” means the Company’s fiscal year, or such other period designated by the Committee.

“**Plan**” has the meaning set forth in Section 1.

“**Section 409A**” means Section 409A of the Code.

“**Separation**” means the separation of the Company from United Technologies Corporation pursuant to which the Company becomes a separate publicly traded company.

“**Stub Period**” means the portion of the Performance Period that ends on the date of the Change in Control.

3. Administration

The Plan shall be administered by the Committee. The Committee shall have the authority in its sole and absolute discretion, subject to, and not inconsistent with, the express provisions of the Plan and applicable law, to administer the Plan (including all related Plan documents) and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, to determine who should be granted Awards and the amount of the Awards; to determine the time or times at which Awards shall be granted; to determine the terms, conditions, restrictions and performance criteria, including performance goals, relating to any Award; to determine whether, to what extent, and under what circumstances an Award may be settled, cancelled, forfeited, or surrendered; to increase or decrease the value of an Award to differentiate the performance of individual Eligible Employees and/or business or functional units of the Company; to make adjustments in performance goals or results in recognition of unusual, unexpected, or non-recurring events, including mergers, acquisitions and dispositions, or in response to changes in applicable laws, regulations, or accounting principles, or for any other reason; to construe and interpret the Plan and any Plan document; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of any Award documents; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Committee may delegate to one or more officers of the Company such duties under the Plan as it may deem advisable, and for all purposes of the Plan, such officer(s) shall be treated as the Committee; provided, however, that the Committee shall administer the Plan for Executive Officers and ELG Members. No officer may designate himself or herself as an Award recipient under any authority delegated to the officer. All decisions, determinations and interpretations of the Committee shall be final and binding on all persons, including the Company, Affiliated Entities, Eligible Employees (or any person claiming any rights under the Plan from or through any Eligible Employee) and any shareholder.

No member of the Board or the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

4. Eligibility

Only Eligible Employees may be granted Awards under the Plan.

5. Performance Goals

Performance goals may consist of financial, operational and strategic performance measures for the Company, an Affiliated Entity and/or any business or functional unit thereof; individual performance goals for Eligible Employees; and/or such other goals as may be determined by the Committee. Performance goals shall be set prior to, or reasonably promptly following, the start of the Performance Period.

6. Amounts Available for Awards

The maximum amount payable in respect an Award under the Plan to any Eligible Employee shall not exceed 200% of his or her annual target bonus amount; provided, however, that such maximum shall be adjusted upwards or downwards on a pro rata basis to reflect a Performance Period longer or shorter than one year. The annual target bonus amount shall be expressed as a percentage of the Eligible Employee's annual salary in effect on December 1st of the Performance Period (or, for purposes of Section 9, the first day of the month immediately preceding the month in which a Change in Control occurs), unless otherwise specified in the Award.

7. Determination and Payment of Awards

Payments, if any, due in respect of Awards shall be paid in a lump sum in cash or, at the discretion of the Committee, in lieu of such cash payments, in the form of restricted stock or restricted stock units (collectively "Stock Awards") awarded under the Company's long-term incentive plan, or in any combination of cash or Stock Awards. Cash payments made in respect of Awards will be paid as soon as administratively practicable following the end of the applicable Performance Period and the Committee's determination of the achievement of the underlying performance goals, and, for Eligible Employees on a United States-based payroll or otherwise subject to taxation in the United States, no later than the 15th day of the third month following the end of the Performance Period. In order to be eligible to receive an Award, an Eligible Employee must be employed on the last day of the Performance Period, subject to Section 9 hereof and any rules established under the Plan from time to time. The Committee may, in its sole discretion, permit Eligible Employees to defer the payment of Awards in accordance with and subject to the terms of one or more deferred compensation plans sponsored by the Company or an Affiliated Entity. The Committee's decisions regarding the amount of each Award shall be final, binding and conclusive for all purposes and need not be consistent among Eligible Employees.

8. Clawback

Subject to applicable law, any Eligible Employee or former Eligible Employee shall be obligated to repay to the Company, within 30 days following the Company's demand for payment, all or a portion of the amount paid for an Award for a Performance Period in which: (i) there was a recalculation of a performance goal; (ii) the corrected performance goal would have (or likely would have) resulted in a smaller payment for the Award, and (iii) the inaccuracies were attributable, in whole or in part, to the Eligible Employee's negligence or intentional misconduct. The Committee will determine the amount to be repaid in its sole discretion, which, at a minimum, will equal the difference between the amount paid for the Award and the amount that would have been paid had the corrected performance goal been used to calculate the Award. In addition, the Committee reserves the right to require repayment of all or any portion of an Award from Eligible Employees and former Eligible Employees without regard to clause (iii) above as appropriate.

9. Change in Control

Notwithstanding anything to the contrary in the Plan, upon a Change in Control this Plan shall terminate and each Eligible Employee shall be entitled to a lump sum cash payment for the Stub Period. The payment calculated prior to any pro ration to account for the Stub Period shall be the greater of (i) the Eligible Employee's target bonus amount for the Performance Period or (ii) such amount determined by the Committee based upon actual performance over the portion of the Performance Period completed as the most practicable date prior to the Change in Control and projecting such performance to the end of the Performance Period. The proration will be determined by dividing the number of days completed in the Stub Period immediately prior to the date of the Change in Control by the total number of days in the Performance Period. Payments due as a result of the termination of the Plan upon a Change in Control shall be made within 30 days following the date of the Change in Control and shall be made to all Eligible Employees who were employed by the Company or an Affiliated Entity immediately prior to the date of the Change in Control regardless of whether they are still employed on the payment date.

10. Amendment and Termination of the Plan

The Board or the Committee shall have the right at any time to amend, suspend, discontinue or terminate the Plan; provided, however, that no amendment of the Plan shall operate to annul or diminish, without the consent of the Eligible Employee, an Award already made hereunder, and no amendment adopted in connection with or in anticipation of a Change in Control shall adversely affect an Eligible Employee's entitlement to an Award for the Stub Period after a Change in Control.

11. Personal Data

In connection with managing and administering the Plan, the Company processes certain personal information about Eligible Employees including, but not limited to, name, home address, telephone number, date of birth, social insurance number, salary, nationality, job title, shares or directorships held in the Company, and details of all Awards paid or pending payment. Some of this information is collected by the Eligible Employee's local employer and is transferred to the Company, as needed, for the purposes of implementation, administration, and management of the Plan. This information may also be shared with third parties providing services to the Company in connection with the Plan, and the Company takes all necessary steps, in accordance with applicable data protection laws, to ensure that such personal information is adequately protected. The Company is headquartered in the United States, and some of its subsidiaries and affiliates are located outside of the United States. The Company will have in place standard contractual clauses approved by the European Commission to allow for transfer of personal data outside the European Union or European Economic Area. Likewise, the Company will take all necessary measures, in accordance with applicable data protection laws, to protect personal information relating to Eligible Employees located in countries with data privacy laws that is transferred to other countries. Applicable data privacy laws may provide Eligible Employees the right to review and, if factually inaccurate, correct any personal information relating to them.

12. Miscellaneous

- 12.1 Section 409A.** Each Award is intended to be excluded from coverage under Section 409A as a short-term deferral unless, and only to the extent that, a deferral election for such Award is made pursuant to a deferred compensation plan sponsored by the Company or an Affiliated Entity. If an Award does not qualify as a short-term deferral or for another exemption under Section 409A, it is intended that such Award will be paid in a manner that satisfies the requirements of Section 409A, and in the event any Award is payable to a "specified employee" (as determined in accordance with the methodology established by the Company in accordance with Section 409A) that would be payable during the six-month period following the specified employee's "separation from service" (as determined in accordance with the methodology established by the Company in accordance with Section 409A) shall instead be paid on the first business day of the 7th month following the separation from service to the extent necessary to avoid the imposition of any additional taxes or penalties under Section 409A.
- 12.2 Additional Compensation Arrangement.** Nothing contained in this Plan shall prevent or limit the Company or any Affiliated Entity from adopting other or additional compensation arrangements for any employee.
- 12.3 No Contract of Employment.** This Plan shall not constitute a contract of employment, and adoption of this Plan or the payment of Awards shall not confer upon any employee any right to continued employment or payment for future Awards, nor shall it interfere in any way with the right of the Company or any Affiliated Entity to terminate the employment of any employee at any time. Participation in the Plan is voluntary and at the complete discretion of the Company. This Plan shall not be deemed to constitute part of an Eligible Employee's terms and conditions of employment.
- 12.4 Plan Expenses.** All expenses and costs in connection with the operation of the Plan shall be borne by the Company or an Affiliated Entity and no part thereof shall be charged against Awards or to Eligible Employees.
- 12.5 Withholding.** The Company or an Affiliated Entity shall have the right to deduct from Awards any applicable taxes, and any other deductions, required to be withheld with respect to such payments. In addition, the Company or an Affiliated Entity also may withhold such amounts from other amounts payable by the Company or an Affiliated Entity, subject to applicable law.
- 12.6 No Limitation on Corporate Actions.** Nothing contained in the Plan shall be construed to prevent the Company or an Affiliated Entity from taking or not taking any corporate action, whether or not such action could have an adverse effect on any Awards made under the Plan. No Eligible Employee, beneficiary or other person shall have any claim as a result of any such action.

- 12.7 Unfunded Plan.** The Plan is intended to constitute an unfunded plan for incentive compensation. Prior to the payment of any Award, nothing contained herein shall give any rights that are greater than those of a general creditor of the Company or an Affiliated Entity.
- 12.8 Severability.** If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any of the other provisions of the Plan, and this Plan shall be construed and enforced as if such provision had not been included in the Plan.
- 12.9 Governing Law.** The Plan and all actions taken thereunder shall be governed by and interpreted in accordance with and governed by the laws of the State of Delaware.
- 12.10 Nontransferability.** A person's rights and interests under the Plan, including any Award previously made to such person or any amounts payable under the Plan, may not be sold, assigned, pledged, transferred or otherwise alienated or hypothecated except, in the event of death, to a designated beneficiary as may be provided in the Plan, or in the absence of such designation, by will or the laws of descent and distribution.
- 12.11 Beneficiaries.** To the extent the Committee permits beneficiary designations, any payment of Awards under the Plan to a deceased Eligible Employee shall be paid to the beneficiary duly designated by the Eligible Employee in accordance with the Company's or an Affiliated Entity's practices. If no such beneficiary has been designated or survives the Eligible Employee, payment shall be made to the Eligible Employee's estate. A beneficiary designation, if such are permitted, may be changed or revoked by an Eligible Employee at any time, provided the change or revocation is filed with the Committee prior to the Eligible Employee's death.
- 12.12 Successor.** All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.
- 12.13 Relationship to Other Benefits.** No payment of benefit under the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, termination programs and/or indemnities or severance payments, welfare or other benefit plan of the Company or any Affiliated Entity, except to the extent otherwise expressly provided in writing in such other plan or arrangement.

Carrier Global Corporation
2020 Long-Term Incentive Plan

Restricted Stock Unit Award
Schedule of Terms

(January 1, 2020)

This Schedule of Terms describes the material features of the Participant's Restricted Stock Unit Award (the "RSU Award" or the "Award") granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Company's internal employee website and at www.ubs.com/onesource/CARR.

Certain Definitions

A Restricted Stock Unit (an “RSU”) represents the right to receive one share of Common Stock of Carrier Global Corporation (the “Common Stock”) (or a cash payment equal to the Fair Market Value thereof). RSUs generally vest and are converted into shares of Common Stock if the Participant remains employed by the Company through the applicable vesting date schedule set forth on the Award Agreement (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see “Termination of Service” below). “Company” means Carrier Global Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Termination Date” means the date a Participant’s employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of RSUs awarded is set forth in the Award Agreement. An LTIP Award recipient (a “Participant”) must affirmatively acknowledge and accept the terms and conditions of the RSU Award within 150 days following the Grant Date. A failure to acknowledge and accept the RSU Award within such 150-day period will result in forfeiture of the RSU Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this RSU Award electronically via the UBS *One Source* website at www.ubs.com/onesource/CARR. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this RSU Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Dividends

RSUs granted under this Award will earn dividend equivalent units each time the Corporation pays a cash dividend to Common Stock shareholders of record. Dividend equivalents will be credited as additional RSUs to Awards outstanding on the dividend payment date and will vest on the same date as the underlying RSUs. The number of additional RSUs that will be credited on any dividend payment date will equal (1) the per share cash dividend amount, multiplied by (2) the number of RSUs subject to the RSU Award (including RSUs resulting from prior dividend equivalents), divided by (3) the Fair Market Value of a share of Common Stock on the dividend payment date, rounded down to the nearest whole number of RSUs.

Vesting

RSUs will vest in accordance with the schedule set forth in the Award Agreement, subject to the Participant’s continued employment with the Company through each applicable vesting date. RSUs will be forfeited in the event of Termination of Service prior to the vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination, Disability, Change-in-Control Termination, or Death (see “Termination of Service” below).

RSUs may also be forfeited and value realized from previously vested RSUs may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

An RSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment and certain other conditions. The holder of an RSU has no voting or other rights accorded to owners of Common Stock, unless and until RSUs are converted into shares of Common Stock.

Payment / Conversion of RSUs

Vested RSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following the vesting date. RSUs may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

Termination of Service

The treatment of RSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. RSUs held for less than one year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. If the Participant's termination results from Retirement, unvested RSUs held for at least one year as of the Termination Date will vest and convert into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable thereafter. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- "Normal Retirement" means retirement on or after age 65;
- "Early Retirement" means retirement on or after:
 - o Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - o Age 50, but before age 55, and the Participant's age and continuous service as of the Termination Date adds up to 65 or more ("Rule of 65").

A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

Involuntary Termination for Cause. If the Participant's termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), unvested RSUs will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously vested RSUs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

Involuntary Termination. If the Participant's termination results from an involuntary termination by the Company for reasons other than Cause, unvested RSUs held for at least one year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Company with a release of claims against the Company in a form and manner satisfactory to the Company. The pro-rata vesting of an RSU Award held for at least one year will be based on the number of months worked during the vesting period, including partial months, relative to the full vesting period. RSUs not vested under this pro-rata vesting formula will be forfeited as of the Termination Date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage.

Pro-rata vesting will occur for involuntary terminations resulting from workforce reductions, location closings, restructurings, layoffs, or similar events, as determined by the Committee.

Retirement eligible Participants will vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below. A Participant who is involuntarily terminated for Cause is not eligible for pro-rata vesting of Awards.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for Retirement or a Change-in-Control Termination) is not entitled to pro-rata vesting and will forfeit all unvested RSUs.

Disability. If a Participant incurs a Disability (as defined in the LTIP), unvested RSUs will not be forfeited while a Participant remains disabled under a Company sponsored long-term disability plan. Unvested RSUs will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability.

Death. If a Participant dies while actively employed by the Company, or on Disability, all RSUs will vest as of the date of death and be converted to shares of Common Stock to be delivered to the Participant's estate, net of taxes (where applicable), as soon as administratively practicable.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested RSUs will vest as of the Termination Date and be converted into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable after the Termination Date, subject to the six-month delay noted below under "Specified Employees", if applicable.

Specified Employees. If a Participant is a “specified employee” within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Company) at the time of the Participant’s Termination of Service, and the RSUs will vest by reason of such Participant’s Termination of Service, then, to the extent necessary to avoid the application of any additional tax or penalty under IRC Section 409A and consistent with the terms of the Plan, RSUs will be held in the Participant’s UBS account and will vest on the first day of the seventh month following the Termination Date. Upon vest, RSUs will convert into an equal number of shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable. The value of the RSUs will be determined as of the vest date.

Forfeiture of Award and Repayment of Realized Gains

RSUs will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from previously vested RSUs upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) A determination that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause, including determinations made within three years following the Termination Date;
- (iii) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (iv) At any time during the twelve-month period following the Termination Date the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities (A) that compete with the Corporation or the business unit that employed the Participant, or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of awards and the obligation to repay gains realized from LTIP awards are set forth in Section 14(i) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, RSU awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located www.ubs.com/onesource/CARR.

Awards Not to Affect Certain Transactions

RSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The Fair Market Value of Common Stock on the New York Stock Exchange on the date the taxable event occurs will be used to calculate taxable income realized from the RSUs. The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award; provided that, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended at the time that a taxable event occurs, then the Company's withholding obligations with respect to such taxable event will be satisfied by the Company withholding shares of Common Stock subject to the RSU Award having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the vesting of any RSU. Acceptance of an Award constitutes affirmative consent by Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/CARR.

Non-assignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any RSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any RSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended, and to members of the Company's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Ethics and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Ethics and Corporate Policy Manual are available online on the Company's internal home page.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the RSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/CARR. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

StockPlanAdmin@carrier.com

OR

Carrier Global Corporation

Attn: Stock Plan Administrator

13995 Pasteur Boulevard

Palm Beach Gardens, FL 33418

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Carrier Global Corporation
2020 Long-Term Incentive Plan

**Restricted Stock Unit Award
(Off-Cycle)**

Schedule of Terms

(January 1, 2020)

This Schedule of Terms describes the material features of the Participant's Restricted Stock Unit Award (the "RSU Award" or the "Award") granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Company's internal employee website and at www.ubs.com/onesource/CARR.

Certain Definitions

A Restricted Stock Unit (an “RSU”) represents the right to receive one share of Common Stock of Carrier Global Corporation (the “Common Stock”) (or a cash payment equal to the Fair Market Value thereof). RSUs generally vest and are converted into shares of Common Stock if the Participant remains employed by the Company through the applicable vesting date schedule set forth on the Award Agreement (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see “Termination of Service” below). “Company” means Carrier Global Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Termination Date” means the date a Participant’s employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of RSUs awarded is set forth in the Award Agreement. An LTIP Award recipient (a “Participant”) must affirmatively acknowledge and accept the terms and conditions of the RSU Award within 150 days following the Grant Date. A failure to acknowledge and accept the RSU Award within such 150-day period will result in forfeiture of the RSU Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this RSU Award electronically via the UBS *One Source* website at www.ubs.com/onesource/CARR. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this RSU Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Dividends

RSUs granted under this Award will earn dividend equivalent units each time the Corporation pays a cash dividend to Common Stock shareholders of record. Dividend equivalents will be credited as additional RSUs to Awards outstanding on the dividend payment date and will vest on the same date as the underlying RSUs. The number of additional RSUs that will be credited on any dividend payment date will equal (1) the per share cash dividend amount, multiplied by (2) the number of RSUs subject to the RSU Award (including RSUs resulting from prior dividend equivalents), divided by (3) the Fair Market Value of a share of Common Stock on the dividend payment date, rounded down to the nearest whole number of RSUs.

Vesting

RSUs will vest in accordance with the schedule set forth in the Award Agreement, subject to the Participant’s continued employment with the Company through each applicable vesting date. RSUs will be forfeited in the event of Termination of Service prior to the vesting date, except in the case of Disability, Change-in-Control Termination, or Death (see “Termination of Service” below).

RSUs may also be forfeited and value realized from previously vested RSUs may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

An RSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment and certain other conditions. The holder of an RSU has no voting or other rights accorded to owners of Common Stock, unless and until RSUs are converted into shares of Common Stock.

Payment / Conversion of RSUs

Vested RSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following the vesting date. RSUs may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

Termination of Service

The treatment of RSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. RSUs will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. There will be no accelerated vesting of RSUs in the event of Retirement prior to vest. All unvested RSUs will be cancelled as of the Termination Date.

Involuntary Termination for Cause. If the Participant's termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), unvested RSUs will be forfeited as of the Termination Date. In addition, value realized from previously vested RSUs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

Voluntary or Involuntary Termination. A Participant who voluntarily terminates employment (other than for a Change-in-Control Termination), or is involuntarily terminated by the Company for reasons other than Cause, will forfeit all unvested RSUs.

Disability. If a Participant incurs a Disability (as defined in the LTIP), unvested RSUs will not be forfeited while a Participant remains disabled under a Company sponsored long-term disability plan. Unvested RSUs will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability.

Death. If a Participant dies while actively employed by the Company, or on Disability, all RSUs will vest as of the date of death and be converted to shares of Common Stock to be delivered to the Participant's estate, net of taxes (where applicable), as soon as administratively practicable.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested RSUs will vest as of the Termination Date and be converted into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable after the Termination Date, subject to the six-month delay noted below under "Specified Employees", if applicable.

Specified Employees. If a Participant is a "specified employee" within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Company) at the time of the Participant's Termination of Service, and the RSUs will vest by reason of such Participant's Termination of Service, then, to the extent necessary to avoid the application of any additional tax or penalty under IRC Section 409A and consistent with the terms of the Plan, RSUs will be held in the Participant's UBS account and will vest on the first day of the seventh month following the Termination Date. Upon vest, RSUs will convert into an equal number of shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable. The value of the RSUs will be determined as of the vest date.

Forfeiture of Award and Repayment of Realized Gains

RSUs will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from previously vested RSUs upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) A determination that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause, including determinations made within three years following the Termination Date;
- (iii) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (iv) At any time during the twelve-month period following the Termination Date the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities (A) that compete with the Corporation or the business unit that employed the Participant, or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of awards and the obligation to repay gains realized from LTIP awards are set forth in Section 14(i) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, RSU awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Awards Not to Affect Certain Transactions

RSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The Fair Market Value of Common Stock on the New York Stock Exchange on the date the taxable event occurs will be used to calculate taxable income realized from the RSUs. The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award; provided that, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended at the time that a taxable event occurs, then the Company's withholding obligations with respect to such taxable event will be satisfied by the Company withholding shares of Common Stock subject to the RSU Award having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the vesting of any RSU. Acceptance of an Award constitutes affirmative consent by Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/CARR.

Non-assignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any RSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any RSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended, and to members of the Company's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Ethics and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Ethics and Corporate Policy Manual are available online on the Company's internal home page.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the RSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/CARR. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

StockPlanAdmin@carrier.com

OR

Carrier Global Corporation

Attn: Stock Plan Administrator

13995 Pasteur Boulevard

Palm Beach Gardens, FL 33418

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Carrier Global Corporation
2020 Long-Term Incentive Plan

Stock Appreciation Right Award

Schedule of Terms

(January 1, 2020)

This Schedule of Terms describes the material features of the Participant's Stock Appreciation Right Award (the "SAR Award" or the "Award") granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Company's internal employee website and at www.ubs.com/onesource/CARR.

Certain Definitions

A Stock Appreciation Right (a “SAR”) represents the right to receive the appreciation in one share of Common Stock of Carrier Global Corporation (the “Common Stock”) measured from the date of grant to the date of exercise. The appreciation, upon exercise, is generally paid to the Participant in the form of shares of Common Stock. SARs are generally exercisable if the Participant remains employed by the Company through the applicable vesting date schedule set forth on the Award Agreement (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see “Termination of Service” below). “Company” means Carrier Global Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Termination Date” means the date a Participant’s employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of SARs awarded and the SAR grant price are set forth in the Award Agreement. An LTIP Award recipient (a “Participant”) must affirmatively acknowledge and accept the terms and conditions of the SAR Award within 150 days following the Grant Date. A failure to acknowledge and accept the SAR Award within such 150-day period will result in forfeiture of the SAR Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this SAR Award electronically via the UBS *One Source* website at www.ubs.com/onesource/CARR. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this SAR Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Exercise Price (or “Grant Price”)

The Grant Price represents the Fair Market Value of the Corporation’s Common Stock on the date of grant. “Fair Market Value” means, as of any given date, the closing price of the Common Stock on the New York Stock Exchange.

Vesting and Expiration

SARs will vest and expire (if unexercised) in accordance with the schedule set forth in the Award Agreement, subject to the Participant’s continued employment with the Company through each applicable vesting date. SARs will be forfeited in the event of Termination of Service prior to the vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination, Disability, Change-in-Control Termination, or Death (see “Termination of Service” below).

SARs may be exercised on or after the vesting date until the earlier of the:

- (i) Expiration date specified in the Award Agreement, at which time the SARs and all associated rights lapse; or
- (ii) Last day permitted on or following Termination of Service as specified in “Termination of Service” below.

SARs may also be forfeited and value realized from exercised SARs may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

A SAR is the right to receive the appreciation in a share of Common Stock, subject to continued employment and certain other conditions. The holder of a SAR has no voting, dividend, or other rights accorded to owners of Common Stock, unless and until SARs are exercised and settled in Common Stock.

Exercise and Payment

While a Participant is employed by the Company, the Participant may exercise SARs on or after the vesting date until the expiration date. The value a Participant will realize upon the exercise of a SAR is the difference between the price of the Common Stock at the time of exercise and the Grant Price. The Participant will generally receive shares of Common Stock as soon as administratively practicable following exercise. The value of the SARs may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

It is the responsibility of the Participant, or a designated representative, to track the expiration of the Award and exercise SARs in a timely manner. The Company assumes no responsibility for, and will make no adjustments with respect to, SARs that expire unexercised. Any communication from the Plan Administrator or the Company to the Participant with respect to expiration is provided as a courtesy only.

Termination of Service

The treatment of SARs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. SARs held for less than one year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. If the Participant’s termination results from Retirement, unvested SARs held for at least one year as of the Termination Date will vest and become exercisable. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- “Normal Retirement” means retirement on or after age 65;
- “Early Retirement” means retirement on or after:
 - o Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - o Age 50, but before age 55, and the Participant’s age and continuous service as of the Termination Date adds up to 65 or more (“Rule of 65”).

Upon Retirement, vested SARs may be exercised as detailed in the chart below:

Retirement Type	Company Consents to Early Retirement *	Exercise Period
Normal Retirement (age 65)	N/A	SARs may be exercised until the expiration of their term
Early Retirement on or after age 55 + 10 years of continuous service as of the Termination Date	Yes	SARs may be exercised until the expiration of their term
	No	SARs may be exercised for three (3) years following the Termination Date or until the expiration of the SAR, whichever is earlier
Early Retirement on or after age 50, but prior to age 55 + years of service = 65+ as of the Termination Date	Yes	SARs may be exercised for five (5) years following the Termination Date or until the expiration of the SAR, whichever is earlier
	No	SARs may be exercised for three (3) years following the Termination Date or until the expiration of the SAR, whichever is earlier
* The Company's consent to the Participant's Retirement will be at the sole discretion of the Company based on its ability to effectively transition the Participant's responsibilities as of the Termination Date and such other factors as it may deem appropriate.		

A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

Involuntary Termination for Cause. If the Participant's termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), both vested and unvested SARs will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously exercised SARs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

Involuntary Termination. If the Participant's termination results from an involuntary termination by the Company for reasons other than Cause, unvested SARs held for at least one year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Company with a release of claims against the Company in a form and manner satisfactory to the Company. The pro-rata vesting of a SAR Award held for at least one year will be based on the number of months worked during the vesting period, including partial months, relative to the full vesting period. SARs not vested under this pro-rata vesting formula will be forfeited as of the Termination Date.

Upon involuntary termination for reasons other than Cause, vested SARs may be exercised for one (1) year following the Termination Date or until the expiration of the SAR, whichever is earlier. Unexercised SARs will expire without value at the close of the NYSE on the first anniversary of the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the SARs will be cancelled at the end of the last trading day prior to such date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage.

Pro-rata vesting will occur for involuntary terminations resulting from workforce reductions, location closings, restructurings, layoffs, or similar events, as determined by the Committee.

Retirement eligible Participants will vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below. A Participant who is involuntarily terminated for Cause is not eligible for pro-rata vesting of Awards.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for Retirement or a Change-in-Control Termination) is not entitled to pro-rata vesting and will forfeit all unvested SARs. Vested SARs may be exercised for up to ninety (90) days from the Termination Date or until the expiration of the SAR (if earlier). Unexercised SARs will expire without value at the close of the NYSE on the ninetieth (90th) day following the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the SARs will be cancelled at the end of the last trading day prior to the 90th day.

Disability. If a Participant incurs a Disability (as defined in the LTIP), vested SARs may be exercised for up to three (3) years from the Termination Date (or until the expiration of the SAR, if earlier). While a Participant remains disabled under a Company sponsored long-term disability plan, unvested SARs will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability, and may then be exercised for three (3) years following the vesting date.

Death. If a Participant dies while actively employed by the Company, or on Disability, all unvested SARs will vest as of the date of death and become exercisable. A Participant's estate will have three (3) years from the date of death (or until the expiration of the SAR, if earlier) to exercise all outstanding SARs, provided however, that if a SAR expires prior to the expiration of the three-year extension period, the SAR will be deemed to be exercised by the Participant's estate as of the SAR expiration date with net proceeds (where applicable) held for distribution to the estate.

Different tax rules may apply when the estate or heir exercises the deceased Participant's SARs. A personal tax or financial advisor should be consulted under this scenario.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested SARs will vest and become exercisable as of the Termination Date and all vested SARs will be exercisable until the third anniversary of the Termination Date (or until the expiration of the SAR, if earlier).

Forfeiture of Award and Repayment of Realized Gains

SARs, whether or not vested, will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from the prior exercise of SARs upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) A determination that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause, including determinations made within three years following the Termination Date;
- (iii) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (iv) At any time during the twelve-month period following the Termination Date the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities (A) that compete with the Corporation or the business unit that employed the Participant, or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of Awards and the obligation to repay gains realized from LTIP Awards are set forth in Section 14(i) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, SAR Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Awards Not to Affect Certain Transactions

SAR Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award; provided that, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the Company's withholding obligations with respect to such taxable event will be satisfied by the Company withholding shares of Common Stock subject to the SAR Award having a Fair Market Value on the date of exercise equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from a Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the exercise of any SAR. Acceptance of an Award constitutes affirmative consent by a Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/CARR.

Non-assignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any SAR Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any SAR Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended, and to members of the Company's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Ethics and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Ethics and Corporate Policy Manual are available online on the Company's internal home page.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the SAR Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/CARR. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

StockPlanAdmin@carrier.com

OR

Carrier Global Corporation

Attn: Stock Plan Administrator

13995 Pasteur Boulevard

Palm Beach Gardens, FL 33418

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Carrier Global Corporation
2020 Long-Term Incentive Plan

**Stock Appreciation Right Award
(Off-Cycle)**

Schedule of Terms

(January 1, 2020)

This Schedule of Terms describes the material features of the Participant's Stock Appreciation Right Award (the "SAR Award" or the "Award") granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Company's internal employee website and at www.ubs.com/onesource/CARR.

Certain Definitions

A Stock Appreciation Right (a “SAR”) represents the right to receive the appreciation in one share of Common Stock of Carrier Global Corporation (the “Common Stock”) measured from the date of grant to the date of exercise. The appreciation, upon exercise, is generally paid to the Participant in the form of shares of Common Stock. SARs are generally exercisable if the Participant remains employed by the Company through the applicable vesting date schedule set forth on the Award Agreement (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see “Termination of Service” below). “Company” means Carrier Global Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Termination Date” means the date a Participant’s employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of SARs awarded and the SAR grant price are set forth in the Award Agreement. An LTIP Award recipient (a “Participant”) must affirmatively acknowledge and accept the terms and conditions of the SAR Award within 150 days following the Grant Date. A failure to acknowledge and accept the SAR Award within such 150-day period will result in forfeiture of the SAR Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this SAR Award electronically via the UBS *One Source* website at www.ubs.com/onesource/CARR. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this SAR Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Exercise Price (or “Grant Price”)

The Grant Price represents the Fair Market Value of the Corporation’s Common Stock on the date of grant. “Fair Market Value” means, as of any given date, the closing price of the Common Stock on the New York Stock Exchange.

Vesting and Expiration

SARs will vest and expire (if unexercised) in accordance with the schedule set forth in the Award Agreement, subject to the Participant’s continued employment with the Company through each applicable vesting date. SARs will be forfeited in the event of Termination of Service prior to the vesting date, except in certain earlier terminations involving Disability, Change-in-Control Termination, or Death (see “Termination of Service” below).

SARs may be exercised on or after the vesting date until the earlier of the:

- (i) Expiration date specified in the Award Agreement, at which time the SARs and all associated rights lapse; or
- (ii) Last day permitted on or following Termination of Service as specified in “Termination of Service” below.

SARs may also be forfeited and value realized from exercised SARs may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

A SAR is the right to receive the appreciation in a share of Common Stock, subject to continued employment and certain other conditions. The holder of a SAR has no voting, dividend, or other rights accorded to owners of Common Stock, unless and until SARs are exercised and settled in Common Stock.

Exercise and Payment

While a Participant is employed by the Company, the Participant may exercise SARs on or after the vesting date until the expiration date. The value a Participant will realize upon the exercise of a SAR is the difference between the price of the Common Stock at the time of exercise and the Grant Price. The Participant will generally receive shares of Common Stock as soon as administratively practicable following exercise. The value of the SARs may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

It is the responsibility of the Participant, or a designated representative, to track the expiration of the Award and exercise SARs in a timely manner. The Company assumes no responsibility for, and will make no adjustments with respect to, SARs that expire unexercised. Any communication from the Plan Administrator or the Company to the Participant with respect to expiration is provided as a courtesy only.

Termination of Service

The treatment of SARs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. Unvested SARs will be forfeited as of the Termination Date, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. There will be no accelerated vesting of SARs in the event of Retirement prior to vest. All unvested SARs will be cancelled as of the Termination Date. Retirement eligibility may entitle the Participant to an exercise period for vested SARs of up to the expiration of their term. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- “Normal Retirement” means retirement on or after age 65;
- “Early Retirement” means retirement on or after:
 - o Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - o Age 50, but before age 55, and the Participant’s age and continuous service as of the Termination Date adds up to 65 or more (“Rule of 65”).

Upon Retirement, vested SARs may be exercised as detailed in the chart below:

Retirement Type	Company Consents to Early Retirement *	Exercise Period
Normal Retirement (age 65)	N/A	SARs may be exercised until the expiration of their term
Early Retirement on or after age 55 + 10 years of continuous service as of the Termination Date	Yes	SARs may be exercised until the expiration of their term
	No	SARs may be exercised for three (3) years following the Termination Date or until the expiration of the SAR, whichever is earlier
Early Retirement on or after age 50, but prior to age 55 + years of service = 65+ as of the Termination Date	Yes	SARs may be exercised for five (5) years following the Termination Date or until the expiration of the SAR, whichever is earlier
	No	SARs may be exercised for three (3) years following the Termination Date or until the expiration of the SAR, whichever is earlier
* The Company’s consent to the Participant’s Retirement will be at the sole discretion of the Company based on its ability to effectively transition the Participant’s responsibilities as of the Termination Date and such other factors as it may deem appropriate.		

A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

Involuntary Termination for Cause. If the Participant’s termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), both vested and unvested SARs will be forfeited as of the Termination Date regardless of the Participant’s Retirement eligibility. In addition, value realized from previously exercised SARs is subject to repayment in the event of termination for Cause or certain other occurrences (see “Forfeiture of Award and Repayment of Realized Gains” below).

Involuntary Termination. A Participant who is involuntarily terminated (other than for a Change-in-Control Termination) will forfeit all unvested SARs. Upon involuntary termination for reasons other than Cause, vested SARs may be exercised for one (1) year following the Termination Date or until the expiration of the SAR, whichever is earlier. Unexercised SARs will expire without value at the close of the NYSE on the first anniversary of the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the SARs will be cancelled at the end of the last trading day prior to such date.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for a Change-in-Control Termination) will forfeit all unvested SARs. Vested SARs may be exercised for up to ninety (90) days from the Termination Date or until the expiration of the SAR (if earlier). Unexercised SARs will expire without value at the close of the NYSE on the ninetieth (90th) day following the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the SARs will be cancelled at the end of the last trading day prior to the 90th day.

Disability. If a Participant incurs a Disability (as defined in the LTIP), vested SARs may be exercised for up to three (3) years from the Termination Date (or until the expiration of the SAR, if earlier). While a Participant remains disabled under a Company sponsored long-term disability plan, unvested SARs will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability, and may then be exercised for three (3) years following the vesting date.

Death. If a Participant dies while actively employed by the Company, or on Disability, all unvested SARs will vest as of the date of death and become exercisable. A Participant's estate will have three (3) years from the date of death (or until the expiration of the SAR, if earlier) to exercise all outstanding SARs, provided however, that if a SAR expires prior to the expiration of the three-year extension period, the SAR will be deemed to be exercised by the Participant's estate as of the SAR expiration date with net proceeds (where applicable) held for distribution to the estate.

Different tax rules may apply when the estate or heir exercises the deceased Participant's SARs. A personal tax or financial advisor should be consulted under this scenario.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested SARs will vest and become exercisable as of the Termination Date and all vested SARs will be exercisable until the third anniversary of the Termination Date (or until the expiration of the SAR, if earlier).

Forfeiture of Award and Repayment of Realized Gains

SARs, whether or not vested, will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from the prior exercise of SARs upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) A determination that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause, including determinations made within three years following the Termination Date;
- (iii) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (iv) At any time during the twelve-month period following the Termination Date the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities (A) that compete with the Corporation or the business unit that employed the Participant, or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of Awards and the obligation to repay gains realized from LTIP Awards are set forth in Section 14(i) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, SAR Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Awards Not to Affect Certain Transactions

SAR Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award; provided that, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the Company's withholding obligations with respect to such taxable event will be satisfied by the Company withholding shares of Common Stock subject to the SAR Award having a Fair Market Value on the date of exercise equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from a Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the exercise of any SAR. Acceptance of an Award constitutes affirmative consent by a Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/CARR.

Non-assignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any SAR Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any SAR Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended, and to members of the Company's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Ethics and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Ethics and Corporate Policy Manual are available online on the Company's internal home page.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the SAR Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/CARR. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

StockPlanAdmin@carrier.com

OR

Carrier Global Corporation
Attn: Stock Plan Administrator
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Carrier Global Corporation
2020 Long-Term Incentive Plan

Performance Share Unit Award
Schedule of Terms

(January 1, 2020)

This Schedule of Terms describes the material features of the Participant's Performance Share Unit Award (the "PSU Award" or the "Award") granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Company's internal employee website and at www.ubs.com/onesource/CARR.

Certain Definitions

A Performance Share Unit (a “PSU”) represents the right to receive one share of Common Stock of Carrier Global Corporation (the “Common Stock”) (or a cash payment equal to the Fair Market Value thereof). PSUs generally vest and are converted into shares of Common Stock if, and to the extent, the associated pre-established performance targets are achieved and the Participant remains employed by the Company through the end of the applicable performance measurement period (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see “Termination of Service” below). “Company” means Carrier Global Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Termination Date” means the date a Participant’s employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of PSUs awarded is set forth in the Award Agreement. An LTIP Award recipient (a “Participant”) must affirmatively acknowledge and accept the terms and conditions of the PSU Award within 150 days following the Grant Date. A failure to acknowledge and accept the PSU Award within such 150-day period will result in forfeiture of the PSU Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this PSU Award electronically via the UBS *One Source* website at www.ubs.com/onesource/CARR. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this PSU Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Vesting

PSU Awards will vest in accordance with the schedule set forth in the Award Agreement, subject to performance relative to pre-established Performance Goals, and the Participant’s continued employment with the Company through the applicable performance measurement period. The Award Agreement specifies the applicable Performance Goals, performance period, vesting date, minimum performance required for vesting, range of vesting and relative weighting for each Performance Goal.

Performance Goals include: [...]

PSUs will be forfeited in the event of Termination of Service prior to the vesting date except in certain earlier terminations involving Retirement, Involuntary Termination, Disability, Change-in-Control Termination, or Death (see “Termination of Service” below).

PSUs may also be forfeited and value realized from previously vested PSUs may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

A PSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment, achievement of performance targets, and certain other conditions. The holder of a PSU has no voting, dividend or other rights accorded to owners of Common Stock unless and until PSUs are converted into shares of Common Stock.

Payment / Conversion of PSUs

Vested PSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following, when the Committee determines if, and to what extent, PSUs have vested as a result of the achievement of Performance Goals. If Performance Goals are not met, the PSUs that do not vest will be cancelled without value. PSUs may be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

Termination of Service

The treatment of PSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. PSUs held for less than one year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. If the Participant's termination results from Retirement, unvested PSUs held for at least one year as of the Termination Date will remain outstanding and, if and to the extent the Committee determines that Performance Goals have been achieved, will vest and convert into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable thereafter. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- "Normal Retirement" means retirement on or after age 65;
- "Early Retirement" means retirement on or after:
 - o Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - o Age 50, but before age 55, and the Participant's age and continuous service as of the Termination Date adds up to 65 or more ("Rule of 65").

A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

Involuntary Termination for Cause. If the Participant's termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), unvested PSUs will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously vested PSUs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

Involuntary Termination. If the Participant's termination results from an involuntary termination by the Company for reasons other than Cause, unvested PSUs held for at least one year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Company with a release of claims against the Company in a form and manner satisfactory to the Company. The pro-rata vesting of a PSU Award held for at least one year will be based on the number of months worked during the vesting period, including partial months, relative to the full vesting period. The pro-rata PSUs will remain outstanding and eligible to vest per the terms of the Award. PSUs not deemed eligible to vest under this pro-rata vesting formula will be forfeited as of the Termination Date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage.

Pro-rata vesting eligibility will occur for involuntary terminations resulting from workforce reductions, location closings, restructurings, layoffs or similar events, as determined by the Committee.

Retirement eligible Participants will be eligible to vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below. A Participant who is involuntarily terminated for Cause is not eligible for pro-rata vesting of Awards.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for Retirement or a Change-in-Control Termination) is not entitled to pro-rata vesting and will forfeit all unvested PSUs.

Disability. If a Participant incurs a Disability (as defined in the LTIP), unvested PSUs will not be forfeited while a Participant remains disabled under a Company sponsored long-term disability plan. Unvested PSUs will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability.

Death. If a Participant dies while actively employed by the Company, or on Disability, all PSUs will vest as of the date of death and be converted (at target performance) to shares of Common Stock to be delivered to the Participant's estate, net of taxes (where applicable), as soon as administratively practicable.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested PSUs will vest at the greater of: (1) the applicable target level as of the Termination Date; or (2) the level of achievement as determined by the Committee not later than the date of the Change-in-Control, taking into account performance through the latest date preceding the Change-in-Control as to which performance can, as a practical matter be determined (but not later than the end of the applicable performance period) and be converted into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable after the Termination Date, subject to the six-month delay noted below under "Specified Employees," if applicable.

Specified Employees. If a Participant is a “specified employee” within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Company) at the time of the Participant’s Termination of Service, and PSUs are accelerated and will vest by reason of such Participant’s Termination of Service (e.g., Change-in-Control Termination), then, to the extent necessary to avoid the application of any additional tax or penalty under IRC Section 409A and consistent with the terms of the Plan, PSUs will be held in the Participant’s UBS account and will vest on the first day of the seventh month following the Termination Date. Upon vest, PSUs will convert into an equal number of shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable. The value of the PSUs will be determined as of the vest date.

Forfeiture of Award and Repayment of Realized Gains

PSUs will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from previously vested PSUs upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) The Committee determines that Award vesting was based on incorrect performance measurement calculations. In such event, vesting (and recoupment, if applicable) will be adjusted consistent with the actual corrected results;
- (iii) A determination that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause, including determinations made within three years following the Termination Date;
- (iv) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (v) At any time during the twelve-month period following the Termination Date the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities (A) that compete with the Corporation or the business unit that employed the Participant, or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of awards and the obligation to repay gains realized from LTIP awards are set forth in Section 14(i) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock, or other events affecting the value of Common Stock, PSU Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards or Performance Goals, as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Awards Not to Affect Certain Transactions

PSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The Fair Market Value of Common Stock on the New York Stock Exchange on the date the taxable event occurs will be used to calculate taxable income realized from the PSUs. The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award; provided that, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended at the time that a taxable event occurs, then the Company's withholding obligations with respect to such taxable event will be satisfied by the Company withholding shares of Common Stock subject to the PSU Award having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the vesting of any PSU. Acceptance of an Award constitutes affirmative consent by Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/CARR.

Deferral of Gain (U.S. based executives)

A Participant who is eligible to participate in the Carrier Global Corporation LTIP PSU Deferral Plan may irrevocably elect to defer the conversion of vested PSUs into shares of Common Stock to a later date. The election to defer the conversion of shares must be made no later than the end of the second year of the performance measurement period, or such earlier date as may be specified by the Committee. Vested PSUs subject to a deferral election will be converted to unfunded deferred share units that will convert into shares of Common Stock on the distribution date as specified in the deferral election and the LTIP PSU Deferral Plan. Deferred share units will be credited with dividend equivalents. Under U.S. income tax law, a Participant will generally not be taxed until the resulting deferred share units are converted to shares of Common Stock and distributed. Deferred share units will not be funded by the Company. In this regard, a Participant's rights to deferred share units are those of a general unsecured creditor of the Company. Details of the deferral of PSUs into deferred share units will be provided with the election materials. The opportunity to make such an election is subject to changes in Federal tax law. The Committee reserves the right to discontinue offering PSU deferral elections at any time for any reason it deems appropriate in its sole discretion.

Non-assignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any PSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any PSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended, and to members of the Company's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Ethics and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Ethics and Corporate Policy Manual are available online on the Company's internal home page.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the PSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/CARR. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

StockPlanAdmin@carrier.com

OR

Carrier Global Corporation
Attn: Stock Plan Administrator
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Carrier Global Corporation
2020 Long-Term Incentive Plan

Non-Qualified Stock Option Award
Schedule of Terms

(January 1, 2020)

This Schedule of Terms describes the material features of the Participant's Non-Qualified Stock Option Award (the "Option Award" or the "Award") granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on the Company's internal employee website and at www.ubs.com/onesource/CARR.

Certain Definitions

A Non-qualified Stock Option (an “Option”) represents the right to purchase a specified number of shares of Common Stock of Carrier Global Corporation (the “Common Stock”) for a specified price (the “Grant Price”). Options are generally exercisable if the Participant remains employed by the Company through the applicable vesting date schedule set forth on the Award Agreement (see “Vesting” below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see “Termination of Service” below). “Company” means Carrier Global Corporation (the “Corporation”), together with its subsidiaries, divisions and affiliates. “Termination Date” means the date a Participant’s employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to “Termination of Service” as defined in the LTIP. “Committee” means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of Options awarded and the Option grant price are set forth in the Award Agreement. An LTIP Award recipient (a “Participant”) must affirmatively acknowledge and accept the terms and conditions of the Option Award within 150 days following the Grant Date. A failure to acknowledge and accept the Option Award within such 150-day period will result in forfeiture of the Option Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this Option Award electronically via the UBS *One Source* website at www.ubs.com/onesource/CARR. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this Option Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Exercise Price (or “Grant Price”)

The Grant Price represents the Fair Market Value of the Corporation’s Common Stock on the date of grant. “Fair Market Value” means, as of any given date, the closing price of the Common Stock on the New York Stock Exchange.

Vesting and Expiration

Options will vest and expire (if unexercised) in accordance with the schedule set forth in the Award Agreement, subject to the Participant’s continued employment with the Company through each applicable vesting date. Options will be forfeited in the event of Termination of Service prior to the vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination, Disability, Change-in-Control Termination, or Death (see “Termination of Service” below).

Options may be exercised on or after the vesting date until the earlier of the:

- (i) Expiration date specified in the Award Agreement, at which time the Stock Options and all associated rights lapse; or
- (ii) Last day permitted on or following Termination of Service as specified in “Termination of Service” below.

Options may also be forfeited and value realized from exercised Options may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

An Option is the right to purchase a specified number of shares of Common Stock for a specified price, subject to continued employment and certain other conditions. The holder of an Option has no voting, dividend, or other rights accorded to owners of Common Stock, unless and until Options are exercised and settled in Common Stock.

Exercise and Payment

While a Participant is employed by the Company, the Participant may exercise Options on or after the vesting date until the expiration date. The value a Participant will realize upon the exercise of an Option is the difference between the price of the Common Stock at the time of exercise and the Grant Price. The Participant will generally receive shares of Common Stock as soon as administratively practicable following exercise. The value of the Options may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

It is the responsibility of the Participant, or a designated representative, to track the expiration of the Award and exercise Options in a timely manner. The Company assumes no responsibility for, and will make no adjustments with respect to, Options that expire unexercised. Any communication from the Plan Administrator or the Company to the Participant with respect to expiration is provided as a courtesy only.

Termination of Service

The treatment of Options upon Termination of Service depends upon the reason for termination, as detailed in the following sections. Options held for less than one year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. If the Participant’s termination results from Retirement, unvested Options held for at least one year as of the Termination Date will vest and become exercisable. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- “Normal Retirement” means retirement on or after age 65;
- “Early Retirement” means retirement on or after:
 - o Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - o Age 50, but before age 55, and the Participant’s age and continuous service as of the Termination Date adds up to 65 or more (“Rule of 65”).

Upon Retirement, vested Options may be exercised as detailed in the chart below:

Retirement Type	Company Consents to Early Retirement *	Exercise Period
Normal Retirement (age 65)	N/A	Options may be exercised until the expiration of their term
Early Retirement on or after age 55 + 10 years of continuous service as of the Termination Date	Yes	Options may be exercised until the expiration of their term
	No	Options may be exercised for three (3) years following the Termination Date or until the expiration of the Stock Option, whichever is earlier
Early Retirement on or after age 50, but prior to age 55 + years of service = 65+ as of the Termination Date	Yes	Options may be exercised for five (5) years following the Termination Date or until the expiration of the Option, whichever is earlier
	No	Options may be exercised for three (3) years following the Termination Date or until the expiration of the Option, whichever is earlier
* The Company’s consent to the Participant’s Retirement will be at the sole discretion of the Company based on its ability to effectively transition the Participant’s responsibilities as of the Termination Date and such other factors as it may deem appropriate.		

A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

Involuntary Termination for Cause. If the Participant’s termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), both vested and unvested Options will be forfeited as of the Termination Date regardless of the Participant’s Retirement eligibility. In addition, value realized from previously exercised Option is subject to repayment in the event of termination for Cause or certain other occurrences (see “Forfeiture of Award and Repayment of Realized Gains” below).

Involuntary Termination. If the Participant's termination results from an involuntary termination by the Company for reasons other than Cause, unvested Options held for at least one year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Company with a release of claims against the Company in a form and manner satisfactory to the Company. The pro-rata vesting of an Option Award held for at least one year will be based on the number of months worked during the vesting period, including partial months, relative to the full vesting period. Options not vested under this pro-rata vesting formula will be forfeited as of the Termination Date.

Upon involuntary termination for reasons other than Cause, vested Options may be exercised for one (1) year following the Termination Date or until the expiration of the Option, whichever is earlier. Unexercised Options will expire without value at the close of the NYSE on the first anniversary of the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the Options will be cancelled at the end of the last trading day prior to such date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage.

Pro-rata vesting will occur for involuntary terminations resulting from workforce reductions, location closings, restructurings, layoffs, or similar events, as determined by the Committee.

Retirement eligible Participants will vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below. A Participant who is involuntarily terminated for Cause is not eligible for pro-rata vesting of Awards.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for Retirement or a Change-in-Control Termination) is not entitled to pro-rata vesting and will forfeit all unvested Options. Vested Options may be exercised for up to ninety (90) days from the Termination Date or until the expiration of the Option (if earlier). Unexercised Options will expire without value at the close of the NYSE on the ninetieth (90th) day following the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the Options will be cancelled at the end of the last trading day prior to the 90th day.

Disability. If a Participant incurs a Disability (as defined in the LTIP), vested Options may be exercised for up to three (3) years from the Termination Date (or until the expiration of the Option, if earlier). While a Participant remains disabled under a Company sponsored long-term disability plan, unvested Options will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability, and may then be exercised for three (3) years following the vesting date.

Death. If a Participant dies while actively employed by the Company, or on Disability, all unvested Options will vest as of the date of death and become exercisable. A Participant's estate will have three (3) years from the date of death (or until the expiration of the Options, if earlier) to exercise all outstanding Options, provided however, that if an Option expires prior to the expiration of the three-year extension period, the Option will be deemed to be exercised by the Participant's estate as of the Option expiration date with net proceeds (where applicable) held for distribution to the estate.

Different tax rules may apply when the estate or heir exercises the deceased Participant's Options. A personal tax or financial advisor should be consulted under this scenario.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested Options will vest and become exercisable as of the Termination Date and all vested Options will be exercisable until the third anniversary of the Termination Date (or until the expiration of the Option, if earlier).

Forfeiture of Award and Repayment of Realized Gains

Options, whether or not vested, will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from the prior exercise of Options upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) A determination that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause, including determinations made within three years following the Termination Date;
- (iii) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (iv) At any time during the twelve-month period following the Termination Date the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities (A) that compete with the Corporation or the business unit that employed the Participant, or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of Awards and the obligation to repay gains realized from LTIP Awards are set forth in Section 14(i) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, Option Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(d) of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at www.ubs.com/onesource/CARR.

Awards Not to Affect Certain Transactions

Option Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award; provided that, if the Participant is an individual covered under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the Company's withholding obligations with respect to such taxable event will be satisfied by the Company withholding shares of Common Stock subject to the Option Award having a Fair Market Value on the date of exercise equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from a Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the exercise of any Option. Acceptance of an Award constitutes affirmative consent by a Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/CARR.

Non-assignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any Option Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any Option Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended, and to members of the Company's Executive Leadership Group. Awards to these individuals will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Ethics and Corporate Policies and Procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Ethics and Corporate Policy Manual are available online on the Company's internal home page.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the Option Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/CARR. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator

StockPlanAdmin@carrier.com

OR

Carrier Global Corporation
Attn: Stock Plan Administrator
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.



[], 2020

Dear United Technologies Shareowner:

In November 2018, we announced our plan to separate United Technologies Corporation (“UTC”) into three independent, publicly traded companies: (1) UTC, a preeminent aerospace company comprised of the Collins Aerospace and Pratt & Whitney businesses; (2) Carrier Global Corporation (“Carrier”), a leading global provider of heating, ventilating and air conditioning (HVAC), refrigeration, fire and security solutions; and (3) Otis Worldwide Corporation (“Otis”), the world’s largest elevator and escalator manufacturing, installation and service company. The separation will occur through two spin-offs, pursuant to which we will distribute to UTC shareowners all of the outstanding shares of common stock of Carrier and Otis.

In June 2019, we also entered into a merger agreement with Raytheon Company (“Raytheon”) pursuant to which the UTC aerospace businesses and Raytheon will combine in a merger of equals. Following the completion of the spin-offs of Otis and Carrier and the Raytheon merger, UTC’s common stock will remain outstanding and UTC will be renamed “Raytheon Technologies Corporation.”

I encourage you to read the attached information statement, which describes the Carrier spin-off in detail and contains important business and financial information about Carrier. The Carrier spin-off is expected to create an industry-leading, independent public company with a distinct product and solutions portfolio and corporate strategy. Carrier will have a strong financial profile and greater focus and enhanced operational agility, which will enable Carrier to more effectively pursue its own strategic goals and capture opportunities in its industries. As an independent company, Carrier will be better positioned to allocate resources and deploy capital consistent with its growth priorities.

For U.S. federal income tax purposes, the Carrier spin-off is intended to be generally tax-free to UTC shareowners. No vote of UTC shareowners is required for the distribution of Carrier shares in the Carrier spin-off.

UTC is making available a separate information statement that will help you understand the Otis spin-off and how it will affect your post-separation ownership in UTC and Otis.

We believe the separation provides tremendous opportunities for our businesses as we work to continue to build long-term value. We appreciate your continuing support of UTC and look forward to your future support of Carrier.

Sincerely,

[]

Gregory J. Hayes
Chairman and Chief Executive Officer
United Technologies Corporation



[], 2020

Dear Future Carrier Shareowner:

I am excited to welcome you as a future shareowner of Carrier Global Corporation (“Carrier”).

Carrier is a leading global provider of heating, ventilating and air conditioning (HVAC); refrigeration; fire and security solutions. Our company is built on a legacy of innovation, beginning with its founders—Willis Carrier, who designed the world’s first modern air conditioning system; Robert Edwards, who patented the first electric alarm bell; and Walter Kidde, who produced the first integrated smoke detection and carbon dioxide extinguishing system for use onboard ships. Supported by the iconic Carrier name, the company’s portfolio of industry-leading brands includes Carrier, Automated Logic, Carrier Transicold, Edwards, GST, Kidde, LenelS2 and Marioff. Carrier’s businesses enable modern life by promoting smarter, safer, more efficient and more sustainable buildings and infrastructure across a wide range of residential, commercial and industrial applications.

As an independent, publicly traded company, we believe we will be attractively positioned to:

- Drive growth in existing markets through continued innovation;
- Invest in attractive geographies;
- Develop advanced technologies to further expand our services and aftermarket business;
- Strategically optimize our portfolio of products and services; and
- Focus on cost-effective performance excellence.

Carrier’s spirit of innovation continues today with our core mission of focusing on developing smart, sustainable and efficient solutions to meet the complex challenges resulting from the mega-trends of urbanization, climate change and food security driven by our growing global population, rising standards of living and increasing energy and environmental regulation. With over 200 new products released over the last two years, our comprehensive range of products and services and our industry-leading brands’ reputations for quality and innovation make us a supplier and business partner of choice.

With our legacy and focus, we believe the vision for Carrier’s future is clear. We intend to deliver unparalleled value for our customers, working faster and smarter, enabling us to succeed in partnership with them. We intend to continue to attract and retain the best talent, treat our people with respect and dignity and embrace best-in-class ethical and sustainability standards. We will also maintain an unrelenting focus on strategies and actions that we believe will drive sustained value for our shareowners.

We invite you to learn more about Carrier by reviewing the enclosed information statement. As we prepare to become an independent, publicly traded company, we look forward to a successful future building upon our rich heritage and strong fundamentals.

Sincerely,

[]

David L. Gitlin
President and Chief Executive Officer
Carrier Global Corporation

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been confidentially submitted to the United States Securities and Exchange Commission under the United States Securities Exchange Act of 1934, as amended.

Preliminary and Subject to Completion, Dated []

INFORMATION STATEMENT

CARRIER GLOBAL CORPORATION

This information statement is being furnished in connection with the spin-off by United Technologies Corporation (“UTC”) of its wholly owned subsidiary, Carrier Global Corporation (“Carrier”). To implement the spin-off of Carrier from UTC, UTC currently plans to distribute all of the shares of Carrier common stock on a pro rata basis to UTC shareowners in a distribution that is intended to qualify as generally tax-free to UTC shareowners for U.S. federal income tax purposes.

For every share of common stock of UTC held of record by you as of the close of business on [], 2020, which is the record date for the distribution, you will receive [] shares of Carrier common stock. You will receive cash in lieu of any fractional shares of Carrier common stock that you would have received after application of the above ratio. As discussed under “The Separation and Distribution—Trading Between the Record Date and Distribution Date,” if you sell your shares of UTC common stock in the “regular-way” market after the record date and on or before the distribution date, you also will be selling your right to receive shares of Carrier common stock in connection with the distribution. We expect the shares of Carrier common stock to be distributed by UTC to you at [], Eastern Time, on [], 2020. We refer to the distribution of Carrier common stock as the “distribution” and the date of the distribution as the “distribution date.”

In June 2019, UTC and Raytheon Company (“Raytheon”) entered into an Agreement and Plan of Merger (the “Raytheon merger agreement”), which provides for the combination of the UTC Aerospace Businesses (as defined below) and Raytheon in a merger of equals transaction with Raytheon surviving as a wholly owned subsidiary of UTC. The Raytheon merger is conditioned on, among other things, the consummation of the distribution. However, the distribution is not conditioned on the consummation of the Raytheon merger and, accordingly, the distribution may occur even if the Raytheon merger agreement is terminated or the Raytheon merger will otherwise not be consummated. For more information, see “Certain Relationships and Related Party Transactions—Raytheon Merger Agreement.”

Until the separation occurs, Carrier will continue to be a wholly owned subsidiary of UTC. Consequently, subject to UTC’s agreement to consummate the distribution pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement, UTC will have the sole and absolute discretion to determine and change the terms of the separation (or to terminate the separation), including the establishment of the record date for the distribution and the distribution date, as well as to modify the number of outstanding shares of common stock of Carrier that it will retain, if any, following the distribution.

UTC shareowners are not required to vote on the distribution. Therefore, you are not being asked for a proxy and you are not required to send a proxy to UTC. You do not need to pay any consideration, exchange or surrender your existing shares of UTC common stock or take any other action to receive your shares of Carrier common stock. Separately, a vote of UTC shareowners is required to approve the issuance of UTC common stock to holders of Raytheon common stock in connection with the Raytheon merger. UTC has separately made available to UTC shareowners a registration statement on Form S-4 and a joint proxy statement/prospectus in connection with the vote and the issuance of shares of UTC common stock in the Raytheon merger.

There is no current trading market for Carrier common stock, although we expect that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the record date for the distribution, and we expect “regular-way” trading of Carrier common stock to begin on the first trading day after the distribution is completed. For more information regarding the trading of Carrier common stock, see “The Separation and Distribution—Trading Between the Record Date and Distribution Date.” Carrier intends to list its common stock on the New York Stock Exchange (“NYSE”) under the symbol “[].” Following the distribution, UTC will continue to trade on the NYSE under the symbol “UTX”; however, if the Raytheon merger is completed, UTC will change its name to Raytheon Technologies Corporation and trade on the NYSE under the symbol “RTX.”

In reviewing this information statement, you should carefully consider the matters described under “Risk Factors.”

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is [].

This information statement was first made available to UTC shareowners on or about [].

TABLE OF CONTENTS

	<u>Page</u>
Questions and Answers About the Separation and Distribution	1
Information Statement Summary	9
Summary of Historical and Unaudited Pro Forma Combined Financial Data	21
Risk Factors	23
Cautionary Note Regarding Forward-Looking Statements	44
The Separation and Distribution	46
Dividend Policy	57
Capitalization	58
Selected Historical Combined Financial Data of Carrier	59
Unaudited Pro Forma Combined Financial Information	60
Business	65
Management’s Discussion and Analysis of Financial Condition and Results of Operations	77
Management	92
Directors	93
Director Compensation	100
Executive Compensation	101
Carrier Global Corporation 2020 Long-Term Incentive Plan	113
Certain Relationships and Related Party Transactions	117
Material U.S. Federal Income Tax Consequences	129
Description of Material Indebtedness	133
Security Ownership of Certain Beneficial Owners and Management	134
Description of Carrier Capital Stock	135
Where You Can Find More Information	138
Index to Combined Financial Statements	F-1

Presentation of Information

Unless the context otherwise requires:

- The information included in this information statement about Carrier, including the audited historical combined financial statements of Carrier, which primarily comprise the assets and liabilities of UTC’s heating, ventilating and air conditioning (“HVAC”), refrigeration, fire and security solutions businesses, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution.
- References in this information statement to “Carrier,” “we,” “us,” “our,” “our company” and “the company” refer to Carrier Global Corporation, a Delaware corporation, and its subsidiaries.
- References in this information statement to “Otis” refer to Otis Worldwide Corporation, a Delaware corporation, and its subsidiaries.
- References in this information statement to “UTC” refer to United Technologies Corporation, a Delaware corporation, and its consolidated subsidiaries, including the Carrier Business and the Otis Business, prior to completion of the separation, unless the context otherwise requires or unless otherwise specified.
- References in this information statement to the “Carrier Business” refer to UTC’s Carrier operating segment, covering HVAC, refrigeration, fire and security solutions.
- References in this information statement to the “Otis Business” refer to UTC’s Otis operating segment, covering elevator and escalator manufacturing, installation and service businesses.
- References in this information statement to the “UTC Aerospace Businesses” refer to both UTC’s Pratt & Whitney operating segment, which supplies aircraft engines and aftermarket services for the commercial, military, business jet and general aviation markets, and its Collins Aerospace Systems segment, 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.

TABLE OF CONTENTS

- References in this information statement to the “separation” refer to the separation of the Carrier Business and the Otis Business from UTC’s other businesses and the creation, as a result of the distributions, of an independent, publicly traded company, Carrier, and an independent, publicly traded company, Otis, to hold the assets and liabilities associated with the Carrier Business, and the assets and liabilities associated with the Otis Business, respectively, after the distributions.
- References in this information statement to the “distribution” or the “Carrier distribution” refer to the distribution of all of Carrier’s issued and outstanding shares of common stock to UTC shareowners as of the close of business on the record date for the distribution (which we refer to as the “record date”).
- References in this information statement to the “Otis distribution” refer to the distribution of all of Otis’ issued and outstanding shares of common stock to UTC shareowners as of the close of business on the record date for such distribution.
- References in this information statement to the “distributions” refer to, collectively, the Carrier distribution and the Otis distribution.
- References in this information statement to Carrier’s per share data assume a distribution ratio of [] shares of Carrier common stock for every share of UTC common stock.
- References in this information statement to Carrier’s historical assets, liabilities, products, businesses or activities generally refer to the historical assets, liabilities, products, businesses or activities of the Carrier Business as the business was conducted as part of UTC prior to the separation.
- References in this information statement to an “IRS ruling” refer to a private letter ruling from the Internal Revenue Service (which we refer to as the “IRS”) regarding certain U.S. federal income tax matters relating to the separation and the distribution.
- References in this information statement to “separation agreement” refer to the Separation and Distribution Agreement that UTC, Carrier and Otis will enter into to effect the separation and provide a framework for the relationship among UTC, Carrier and Otis after the separation.
- References in this information statement to the “Raytheon merger agreement” refer to the Agreement and Plan of Merger, dated as of June 9, 2019, by and among UTC, Light Merger Sub Corp. (“Merger Sub”), a wholly owned subsidiary of UTC, and Raytheon, which provides for, among other things and subject to the satisfaction or waiver of specified conditions, the combination of the UTC Aerospace Businesses and Raytheon in a merger of equals transaction through the merger of Merger Sub with and into Raytheon (the “Raytheon merger”), with Raytheon surviving the Raytheon merger as a wholly owned subsidiary of UTC.

Trademarks and Trade Names

Among the trademarks that Carrier and its subsidiaries own or have rights to use that appear in this information statement are the names “Automated Logic,” “Autronica,” “Bryant,” “Carrier,” “Carrier Commercial Refrigeration,” “Carrier Transicold,” “CIAT,” “Chubb,” “Day & Night,” “Det-Tronics,” “Edwards,” “Fireye,” “GST,” “Heil,” “Kidde,” “Interlogix,” “LenelS2,” “Marioff,” “NORESCO,” “Onity,” “Riello,” “Sensitech” and “Supra.” Carrier and its subsidiaries’ names, abbreviations thereof, logos and product and service designators are all either the registered or unregistered trademarks or trade names of Carrier and its subsidiaries. Names, abbreviations of names, logos and product and service designators of other companies are either the registered or unregistered trademarks or trade names of their respective owners.

Industry Information

Unless indicated otherwise, the information concerning the industries in which Carrier participates contained in this information statement is based on Carrier’s general knowledge of and expectations concerning the industry. Carrier’s position, share and industry size are based on estimates using publicly available information, Carrier’s internal data and estimates, based on data from various industry analyses, our internal research and adjustments and assumptions that we believe to be reasonable. Carrier has not independently verified data from publicly available information or industry analyses and cannot guarantee their accuracy or completeness. In addition, Carrier believes that data regarding the industry, share and its position within such industry provide general guidance but are inherently imprecise. Further, Carrier’s estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in the “Risk Factors” section. These and other factors could cause results to differ materially from those expressed in the estimates and assumptions.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What are Carrier and Otis, and why is UTC separating the Carrier Business and the Otis Business and distributing Carrier and Otis common stock?

Carrier and Otis, which are currently wholly owned subsidiaries of UTC, were formed to own and operate UTC's Carrier Business and Otis Business, respectively. The separation of Carrier and Otis from UTC is intended, among other things, to better position the management of each of Carrier and Otis to pursue opportunities for long-term growth and profitability unique to each company's business and to allow each business to more effectively implement its own distinct capital structure and capital allocation strategies. UTC expects that the separation will result in enhanced long-term performance of each of Carrier and Otis for the reasons discussed in "The Separation and Distribution—Reasons for the Separation."

This document relates only to the Carrier distribution.

Why am I receiving this document?

UTC is making this document available to you because you are a holder of shares of UTC common stock. If you are a holder of shares of UTC common stock as of the close of business on [], 2020, the record date, you will be entitled to receive [] shares of Carrier common stock for every share of UTC common stock that you hold as of the record date. This document will help you understand how the separation and distribution will affect your post-separation ownership in UTC and Carrier.

UTC is making available a separate information statement that will help you understand the Otis distribution and how it will affect your post-separation ownership in UTC and Otis. UTC has also separately made available to UTC shareowners a registration statement on Form S-4 and a joint proxy statement/prospectus in connection with the issuance of UTC common stock to holders of Raytheon common stock in the Raytheon merger and the vote of UTC shareowners to approve such issuance.

How will the separation of Carrier and Otis from UTC work?

As part of the separation, and prior to completion of the Carrier distribution or the Otis distribution, UTC and its subsidiaries expect to complete an internal reorganization (which we refer to as the "internal reorganization") in order to transfer the Carrier Business to Carrier, and the Otis Business to Otis. To accomplish the separation, UTC will distribute all of the outstanding shares of Carrier common stock to UTC shareowners, and will separately distribute all of the outstanding shares of Otis common stock to UTC shareowners, in each case on a pro rata basis in distributions intended to be generally tax-free for U.S. federal income tax purposes. Following the separation, the number of shares of UTC common stock you own will not change as a result of the separation.

What is the record date for the distribution?

The record date will be [], 2020.

When will the distribution occur?

We expect that all of the outstanding shares of Carrier common stock will be distributed by UTC at [], Eastern Time, on [], 2020, to holders of record of shares of UTC common stock at the close of business on [], 2020, the record date. We currently expect the

<p><i>What do shareowners need to do to participate in the distribution?</i></p>	<p>Otis distribution to occur on or around the date of the Carrier distribution, unless otherwise determined by the UTC Board of Directors in its sole and absolute discretion, but subject to UTC’s agreement to consummate each of the Carrier distribution and the Otis distribution as required pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement. There is no assurance that the Carrier distribution and the Otis distribution will occur on or around the same date or that either distribution will occur at all.</p>
<p><i>How will shares of Carrier common stock be issued?</i></p>	<p>Shareowners of UTC as of the record date will not be required to take any action to receive Carrier common stock in the distribution, but you are urged to read this entire information statement carefully. No shareowner approval of the distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing shares of UTC common stock or take any other action to receive your shares of Carrier common stock. Please do not send in your UTC stock certificates. The distribution will not affect the number of outstanding shares of UTC common stock or any rights of UTC shareowners, although, as described under “<i>Will the Carrier distribution and the Otis distribution affect the market price of my UTC common stock?</i>”, it will affect the market price of each outstanding share of UTC common stock.</p>
<p><i>How many shares of Carrier common stock will I receive in the distribution?</i></p>	<p>You will receive shares of Carrier common stock through the same channels that you currently use to hold or trade shares of UTC common stock, whether through a brokerage account, 401(k) plan or other channel. Receipt of Carrier shares will be documented for you in the same manner that you typically receive shareowner updates, such as monthly broker statements and 401(k) statements.</p> <p>If you own shares of UTC common stock as of the close of business on the record date, including shares held in certificated form, UTC, with the assistance of Computershare Trust Company, N.A., the distribution agent (“Computershare”), will electronically distribute shares of Carrier common stock to you or to your brokerage firm on your behalf in book-entry form. Computershare will mail you a book-entry account statement that reflects your shares of Carrier common stock, or your bank or brokerage firm will credit your account for the shares.</p> <p>UTC will distribute to you on the distribution date [] shares of Carrier common stock for every share of UTC common stock held by you as of close of business on the record date. Based on approximately [] shares of UTC common stock outstanding as of [], 2020, a total of approximately [] shares of Carrier common stock will be distributed to UTC’s shareowners. For additional information on the distribution, see “The Separation and Distribution.”</p>
<p><i>Will Carrier issue fractional shares of its common stock in the distribution?</i></p>	<p>No. Carrier will not issue fractional shares of its common stock in the distribution. Fractional shares that UTC shareowners would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those shareowners who would</p>

otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares.

What are the conditions to the distribution?

The distribution is subject to the satisfaction (or waiver by UTC in its sole and absolute discretion) of the following conditions, subject to UTC's agreement to consummate the Carrier distribution pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement:

- the U.S. Securities and Exchange Commission (the "SEC") declaring effective the registration statement of which this information statement forms a part and such registration statement not being the subject of any stop order or any legal, administrative, arbitral or other action, suit, investigation, proceeding, indictment or litigation by the SEC seeking a stop order;
- this information statement having been made available to UTC shareowners;
- the receipt by UTC and continuing validity of (1) an IRS ruling satisfactory to the UTC Board of Directors and (2) an opinion of outside counsel, satisfactory to the UTC Board of Directors, regarding the qualification of certain elements of the distribution under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code");
- the internal reorganization having been completed and the transfer of assets and liabilities of the Carrier Business from UTC and its affiliates to Carrier and its affiliates and the Otis Business from UTC and its affiliates to Otis and its affiliates, and the transfer of assets and liabilities of the UTC Aerospace Businesses from Carrier and its affiliates and Otis and its affiliates to UTC and its affiliates (other than Carrier, Otis and their respective affiliates), as set forth in the separation agreement, having been completed in all material respects;
- the receipt by the UTC Board of Directors of 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 (1) the adequacy of surplus under Delaware law with respect to Carrier to effect the distribution from Carrier to UTC of certain proceeds from the financing arrangements described under "Description of Material Indebtedness" prior to the effective time of the distribution, and with respect to UTC to effect the distribution, and (2) the solvency of each of UTC and Carrier after the completion of the distribution;
- all actions or filings necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder having been taken and, where applicable, having become effective or been accepted by the applicable governmental entity;

- the execution of the transition services agreement, the tax matters agreement, the employee matters agreement and the intellectual property agreement contemplated by the separation agreement;
- no governmental entity of competent jurisdiction having issued or entered any injunction or other decree, order, judgment, writ, stipulation, award or temporary restraining order, and no applicable law having 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 distribution or any of the related transactions;
- the shares of Carrier common stock to be distributed having been approved for listing on the NYSE, subject to official notice of distribution;
- UTC having received certain proceeds from the financing arrangements described under “Description of Material Indebtedness” and being satisfied in its sole and absolute discretion that it will have no liability under such arrangements as of the effective time of the distribution; and
- no other event or development existing or having occurred that, in the judgment of UTC’s Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions.

UTC and Carrier cannot assure you that any or all of these conditions will be met, or that the distribution will be consummated even if all of the conditions are met. UTC can decline at any time to go forward with the Carrier distribution. However, under the Raytheon merger agreement, UTC has agreed with Raytheon that, subject to the terms and conditions of the Raytheon merger agreement, UTC will consummate the separation and each of the Carrier distribution and the Otis distribution. In addition, the completion of the separation and each of the Carrier distribution and the Otis distribution is a condition to the Raytheon merger under the Raytheon merger agreement. Accordingly, the Raytheon merger will not be completed unless and until the separation and each of the Carrier distribution and the Otis distribution are completed.

The completion of the Raytheon merger is not a condition to the completion of the Carrier distribution and the Otis distribution. Therefore, UTC may complete the Carrier distribution even if the conditions to the Raytheon merger under the Raytheon merger agreement have not been satisfied or waived, the Raytheon merger agreement has been terminated or the Raytheon merger will otherwise not be consummated. Additionally, UTC may still go forward with the Carrier distribution even if the Otis distribution does not occur or may go forward with the Otis distribution even if the Carrier distribution does not occur.

For a complete discussion of all of the conditions to the distribution, see “The Separation and Distribution—Conditions to the Distribution.”

<p><i>When is the separation expected to be completed?</i></p>	<p>The completion and timing of the separation are dependent upon a number of conditions. We expect that the shares of Carrier common stock will be distributed by UTC at [], Eastern Time, on [], 2020, to the holders of record of shares of UTC common stock at the close of business on [], 2020, the record date. We currently expect the Otis distribution to occur on or around the date of the Carrier distribution, unless otherwise determined by the UTC Board of Directors in its sole and absolute discretion, but subject to UTC’s agreement to consummate each of the Carrier distribution and the Otis distribution as required pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement. There is no assurance that the Carrier distribution and the Otis distribution will occur on or around the same date or that either distribution will occur at all.</p>
<p><i>Can UTC decide to cancel the distribution even if all the conditions have been met?</i></p>	<p>Yes. Until the distribution has occurred, the UTC Board of Directors has the right to terminate the distribution, even if all of the conditions are satisfied, subject to UTC’s agreement to consummate the distribution pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement.</p>
<p><i>What if I want to sell my UTC common stock or my Carrier common stock?</i></p>	<p>You should consult with your financial advisors, such as your broker, bank or tax advisor. If you sell your shares of UTC common stock in the “regular-way” market after the record date and on or before the distribution date, you will also be selling your right to receive shares of Carrier common stock in connection with the distribution.</p>
<p><i>What is “regular-way” and “ex-distribution” trading of UTC common stock?</i></p>	<p>Beginning on or shortly before the record date and continuing up to and through the distribution date, we expect that there will be two markets in UTC common stock: a “regular-way” market and an “ex-distribution” market. UTC common stock that trades in the “regular-way” market will trade with an entitlement to receive shares of Carrier common stock pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without an entitlement to receive Carrier common stock pursuant to the distribution. If you decide to sell any shares of UTC common stock before the distribution date, you should make sure your broker, bank or other nominee understands whether you want to sell your UTC common stock with or without your entitlement to Carrier common stock pursuant to the distribution. For more information regarding the trading of Carrier common stock, see “The Separation and Distribution—Trading Between the Record Date and Distribution Date.”</p>
<p><i>Where will I be able to trade shares of Carrier common stock?</i></p>	<p>Carrier intends to list its common stock on the NYSE under the symbol “[].” Carrier expects that trading in shares of its common stock will begin on a “when-issued” basis on or shortly before the record date and will continue up to and through the distribution date, and that “regular-way” trading in Carrier common stock will begin on the first trading day after the distribution is completed. If trading begins on a “when-issued” basis, you may purchase or sell Carrier common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. For more information regarding the trading of Carrier common stock, see “The Separation and Distribution—Trading Between the Record Date and Distribution Date.” Carrier cannot predict the trading prices for its common stock before, on or after the distribution date.</p>

<p><i>What will happen to the listing of UTC common stock?</i></p>	<p>UTC common stock will continue to trade on the NYSE after the distribution. If the Raytheon merger is completed, the symbol under which UTC common stock trades on the NYSE will change from “UTX” to “RTX” effective upon the completion of the Raytheon merger.</p>
<p><i>Will the number of shares of UTC common stock that I own change as a result of the distribution?</i></p>	<p>No. The number of shares of UTC common stock that you own will not change as a result of the distribution.</p>
<p><i>Will the Carrier distribution and the Otis distribution affect the market price of my UTC common stock?</i></p>	<p>Yes. As a result of the Carrier distribution and the Otis distribution, it is expected that the trading price of shares of UTC common stock immediately following the Carrier distribution and the Otis distribution will be different from the “regular-way” trading price of such shares immediately prior to the distributions because the trading price will no longer reflect the value of the Carrier Business and the Otis Business. There can be no assurance whether the aggregate market value of the UTC common stock, the Carrier common stock and the Otis common stock following the distributions will be the same as or higher or lower than the market value of UTC common stock had the distributions not occurred. This means, for example, that the combined trading prices after the Carrier distribution and the Otis distribution of [] shares of Carrier common stock, the number of shares of Otis common stock to be distributed per share of UTC common stock in the Otis distribution and one share of UTC common stock, may be equal to, greater than or less than the trading price of one share of UTC common stock before the distributions.</p>
<p><i>What are the material U.S. federal income tax consequences of the separation and the distribution?</i></p>	<p>The distribution is conditioned on the receipt by UTC and continued validity of (1) an IRS ruling satisfactory to the UTC Board of Directors and (2) an opinion of outside counsel, satisfactory to the UTC Board of Directors, regarding the qualification of certain elements of the distribution under Section 355 of the Code. Accordingly, it is expected that you will not recognize any gain or loss, and no amount will be included in your income, upon your receipt of Carrier common stock pursuant to the distribution for U.S. federal income tax purposes. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Carrier common stock. You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as foreign tax laws. For more information regarding the material U.S. federal income tax consequences of the distribution, see “Material U.S. Federal Income Tax Consequences.”</p>
<p><i>What will Carrier’s relationship be with UTC and Otis following the separation?</i></p>	<p>After the separation, UTC, Carrier and Otis will be separate companies with separate management teams and separate boards of directors. Carrier will enter into a separation agreement with UTC and Otis to effect the separation and to provide a framework for the relationship among UTC, Carrier and Otis after the separation, and will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property agreement. These agreements will allocate among Carrier, Otis and UTC the assets, employees, liabilities and obligations (including,</p>

<p><i>Who will manage Carrier after the separation?</i></p>	<p>among others, investments, property and employee benefits and tax-related assets and liabilities) of UTC and its subsidiaries attributable to periods prior to, at and after the separation, provide for certain services to be delivered on a transitional basis and govern the relationship among Carrier, Otis and UTC following the separation. These agreements will not be impacted by the completion of the Raytheon merger. For additional information regarding the separation agreement and other transaction agreements, see “Risk Factors—Risks Related to the Distribution” and “Certain Relationships and Related Party Transactions.”</p>
<p><i>Are there risks associated with owning Carrier common stock?</i></p>	<p>Carrier will benefit from an experienced management team. Led by David L. Gitlin, who will be Carrier’s President and Chief Executive Officer, and John V. Faraci, who will be Carrier’s Executive Chairman, Carrier’s management team will have extensive experience driving growth in businesses across multiple industries. For more information regarding Carrier’s directors and management, see “Directors” and “Management.”</p>
<p><i>Does Carrier plan to pay dividends?</i></p>	<p>Yes. Ownership of Carrier common stock is subject to both general and specific risks relating to Carrier’s business, the industry in which it operates, its ongoing contractual relationships with UTC and Otis and its status as a separate, publicly traded company. Ownership of Carrier common stock is also subject to risks relating to the separation. Certain of these risks are described in the “Risk Factors” section of this information statement. We encourage you to read that section carefully.</p>
<p><i>Will Carrier incur any debt prior to or at the time of the distribution?</i></p>	<p>Following the distribution, we expect that Carrier will initially pay a cash dividend on a quarterly basis at an annual rate of \$[] per share. However, the timing, declaration, amount of, and payment of any dividends will be within the discretion of Carrier’s Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by Carrier’s Board of Directors. Moreover, if as expected we determine to initially pay a dividend following the distribution, there can be no assurance that we will continue to pay dividends in the same amounts or at all thereafter. See “Dividend Policy.”</p>
<p><i>Will Carrier incur any debt prior to or at the time of the distribution?</i></p>	<p>Yes. Carrier expects to complete one or more financing transactions before the distribution is completed, with approximately \$[] of the proceeds of such financings expected to be used to distribute cash to UTC. As a result of such transactions, Carrier anticipates having approximately \$[] of indebtedness upon completion of the distribution. On the distribution date, Carrier anticipates that the debt will consist of a combination of long-term notes and bank term loans. See “Description of Material Indebtedness” and “Risk Factors.”</p>

Who will be the distribution agent for the distribution and transfer agent and registrar for Carrier common stock?

The distribution agent, transfer agent and registrar for the Carrier common stock will be Computershare. For questions relating to the transfer or mechanics of the stock distribution, you should contact Computershare toll-free at [] or from outside the U.S. at [].

Where can I find more information about UTC and Carrier?

Before the distribution, if you have any questions relating to UTC or UTC's business performance, you should contact:

United Technologies Corporation
10 Farm Springs Road
Farmington, CT 06032
Attention: Investor Relations Department
Phone: (860) 728-7608
Email: InvRelations@corphq.utc.com

After the distribution, Carrier shareowners who have any questions relating to Carrier or Carrier's business performance should contact Carrier at:

Carrier Global Corporation
13995 Pasteur Boulevard
Palm Beach Gardens, FL 33418
Attention: Investor Relations Department

Carrier's investor relations website ([www.\[\]com](http://www.[]com)) will be operational on or around [], 2020. **The Carrier website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

INFORMATION STATEMENT SUMMARY

The following is a summary of selected information discussed in this information statement. This summary may not contain all of the details concerning the separation or other information that may be important to you. To better understand the separation and our business and financial position, you should carefully review this entire information statement. Unless the context otherwise requires, the information included in this information statement about Carrier, including the combined financial statements, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution, including the Otis distribution. Unless the context otherwise requires, or when otherwise specified, references in this information statement to “Carrier,” “we,” “us,” “our,” “our company” and “the company” refer to Carrier Global Corporation, a Delaware corporation, and its subsidiaries. Unless the context otherwise requires, references in this information statement to “UTC” refer to United Technologies Corporation, a Delaware corporation, and its consolidated subsidiaries, including the Carrier Business and the Otis Business prior to completion of the separation.

Unless the context otherwise requires, or when otherwise specified, references in this information statement to our historical assets, liabilities, products, businesses or activities of our businesses are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the Carrier Business of UTC as it was conducted as part of UTC prior to the separation.

Our Company

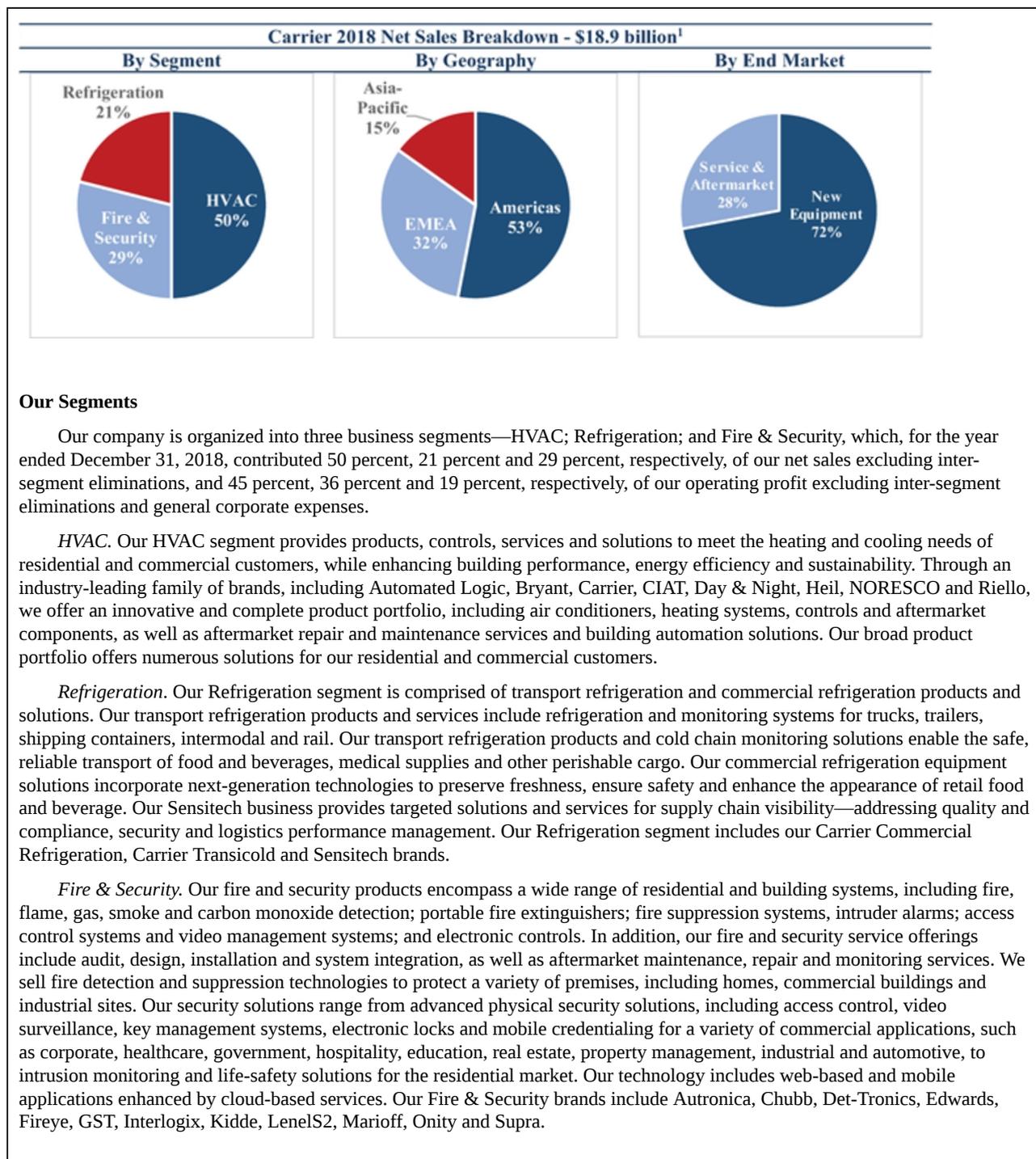
Carrier is a leading global provider of HVAC, refrigeration, fire and security solutions. Our innovative solutions promote smarter, safer and more sustainable buildings and infrastructure, and help to effectively preserve the freshness, quality and safety of perishables across a wide variety of industries. Our comprehensive range of products and services, reputation for quality and innovation and our industry-leading brands make us a trusted provider for our customers’ critical applications in the construction, transportation, security, food retail, pharmaceutical and other industries.

Our company is built on a legacy of innovation, beginning with its founders—Willis Carrier, who designed the world’s first modern air conditioning system; Robert Edwards, who patented the first electric alarm bell; and Walter Kidde, who produced the first integrated smoke detection and carbon dioxide extinguishing system for use onboard ships. This culture of innovation supports our core strategy of developing smart, sustainable and efficient solutions to meet the complex challenges resulting from the mega-trends of urbanization, climate change and increasing requirements for food safety driven by the food needs of our growing global population, rising standards of living and increasing energy and environmental regulation. The iconic Carrier brand, with its reputation for innovation and quality, is complemented by our other strong brands, including Automated Logic, Carrier Transicold, Edwards, GST, Kidde, LenelS2 and Marioff.

We believe that growth in our businesses is supported by favorable secular trends, including the mega-trends discussed above, which underpin growth across our HVAC, Refrigeration and Fire & Security businesses. We also believe that we are well positioned to benefit from these long-term trends as a result of the strength of our industry-leading brands and track record of innovation.

We have an extensive global footprint with approximately 54,000 employees globally, including over 3,700 engineers, and our solutions are sold in over 150 countries around the world. We sell our products and services directly to end customers and indirectly through distributors, independent sales representatives, wholesalers, dealers, other channel partners and retail outlets.

For the year ended December 31, 2018, our net sales were approximately \$18.9 billion, and our operating profit was approximately \$3.6 billion. Our net sales for the year ended December 31, 2018 were derived from the Americas (53 percent), Europe-Middle East (32 percent) and Asia-Pacific (15 percent). Our international operations, including U.S. export sales, represented approximately 54 percent of our net sales for the year ended December 31, 2018. During the same period, new equipment and service and aftermarket contributed 72 percent and 28 percent, respectively, of our net sales excluding inter-segment eliminations.



Our Segments

Our company is organized into three business segments—HVAC; Refrigeration; and Fire & Security, which, for the year ended December 31, 2018, contributed 50 percent, 21 percent and 29 percent, respectively, of our net sales excluding inter-segment eliminations, and 45 percent, 36 percent and 19 percent, respectively, of our operating profit excluding inter-segment eliminations and general corporate expenses.

HVAC. Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Through an industry-leading family of brands, including Automated Logic, Bryant, Carrier, CIAT, Day & Night, Heil, NORESKO and Riello, we offer an innovative and complete product portfolio, including air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions. Our broad product portfolio offers numerous solutions for our residential and commercial customers.

Refrigeration. Our Refrigeration segment is comprised of transport refrigeration and commercial refrigeration products and solutions. Our transport refrigeration products and services include refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail. Our transport refrigeration products and cold chain monitoring solutions enable the safe, reliable transport of food and beverages, medical supplies and other perishable cargo. Our commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of retail food and beverage. Our Sensitech business provides targeted solutions and services for supply chain visibility—addressing quality and compliance, security and logistics performance management. Our Refrigeration segment includes our Carrier Commercial Refrigeration, Carrier Transicold and Sensitech brands.

Fire & Security. Our fire and security products encompass a wide range of residential and building systems, including fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems, intruder alarms; access control systems and video management systems; and electronic controls. In addition, our fire and security service offerings include audit, design, installation and system integration, as well as aftermarket maintenance, repair and monitoring services. We sell fire detection and suppression technologies to protect a variety of premises, including homes, commercial buildings and industrial sites. Our security solutions range from advanced physical security solutions, including access control, video surveillance, key management systems, electronic locks and mobile credentialing for a variety of commercial applications, such as corporate, healthcare, government, hospitality, education, real estate, property management, industrial and automotive, to intrusion monitoring and life-safety solutions for the residential market. Our technology includes web-based and mobile applications enhanced by cloud-based services. Our Fire & Security brands include Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Interlogix, Kidde, LenelS2, Marioff, Onity and Supra.

¹ Excluding inter-segment eliminations.

Our Strengths

We believe that Carrier is differentiated by our industry-leading portfolio of iconic brands, comprehensive product and service offerings and reputation for innovation and quality, which make us a trusted provider to our customers across a wide range of growing markets and channels for commercial and residential building, industrial and smart cold chain applications. Our competitive strengths include:

Portfolio of iconic brands and leading segment positions. Our iconic and enduring brands are among the most recognized in their respective industries. Individually, many of our brands are leaders within their respective segments, and we believe that, collectively, they represent a uniquely positioned portfolio of trusted assets that, together with our ability to provide comprehensive, state-of-the-art solutions, make us a supplier and business partner of choice.

Extensive and diversified portfolio of solutions, industries and customers. We have a comprehensive and diverse set of products and services in many industries. While many of our products and brands are leaders in their respective industries, our business model is not dependent on any single product, brand, industry or customer. Our products solve different problems for a diverse set of customers in a range of applications and locations, while benefiting from our fundamental operational strategies and focus on innovation. The diversity of our product and service offerings better qualifies us to be a supplier of choice for a comprehensive range of solutions, while mitigating potential short-term headwinds in particular locations, applications or industries.

Global scale and presence in developing and growth markets. We believe that our global scale and comprehensive offering of products and services provide us with advantages over other providers with respect to design, manufacturing, sourcing, sales and marketing. Our understanding of local conditions, regulations and customer needs helps position us to focus on attractive verticals and geographies and respond more rapidly to changing regulatory requirements. This knowledge also enables us to take learnings, technologies and products developed for one region or customer and apply them to others, driving further growth and creating value for our stakeholders. Many of the geographical, product or service markets in which we currently operate, including China, India, Vietnam and other developing countries in Southeast Asia, are experiencing long-term sustained growth. These countries have high growth potential due to increasing demand for our products and services from currently low penetration rates, rising living standards and consumption, and increasing regulatory emphasis on safety, energy efficiency and the environment. Our global scale, presence and extensive distribution network create opportunities for targeted geographic expansion of our product and service offerings, allow us to serve a diversified customer base and provide exposure to short- and long-cycle end markets.

Strong, long-term distribution relationships. We have long-term relationships with an extensive network of channel partners that uniquely position us to meet customers' demands across the industries and geographies we serve. In many instances, these relationships have been forged over decades of selling HVAC, refrigeration, fire and security products to provide tailored solutions for a variety of customers and applications. We also have a number of joint venture arrangements and strategic relationships with our channel partners that align our respective incentives and facilitate our collective ability to win new business. We believe that we share a trust, relationship and mutual respect with our channel partners that is unmatched in our industry. These deep relationships are the product of decades of effort, extensive personal connections and a long history of dedicated performance and satisfied expectations. The strength of our relationships with our channel partners, our channel partners' relationships with end users and, the breadth of our distribution network, provide us with an important competitive advantage and help make Carrier a provider of choice even when we do not sell directly to the end user.

Proven track record of innovation with focus on world mega-trends. We have a strong history of innovation across all of our segments and our current priorities include solutions to address the challenges presented by the mega-trends of urbanization, climate change and the food needs of our growing global population. Since 2013, we have grown our engineering team globally by approximately 35 percent to over 3,700 engineers. We hold approximately 6,700 active and pending patents and patent applications worldwide to protect our research and development ("R&D") investments in new products and services. In the last two years, we introduced over 200 new products. Our recent innovations include a suite of digital HVAC solutions that improve on-demand customer engagement, as well as visibility into system performance and remote management; combining carbon dioxide as a natural refrigerant with energy-efficient technology to reduce the carbon footprint of marine container refrigeration applications; and the first multi-criteria smoke detector to receive the UL 268 (7th edition) Standard for Safety of Smoke Detectors and Fire Alarm Systems certification. Innovation in our

product portfolio is a strong driver of continued growth as customers increasingly value energy efficiency, sustainability and digitally-connected building systems. These factors are an important aspect of customers' buying decisions and serve as key differentiators for Carrier.

Sizable service and aftermarket business drives growth. By virtue of our global scale and market tenure, we have one of the largest installed bases in many of the industries we serve, which enables us to drive recurring revenue streams from the sale of repair and maintenance services, parts, components, and end of lifecycle product replacements that are required for installed products. Our sales of other value added recurring and non-recurring services provide additional revenue streams over and above sales derived from our equipment business. In 2018, approximately 28 percent of our net sales were generated by service and aftermarket.

Attractive financial profile underpinned by strong margins and operating cash flow. We benefit from attractive margins and a track record of strong cash flow generation. Over the past two years, our operating margins have consistently been over 15 percent, a level maintained through the reputational strength of our brands and our culture of operational efficiency. We also benefit from the low capital intensity of our businesses, which has contributed to our track record of generating strong operating cash flow. Over the past two years, our capital expenditures averaged approximately 1.6 percent of net sales and we generated a cumulative \$4.2 billion of operating cash flow.

Experienced management team and skilled workforce. Our strategy is driven by an experienced global leadership team and implemented by skilled operating teams with approximately 54,000 employees worldwide, including over 3,700 engineers. Our global workforce, of which approximately 80 percent is located outside the United States, reflects our deep regional knowledge and enables us to maintain close relationships with our customers. Our leadership team includes executives who have deep industry expertise, as well as executives who have extensive experience driving growth and operational excellence across different businesses. This combination of collective industry experience and strong leadership supports our ability to successfully implement our business strategies.

Our Strategies

We intend to continue to grow by serving our diverse industries, geographies and customer bases with a broad range of solutions to address the complex challenges resulting from global mega-trends and by innovating ahead of regulatory requirements. Our key strategies include both a sustained focus on growth opportunities as well as a commitment to establishing a best-in-class cost structure as a stand-alone company, encompassing the following elements:

Focus on growth

Drive organic growth in existing served markets through technology and innovation. We plan to maintain our proven track record of innovation by leveraging our culture dedicated to designing smarter, more connected and more sustainable environments; our industry-leading brands; and our long-term relationships with channel partners and customers to provide solutions tailored for growing verticals and applications in the markets we serve. For example, in HVAC, through enhanced engagement with enterprise account owners and operators in key vertical segments, we are utilizing our broad building system offerings to provide innovative, intelligent building solutions to address our customers' needs for energy efficiency, safety, security and an improved occupant experience. Our R&D efforts are focused on growing our products and services across our segments—we continue to invest in innovation and intend to continue to work closely with our distribution partners to offer best-in-class products and solutions that anticipate customer needs related to refrigerants, efficiency, emissions, noise levels and safety. As customer demands for more sustainable and connected equipment continue to evolve, our ability to innovate and provide cutting-edge products and technologies is key to our continued success and ability to grow our businesses. Our innovation efforts are supported by R&D investments, which were approximately 2.1 percent of net sales in 2018.

Invest for growth in attractive geographies. We believe that we are well positioned to expand our product, service and aftermarket offerings in a number of attractive geographies that have significant potential for substantial growth. Long-term growth opportunities in these geographies are supported by durable global mega-trends. We plan to leverage the scale of our global operations, the strength of our iconic brands and our proven track record in creating valuable partnerships to focus on targeted expansion into new locations and channels where we believe that we can drive profitable growth. We also continue to strengthen our long-term

relationships with channel partners to ensure global market coverage and a superior level of customer service. We believe our understanding of local conditions, regulations and customer needs helps position us to focus on attractive geographies and to move more quickly to meet rapidly changing regulatory requirements.

Expand in higher value-added services and aftermarket. Products make up the majority of our sales today. Our product sales, including installations, are more than two-thirds of total sales and will continue to be the foundation of the business going forward. However, as service and aftermarket offerings evolve in the industry to include more highly sophisticated digital and “as-a-service” models enabled by data and analytics, we will pursue targeted opportunities for growth, leveraging our smart, connected products and our broad technological expertise across building systems. In addition, we plan to utilize digital technologies to enhance our internal operations and enable seamless transactions with customers across the customer experience and equipment lifecycles (for example, by providing customers visibility from order through delivery).

Strategically optimize product, technology and geographic portfolio to enhance growth. We intend to seek opportunities to optimize our portfolio of products and services to allocate resources toward profitable growth, and to selectively pursue strategic partnerships, mergers, acquisitions and divestitures that will enhance our core business, complement our existing array of brands, products and services, and leverage our global scale and scope.

Leading Cost Structure

Focus on cost-effective performance. As a stand-alone public company, we plan to continue to foster operational, financial and commercial excellence, driving sales and earnings growth while maintaining an attractive cost structure, through Carrier’s longstanding way of doing business. With roots in our legacy manufacturing and business process excellence, the Carrier operating system is based on lean principles and a highly competitive cost structure. We will continue to pursue opportunities for optimizing our footprint, leveraging low-cost manufacturing and R&D resources and driving end-to-end supply chain excellence.

Summary of Risk Factors

An investment in our company is subject to a number of risks, including risks relating to our business, risks related to the distribution and risks related to our common stock. Set forth below is a high-level summary of some, but not all, of these risks. For a more thorough description of these risks, please read the information in “Risk Factors” included elsewhere in this information statement.

Risks Related to Our Business

- Our international operations subject us to risk as our results of operations may be adversely affected by changes in local and regional economic conditions, such as fluctuations in exchange rates, risks associated with government policies on international trade and investments, including import quotas, capital controls, punitive taxes or tariffs or similar trade barriers, and risks associated with emerging markets;
- We are party to joint ventures and other strategic relationships, which may not be successful and may expose us to special risks and restrictions;
- Global climate change and related regulations could negatively affect our business;
- Cooler than normal summers or warmer than normal winters may depress our sales;
- Natural disasters or other unexpected events may disrupt our operations, adversely affect our results of operations and financial condition, and may not be covered by insurance;
- Information security, data privacy and identity protection may require significant resources and present certain risks to our business, reputation and financial condition;
- Our business and financial performance depend on continued substantial investment in information technology infrastructure, which may not yield anticipated benefits, and may be adversely affected by cyber-attacks on information technology infrastructure and products and other business disruptions;

- We may be affected by global economic, capital market and political conditions in general, and conditions in the construction, transportation and infrastructure industries in particular;
- We use a variety of raw materials, supplier-provided parts, components, subcomponents and third-party service providers in our business, and significant shortages, supplier capacity constraints, supplier production disruptions, price increases, trade disruptions or tariffs could increase our operating costs and adversely impact the competitive positions of our products;
- We design, manufacture and service products that incorporate advanced technologies. The introduction of new products and technologies involves risks, and we may not realize the degree or timing of benefits initially anticipated;
- We operate in a competitive environment and our profitability depends on our ability to accurately estimate the costs and timing of providing our products and services;
- Customers and others may take disruptive actions;
- Labor matters may impact our business;
- Our defined benefit pension plans are subject to financial market risks that could adversely affect our results;
- We may not realize expected benefits from our cost reduction and restructuring efforts, and our profitability may be hurt or our business otherwise might be adversely affected;
- Additional tax expense or additional tax exposures could affect our future profitability;
- We depend on our intellectual property, and have access to certain intellectual property and information of our customers and suppliers; infringement or failure to protect our intellectual property could adversely affect our future growth and success;
- Failure to achieve and maintain a high level of product and service quality could damage our reputation with customers and negatively impact our results;
- We are subject to litigation, environmental, product safety and other legal and compliance risks;
- We engage in acquisitions and divestitures, and may encounter difficulties integrating acquired businesses with, or disposing of businesses from, our current operations; therefore, we may not realize the anticipated benefits of these acquisitions and divestitures;
- We may be required to recognize impairment charges for our goodwill and certain other intangible assets;
- We may need additional financing in the future to meet our capital needs or to make opportunistic acquisitions, and such financing may not be available on favorable terms, if at all, and may be dilutive to existing shareowners; and
- Failure to maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs and access to capital markets.

Risks Related to the Distribution

- We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily indicative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results;
- Following the distribution, our financial profile will change and we will be a smaller, less diversified company than UTC prior to the distribution;
- We may not achieve some or all of the expected benefits of the separation and distribution, and the separation and distribution may materially adversely affect our business;
- UTC's plan to separate into three independent, publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business;

- The combined market value following the Carrier distribution and the Otis distribution of [] shares of Carrier common stock, the number of shares of Otis common stock to be distributed per share of UTC common stock in the Otis distribution and one share of UTC common stock may not equal or exceed the pre-distribution value of one share of UTC common stock;
- We expect to incur both one-time and ongoing material costs as a result of the separation, which could adversely affect our profitability;
- In connection with the distribution, we expect to incur debt obligations, and we may incur additional debt obligations in the future, which could adversely affect our business and profitability and our ability to meet other obligations;
- After the separation, certain members of management, directors and shareowners may own stock in UTC, Carrier and Otis, and as a result may face actual or potential conflicts of interest;
- We could experience temporary interruptions in business operations and incur additional costs as we further develop information technology infrastructure and transition our data to our stand-alone systems;
- We may not be able to engage in desirable capital-raising or strategic transactions following the separation;
- In connection with the separation into three independent public companies, each of UTC, Carrier and Otis will indemnify the other parties for certain liabilities. If we are required to pay under these indemnities to UTC and/or Otis, our financial results could be negatively impacted. Also, the UTC or Otis indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which UTC and Otis will be allocated responsibility, and UTC and/or Otis may not be able to satisfy their respective indemnification obligations in the future;
- UTC or Otis may fail to perform under various transaction agreements that will be executed as part of the separation, or we may fail to have the necessary systems and services in place when the transition services agreement expires;
- The terms we will receive in our agreements with UTC or Otis could be less beneficial than the terms we may have otherwise received from unaffiliated third parties;
- If the distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, including as a result of subsequent acquisitions of our stock or the stock of UTC (including pursuant to the Raytheon merger), we, as well as UTC, Otis and UTC's shareowners, could be subject to significant tax liabilities, and in certain circumstances, we could be required to indemnify UTC for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement;
- The transfer to us by UTC or Otis of certain contracts, permits and other assets and rights may require the consents or approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, we may not be entitled to the benefit of such contracts, permits and other assets and rights, which could increase our expenses or otherwise harm our business and financial performance;
- Until the distribution occurs, the UTC Board of Directors may change the terms of the separation in ways that may be unfavorable to us;
- No vote of UTC shareowners is required in connection with the distribution. As a result, if the distribution occurs and you do not want to receive our common stock in the distribution, your sole recourse will be to divest yourself of your UTC common stock prior to the record date or in the "regular-way" trading market during the period prior to the distribution;
- Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could materially and adversely affect us;

- The allocation of intellectual property rights among us, UTC and Otis as part of the separation could adversely impact our competitive position and our ability to develop and commercialize certain future products and services; and
- Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

Risks Related to Our Common Stock

- We cannot be certain that an active trading market for our common stock will develop or will be sustained after the distribution and, following the distribution, our stock price may fluctuate significantly;
- A significant number of shares of our common stock may be sold following the distribution, which may cause our stock price to decline;
- There may be substantial changes in our shareowner base;
- Your percentage of ownership in Carrier may be diluted in the future;
- We cannot guarantee the timing, amount or payment of dividends on our common stock;
- Anti-takeover provisions could enable our Board of Directors to resist a takeover attempt by a third party and limit the power of our shareowners; and
- Our amended and restated bylaws will designate the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareowners, which could discourage lawsuits against Carrier and our directors and officers.

The Separation and Distribution

On November 26, 2018, UTC announced its intention to separate the Carrier Business and the Otis Business from the UTC Aerospace Businesses. The separation will occur through pro rata distributions to UTC shareowners of 100 percent of the shares of common stock of Carrier and 100 percent of the shares of common stock of Otis, which were formed to hold UTC’s Carrier Business and Otis Business, respectively.

On June 9, 2019, UTC entered into the Raytheon merger agreement, which provides for the combination of the UTC Aerospace Businesses and Raytheon in a merger of equals transaction with Raytheon surviving as a wholly owned subsidiary of UTC. Under the Raytheon merger agreement, UTC has agreed with Raytheon that, subject to the terms and conditions of the Raytheon merger agreement, UTC will consummate the separation and each of the Carrier distribution and the Otis distribution. In addition, the completion of the separation and each of the Carrier distribution and the Otis distribution is a condition to the Raytheon merger under the Raytheon merger agreement. Accordingly, the Raytheon merger will not be completed unless and until the separation and each of the Carrier distribution and the Otis distribution are completed. The completion of the Raytheon merger is not a condition to the completion of the distributions. Therefore, UTC may complete the distribution even if the conditions to the Raytheon merger under the Raytheon merger agreement have not been satisfied or waived, the Raytheon merger agreement has been terminated or the Raytheon merger will otherwise not be consummated. For more information, see “Certain Relationships and Related Party Transactions—Raytheon Merger Agreement.”

On [], 2020, the UTC Board of Directors approved the distribution of all of Carrier’s issued and outstanding shares of common stock on the basis of [] shares of Carrier common stock for every share of UTC common stock held as of the close of business on [], 2020, the record date. We currently expect the Otis distribution to occur on or around the date of the Carrier distribution, unless otherwise determined by the UTC Board of Directors in its sole and absolute discretion, but subject to UTC’s agreement to consummate each of the Carrier distribution and the Otis distribution as required pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement. Though UTC has agreed pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement, that UTC will consummate the separation and each of the Carrier distribution and the Otis distribution, there can be no assurance that the Carrier distribution and the Otis distribution will occur on or around the same date or that either distribution will occur at all. UTC is making available a separate information statement relating to the Otis distribution that contains important additional information regarding the distribution of common stock of Otis.

Carrier’s Post-Separation Relationship with UTC and Otis

After the separation, UTC, Carrier and Otis will each be separate companies with separate management teams and separate boards of directors. Prior to the separation, UTC, Carrier and Otis will enter into the separation agreement. We will also enter into various other agreements to effect the separation and to provide a framework for our relationship with UTC and Otis after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property agreement. These agreements will allocate among Carrier, Otis and UTC the assets, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of UTC and its subsidiaries attributable to periods prior to, at and after the separation, provide for certain services to be delivered on a transitional basis and govern the relationship among Carrier, Otis and UTC following the separation. These agreements will not be impacted by the completion of the Raytheon merger. For additional information regarding the separation agreement and other transaction agreements, see “Risk Factors—Risks Related to the Distribution” and “Certain Relationships and Related Party Transactions.”

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of Carrier, Otis and UTC as part of the separation, and it will provide for when and how these transfers, assumptions and assignments will occur. In particular, the separation agreement will provide, among other things, that subject to the terms and conditions contained therein:

- certain assets of, or related to, the Carrier Business, referred to as the “Carrier Assets,” will be transferred to Carrier or one of its subsidiaries. Subject to limited exceptions, assets used or held for use solely or primarily in the Carrier Business will be Carrier Assets;
- certain liabilities of, or related to, the Carrier Business, which we refer to as the “Carrier Liabilities,” will be retained by or transferred to Carrier or one of its subsidiaries. Subject to limited exceptions, liabilities to the extent arising out of or relating to the Carrier Business or a Carrier Asset will be Carrier Liabilities, and liabilities arising out of litigation or other claims (including in respect of environmental or asbestos-related matters) or governmental investigations, sanctions or orders will be Carrier Liabilities to the extent the facts underlying the applicable matter arose out of or relate to the Carrier Business, Carrier Assets or the other Carrier Liabilities;
- certain assets of, or related to, the Otis Business, which we refer to as the “Otis Assets,” will be retained by or transferred to Otis or one of its subsidiaries. Subject to limited exceptions, assets used or held for use solely or primarily in the Otis Business will be Otis Assets;
- certain liabilities of, or related to, the Otis Business, which we refer to as the “Otis Liabilities,” will be retained by or transferred to Otis or one of its subsidiaries. Subject to limited exceptions, liabilities to the extent arising out of or relating to the Otis Business or an Otis Asset will be Otis Liabilities, and liabilities arising out of litigation or other claims (including in respect of environmental or asbestos-related matters) or governmental investigations, sanctions or orders will be Otis Liabilities to the extent the facts underlying the applicable matter arose out of or relate to the Otis Business, Otis Assets or the other Otis Liabilities; and
- all assets and liabilities other than the Carrier Assets, the Otis Assets, the Carrier Liabilities and the Otis Liabilities (such assets and liabilities, other than the Carrier Assets and the Otis Assets, and the Carrier Liabilities and the Otis Liabilities, we refer to as the “UTC Assets” and “UTC Liabilities,” respectively) will be retained by or transferred to UTC or one of its subsidiaries.

For additional information regarding the separation agreement and the transfer of assets and assumption of liabilities, see “Risk Factors—Risks Related to the Distribution” and “Certain Relationships and Related Party Transactions.”

Reasons for the Separation

The UTC Board of Directors believes that the separation of UTC into three independent, publicly traded companies through the separation of its Carrier Business and Otis Business from UTC is in the best interests of UTC and its shareowners for a number of reasons (irrespective of whether or not the Raytheon merger is completed), including:

- *Greater Focus and Enhanced Operational Agility.* The separation will permit each company to more effectively focus on pursuing its own distinct operating priorities and strategies for long-term growth and profitability, and will better position the management teams of each company to focus on strengthening its core businesses. Maintaining a sharper focus on its core businesses and growth opportunities will allow each company to respond better and more quickly to developments in its industry and to customer demands. In addition, the separation is expected to enhance operational agility of the separated companies, which will lead to improved operating discipline and help drive better results.
- *Strong Financial Profile of Each Company on a Stand-alone Basis.* Each of UTC, Carrier and Otis has established itself as a global leader with the scale to be both self-sufficient and to sustain investment through economic cycles. In addition, each of the companies is expected to have an investment grade credit rating and strong financial characteristics to independently drive growth and investment.
- *Separate Capital Structures and Allocation Flexibility.* The separation will permit each company to allocate its financial resources to meet the unique needs of its own businesses, which will allow each company to intensify its focus on its distinct strategic priorities and individual business risk and return profiles. The separation will also allow each company to more flexibly pursue its own distinct capital structure, capital allocation strategy and capital return policy. In addition, after the separation, the Carrier Business will no longer need to compete within UTC with the UTC Aerospace Businesses and the Otis Business for capital and other corporate resources.
- *Creation of Independent Equity Currencies and Increased Strategic Opportunities.* The separation will afford Carrier and Otis the ability to offer their independent equity securities to the capital markets and enable each stand-alone business to use its own industry-focused stock to pursue portfolio enhancing acquisitions or other strategic opportunities that are more closely aligned with each company's strategic goals and expected growth opportunities.
- *Alignment of Management Incentives with Performance.* The separation will allow each company to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business attributes. Following the separation, recruitment and retention is expected to be enhanced by more consistent talent requirements across the businesses, providing recruiters and applicants with greater clarity and understanding of talent needs and opportunities associated with the core business activities, principles and risks of each company.
- *Broadening of Investor Base.* The separation will allow each company to more effectively articulate a clear investment proposition to attract a long-term investor base suited to its businesses, growth profile and capital allocation priorities, and will facilitate each company's access to capital by providing investors with three distinct investment opportunities. This is expected to attract shareowners with distinct investment preferences.

The UTC Board of Directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* UTC, Carrier and Otis may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will require significant amounts of management's time and effort, which may divert management's attention from operating each company's business; there may be dis-synergy costs related to the separation, including costs of restructuring transactions and other significant costs; and following the separation, each of UTC, Carrier and Otis may be more susceptible to certain economic and market fluctuations, and other adverse events than if Carrier and Otis were still a part of UTC because each business will be less diversified than UTC prior to the separation.

- *Capital Allocation Efficiency and Flexibility.* Following the separation, Carrier and Otis may lose capital allocation efficiency and flexibility, as each company will no longer be able to use cash flow from one of UTC’s other businesses to fund its investments and operations. Additionally, as smaller companies, the cost of capital for each company may be higher than UTC’s cost of capital prior to the separation, and each company may not obtain the same credit rating as UTC prior to the separation.
- *Loss of Scale and Increased Administrative Costs.* As part of UTC, Carrier and Otis benefit from UTC’s scale in procuring certain goods and services. After the separation, as stand-alone companies, Carrier and Otis may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those UTC obtained prior to the separation. In addition, as part of UTC, Carrier and Otis benefit from certain functions performed by UTC, such as accounting, auditing, tax, legal, human resources, investor relations, risk management, treasury and other general and administrative functions. After the separation, UTC will not perform these functions for Carrier or Otis (other than certain functions that will be provided for a limited time pursuant to the transition services agreement) and, because of Carrier’s and Otis’ smaller scale as stand-alone companies, the cost of performing such functions could be higher than the amounts reflected in Carrier’s or Otis’ historical financial statements, which would cause profitability to decrease.
- *Disruptions and Costs Related to the Separation.* The actions required to separate Carrier’s, Otis’ and UTC’s respective businesses could disrupt each company’s operations. In addition, Carrier and Otis will incur substantial costs in connection with the separation and the transition to being a stand-alone public company, which may include tax costs associated with the internal restructuring and costs to separate shared systems, accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Carrier and Otis.
- *Limitations on Strategic Transactions.* Under the terms of the tax matters agreement that Carrier and Otis will enter into with UTC, Carrier and Otis will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free transactions under applicable law. These restrictions may limit for a period of time Carrier’s and Otis’ ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of their business.
- *Uncertainty Regarding Stock Prices.* We cannot predict the effect of the Carrier distribution and the Otis distribution on the trading prices of Carrier, Otis or UTC common stock or know with certainty whether the combined market value of [] shares of Carrier common stock, the number of shares of Otis common stock to be distributed per share of UTC common stock in the Otis distribution and one share of UTC common stock will be less than, equal to or greater than the market value of one share of UTC common stock prior to the distributions. Furthermore, there is the risk of volatility in each company’s stock price following the distributions due to sales by certain shareowners whose investment objectives may not be met by each company’s common stock, and it may take time for each company to attract its optimal shareowner base.

In determining to pursue the separation, the UTC Board of Directors concluded that the potential benefits of the separation outweighed the foregoing factors. See “The Separation and Distribution—Reasons for the Separation” and “Risk Factors” included elsewhere in this information statement.

Corporate Information

Carrier was incorporated in Delaware for the purpose of holding the Carrier Business in connection with the separation and distribution described herein. Prior to the contribution of the Carrier Business to Carrier by UTC, which will occur prior to the distribution, Carrier will have no operations other than those incidental to its formation and the separation. Our principal executive offices are located at 13995 Pasteur Boulevard, Palm Beach Gardens, FL 33418, and our telephone number is (561) 365-2000. We maintain an Internet site at www.carrier.com. **Our website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to UTC shareowners who will receive shares of Carrier common stock in the distribution. UTC shareowners are not required to vote on the distribution. Therefore, you are not being asked for a proxy and you are not required to send a proxy to UTC. You do not need to pay any consideration, exchange or surrender your existing shares of UTC common stock or take any other action to receive your shares of Carrier common stock. This information statement is not, and is not to be construed as, an inducement or encouragement to buy or sell any of Carrier's securities. The information contained in this information statement is believed by Carrier to be accurate as of the date set forth on its cover. Changes may occur after that date, and neither UTC nor Carrier will update the information except as may be required in the ordinary course of their respective disclosure obligations and practices.

UTC is making available a separate information statement that will help you understand the Otis distribution and how it will affect your post-separation ownership in UTC and Otis. UTC has also separately made available to UTC shareowners a registration statement on Form S-4 and a joint proxy statement/prospectus in connection with the issuance of UTC common stock to holders of Raytheon common stock in the Raytheon merger and the vote of UTC shareowners to approve such issuance.

**SUMMARY OF HISTORICAL AND UNAUDITED PRO FORMA
COMBINED FINANCIAL DATA**

The following summary financial data reflects the historical combined operations of Carrier. We derived the summary historical combined statements of operations data for the years ended December 31, 2018 and December 31, 2017, and summary historical combined balance sheet data as of December 31, 2018 and December 31, 2017, as set forth below, from Carrier's audited historical combined financial statements (which we refer to as the "combined financial statements"), which are included in the "Index to Combined Financial Statements" section of this information statement. The selected unaudited historical combined financial data as of, and for each of, the years ended December 31, 2016 and December 31, 2015 have been derived from our underlying financial records, which were derived from the financial records of UTC. In management's opinion, the unaudited combined financial statements have been prepared on substantially the same basis as the audited combined financial statements and include all adjustments, consisting only of ordinary recurring adjustments, necessary for a fair presentation of the selected historical combined financial data for the periods presented. To ensure a full understanding of this summary historical combined financial data, you should read the summary combined financial data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and accompanying notes included elsewhere in this information statement.

The summary historical combined financial data does not necessarily reflect what our results of operations and financial position would have been if we had operated as a separate publicly traded entity during the periods presented, including changes that will occur in our operations and capitalization as a result of the separation and distribution. Accordingly, the historical results should not be relied upon as an indicator of our future performance.

The summary unaudited pro forma combined financial data for the year ended December 31, 2019 has been prepared to reflect the separation, including the incurrence of indebtedness of approximately \$[] and the distribution of approximately \$[] of cash to UTC. The outstanding indebtedness is expected to consist of a combination of long-term notes and bank term loans. The unaudited pro forma combined statement of operations presented for the year ended December 31, 2019 assumes the separation occurred on January 1, 2019. The unaudited pro forma combined balance sheet as of December 31, 2019 assumes the separation occurred on December 31, 2019. The pro forma adjustments give effect to amounts that are directly attributable to the separation and distribution, factually supportable and, with respect to the unaudited pro forma statements of operations, expected to have a continuing impact on Carrier. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and we believe such assumptions are reasonable under the circumstances.

The unaudited pro forma combined financial information is not necessarily indicative of our results of operations or financial condition had the distribution and our anticipated post-separation capital structure been completed on the dates assumed. It may not reflect the results of operations or financial condition that would have resulted had we been operating as an independent, publicly traded company during such period. In addition, it is not necessarily indicative of our future results of operations or financial condition.

You should read this summary financial data together with "Unaudited Pro Forma Combined Financial Information," "Capitalization," "Selected Historical Combined Financial Data of Carrier," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and accompanying notes included elsewhere in this information statement.

**Summary of Historical and Unaudited Pro Forma
Combined Financial Data**

	Pro Forma For the Year ended December 31,	Years ended December 31,				
	2019 (Unaudited)	2019	2018	2017	2016 (Unaudited)	2015 (Unaudited)
<i>(dollars in millions)</i>						
Results of Operations Data:						
Net sales	\$	\$	\$ 18,914	\$ 17,814	\$ 16,853	\$ 16,709
Research and development			400	364	351	325
Restructuring costs			80	111	65	108
Operating profit ⁽¹⁾			3,637	3,030	2,760	2,563
Net income ⁽²⁾			2,769	1,267	1,900	1,837
Net income attributable to Carrier Global Corporation			2,734	1,227	1,854	1,782
Capital expenditures			263	326	340	261

	Pro Forma For the Year ended December 31,	As of December 31,				
	2019 (Unaudited)	2019	2018	2017	2016 (Unaudited)	2015 (Unaudited)
<i>(dollars in millions)</i>						
Balance Sheet Data:						
Working capital ⁽³⁾	\$	\$	\$ 1,643	\$ 1,750	\$ 1,693	\$ 1,749
Total assets			21,737	21,985	20,981	20,693
Total liabilities			7,468	7,201	5,844	5,745

- (1) 2018 operating profit includes a \$799 million pre-tax gain on the sale of the Taylor business and 2017 net income includes a \$379 million pre-tax gain on the sale of our investment in Watsco, Inc.
- (2) 2018 net income includes a charge of \$102 million related to future non-U.S. taxes associated with anticipated future repatriation of non-U.S. earnings and 2017 net income includes unfavorable net tax charges of approximately \$799 million related to U.S. tax reform legislation enacted in December 2017.
- (3) Working capital is defined as current assets less current liabilities.

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating Carrier and Carrier common stock. Any of the following risks and uncertainties could materially adversely affect our business, financial condition or results of operations.

Risks Related to Our Business

Our international operations subject us to risk as our results of operations may be adversely affected by changes in local and regional economic conditions, such as fluctuations in exchange rates, risks associated with government policies on international trade and investments, including import quotas, capital controls, punitive taxes or tariffs or similar trade barriers, and risks associated with emerging markets.

We conduct our business on a global basis, with approximately 54 percent of our 2018 sales derived from international operations, including U.S. export sales. Changes in local and regional economic conditions, including fluctuations in exchange rates, may affect product demand and reported profits in our non-U.S. operations, where transactions are generally denominated in local currencies. In addition, currency fluctuations may affect the prices we pay for the materials used in our products, and as a result, our operating margins may be negatively impacted by higher costs for certain cross-border transactions. Our financial statements are denominated in U.S. Dollars. Accordingly, fluctuations in exchange rates may also give rise to gains or losses when financial statements of non-U.S. operating units are translated into U.S. Dollars. Given that the majority of our sales are non-U.S. based, a strengthening of the U.S. Dollar against other major foreign currencies could adversely affect our results of operations.

Our international sales and operations are subject to risks associated with changes in local government regulations and policies, investments, taxation, foreign exchange controls, capital controls, employment regulations and the repatriation of earnings. Government policies on international trade and investments such as import quotas, capital controls, punitive taxes or tariffs or similar trade barriers, whether imposed by individual governments or regional trade blocs, can affect demand for our products and services, impact the competitive position of our products or services or encumber our ability to manufacture or sell products in certain countries. The implementation of more restrictive trade policies or the renegotiation of existing trade agreements with the United States or countries, such as China and Mexico, where we sell or produce large quantities of products and services or procure materials incorporated into our products, including a further escalation of the trade conflict between the United States and China, could negatively impact our business, results of operations and financial condition. Our international sales and operations are also sensitive to political and economic instability and changes in foreign national priorities and government budgets. International transactions may involve increased financial and legal risks due to differing legal systems and customs in foreign countries.

We expect that sales to emerging markets will continue to account for a significant portion of our sales as developing nations and regions around the world increase their demand for our products. In addition, as part of our globalization strategy, we have invested in certain countries, including Mexico, Brazil, China, India and countries in the Middle East. These emerging market operations can present many risks, including cultural differences (such as employment and business practices), compliance risks, economic and government instability, currency fluctuations, and the imposition of foreign exchange and capital controls. While these factors and their impact are difficult to predict, any one or more of them could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We are party to joint ventures and other strategic relationships, which may not be successful and may expose us to special risks and restrictions.

Our business operations, particularly in our HVAC segment, depend on various strategic relationships, joint ventures and non-wholly owned subsidiaries. We sell our products and services through certain key distributor, joint venture and customer relationships, including the Carrier Enterprise joint ventures with subsidiaries of Watsco, Inc.; AHI Carrier, a joint venture with Airconditioning & Heating International FZC, a subsidiary of United Motors & Heavy Equipment Co. LLC; Beijer, a publicly traded company listed on the Stockholm Stock Exchange in which we maintain a significant ownership stake; various joint ventures with members of the Midea Group; and Toshiba Carrier, a joint venture with Toshiba with which we have several other joint ventures. Some of our strategic relationships or joint ventures engage in manufacturing and/or product development. Loss of a key channel partner, a significant downturn or deterioration in the business or financial condition of a key

channel partner, joint venture or other partner, whether related to, among other things, a labor strike, diminished liquidity or credit unavailability, weak demand for products or delays in the launch of new products, could adversely affect our results of operations in a particular period or the value of our equity investment. If we are not successful in maintaining strategic distribution relationships, our financial condition, results of operations and cash flows may be adversely affected.

We are party to numerous other joint ventures, some of which we do not control. In addition, our ability to apply our internal controls and compliance policies to these businesses is limited and can expose us to additional financial and reputational risks, though we seek to take proactive steps to mitigate these concerns.

Joint ventures and strategic relationships inherently involve special risks. Whether or not we hold a majority interest or maintain operational control in such arrangements, our partners may (1) have economic or business interests or goals that are inconsistent with or contrary to ours, (2) exercise veto or other rights, to the extent available, to block actions that we believe to be in our or the joint venture's or strategic relationship's best interests, (3) take action contrary to our policies or objectives or (4) be unable or unwilling to fulfill their obligations.

Additionally, some of our joint venture or other strategic agreements prohibit us from competing in certain geographic markets or product and services channels, and these restrictions may apply to other products and services we develop, or businesses we acquire, in the future. There can be no assurance that any particular joint venture or strategic relationship will be beneficial to us.

Global climate change and related regulations could negatively affect our business.

The effects of climate change, such as extreme weather conditions, create financial risks to our business. For example, the demand for our products and services, such as residential air conditioning equipment, may be affected by unseasonable weather conditions. The effects of climate change could also disrupt our operations by impacting the availability and cost of materials needed for manufacturing and could increase insurance and other operating costs. These factors may impact our decisions to construct new facilities or maintain existing facilities in areas most prone to physical climate risks. We could also face indirect financial risks passed through the supply chain and disruptions that could result in increased prices for our products and the resources needed to produce them. Further, there is regulatory uncertainty around government incentives, which, if discontinued, could adversely impact the demand for energy-efficient buildings and could increase costs of compliance.

Increased public awareness and concern regarding global climate change may result in more international, regional and/or national requirements to reduce or mitigate the effects of greenhouse gas emissions. The lack of consistent climate change legislation creates economic and regulatory uncertainty. These factors may impact the demand for our products, obsolescence of our products and our results of operations.

Additionally, refrigerants are essential to many of our products, and there is a growing concern regarding the ozone-depletion and global warming potential of such materials. As such, national, regional and international regulations and policies are being considered to curtail their use, which may, in some cases, render our existing technology and products noncompliant. While we are committed to pursuing sustainable solutions, there can be no assurance that our commitments will be successful, that our products will be accepted by the market, that proposed regulation or deregulation will not have a negative competitive impact or that economic returns will reflect our investments in new product development.

Cooler than normal summers or warmer than normal winters may depress our sales.

Demand for our HVAC products and services, representing our largest segment by sales, is seasonal and affected by the weather. Cooler than normal summers depress our sales of replacement air conditioning products and services. Similarly, warmer than normal winters have the same effect on our heating products. Additionally, sales to residential customers in our HVAC business historically tend to be higher in the second and third quarters of the year because, in the United States and other northern hemisphere regions, spring and summer are the peak seasons for sales of air conditioning systems and services. The results of any quarterly period may not be indicative of expected results for a full year, and unusual weather patterns or events could positively or negatively affect our business and impact overall results of operations.

Natural disasters or other unexpected events may disrupt our operations, adversely affect our results of operations and financial condition, and may not be covered by insurance.

The occurrence of one or more natural disasters, power outages or other unexpected events, including hurricanes, fires, earthquakes, volcanic eruptions, tsunamis, floods and severe weather in the United States or in other countries in which we or our suppliers or customers operate could adversely affect our operations and financial performance. Natural disasters, power outages or other unexpected events could damage or close one or more of our facilities or disrupt our operations temporarily or long-term, such as by causing business interruptions or by affecting the availability and/or cost of materials needed for manufacturing. In some significant cases, we have only one factory that can manufacture a specific product or product line. As a result, damage to or the closure of that factory may disrupt or prevent us from manufacturing certain products. Existing insurance arrangements may not cover the costs or lost cash flows that may arise from such events. The occurrence of any of these events could also increase our insurance and other operating costs.

Information security, data privacy and identity protection may require significant resources and present certain risks to our business, reputation and financial condition.

We and certain of our products collect, store, have access to and otherwise process certain confidential or sensitive data that may be subject to data privacy and cybersecurity laws or customer-imposed controls. Although we seek to protect such data and design our products to enable our customers to use them while complying with applicable data privacy and cybersecurity laws and/or customer-imposed controls, our internal systems and products may be vulnerable to hacking or other cyber-attacks, theft, programming errors or employee errors, which could lead to the compromise of such data, unauthorized access, use, disclosure, modification or destruction of information, improper use of our systems, software solutions or networks, defective products, production downtimes and/or operational disruptions in violation of applicable law and/or contractual obligations. A significant actual or perceived risk of theft, loss, fraudulent use or misuse of customer, employee or other data, whether by us, our suppliers, channel partners, customers or other third parties, as a result of employee error or malfeasance, or as a result of the imaging, software, security and other products we incorporate into our products, as well as non-compliance with applicable industry standards or our contractual or other legal obligations or privacy and information-security policies regarding such data, could result in costs, fines, litigation or regulatory actions, or could lead customers to select products and services of our competitors. In addition, any such event could harm our reputation, cause unfavorable publicity or otherwise adversely affect certain potential customers' perception of the security and reliability of our services as well as our credibility and reputation, which could result in lost sales. In addition, because of the global nature of our business, both our internal systems and products must comply with the applicable laws, regulations and standards in a number of jurisdictions, and government enforcement actions and violations of data privacy and cybersecurity laws could be costly or interrupt our business operations. Any of the foregoing factors could result in reputational damage or civil or governmental proceedings, which could result in a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Our business and financial performance depend on continued substantial investment in information technology infrastructure, which may not yield anticipated benefits, and may be adversely affected by cyber-attacks on information technology infrastructure and products and other business disruptions.

The efficient operation of our business will require continued substantial investment in technology infrastructure systems, and we must attract and retain qualified people to operate these systems, expand and improve them, integrate new systems effectively and efficiently convert to new systems when required. An inability to fund, acquire and implement these systems might impact our ability to respond effectively to changing customer expectations, manage our business, scale our solutions effectively or impact our customer service levels, which could put us at a competitive disadvantage and negatively impact our financial results. Repeated or prolonged interruptions of service due to problems with our systems or third-party technologies, whether or not in our control, could have a significant negative impact on our reputation and our ability to sell products and services. Furthermore, we are highly dependent upon a variety of internal computer and telecommunication systems to operate our business. Failure to design, develop and implement new technology infrastructure systems in an effective and timely manner, or to adequately invest in and maintain these systems, could result in the diversion of management's attention and resources and could materially adversely affect our operating results, competitive position and ability to efficiently manage our business. Our existing information

systems may become obsolete, requiring us to transition our systems to a new platform. Such a transition could be time consuming, costly and damaging to our competitive position, and could require additional management resources. Failure to implement and deploy new systems or replacement systems on the schedules anticipated, could materially adversely affect our operating results.

In addition, our business may be impacted by disruptions to our own or third-party information technology (“IT”) infrastructure, which could result from (among other causes) cyber-attacks on or failures of such infrastructure or compromises to its physical security, as well as from damaging weather or other acts of nature. Cyber-based risks, in particular, are evolving and include attacks on our IT infrastructure, as well as attacks targeting the security, integrity and/or availability of the hardware, software and information installed, stored or transmitted in our products, including after the purchase of those products and when they are installed into third-party products, facilities or infrastructure. Such attacks could disrupt our business operations, our systems or those of third parties, and could impact the ability of our products to work as intended. We have experienced cyber-based attacks and, due to the evolving threat landscape, may continue to experience them going forward, potentially with more frequency. We continue to make investments and adopt measures designed to enhance our protection, detection, response and recovery capabilities, and to mitigate potential risks to our technology, products, services and operations from potential cyber-attacks. However, given the unpredictability, nature and scope of cyber-attacks, it is possible that potential vulnerabilities could go undetected for an extended period. As a result of a cyber-attack, we could potentially be subject to production downtimes, operational delays or other detrimental impacts on our operations or ability to provide products and services to our customers; destruction or corruption of data; security breaches; manipulation or improper use of our or third-party systems, networks or products; financial losses from remedial actions, loss of business, potential liability, penalties, fines and/or damage to our reputation—any of which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. Due to the evolving nature of such risks, the impact of any potential incident cannot be predicted. Any disruption to our business due to such issues, or an increase in our costs to cover these issues that is greater than what we have anticipated, could have an adverse effect on our competitive position, results of operations, cash flows or financial condition.

There can be no assurance that our systems will not fail or experience disruptions, and any significant failure or disruption of these systems could prevent us from making sales, ordering supplies, delivering products, providing functional products and otherwise conducting our business.

We may be affected by global economic, capital market and political conditions in general, and conditions in the construction, transportation and infrastructure industries in particular.

Our business, financial condition, operating results and cash flows may be adversely affected by changes in global economic conditions and geopolitical risks, including credit market conditions, levels of consumer and business confidence, fluctuations in residential, commercial and industrial construction activity, regulatory changes, commodity prices, raw material and energy costs, interest rates, exchange rates, levels of government spending and deficits, trade policies (including tariffs, boycotts and sanctions), political conditions, regulatory changes, actual or anticipated default on sovereign debt and other challenges that could affect the global economy.

These economic and political conditions affect our business in a number of ways. For example, the tightening of credit in the capital markets could adversely affect the ability of our customers, including individual end-customers and businesses, to obtain financing for significant purchases and operations, which could result in a decrease in or cancellation of orders for our products and services. Similarly, tightening credit may adversely affect our supply base and increase the potential for one or more of our suppliers to experience financial distress or bankruptcy. Additionally, because we have a number of factories and suppliers in foreign countries, the imposition of tariffs or sanctions, or unusually restrictive border crossing rules could adversely affect our supply chain and overall business.

Our business is also adversely affected by decreases in the general level of economic activity, such as decreases in business and consumer spending, construction activity and shipping activity. A slowdown in building and remodeling activity also can adversely affect our financial performance. In addition, our financial performance may be influenced by the production and utilization of transport equipment, including truck production cycles in North America and Europe, and, particularly in our HVAC business, weather conditions.

We use a variety of raw materials, supplier-provided parts, components, subcomponents and third-party service providers in our business, and significant shortages, supplier capacity constraints, supplier production disruptions, price increases, trade disruptions or tariffs could increase our operating costs and adversely impact the competitive positions of our products.

Our reliance on suppliers (including third-party logistics providers) and commodity markets to secure the raw materials and components used in our products, and on service providers to deliver our products, exposes us to volatility in the prices and availability of these materials and services. In certain instances, we depend upon a single source of supply, manufacturing, logistics support or assembly, or participate in commodity markets that may be subject to allocations of limited supplies. Issues with suppliers (such as a disruption in deliveries, capacity constraints, production disruptions, quality issues and consolidations, closings or bankruptcies), price increases, decreased availability of raw materials or commodities or decreased availability of trucks and other delivery service resources could have a material adverse effect on our ability to meet our commitments to customers or increase our operating costs. Tariffs can increase our costs, the impact of which is difficult to predict. We believe that our supply management and production practices are based on an appropriate balancing of the foreseeable risks and the costs of alternative practices. Nonetheless, these risks may have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We design, manufacture and service products that incorporate advanced technologies. The introduction of new products and technologies involves risks, and we may not realize the degree or timing of benefits initially anticipated.

We seek to grow our business through the design, development, production, sale and support of innovative products that incorporate advanced technologies. The laws and regulations applicable to our products, and our customers' product and service needs, change from time to time, and regulatory changes may render our products and technologies noncompliant. Our ability to realize the anticipated benefits of our technological advancements or product improvements depends on a variety of factors, including meeting development, production, certification and regulatory approval schedules; execution of internal and external performance plans; availability of supplier and internally produced parts and materials; performance of suppliers and subcontractors; hiring and training of qualified personnel; achieving cost and production efficiencies; identification of emerging regulatory and technological trends in our target end markets; validation and performance of innovative technologies; the level of customer interest in new technologies and products; and the costs and customer acceptance of the new or improved products.

Our products and services also may incorporate technologies developed or manufactured by third parties, which, when combined with our technology or products, creates additional risks and uncertainties. As a result, the performance and market acceptance of these third-party products and services could affect the level of customer interest and acceptance of our own products in the marketplace.

Our R&D efforts may not result in new technologies or products being developed on a timely basis or meet the needs of our customers as effectively as competitive offerings. Our competitors may develop competing technologies that gain market acceptance before or instead of our products. In addition, we may not be successful in anticipating or reacting to changes in the regulatory environments in which our products are sold, and the markets for our products may not develop or grow as we anticipate.

We operate in a competitive environment and our profitability depends on our ability to accurately estimate the costs and timing of providing our products and services.

In certain of our businesses, our contracts are typically awarded on a competitive basis. Our bids are based upon, among other items, the cost to provide the products and services. To generate an acceptable return on our investment in these contracts, we must be able to accurately estimate our costs to provide the services and deliver the products required by the contract and to be able to complete the contracts in a timely manner. If we fail to accurately estimate our costs or the time required to complete a contract, the profitability of our contracts may be materially and adversely affected. In addition, some of our contracts provide for liquidated damages if we do not perform in accordance with the contract. Any of the foregoing could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Customers and others may take disruptive actions.

From time to time customers and others may seek to become competitive suppliers of our products and services or pursue other strategies to disrupt our business model. For example, an affiliate of a customer in our transport refrigeration business has started to produce refrigeration units for shipping containers that compete with our products, and another one of our transport refrigeration customers has started to produce refrigeration units for truck trailers that compete with our refrigeration units. In addition, our customers or existing or future competitors may seek to introduce non-traditional business models or disruptive technologies and products in the industries in which we participate, resulting in increased competition and new dynamics in these industries.

Labor matters may impact our business.

A significant portion of our employees are represented by labor unions or works councils in a number of countries under various collective bargaining agreements with varying durations and expiration dates. See “Business—Employees and Employee Relations.” We may not be able to satisfactorily renegotiate these agreements before they expire. In addition, existing agreements may not prevent a strike or work stoppage, union and works council campaigns and other labor disputes. We may also be subject to general country strikes or work stoppages unrelated to our specific business or collective bargaining agreements. Additionally, a shortage in certain workforces, such as technicians or truck drivers, may impact our business by affecting the ability to install, sell and deliver our products. Any such work stoppages (or potential work stoppages) could have a material adverse effect on our financial results, productivity, results of operations and reputation.

Our defined benefit pension plans are subject to financial market risks that could adversely affect our results.

The performance of the financial markets and interest rates can impact our defined benefit pension plan expenses and funding obligations. Significant decreases in the discount rate or investment losses on plan assets may increase our funding obligations and adversely impact our financial results. See Note 12 to the Combined Financial Statements included in the “Index to Combined Financial Statements” section of this information statement for further discussion on pension plans and related obligations and contingencies.

We may not realize expected benefits from our cost reduction and restructuring efforts, and our profitability may be hurt or our business otherwise might be adversely affected.

In order to operate more efficiently and cost effectively, we have from time to time, and may continue to, adjust employment, optimize our footprint or undertake other restructuring activities. These activities are complex and may involve or require significant changes to our operations. If we do not successfully manage restructuring activities, expected efficiencies and benefits might be delayed or not realized. Risks associated with these actions and other workforce management issues include unfavorable political responses and reputational harm, unforeseen delays in the implementation of the restructuring activities, additional costs, adverse effects on employee morale, the failure to meet operational targets due to the loss of employees or work stoppages, and difficulty managing our operations during or after facility consolidations, any of which may impair our ability to achieve anticipated cost reductions, otherwise harm our business or have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Additional tax expense or additional tax exposures could affect our future profitability.

We are subject to income taxes in the United States and various international jurisdictions. Changes to tax laws and regulations as well as changes and conflicts in related interpretations or other tax guidance could materially impact our tax receivables and liabilities and our deferred tax assets and deferred tax liabilities. Additionally, in the ordinary course of business, we are subject to examinations by various tax authorities. In addition, governmental authorities in various jurisdictions could launch new examinations and expand existing examinations. The global and diverse nature of our operations means that these risks will continue and additional examinations, proceedings and contingencies will arise from time to time. Our competitive position, cash flows, results of operation or financial condition may be affected by the outcome of examinations, proceedings and contingencies that cannot be predicted with certainty.

See “Business Overview,” “Results of Operations—Income Taxes” and “Liquidity and Financial Condition” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Notes 3 and 14

TABLE OF CONTENTS

to the Combined Financial Statements included in the “Index to Combined Financial Statements” section of this information statement for further discussion on income taxes and related contingencies, including our provisional accounting and assessment of the effect of the Tax Cuts and Jobs Act of 2017 (“TCJA”).

We depend on our intellectual property, and have access to certain intellectual property and information of our customers and suppliers; infringement or failure to protect our intellectual property could adversely affect our future growth and success.

We rely on a combination of patents, trademarks, copyrights, trade secrets, nondisclosure agreements, customer and supplier agreements, license agreements, information technology security systems, internal controls and compliance systems and other measures to protect our intellectual property. We also rely on nondisclosure agreements, information technology security systems and other measures to protect certain customer and supplier information and intellectual property that we have in our possession or to which we have access. Our efforts to protect such intellectual property and proprietary rights may not be sufficient. We cannot be sure that our pending patent applications will result in the issuance of patents to us, that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors or that these patents will be found to be valid or sufficiently broad to preclude our competitors from introducing technologies similar to those covered by our patents and patent applications. Our ability to protect and enforce our intellectual property rights also may be limited. In addition, we may be the target of competitor or other third-party patent enforcement actions seeking substantial monetary damages or seeking to prevent the sale and marketing of certain of our products or services. Our competitive position also may be adversely impacted by limitations on our ability to obtain possession of, and ownership or necessary licenses concerning, data important to the development or provision of our products or service offerings, or by limitations on our ability to restrict the use by others of data related to our products or services. Any of these events or factors could subject us to judgments, penalties and significant litigation costs or temporarily or permanently disrupt our sales and marketing of the affected products or services and could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Failure to achieve and maintain a high level of product and service quality could damage our reputation with customers and negatively impact our results.

Product and service quality issues could harm customer confidence in our company and our brands. If our product and service offerings do not meet applicable safety standards or our customers’ expectations regarding safety or quality, we could experience lost sales and increased costs and we could be exposed to legal, financial and reputational risks. Actual, potential or perceived product safety concerns could expose us to litigation as well as government enforcement action. In addition, if any of our products fail to perform as expected, we may be exposed to warranty and product liability claims.

We maintain strict quality controls and procedures. However, we cannot be certain that these controls and procedures will reveal defects in our products or their raw materials, which may not become apparent until after the products have been placed in beneficial use in the market. Accordingly, there is a risk that products will have defects, which could require a product recall or field corrective action. Product recalls and field corrective actions can be expensive to implement, and may damage our reputation, customer relationships and market share. We have conducted product recalls and field corrective actions in the past, and may do so again in the future.

In many jurisdictions, product liability claims are not limited to any specified amount of recovery. If any such claims or contribution requests or requirements exceed our available insurance or if there is a product recall, there could be an adverse impact on our results of operations. In addition, a recall or claim could require us to review our entire product portfolio to assess whether similar issues are present in other products, which could result in a significant disruption to our business and which could have a further adverse impact on our business, financial condition, results of operations and cash flows. There can be no assurance that we will not experience any material warranty or product liability claim losses in the future, that we will not incur significant costs to defend such claims or that we will have adequate reserves to cover any recalls, repair and replacement costs.

We are subject to litigation, environmental, product safety and other legal and compliance risks.

We are subject to a variety of litigation, legal and compliance risks. These risks relate to, among other things, product safety, personal injuries, intellectual property rights, contract-related claims, taxes, environmental

TABLE OF CONTENTS

matters, employee health and safety, competition laws and laws governing improper business practices. If convicted or found liable in connection with such matters, we could be subject to significant fines, penalties, repayments and other damages (in certain cases, treble damages).

As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses. Uncertainty relating to laws or regulations may also affect how we operate, structure our investments and enforce our rights.

Changes in environmental and climate change related-laws, including laws relating to refrigerants, efficiency and greenhouse gas emissions, could require additional investments in product designs, which may be more expensive or difficult to manufacture, qualify and sell and/or may involve additional product safety risks, and could increase environmental compliance expenditures. Evolving climate change concerns or changes in regulations related to such concerns, including with respect to refrigerants, efficiency and greenhouse gas emissions, could subject us to additional costs and restrictions, such as increased energy and raw materials costs. Furthermore, various jurisdictions and regulators may take different approaches to and impose differing or inconsistent requirements under environmental and climate change-related laws, which may make it more costly or difficult for us to sell our products (including by requiring that we monitor such developments, incur increased test and certification costs, increase time-to-market and develop additional country-specific variants for certain products) or prevent us from selling certain products in certain geographic markets.

At times we are involved in disputes with private parties over environmental issues, including litigation over the allocation of cleanup costs, alleged personal injuries and property damage. Existing and future asbestos-related and other product liability claims could adversely affect our financial condition, results of operations and cash flows. Personal injury lawsuits may involve individual and purported class actions alleging that contaminants originating from our current or former products or operating facilities caused or contributed to medical conditions. Property damage lawsuits may involve claims relating to environmental damage or diminution of real estate values. Even in litigation where we believe our liability is remote, there is a risk that a negative finding or decision could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition, in particular with respect to environmental claims in regions where we have, or previously had, significant operations or where certain of our products have been used.

In addition, the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. The FCPA applies to companies, individual directors, officers, employees and agents. Under certain anti-corruption laws, U.S. companies also may be held liable for the actions of partners or representatives. Certain of our customer relationships are with governmental entities and are, therefore, subject to the FCPA and other anti-corruption laws. Despite meaningful measures to ensure lawful conduct, which include training and internal controls, we may not always be able to prevent our employees or third-party agents or channel partners from violating the FCPA or other anti-corruption laws. As a result, we could be subject to criminal and civil penalties, disgorgement, changes or enhancements to our compliance measures that could increase our costs or other remedial actions. Moreover, we are subject to antitrust and anti-collusion laws in various jurisdictions throughout the world. Changes in these laws or their interpretation, administration and/or enforcement may occur over time, and any such changes may limit our future acquisitions or operations, or result in changes to our strategies, sales and distribution structures or other business practices. Though we have implemented policies, controls and other measures to prevent collusion or anti-competitive behavior, our controls may not always be effective in preventing our employees, third-party agents or channel partners from violating antitrust or anti-collusion laws.

Violations of FCPA antitrust or other anti-corruption or anti-collusion laws, or allegations of such violations, could disrupt our operations, cause reputational harm, involve significant management distraction and result in a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We also must comply with various laws and regulations relating to the export of products, services and technology from the U.S. and other countries having jurisdiction over our operations. In the United States, these

TABLE OF CONTENTS

laws include, among others, the Export Administration Regulations (EAR) administered by the U.S. Department of Commerce and embargoes and sanctions regulations administered by the U.S. Department of the Treasury. Restrictions on the export of our products could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

For a description of current material legal proceedings and regulatory matters, see “Business—Legal Proceedings” and Note 19 to the Combined Financial Statements included in the “Index to Combined Financial Statements” section of this information statement.

We engage in acquisitions and divestitures, and may encounter difficulties integrating acquired businesses with, or disposing of businesses from, our current operations; therefore, we may not realize the anticipated benefits of these acquisitions and divestitures.

We seek to grow through strategic acquisitions in addition to internal growth. In the past several years, we have acquired various businesses and entered into joint venture arrangements in an effort to complement and expand our business. We expect to continue such pursuits in the future. Our due diligence reviews may not identify all of the material issues necessary to accurately estimate the cost and potential loss contingencies of a particular transaction, including potential exposure to regulatory sanctions resulting from an acquisition target’s previous activities. For example, we may incur unanticipated costs, expenses or other liabilities, or reduced sales, as a result of an acquisition’s violation of applicable laws, such as the FCPA or other anti-corruption laws outside of the United States. We also may incur unanticipated costs or expenses, including post-closing asset impairment charges as well as expenses associated with eliminating duplicate facilities, litigation, and other liabilities. We may encounter difficulties in integrating acquired businesses with our operations, applying our internal controls to these acquired businesses, or in managing strategic investments. Additionally, we may not realize the degree or timing of benefits we anticipate when we first enter into a transaction. Any of the foregoing could adversely affect our business and results of operations. In addition, accounting requirements relating to business combinations, including the requirement to expense certain acquisition costs as incurred, may cause us to incur greater earnings volatility and generally lower earnings during periods in which we acquire new businesses.

We also make strategic divestitures from time to time. Our divestitures may result in continued financial exposure to the divested businesses, such as through guarantees, other financial arrangements, continued supply and services arrangements or through the retention of liabilities, such as for environmental and product liability claims. Under these arrangements, nonperformance by those divested businesses or claims against retained liabilities could result in obligations being imposed on us that could have a material adverse effect on our cash flows, results of operations, or financial condition.

The success of future acquisitions, divestitures and joint ventures will depend on the satisfaction of conditions precedent to such transactions and the timing of consummation of such transactions, which will depend in part on the ability of the parties to secure any required regulatory approvals in a timely manner, among other things. For constraints on mergers and acquisition activity after the completion of the distribution, see “—Risks Related to the Distribution.”

We may be required to recognize impairment charges for our goodwill and certain other intangible assets.

We may be required to recognize impairment charges for our goodwill and certain other intangible assets. Our other intangible assets primarily consists of trademarks. At December 31, 2018, the net carrying value of our goodwill and certain other intangible assets totaled \$9.8 billion and \$539 million, respectively. In accordance with generally accepted accounting principles in the United States (“GAAP”), we periodically assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, planned or unexpected significant changes in the use of the assets, and sustained market capitalization declines may result in recognition of impairments to goodwill or certain other intangible assets. Any charges relating to such impairments could have a material adverse impact on our results of operations in the periods recognized.

We may need additional financing in the future to meet our capital needs or to make opportunistic acquisitions, and such financing may not be available on favorable terms, if at all, and may be dilutive to existing shareowners.

Upon completion of the distribution, we anticipate having approximately \$[] of indebtedness. We may need additional financing for our general corporate purposes. For example, we may need funds to increase our investments in R&D activities, to make acquisitions or otherwise grow our business or refinance or repay

TABLE OF CONTENTS

existing debt. Volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets. Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our products or in the solvency of our customers, suppliers or distributors or other significantly unfavorable changes in economic conditions. We may be unable to obtain additional financing on terms favorable to us, if at all. If we fail to obtain or lose an investment grade credit rating or adequate funds are not available on acceptable terms, we may be unable to successfully develop or enhance products, fund our expansion or respond to competitive pressures, any of which could negatively affect our business. If we raise additional funds by issuing equity securities, our shareowners will experience dilution of their ownership interest. If we raise additional funds by issuing debt, we may be subject to limitations on our operations due to restrictive covenants.

Failure to maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs and access to capital markets.

In connection with the distribution, we expect to complete one or more financing transactions on or prior to the completion of the distribution, with approximately \$[] of the proceeds of such financings expected to be used to distribute a cash dividend to UTC. As a result of these transactions, we anticipate having approximately \$[] of indebtedness when the distribution is completed. In anticipation of the distribution, Moody's Investors Services, Inc., Standard & Poor's and Fitch Ratings, Inc., have assigned to Carrier issuer credit ratings of [], [] and [], respectively. Despite these anticipated investment grade credit ratings at the time of the distribution, any future downgrades could increase the cost of borrowing under any indebtedness we may incur in connection with the distribution or otherwise, reduce market capacity for our commercial paper or require the posting of collateral under our derivative contracts. There can be no assurance that we will be able to maintain our credit ratings once established, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to the capital markets.

Risks Related to the Distribution

We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily indicative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The historical information about Carrier in this information statement refers to the Carrier Business as operated by and integrated with UTC. Our historical and pro forma financial information included in this information statement is derived from the combined financial statements and accounting records of UTC. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Generally, our working capital requirements and capital for our general corporate purposes, including capital expenditures and acquisitions, have historically been satisfied through UTC's corporate-wide cash management practices. Following the distribution, our results of operations and cash flows may be more volatile, and we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly.
- Prior to the distribution, our business has been operated by UTC as part of its broader corporate organization, rather than as an independent company. UTC or one of its affiliates performed or helped perform various corporate functions for us, such as accounting, auditing, tax, legal, human resources, investor relations, risk management, treasury and other general and administrative functions. Our historical and pro forma financial results reflect allocations of corporate expenses from UTC for such functions, which are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company.
- Currently, our business is integrated with the other businesses of UTC. Historically, we have shared economies of scale in costs, employees, vendor relationships and customer relationships, which have enabled us to procure more advantageous arrangements with respect to, among other things,

information technology, logistics, raw materials, facility management, travel services, fleet and professional services.

After the distribution, as a stand-alone company, we may be unable to obtain similar arrangements to the same extent as UTC did, or on terms as favorable as those UTC obtained, prior to the distribution.

- After the distribution, the cost of capital for our business may be higher than UTC's cost of capital prior to the distribution.
- Our historical financial information does not reflect the debt that we will incur as part of the distribution.
- As an independent public company, we will separately become subject to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), the Sarbanes-Oxley Act ("Sarbanes-Oxley") and the Dodd-Frank Act and will be required to prepare our stand-alone financial statements according to the rules and regulations required by the SEC. These reporting and other obligations will place significant demands on our management and on administrative and operational resources. Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures, and hire additional accounting and finance staff. We expect to incur additional annual expenses related to these requirements, and those expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from UTC. For additional information about the past financial performance of our business and the basis of presentation of the combined financial statements and the unaudited pro forma combined financial statements of our business, see "Unaudited Pro Forma Combined Financial Information," "Selected Historical Combined Financial Data of Carrier," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical combined financial statements and accompanying notes included elsewhere in this information statement.

Following the distribution, our financial profile will change, and we will be a smaller, less diversified company than UTC prior to the distribution.

Following the distribution, Carrier will be a smaller, less diversified company than UTC prior to the distribution. As a result, we may be more vulnerable to changing market conditions, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the diversification of our sales, costs, and cash flows will diminish as a stand-alone company, such that our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and our ability to fund capital expenditures and investments, pay dividends and service debt may be diminished. Following the distribution, we may also lose capital allocation efficiency and flexibility because we will no longer be able to use cash flow from the UTC Aerospace Businesses or the Otis Business to fund our investments and operations.

We may not achieve some or all of the expected benefits of the separation and distribution, and the separation and distribution may materially adversely affect our business.

We may not be able to achieve the full strategic and financial benefits expected to result from the separation and distribution, or such benefits may be delayed or not occur at all. The separation and distribution are expected to provide the following benefits, among others: (1) enabling our management to more effectively pursue its own distinct operating priorities and strategies, while also enhancing our operational agility through a more nimble organization; (2) permitting us to allocate our financial resources to meet the unique needs of our businesses, which will allow us to intensify our focus on distinct strategic priorities and to more effectively pursue our own distinct capital structures and capital allocation strategies; (3) affording us the ability to offer an independent equity security to the capital markets and enabling us to more flexibly pursue strategic opportunities more closely aligned with our strategic goals and expected growth opportunities; (4) permitting us to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely aligns management and employee incentives with specific business goals and objectives related to our businesses; and (5) allowing us to more effectively articulate a clear investment proposition to attract a long-term investor base suited to our businesses, growth profile and capital allocation priorities.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (1) the distribution will require significant amounts of management's time and effort, which may divert management's attention from operating our business; (2) following the distribution, we may lose capital allocation efficiency and flexibility because, for instance, we will no longer be able to use cash flow from one of UTC's other businesses to fund investments and operations; (3) following the distribution, we may be more susceptible to certain market fluctuations and other adverse events because our businesses will be less diversified than UTC's businesses prior to the completion of the distribution; (4) after the distribution, as a stand-alone company, we may be unable to obtain certain goods, services and technologies at prices or on terms as favorable as those UTC obtained prior to completion of the distribution; (5) the distribution may require us to incur substantial costs, including accounting, tax, legal and other professional services costs, costs related to retaining and attracting business and operational relationships with customers, suppliers and other counterparties, recruiting and relocation costs associated with hiring key senior management personnel who are new to Carrier, costs to retain key management personnel, tax costs and costs to separate shared systems and other unforeseen dis-synergy costs; (6) under the terms of the tax matters agreement that we will enter into with UTC and Otis, we will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free transactions and these restrictions may limit us for a period of time from pursuing certain strategic transactions and equity issuances or engaging in other transactions that might increase the value of our businesses; and (7) potential negative reactions from the financial markets if UTC fails to complete the distribution as currently expected or within the anticipated time frame. If we fail to achieve some or all of the benefits expected to result from the distribution, or if such benefits are delayed, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

UTC's plan to separate into three independent, publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.

On November 26, 2018, UTC announced plans to separate into three independent, publicly traded companies. The separation and distribution are subject to the satisfaction of certain conditions (or waiver by UTC in its sole and absolute discretion), subject to UTC's agreement to consummate the Carrier distribution pursuant to and subject to the terms and conditions of the Raytheon merger agreement. The conditions to the separation and distribution include final approval by UTC's Board of Directors, receipt of tax rulings in certain jurisdictions and/or a tax opinion from external counsel (as applicable), the SEC declaring effective the registration statement of which this information statement forms a part and satisfactory completion of financing. Furthermore, the separation is complex in nature, and unanticipated developments or changes, including changes in the law, the macroeconomic environment, competitive conditions of UTC's markets, the uncertainty of the financial markets and challenges in executing the separation, could delay or prevent the completion of the proposed separation, or cause the separation to occur on terms or conditions that are different or less favorable than expected. We currently expect the Otis distribution to occur on or around the date of the Carrier distribution, unless otherwise determined by the UTC Board of Directors in its sole and absolute discretion, but subject to UTC's agreement to consummate each of the Carrier distribution and the Otis distribution as required pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement. Though UTC has agreed pursuant to, and subject to the terms and conditions of the Raytheon merger agreement, that UTC will consummate the separation and each of the Carrier distribution and the Otis distribution, there can be no assurance that the Carrier distribution and the Otis distribution will occur on or around the same date or that either distribution will occur at all.

The process of completing the separation has been and is expected to continue to be time-consuming and involves significant costs. The separation costs may be significantly higher than what we currently anticipate and may not yield a discernible benefit if the separation is not completed or is not well executed, or the expected benefits of the separation are not realized. Executing the proposed separation will also require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business. Other challenges associated with effectively executing the separation include attracting, retaining, motivating and training employees, including additional employees that we will need to operate as a stand-alone company; addressing disruptions to our supply chain, manufacturing, sales and distribution, and other operations resulting from separating UTC into three independent public companies; and separating from UTC's information systems.

The combined market value following the Carrier distribution and the Otis distribution of [] shares of Carrier common stock, the number of shares of Otis common stock to be distributed per share of UTC common stock in the Otis distribution and one share of UTC common stock may not equal or exceed the pre-distribution value of one share of UTC common stock.

There can be no assurance that following the Carrier distribution and the Otis distribution the aggregate market value of [] shares of Carrier common stock, the number of shares of Otis common stock to be distributed per share of UTC common stock in the Otis distribution and one share of UTC common stock will be higher than, lower than or the same as the market value of a share of UTC common stock if the separation did not occur.

We expect to incur both one-time and ongoing material costs as a result of the separation, which could adversely affect our profitability.

We expect to incur, as a result of the separation, both one-time and ongoing costs that are greater than those we currently incur. These increased costs may arise from various factors, including financial reporting, costs associated with complying with federal securities laws (including compliance with the Exchange Act, Sarbanes-Oxley and the Dodd-Frank Act), and costs associated with accounting, auditing, tax, legal, human resources, investor relations, risk management, treasury and other general and administrative related functions, and it is possible that these costs will be material to our business.

In connection with the distribution, we expect to incur debt obligations, and we may incur additional debt obligations in the future, which could adversely affect our business and profitability and our ability to meet other obligations.

We expect to complete one or more financing transactions before the distribution is completed, with approximately \$[] of the proceeds of such financings expected to be used to distribute cash to UTC. As a result of such transactions, we anticipate having approximately \$[] of indebtedness when the distribution is completed. See “Description of Material Indebtedness.” We may also incur additional indebtedness in the future.

This significant amount of debt could potentially have important consequences to us and our debt and equity investors, including: (1) requiring a substantial portion of our cash flow from operations to make interest payments; (2) making it more difficult to satisfy debt service and other obligations; (3) increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing; (4) increasing our vulnerability to general adverse economic and industry conditions; (5) reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our business; (6) limiting our flexibility in planning for, or reacting to, changes in our business and the industry; (7) placing us at a competitive disadvantage relative to our competitors that may not be as highly leveraged with debt; and (8) limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase shares.

To the extent that we incur additional indebtedness, the foregoing risks could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt.

After the separation, certain members of management, directors and shareowners may own stock in UTC, Carrier and Otis, and as a result may face actual or potential conflicts of interest.

After the separation, the management and directors of each of UTC, Carrier and Otis may own common stock in all three companies. This ownership overlap could create, or appear to create, potential conflicts of interest when the management and directors of one company face decisions that could have different implications for themselves and the other two companies. For example, potential conflicts of interest could arise in connection with the resolution of any dispute regarding the terms of the agreements governing the separation and Carrier’s relationship with UTC and Otis thereafter. These agreements include the separation agreement, the transition services agreement, the tax matters agreement, the employee matters agreement, the intellectual property agreement and any commercial agreements between the parties or their affiliates. Potential conflicts of interest may also arise out of any commercial arrangements that we or UTC may enter into in the future.

We could experience temporary interruptions in business operations and incur additional costs as we further develop information technology infrastructure and transition our data to our stand-alone systems.

We are in the process of further developing an IT infrastructure and systems to support our critical business functions, including accounting and reporting, in order to replace many of the systems and functions UTC currently provides. We may experience temporary interruptions in business operations if we cannot transition effectively to our own stand-alone systems and functions, which could disrupt our business operations and have a material adverse effect on our profitability. In addition, our costs for the operation of these systems may be higher than the amounts reflected in the combined financial statements.

We may not be able to engage in desirable capital-raising or strategic transactions following the separation.

Under current U.S. federal income tax law, a spin-off that otherwise qualifies for tax-free treatment can be rendered taxable to the parent corporation and its shareowners as a result of certain post-spin-off transactions, including certain acquisitions of shares or assets of the spun-off corporation. To preserve the tax-free treatment of the separation and the distribution, and in addition to Carrier's indemnity obligation described below, the tax matters agreement will restrict us, for the two-year period following the distribution, except in specific circumstances, from: (1) entering into any transaction pursuant to which all or a portion of the shares of Carrier stock would be acquired, whether by merger or otherwise; (2) issuing equity securities beyond certain thresholds; (3) repurchasing shares of Carrier stock other than in certain open-market transactions; and (4) ceasing to actively conduct certain of our businesses. The tax matters agreement will also prohibit us from taking or failing to take any other action that would prevent the distribution and certain related transactions from qualifying 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. These restrictions may limit our ability to pursue certain equity issuances, strategic transactions, repurchases or other transactions that we may otherwise believe to be in the best interests of our shareowners or that might increase the value of our business. For more information, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement" and "Material U.S. Federal Income Tax Consequences."

In connection with the separation into three independent public companies, each of UTC, Carrier and Otis will indemnify the other parties for certain liabilities. If we are required to pay under these indemnities to UTC and/or Otis, our financial results could be negatively impacted. Also, the UTC or Otis indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which UTC and Otis will be allocated responsibility, and UTC and/or Otis may not be able to satisfy their respective indemnification obligations in the future.

Pursuant to the separation agreement and certain other agreements among UTC, Carrier and Otis, each party will agree to indemnify the other parties for certain liabilities as discussed further in "Certain Relationships and Related Party Transactions." Indemnities that we may be required to provide UTC and/or Otis are not subject to any cap, may be significant and could negatively impact our business. Third parties could also seek to hold us responsible for any of the liabilities that UTC and/or Otis has agreed to retain. The indemnities from UTC and Otis for our benefit may not be sufficient to protect us against the full amount of such liabilities, and UTC and/or Otis may not be able to fully satisfy their respective indemnification obligations. Any amounts we are required to pay pursuant to such indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business.

Moreover, even if we ultimately succeed in recovering from UTC or Otis, as applicable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

UTC or Otis may fail to perform under various transaction agreements that will be executed as part of the separation, or we may fail to have the necessary systems and services in place when the transition services agreement expires.

In connection with the separation and prior to the distribution, Carrier, Otis and UTC will enter into the separation agreement and will also enter into various other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement, and an intellectual property agreement. These agreements, together with the documents and agreements by which the internal reorganization will be effected, will determine the allocation of assets and liabilities among the companies following the separation and will include any necessary indemnifications related to liabilities and obligations. The transition services agreement

TABLE OF CONTENTS

will provide for the performance of certain services by UTC for the benefit of Carrier and/or Otis and by Carrier and/or Otis for the benefit of UTC for a period of time after the separation. If UTC or Otis is unable or unwilling to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties and/or losses. We are in the process of creating systems and services to replace many of the systems and services that UTC currently provides to us. However, we may not be successful in implementing these systems and services in a timely manner or at all, we may incur additional costs in connection with, or following, the implementation of these systems and services, and we may not be successful in transitioning data from UTC's systems to ours.

The terms we will receive in our agreements with UTC or Otis could be less beneficial than the terms we may have otherwise received from unaffiliated third parties.

The agreements we will enter into with UTC and Otis in connection with the separation, including the separation agreement, a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property agreement, were prepared in the context of the separation while Carrier was still a wholly owned subsidiary of UTC. Accordingly, Carrier did not have a board of directors or a management team that were independent of UTC. In addition, certain of the terms in these agreements were provided for in, and were the result of negotiations between UTC and Raytheon in connection with, the Raytheon merger agreement. As a result of these factors, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. See "Certain Relationships and Related Party Transactions."

If the distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, including as a result of subsequent acquisitions of our stock or the stock of UTC (including pursuant to the Raytheon merger), we, as well as UTC, Otis and UTC's shareowners, could be subject to significant tax liabilities, and in certain circumstances, we could be required to indemnify UTC for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

The distribution is conditioned on, among other things, the receipt by UTC and continued validity of (1) an IRS ruling satisfactory to the UTC Board of Directors and (2) an opinion of outside counsel, satisfactory to the UTC Board of Directors, regarding the qualification of certain elements of the distribution under Section 355 of the Code. The IRS ruling and the opinion of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of UTC, Carrier and Otis, including those relating to the past and future conduct of UTC, Carrier and Otis. If any of these representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if any of the representations or covenants contained in any of the separation-related agreements and documents or in any documents relating to the IRS ruling and/or the opinion of counsel are inaccurate or not complied with by UTC, Carrier, Otis or any of their respective subsidiaries, the IRS ruling and/or the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt of the IRS ruling and the opinion of counsel, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the IRS ruling or the opinion of counsel was based are inaccurate or have not been complied with. In addition, the IRS ruling will not address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes. The opinion of counsel represents the judgment of such counsel and is not binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by UTC of the IRS ruling and the opinion of counsel, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes (including by reason of the Raytheon merger) or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, we, as well as UTC, Otis and UTC's shareowners, could be subject to significant U.S. federal income tax liability.

If the distribution were to 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, in general, for U.S. federal income tax purposes, UTC would recognize a taxable gain as if it had sold the Carrier common stock in a taxable sale for its fair

market value, and UTC shareowners who receive Carrier common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. Even if the distribution were to otherwise qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to UTC (but not its shareowners) under Section 355(e) of the Code if the distribution were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest (by vote or value) in UTC or Carrier. For this purpose, any acquisitions of UTC or Carrier shares within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although UTC or Carrier may be able to rebut that presumption (including by qualifying for one or more safe harbors under applicable Treasury Regulations). Further, for purposes of this test, even if the Raytheon merger were treated as part of such a plan, the Raytheon merger alone should not cause the distribution to be taxable to UTC under Section 355(e) of the Code because pre-Raytheon merger holders of UTC common stock will own over 50 percent of the UTC common stock immediately following the Raytheon merger. However, if the IRS were to determine that other acquisitions of UTC or Carrier stock, either before or after the distribution, were part of a plan or series of related transactions that included the distribution, such determination could result in significant tax liabilities to UTC. For more information, see “Material U.S. Federal Income Tax Consequences.”

In addition, as part of the separation, and prior to the Carrier distribution and the Otis distribution, UTC and its subsidiaries expect to complete the internal reorganization, and UTC, Carrier, Otis and their respective subsidiaries expect to incur certain tax costs in connection with the internal reorganization, including non-U.S. tax costs resulting from transactions in non-U.S. jurisdictions, which may be material. With respect to certain transactions undertaken as part of the internal reorganization, UTC has requested and intends to obtain tax rulings in certain non-U.S. jurisdictions and/or opinions of external tax advisors, in each case, regarding the tax treatment of such transactions. Such tax rulings and opinions will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of UTC, Carrier, Otis or their respective subsidiaries. And if any of these representations or statements is, or becomes, inaccurate or incomplete, or if UTC, Carrier, Otis or any of their respective subsidiaries do not fulfill or otherwise comply with any such undertakings or covenants, such tax rulings and/or opinions may be invalid or the conclusions reached therein could be jeopardized. Further, notwithstanding receipt of any such tax rulings and/or opinions, there can be no assurance that the relevant taxing authorities will not assert that the tax treatment of the relevant transactions differs from the conclusions reached in the relevant tax rulings and/or opinions. In the event any such tax rulings and/or opinions cannot be obtained or the relevant taxing authorities prevail with any challenge in respect of any relevant transaction, we, as well as UTC and Otis could be subject to significant tax liabilities.

Under the tax matters agreement to be entered into among UTC, Carrier and Otis in connection with the separation, Carrier generally would be required to indemnify UTC and Otis for any taxes resulting from the separation (and any related costs and other damages) to the extent such amounts resulted from (1) an acquisition of all or a portion of the equity securities or assets of Carrier, whether by merger or otherwise (and regardless of whether we participated in or otherwise facilitated the acquisition), (2) other actions or failures to act by Carrier or (3) any of Carrier’s representations, covenants or undertakings contained in any of the separation-related agreements and documents or in any documents relating to the IRS ruling and/or the opinion of counsel being incorrect or violated. Further, under the tax matters agreement, we generally would be required to indemnify UTC and Otis 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 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 each case, to the extent such amounts did not result from a disqualifying action by, or acquisition of equity securities of, Carrier, Otis, or UTC. Any such indemnity obligations could be material. For a more detailed discussion, see “Certain Relationships and Related Party Transactions—Tax Matters Agreement.”

The transfer to us by UTC or Otis of certain contracts, permits and other assets and rights may require the consents or approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, we may not be entitled to the benefit of such contracts, permits and other assets and rights, which could increase our expenses or otherwise harm our business and financial performance.

The separation agreement will provide that certain contracts, permits and other assets and rights are to be transferred from UTC, Otis or their subsidiaries to Carrier or its subsidiaries in connection with the separation. The transfer of certain of these contracts, permits and other assets and rights may require consents or approvals of third parties or governmental authorities or provide other rights to third parties. In addition, in some circumstances, Carrier and UTC or Otis are joint beneficiaries of contracts, and we and UTC or Otis may need the consents of third parties in order to split, separate, replace, novate or replicate the existing contracts or the relevant portion of the existing contracts. While we anticipate entering into new contracts in place of transferring such contracts, we may not be successful in doing so in many instances.

Some parties may use consent requirements or other rights to terminate contracts or obtain more favorable contractual terms from us, which, for example, could take the form of price increases, require us to expend additional resources in order to obtain the services or assets previously provided under the contract, or require us to make arrangements with new third parties or obtain letters of credit or other forms of credit support. If we do not obtain required consents or approvals, we may be unable to obtain the benefits, permits, assets and contractual commitments that are intended to be allocated to us as part of our separation from UTC, and we may be required to seek alternative arrangements to obtain services and assets which may be more costly and/or of lower quality. The termination, modification, replacement or replication of these contracts or permits or the failure to timely complete the transfer or separation of these contracts or permits could negatively impact our business, financial condition, results of operations and cash flows.

Until the distribution occurs, the UTC Board of Directors may change the terms of the separation in ways that may be unfavorable to us.

Until the distribution occurs, Carrier will continue to be a wholly owned subsidiary of UTC. Accordingly, UTC has the discretion to determine and change the terms of the separation, including the establishment of the record date and the distribution date; provided, that any such determination or change will be subject to UTC's obligations to complete the separation and each of the Carrier distribution and the Otis distribution in accordance with the terms and conditions of the Raytheon merger agreement (including, with respect to certain changes, the requirement that UTC obtain Raytheon's prior written consent). These changes could be unfavorable to us, and as a general matter, Raytheon's consent would not be required to effect changes that are unfavorable to us. In addition, subject to UTC's obligations under the Raytheon merger agreement, the UTC Board of Directors may decide not to proceed with the distribution at any time prior to the distribution date.

No vote of UTC shareowners is required in connection with the distribution. As a result, if the distribution occurs and you do not want to receive our common stock in the distribution, your sole recourse will be to divest yourself of your UTC common stock prior to the record date or in the "regular-way" trading market during the period prior to the distribution.

No vote of UTC shareowners is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive our common stock in the distribution, your only recourse will be to divest yourself of your UTC common stock prior to the record date or in the "regular-way" trading market during the period prior to the distribution.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could materially and adversely affect us.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the Dodd-Frank Act and will be required to prepare our financial statements according to the rules and regulations required by the SEC. In addition, the Exchange Act requires that we file annual, quarterly and current reports. Our failure to prepare and disclose this information in a timely manner or to otherwise comply with applicable law could subject us to penalties under federal securities laws, expose us to lawsuits and restrict our ability to access financing. In addition, the Sarbanes-Oxley Act requires that, among other things, we establish and maintain effective internal controls and procedures for financial reporting and

disclosure purposes. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules. We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that internal controls were effective. If we are not able to maintain or document effective internal control over financial reporting, our independent registered public accounting firm will not be able to certify as to the effectiveness of our internal control over financial reporting when required. While we have been adhering to these laws and regulations as a subsidiary of UTC, after the distribution we will need to demonstrate our ability to manage our compliance with these laws and regulations as an independent, public company.

Matters affecting our internal controls may cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in our company and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we or our independent registered public accounting firm report a material weakness in our internal control over financial reporting. This could have a material and adverse effect on us by, for example, leading to a decline in our share price and impairing our ability to raise additional capital.

The allocation of intellectual property rights among us, UTC and Otis as part of the separation could adversely impact our competitive position and our ability to develop and commercialize certain future products and services.

In connection with the separation, we are entering into an intellectual property agreement with UTC and Otis governing, among other things, the allocation of intellectual property rights related to our and their businesses. As a result of the separation and such allocation, we will no longer have an ownership interest in certain intellectual property rights, but will become a non-exclusive licensee of such rights. This loss of the ownership of certain intellectual property rights could adversely affect our ability to maintain our competitive position through the enforcement of these rights against third parties that infringe these rights. In addition, we may lose our ability to license these rights to third parties in exchange for a license to such third parties' rights we may need to operate our business.

The terms of the intellectual property agreement also include cross-licenses among the parties of certain intellectual property rights owned by Carrier, Otis and UTC and needed for the continuation of the operations of the Carrier Business, Otis Business and the UTC Aerospace Businesses, respectively. The licenses granted to us by UTC and Otis are nonexclusive and, accordingly, UTC and Otis could license such licensed intellectual property rights to our competitors, which could adversely affect our competitive position in the industry. Moreover, our use of the intellectual property rights licensed to us by UTC and Otis will be restricted to certain fields of use related to our business. The limited nature of such licenses, and the other rights granted to Carrier pursuant to the intellectual property agreement, may not provide us with all the intellectual property rights that UTC or Otis currently holds or may in the future hold that we may need as our business changes in the future. Accordingly, if we were to expand our business to include new products and services outside of our current fields of use, we may not have the benefit of such licenses for such new products or services. As a result, it may be necessary for us to develop our technology independently of such licensed rights, which could make it more difficult, time consuming and/or expensive for us to develop and commercialize certain new products and services.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

In connection with the separation (including the internal reorganization), UTC has undertaken and will undertake several corporate reorganization transactions involving its subsidiaries which, along with the distribution, may be subject to various fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the separation, any entity involved in these reorganization transactions or the separation:

- (1) was insolvent, was rendered insolvent by reason of the separation, or had remaining assets constituting unreasonably small capital, and (2) received less than fair consideration in exchange for the distribution; or
- intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured,

then the court could void the separation and distribution, in whole or in part, as a fraudulent conveyance or transfer. The court could then require our shareowners to return to UTC some or all of the shares of Carrier common stock issued in the distribution, or require UTC or Carrier, as the case may be, to fund liabilities of the other company for the benefit of creditors. The measure of insolvency will vary depending upon the jurisdiction and the applicable law. Generally, however, an entity would be considered insolvent if the fair value of its assets was less than the amount of its liabilities (including the probable amount of contingent liabilities), or if it incurred debt beyond its ability to repay the debt as it matures. No assurance can be given as to what standard a court would apply to determine insolvency or that a court would determine that Carrier or any of its subsidiaries were solvent at the time of or after giving effect to the distribution.

Risks Related to Our Common Stock

We cannot be certain that an active trading market for our common stock will develop or be sustained after the distribution and, following the distribution, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. We anticipate that on or prior to the record date, trading of shares of our common stock will begin on a “when-issued” basis and will continue through the distribution date. However, we cannot guarantee that an active trading market will develop or be sustained for our common stock after the distribution, nor can we predict the prices at which shares of our common stock may trade after the distribution. Similarly, we cannot predict the effect of the Carrier distribution and the Otis distribution on the trading prices of our common stock or whether the combined market value of [] shares of our common stock, the number of shares of Otis common stock to be distributed per share of UTC common stock in the Otis distribution and one share of UTC common stock will be less than, equal to or greater than the market value of one share of UTC common stock prior to the distributions.

Until the market has fully evaluated the Carrier distribution, the Otis distribution and the transactions contemplated by the Raytheon merger agreement, including the pendency, completion or termination, as applicable, of the Raytheon merger, the price at which each share of UTC common stock trades may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. Such fluctuations may be due to a variety of factors, including uncertainty as to the expected timing of completion of the Raytheon merger or whether it will be completed at all, the value of UTC’s remaining businesses without Otis and Carrier in the event the Raytheon merger is not completed and investors’ assessment of the likelihood that UTC will realize the expected benefits of the Raytheon merger. The completion of the Raytheon merger is not a condition to the completion of the Carrier distribution or the Otis distribution, and UTC may complete the distributions (in accordance with the terms of the Raytheon merger agreement, to the extent in effect) even if the Raytheon merger agreement has been terminated.

Similarly, until the market has fully evaluated our business as a stand-alone entity, the prices at which shares of Carrier common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The increased volatility of our stock price following the distribution may have a material adverse effect on our business, financial condition and results of operations. The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including: (1) actual or anticipated fluctuations in our operating results; (2) changes in earnings estimated by securities analysts or our ability to meet those estimates; (3) the operating and stock price performance of comparable companies; (4) changes to the regulatory and legal environment under which we operate; (5) actual or anticipated fluctuations in commodities prices; and (6) domestic and worldwide economic conditions.

A significant number of shares of our common stock may be sold following the distribution, which may cause our stock price to decline.

Any sales of substantial amounts of our common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of our common stock to decline. Upon completion of the distribution, we expect that we will have an aggregate of approximately [] shares of our common stock issued and outstanding. Shares distributed to UTC shareowners in the separation will generally be freely tradable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), except for shares owned by one of our “affiliates,” as that term is defined in Rule 405 under the Securities Act.

TABLE OF CONTENTS

We are unable to predict whether large amounts of our common stock will be sold in the open market following the distribution. We are also unable to predict whether a sufficient number of buyers of our common stock to meet the demand to sell shares of our common stock at attractive prices would exist at that time.

There may be substantial changes in our shareowner base.

Investors holding UTC common stock may hold UTC common stock because of a decision to invest in a company with UTC's profile. Following the distribution, the shares of our common stock held by those investors will represent an investment in a company with a different profile than that of UTC. This change may not match some shareowners' investment strategies, which could cause them to sell our common stock. As a result, our stock price may decline or experience volatility as our shareowner base changes.

Your percentage of ownership in Carrier may be diluted in the future.

In the future, your percentage ownership in Carrier may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that we will grant to our directors, officers and employees. Our employees will have stock-based awards that correspond to shares of our common stock after the distribution as a result of the conversion of and/or adjustments to their UTC stock-based awards. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. We also plan to issue additional stock-based awards, including annual awards, new hire awards and periodic retention awards, as applicable, to our directors, officers and other employees under our employee benefits plans as part of our ongoing equity compensation program.

We cannot guarantee the timing, amount or payment of dividends on our common stock.

Following the distribution, we expect that Carrier will initially pay a cash dividend on a quarterly basis at an annual rate of \$[] per share. However, the timing, declaration, amount of, and payment of any dividends will be within the discretion of Carrier's Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by Carrier's Board of Directors. Moreover, if as expected we determine to initially pay a dividend following the distribution, there can be no assurance that we will continue to pay dividends in the same amounts or at all thereafter. For more information, see "Dividend Policy."

Anti-takeover provisions could enable our Board of Directors to resist a takeover attempt by a third party and limit the power of our shareowners.

Carrier's amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with Carrier's Board of Directors rather than to attempt a hostile takeover. These provisions are expected to include, among others, (1) the ability of our remaining directors to fill vacancies on Carrier's Board of Directors (except in an instance where a director is removed by shareowners and the resulting vacancy is filled by shareowners); (2) limitations on shareowners' ability to call a special shareowner meeting; (3) rules regarding how shareowners may present proposals or nominate directors for election at shareowner meetings; and (4) the right of Carrier's Board of Directors to issue preferred stock without shareowner approval.

In addition, we expect to be subject to Section 203 of the Delaware General Corporation Law ("DGCL"), which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15 percent of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15 percent of the corporation's outstanding voting stock.

We believe these provisions will protect our shareowners from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with Carrier's Board of Directors and by providing Carrier's Board

of Directors with more time to assess any acquisition proposal. These provisions are not intended to make Carrier immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some shareowners and could delay or prevent an acquisition that Carrier’s Board of Directors determines is not in the best interests of Carrier and our shareowners. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. See “Description of Carrier Capital Stock—Charter and Bylaw Provisions” and “Description of Carrier Capital Stock—Change of Control.”

In addition, an acquisition or further issuance of our stock could trigger the application of Section 355(e) of the Code, causing the distribution to be taxable to UTC. For a discussion of Section 355(e) of the Code, see “Material U.S. Federal Income Tax Consequences.” Under the tax matters agreement, we would be required to indemnify UTC for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that our shareowners may consider favorable.

Our amended and restated bylaws will designate the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareowners, which could discourage lawsuits against Carrier and our directors and officers.

Carrier’s amended and restated bylaws will provide that unless Carrier’s Board of Directors otherwise determines, the state courts 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) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Carrier, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of Carrier to Carrier or to Carrier shareowners, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against Carrier or any current or former director or officer or other employee of Carrier arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws, any action asserting a claim relating to or involving Carrier governed by the internal affairs doctrine, or any action asserting an “internal corporate claim” as that term is defined in Section 115 of the DGCL.

To the fullest extent permitted by law, this exclusive forum provision will apply to state and federal law claims, including claims under the federal securities laws, including the Securities Act and the Exchange Act, although Carrier shareowners will not be deemed to have waived Carrier’s compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar choice of forum provisions in other companies’ organizational documents has been challenged in legal proceedings, and it is possible that, in connection with claims arising under federal securities laws or otherwise, a court could find the exclusive forum provision contained in the amended and restated bylaws to be inapplicable or unenforceable.

This exclusive forum provision may limit the ability of our shareowners to bring a claim in a judicial forum that such shareowners find favorable for disputes with Carrier or our directors or officers, which may discourage such lawsuits against Carrier and our directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials UTC and Carrier have filed or will file with the SEC contain or incorporate by reference statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management’s current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “confident” and other words of similar meaning in connection with a discussion of future operating or financial performance or the separation. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates and other measures of financial performance or potential future plans, strategies or transactions of Carrier, Otis or UTC following UTC’s separation into three independent public companies and/or following completion of the Raytheon merger, the separation, including the expected timing of completion of the separation and estimated costs associated with the separation, the Raytheon merger, including synergies or customer cost savings and the expected timing of the completion of the Raytheon merger, and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Such risks, uncertainties and other factors include, without limitation:

- the effect of economic conditions in the industries and markets in which Carrier and UTC and their respective businesses operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction, the impact of weather conditions and natural disasters and the financial condition of our customers and suppliers;
- challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services;
- future levels of indebtedness, including indebtedness that may be incurred in connection with the separation, and capital spending and research and development spending;
- future availability of credit and factors that may affect such availability, including credit market conditions and our capital structure;
- the timing and scope of future repurchases of our common stock, which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash;
- delays and disruption in delivery of materials and services from suppliers;
- cost reduction efforts and restructuring costs and savings and other consequences thereof;
- new business and investment opportunities;
- the anticipated benefits of moving away from diversification and balance of operations across product lines, regions and industries;
- the outcome of legal proceedings, investigations and other contingencies;
- pension plan assumptions and future contributions;
- the impact of the negotiation of collective bargaining agreements and labor disputes;
- the effect of changes in political conditions in the U.S. and other countries in which Carrier and UTC and their respective businesses operate, including the effect of changes in U.S. trade policies or the U.K.’s pending withdrawal from the EU, on general market conditions, global trade policies and currency exchange rates in the near term and beyond;

TABLE OF CONTENTS

- the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Carrier and UTC and their respective businesses operate;
- the ability of Carrier and UTC to retain and hire key personnel;
- the scope, nature, impact or timing of the separation and other acquisition and divestiture activity, including among other things integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs;
- the expected benefits and timing of the separation, and the risk that conditions to the separation will not be satisfied and/or that the separation will not be completed within the expected time frame, on the expected terms or at all;
- a determination by the IRS and other tax authorities that the distribution or certain related transactions should be treated as taxable transactions;
- the possibility that any consents or approvals required in connection with the separation will not be received or obtained within the expected time frame, on the expected terms or at all;
- expected financing transactions undertaken in connection with the separation and risks associated with the additional indebtedness;
- the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the separation will exceed Carrier's estimates;
- risks associated with the transactions contemplated by the Raytheon merger agreement or the announcement or pendency of such transactions, including disruptions to UTC's or Carrier's operations and the potential distraction of UTC or Carrier management or employees;
- UTC's obligations pursuant to the Raytheon merger agreement to consummate the Carrier distribution and the Otis distribution in accordance with the terms and conditions of the Raytheon merger agreement, including with respect to the timing of the distributions and the requirement that UTC obtain Raytheon's prior written consent to effect certain changes to the terms of the separation or distributions, and the resulting limitations on UTC's ability to determine or alter the structure or timing of the internal restructuring, the separation and the distributions or the terms and conditions of the separation agreement or ancillary agreements; and
- the impact of the separation on Carrier's business and the risk that the separation may be more difficult, time-consuming or costly than expected, including the impact on Carrier's resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

There can be no assurance that the separation, distribution or any other transaction described above will in fact be consummated in the manner described or at all. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the discussions under "Risk Factors." Any forward-looking statement speaks only as of the date on which it is made, and Carrier assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

THE SEPARATION AND DISTRIBUTION

Overview

On November 26, 2018, UTC announced its intention to separate the Carrier Business and the Otis Business from UTC's Aerospace Businesses. The separation will occur through pro rata distributions to UTC shareowners of 100 percent of the shares of common stock of Carrier and 100 percent of the shares of common stock of Otis, which were formed to ultimately hold UTC's Carrier Business and Otis Business, respectively.

In connection with the Carrier distribution, we expect that:

- UTC will complete the internal reorganization through which Carrier will become the parent company of the UTC operations comprising, and the entities that will conduct, the Carrier Business;
- Carrier will incur approximately \$[] of indebtedness, consisting of a combination of long-term notes and bank term loans; and
- using a portion of the proceeds from one or more financing transactions before the distribution is completed, Carrier will distribute approximately \$[] of cash to UTC.

On June 9, 2019, UTC entered into the Raytheon merger agreement, which provides for the combination of the UTC Aerospace Businesses and Raytheon in a merger of equals transaction with Raytheon surviving as a wholly owned subsidiary of UTC. Under the Raytheon merger agreement, UTC has agreed with Raytheon that, subject to the terms and conditions of the Raytheon merger agreement, UTC will consummate the separation and each of the Carrier distribution and the Otis distribution. In addition, the completion of the separation and each of the Carrier distribution and the Otis distribution is a condition to the Raytheon merger pursuant to the Raytheon merger agreement. Accordingly, the Raytheon merger will not be completed unless and until the separation and each of the distributions are completed. The completion of the Raytheon merger is not a condition to the completion of the distributions. Therefore, UTC may complete the distribution even if the conditions to the Raytheon merger under the Raytheon merger agreement have not been satisfied or waived, the Raytheon merger agreement has been terminated or the Raytheon merger will otherwise not be consummated. For additional information, see "Certain Relationships and Related Party Transactions—Raytheon Merger Agreement."

On [], 2020, the UTC Board of Directors approved the distribution of all of Carrier's issued and outstanding shares of common stock on the basis of [] shares of Carrier common stock for every share of UTC common stock held as of the close of business on [], 2020, the record date.

At [], Eastern Time, on [], 2020, the distribution date, each UTC shareowner will receive [] shares of Carrier common stock for every share of UTC common stock held at the close of business on the record date, as described below. UTC shareowners will receive cash in lieu of any fractional shares of Carrier common stock that they would have received after application of this ratio. Upon completion of the separation, each UTC shareowner as of the record date will continue to own shares of UTC and will receive a proportionate share of the outstanding common stock of Carrier to be distributed. You will not be required to make any payment, surrender or exchange your UTC common stock or take any other action to receive your shares of Carrier common stock in the distribution. The distribution as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution." We currently expect the Otis distribution to occur on or around the date of the Carrier distribution, unless otherwise determined by the UTC Board of Directors in its sole and absolute discretion, but subject to UTC's agreement to consummate each of the Carrier distribution and the Otis distribution as required pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement. Though UTC has agreed pursuant to, and subject to the terms and conditions of the Raytheon merger agreement, that UTC will consummate the separation and each of the Carrier distribution and the Otis distribution, there can be no assurance that the Carrier distribution and the Otis distribution will occur on or around the same date or that either distribution will occur at all.

Reasons for the Separation

The UTC Board of Directors believes that the separation of UTC into three independent, publicly traded companies through the separation of its Carrier Business and Otis Business is in the best interests of UTC and its shareowners for a number of reasons (irrespective of whether or not the Raytheon merger is completed), including:

- *Greater Focus and Enhanced Operational Agility.* The separation will permit each company to more effectively focus on pursuing its own distinct operating priorities and strategies for long-term growth and profitability, and will better position the management teams of each company to focus on strengthening its core businesses. Maintaining a sharper focus on its core businesses and growth opportunities will allow each company to respond better and more quickly to developments in its industry and to customer demands. In addition, the separation is expected to enhance operational agility of the separated companies, which will lead to improved operating discipline and help drive better results.
- *Strong Financial Profile of Each Company on a Stand-alone Basis.* Each of UTC, Carrier and Otis has established itself as a global leader with the scale to be both self-sufficient and to sustain investment through economic cycles. In addition, each of the companies is expected to have an investment grade credit rating and strong financial characteristics to independently drive growth and investment.
- *Separate Capital Structures and Allocation Flexibility.* The separation will permit each company to allocate its financial resources to meet the unique needs of its own businesses, which will allow each company to intensify its focus on its distinct strategic priorities and individual business risk and return profiles. The separation will also allow each company to more flexibly pursue its own distinct capital structure, capital allocation strategy, and capital return policy. In addition, after the separation, the Carrier Business will no longer need to compete within UTC with the UTC Aerospace Businesses and the Otis Business for capital and other corporate resources.
- *Creation of Independent Equity Currencies and Increased Strategic Opportunities.* The separation will afford Carrier and Otis the ability to offer their independent equity securities to the capital markets and enable each stand-alone business to use its own industry-focused stock to pursue portfolio enhancing acquisitions or other strategic opportunities that are more closely aligned with each company's strategic goals and expected growth opportunities.
- *Alignment of Management Incentives with Performance.* The separation will allow each company to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business attributes. Following the separation, recruitment and retention is expected to be enhanced by more consistent talent requirements across the businesses, providing recruiters and applicants with greater clarity and understanding of talent needs and opportunities associated with the core business activities, principles and risks of each company.
- *Broadening of Investor Base.* The separation will allow each company to more effectively articulate a clear investment proposition to attract a long-term investor base suited to its businesses, growth profile and capital allocation priorities, and will facilitate each company's access to capital by providing investors with three distinct investment opportunities. This is expected to attract shareowners with distinct investment preferences.

The UTC Board of Directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* UTC, Carrier and Otis may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will require significant amounts of management's time and effort, which may divert management's attention from operating each company's business; there may be dis-synergy costs related to the separation, including costs of restructuring transactions and other significant costs; and following the separation, each of UTC, Carrier and Otis may be more susceptible to certain economic and market fluctuations, and other adverse events than if Carrier and Otis were still a part of UTC because each business will be less diversified than UTC prior to the separation.

TABLE OF CONTENTS

- *Capital Allocation Efficiency and Flexibility.* Following the separation, Carrier and Otis may lose capital allocation efficiency and flexibility, as each company will no longer be able to use cash flow from one of UTC's other businesses to fund its investments and operations. Additionally, as smaller companies, the cost of capital for each company may be higher than UTC's cost of capital prior to the separation and each company may not obtain the same credit rating as UTC prior to the separation.
- *Loss of Scale and Increased Administrative Costs.* As part of UTC, Carrier and Otis benefit from UTC's scale in procuring certain goods and services. After the separation, as stand-alone companies, Carrier and Otis may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those UTC obtained prior to the separation. In addition, as part of UTC, Carrier and Otis benefit from certain functions performed by UTC, such as accounting, auditing, tax, legal, human resources, investor relations, risk management, treasury and other general and administrative functions. After the separation, UTC will not perform these functions for Carrier or Otis (other than certain functions that will be provided for a limited time pursuant to the transition services agreement) and, because of Carrier's and Otis' smaller scale as stand-alone companies, the cost of performing such functions could be higher than the amounts reflected in Carrier's or Otis' historical financial statements, which would cause profitability to decrease.
- *Disruptions and Costs Related to the Separation.* The actions required to separate Carrier's, Otis' and UTC's respective businesses could disrupt each company's operations. In addition, Carrier and Otis will incur substantial costs in connection with the separation and the transition to being a stand-alone public company, which may include tax costs associated with the internal restructuring and costs to separate shared systems, accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Carrier and Otis.
- *Limitations on Strategic Transactions.* Under the terms of the tax matters agreement that Carrier and Otis will enter into with UTC, Carrier and Otis will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free transactions under applicable law. These restrictions may limit for a period of time Carrier's and Otis' ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of their business.
- *Uncertainty Regarding Stock Prices.* We cannot predict the effect of the Carrier distribution and the Otis distribution on the trading prices of Carrier, Otis or UTC common stock or know with certainty whether the combined market value of [] shares of Carrier common stock, the number of shares of Otis common stock to be distributed per share of UTC common stock in the Otis distribution and one share of UTC common stock will be less than, equal to or greater than the market value of one share of UTC common stock prior to the distributions. Furthermore, there is the risk of volatility in each company's stock price following the distribution due to sales by certain shareowners whose investment objectives may not be met by each company's common stock, and it may take time for each company to attract its optimal shareowner base.

In determining to pursue the separation, the UTC Board of Directors concluded that the potential benefits of the separation outweighed the foregoing factors. For additional information, see "Risk Factors."

Formation of Carrier

Carrier was formed in Delaware on March 15, 2019, for the purpose of ultimately holding UTC's Carrier Business. As part of the plan to separate the Carrier Business from the remainder of UTC's businesses, UTC plans to transfer the equity interests of certain entities that are expected to operate the Carrier Business and the assets and liabilities of the Carrier Business to Carrier prior to the distribution. For additional information, see "—Internal Reorganization."

When and How You Will Receive the Distribution

With the assistance of Computershare, it is expected that UTC will distribute Carrier common stock at [], Eastern Time, on [], 2020, the distribution date, to all holders of outstanding UTC common stock as of the close of business on [], 2020, the record date. Computershare, which currently serves as the transfer agent and registrar for UTC common stock, will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Carrier common stock.

TABLE OF CONTENTS

If you own UTC common stock as of the close of business on the record date, the Carrier common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in book-entry form or to your bank or brokerage firm on your behalf. If you are a registered shareowner of UTC common stock in book-entry form or as physical share certificates, Computershare will mail you a direct registration account statement that reflects your shares of Carrier common stock. Book-entry form refers to a method of recording share ownership when no physical share certificates are issued to shareowners, as is the case in this distribution. You will not receive physical share certificates for your shares of Carrier common stock.

Most UTC shareowners hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm is said to hold the shares in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your UTC common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Carrier common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in “street name,” please contact your bank or brokerage firm.

If you sell UTC common stock in the “regular-way” market after the record date and on or before the distribution date, you will be selling your right to receive shares of Carrier common stock in the distribution.

Transferability of Shares You Receive

The shares of Carrier common stock that will be distributed in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with us, which may include certain of our executive officers or directors. Securities held by our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell shares of our common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Carrier Common Stock You Will Receive

For every share of UTC common stock that you own at the close of business on [], 2020, the record date, you will receive [] shares of Carrier common stock on the distribution date. UTC will not distribute any fractional shares of Carrier common stock to its shareowners. Instead, if you are a registered holder, Computershare will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. If you hold your shares of UTC common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the net cash proceeds of the sales and will electronically credit your account for your share of such proceeds. Computershare, in its sole discretion, without any influence by UTC or Carrier, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by Computershare will not be an affiliate of either UTC or Carrier and Computershare is not an affiliate of either UTC or Carrier. Neither Carrier nor UTC will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares.

The net cash proceeds of these sales of fractional shares will be taxable for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences” for an explanation of certain material U.S. federal income tax consequences of the distribution.

Treatment of Equity-Based Compensation

UTC equity-based compensation awards outstanding as of the distribution date are expected to be adjusted as described below; however, the Compensation Committee of the UTC Board of Directors may alter the treatment of awards in any non-U.S. jurisdiction to the extent that it determines such alteration is necessary or appropriate to avoid adverse tax consequences to the award holders. The description below assumes that the Carrier distribution and the Otis distribution occur on the same day. If the Carrier distribution and the Otis distribution do not occur on the same day, then it is expected that the adjustment methodology described below

would be appropriately modified by the Compensation Committee of the UTC Board of Directors in a manner that is intended to preserve the aggregate intrinsic value of each award immediately after each of the Carrier distribution and the Otis distribution when compared to the aggregate intrinsic value immediately prior to such distribution (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding.

Because the distribution is expected to be completed prior to the consummation of the Raytheon merger and may occur even if the Raytheon merger agreement is terminated or the Raytheon merger will otherwise not be consummated, the award adjustments described below will occur independent of the Raytheon merger. If the Raytheon merger is consummated, UTC common stock will remain outstanding and UTC will be renamed “Raytheon Technologies Corporation.” Accordingly, following the Raytheon merger, adjusted equity-based compensation awards relating to UTC common stock will continue to relate to UTC common stock, which will trade on the NYSE under the symbol “RTX.”

Vested Stock Appreciation Right Awards

As of the distribution date, each outstanding and vested UTC stock appreciation right (“SAR”) award will be converted into a SAR award relating to shares of UTC common stock, a SAR award relating to shares of Carrier common stock, and a SAR award relating to shares of Otis common stock. The number of shares subject to each SAR award and the exercise price of each SAR award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC SAR award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted SAR award will be subject to the same terms, post-termination exercise rules and other restrictions that applied to the original UTC SAR award immediately before the distributions.

Unvested Stock Appreciation Right Awards

Awards Held by UTC Employees. As of the distribution date, each outstanding and unvested UTC SAR award held by an employee who is employed by UTC or its subsidiaries (other than Carrier and Otis and their respective subsidiaries) immediately prior to the distributions will remain denominated in shares of UTC common stock, although the number of shares subject to the award and the exercise price of the award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC SAR award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted UTC SAR award will be subject to the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the original UTC SAR award immediately before the distributions.

Awards Held by Carrier Employees. As of the distribution date, each outstanding and unvested UTC SAR award held by an employee who is employed by Carrier or one of its subsidiaries immediately prior to the distributions will be converted into an award of SARs relating to Carrier common stock, with the number of shares subject to the award and the exercise price of the award to be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC SAR award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted Carrier SAR award will be subject to the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the original UTC SAR award immediately before the distributions.

Awards Held by Otis Employees. As of the distribution date, each outstanding and unvested UTC SAR award held by an employee who is employed by Otis or one of its subsidiaries immediately prior to the distributions will be converted into an award of SARs relating to Otis common stock, with the number of shares subject to the award and the exercise price of the award to be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC SAR award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted Otis SAR award will be subject to the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the original UTC SAR award immediately before the distributions.

Vested Stock Option Awards

As of the distribution date, each outstanding and vested UTC stock option award will be converted into a stock option award denominated in shares of UTC common stock, a stock option award denominated in shares of Carrier common stock and a stock option award denominated in shares of Otis common stock. The number of shares subject to each option award and the exercise price of each option award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC stock option award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted stock option award will be subject to the same terms, post-termination exercise rules and other restrictions that applied to the original UTC stock option award immediately before the distributions.

Unvested Stock Option Awards

Awards Held by UTC Employees. As of the distribution date, each outstanding and unvested UTC stock option award held by an employee who is employed by UTC and its subsidiaries (other than Carrier and Otis and their respective subsidiaries) immediately prior to the distributions will remain denominated in shares of UTC common stock, although the number of shares subject to the award and the exercise price of the award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC stock option award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted UTC stock option award will be subject to the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the original UTC stock option award immediately before the distributions.

Awards Held by Carrier Employees. As of the distribution date, each outstanding and unvested UTC stock option award held by an employee who is employed by Carrier or one of its subsidiaries immediately prior to the distributions will be converted into a stock option award denominated in shares of Carrier common stock, with the number of shares subject to the award and the exercise price of the award to be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC stock option award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted Carrier stock option award will be subject to the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the original UTC stock option award immediately before the distributions.

Awards Held by Otis Employees. As of the distribution date, each outstanding and unvested UTC stock option award held by an employee who is employed by Otis or one of its subsidiaries immediately prior to the distributions will be converted into a stock option award denominated in shares of Otis common stock, with the number of shares subject to the award and the exercise price of the award to be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC stock option award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted Otis stock option award will be subject to the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the original UTC stock option award immediately before the distributions.

Performance Share Unit Awards and Restricted Stock Unit Awards

Conversion of Certain Performance Share Unit Awards into Restricted Stock Unit Awards. Effective as of immediately prior to the distribution date, the level of achievement of the performance goals applicable to outstanding UTC performance share unit awards (other than performance share unit awards with performance goals relating exclusively to the Carrier Business or the Otis Business) will be determined by the Compensation Committee of the UTC Board of Directors and such performance share unit awards will be converted into restricted stock unit awards, which will be subject only to time-based vesting conditions. UTC performance share unit awards with performance goals relating exclusively to the Carrier Business or the Otis Business will remain subject to such performance goals and will continue to constitute performance share unit awards after the adjustments contemplated below.

Awards Held by UTC Employees and Former UTC Employees. As of the distribution date, each outstanding UTC restricted stock unit award (including each such award that was originally granted as a performance share unit award that was subject to vesting based on UTC performance) held by an employee who is employed by UTC and its subsidiaries (other than Carrier and Otis and their respective subsidiaries) immediately prior to the distributions or a former employee whose last employment was not with Carrier or Otis will remain denominated in shares of UTC common stock, although the number of shares subject to the award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC restricted stock unit award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted UTC restricted stock unit award will be subject to the same terms, vesting conditions and other restrictions that applied to the original UTC restricted stock unit award immediately before the distributions.

Awards Held by Carrier Employees and Former Carrier Employees. As of the distribution date, each outstanding UTC restricted stock unit award (including each such award that was originally granted as a performance share unit award that was subject to vesting based on UTC performance) and each outstanding performance share unit award held by an employee who is employed by Carrier or one of its subsidiaries immediately prior to the distributions or a former employee who was last employed by Carrier or one of its subsidiaries will be converted into an award of restricted stock units or performance share units, respectively, relating to Carrier common stock, with the number of shares subject to the award to be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted Carrier restricted stock unit award and each adjusted Carrier performance share unit award will be subject to the same terms, vesting conditions and other restrictions that applied to the original UTC award immediately before the distributions.

Awards Held by Otis Employees and Former Otis Employees. As of the distribution date, each outstanding UTC restricted stock unit award (including each such award that was originally granted as a performance share unit award that was subject to vesting based on UTC performance) and each outstanding performance share unit award held by an employee who is employed by Otis or one of its subsidiaries immediately prior to the distributions or a former employee who was last employed by Otis or one of its subsidiaries will be converted into an award of restricted stock units or performance share units, respectively, relating to Otis common stock, with the number of shares subject to the award to be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted Otis restricted stock unit award and each adjusted Otis performance share unit award will be subject to the same terms, vesting conditions and other restrictions that applied to the original UTC award immediately before the distributions.

Vested Director Deferred Stock Unit Awards and Vested Director Deferred Restricted Stock Unit Awards

As of the distribution date, each outstanding and vested UTC deferred stock unit award and vested, deferred UTC restricted stock unit award held by a current or former director of UTC will be converted into an award of deferred stock units or deferred restricted stock units, as applicable, relating to shares of UTC common stock, an award of deferred stock units or deferred restricted stock units, as applicable, relating to shares of Carrier common stock and an award of deferred stock units or deferred restricted stock units, as applicable, relating to shares of Otis common stock. The number of shares subject to each deferred stock unit award or deferred restricted stock unit award, as applicable, will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC deferred stock unit award or deferred restricted stock unit award, as applicable, immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. UTC will retain the liability for adjusted deferred stock unit awards and deferred restricted stock unit awards held by each current director who will serve as a director of UTC after the distributions and each former director, and Carrier or Otis, as applicable, will assume the liability for adjusted deferred stock unit awards and deferred restricted stock unit awards held by each director who will

serve as a director of Carrier or Otis after the distributions. The adjusted deferred stock unit awards and deferred restricted stock unit awards will be subject to the same terms, payment timing rules and other restrictions that applied to the original UTC deferred stock unit awards or deferred restricted stock unit awards, as applicable, immediately before the distributions, except that (1) for each director who will serve as a director of UTC after the distributions, the adjusted deferred stock unit awards and deferred restricted stock unit awards relating to shares of Carrier common stock and shares of Otis common stock will be cash-settled, (2) for each director who will serve as a director of Carrier after the distributions, the adjusted deferred stock unit awards and adjusted deferred restricted stock unit awards relating to shares of UTC common stock and Otis common stock will be cash-settled and (3) for each director who will serve as a director of Otis after the distributions, the adjusted deferred stock unit awards and deferred restricted stock unit awards relating to shares of UTC common stock and Carrier common stock will be cash-settled.

Unvested Director Deferred Restricted Stock Unit Awards

Awards Held by UTC Directors. As of the distribution date, each outstanding and unvested UTC restricted stock unit award held by a director of UTC who will serve as a director of UTC after the distributions (whether or not such person will also serve as a director of Carrier or Otis) will remain denominated in shares of UTC common stock, although the number of shares subject to the award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC restricted stock unit award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted UTC restricted stock unit award will be subject to the same terms, vesting conditions and other restrictions that applied to the original UTC restricted stock unit award immediately before the distributions.

Awards Held by Carrier Directors. As of the distribution date, each outstanding and unvested UTC restricted stock unit award held by a director of UTC who will serve as a director of Carrier (and not as a director of UTC) after the distributions will be converted into a restricted stock unit award relating to shares of Carrier common stock, with the number of shares subject to the award to be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC restricted stock unit award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted Carrier restricted stock unit award will be subject to the same terms, vesting conditions and other restrictions that applied to the original UTC restricted stock unit award immediately before the distributions.

Awards Held by Otis Directors. As of the distribution date, each outstanding and unvested UTC restricted stock unit award held by a director of UTC who will serve as a director of Otis (and not as a director of UTC) after the distributions will be converted into a restricted stock unit award relating to shares of Otis common stock, with the number of shares subject to the award to be adjusted in a manner intended to preserve the aggregate intrinsic value of the original UTC restricted stock unit award immediately after the distributions when compared to the aggregate intrinsic value immediately prior to the distributions (in each case, as calculated based on the applicable stock price measurements specified in the employee matters agreement), subject to rounding. Each adjusted Otis restricted stock unit award will be subject to the same terms, vesting conditions and other restrictions that applied to the original UTC restricted stock unit award immediately before the distributions.

Internal Reorganization

As part of the separation, and prior to the Carrier distribution and the Otis distribution, it is expected that UTC will complete an internal reorganization in order to transfer: (1) the Carrier Business to Carrier, which Carrier will hold following the separation; and (2) the Otis Business to Otis, which Otis will hold following the separation. Among other things and subject to limited exceptions, the internal reorganization is expected to result in Carrier and Otis owning, directly or indirectly, the operations comprising, and the entities that conduct, the Carrier Business and the Otis Business, respectively.

The internal reorganization is expected to include various restructuring transactions pursuant to which (1) the operations, assets and liabilities of UTC used to conduct the Carrier Business and the Otis Business will be separated from the operations, assets and liabilities of UTC used to conduct the UTC Aerospace Businesses,

TABLE OF CONTENTS

(2) such Carrier Business operations, assets and liabilities will be contributed, transferred or otherwise allocated to Carrier or one of its direct or indirect subsidiaries and (3) such Otis Business operations, assets and liabilities will be contributed, transferred or otherwise allocated to Otis or one of its direct or indirect subsidiaries. These restructuring transactions may take the form of asset or equity transfers, mergers, demergers, distributions, contributions and similar transactions, and will involve the formation of new subsidiaries in U.S. and non-U.S. jurisdictions to own and operate the Carrier Business, the Otis Business or the UTC Aerospace Businesses in such jurisdictions.

Following the completion of the internal reorganization and immediately prior to the distribution: (1) Carrier will be the parent company of the entities and assets that are expected to conduct the Carrier Business; (2) Otis will be the parent company of the entities and assets that are expected to conduct the Otis Business; and (3) UTC will remain the parent company of the entities and assets that are expected to conduct the UTC Aerospace Businesses.

Results of the Distribution

After the distribution, Carrier will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on [], 2020, the record date, and will reflect any exercise of UTC options that occurs, and any settlement of performance share unit awards or restricted stock unit awards initiated, between the date the UTC Board of Directors declares the distribution and the record date. The distribution will not affect the number of outstanding shares of UTC common stock or any rights of UTC shareowners. UTC will not distribute any fractional shares of Carrier common stock.

Carrier will enter into a separation agreement and other related agreements with UTC and Otis to effect the separation and to provide a framework for our relationship with UTC and Otis after the separation, and will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property agreement. These agreements will allocate among Carrier, Otis and UTC the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of UTC and its subsidiaries attributable to periods prior to, at and after Carrier's and Otis' separation from UTC, provide for certain services to be delivered on a transitional basis and govern the relationship among Carrier, Otis and UTC following the separation. These agreements will not be impacted by the completion of the Raytheon merger. For additional information regarding the separation agreement and other transaction agreements, see "Risk Factors—Risks Related to the Distribution" and "Certain Relationships and Related Party Transactions."

Market for Carrier Common Stock

There is currently no public trading market for Carrier common stock. Carrier intends to apply to list its common stock on the NYSE under the symbol "[]." Carrier has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

We cannot predict the price at which Carrier common stock will trade after the distribution. In fact, the combined trading prices, after the Carrier distribution and the Otis distribution, of [] shares of Carrier common stock, the number of shares of Otis common stock to be distributed per share of UTC common stock in the Otis distribution and one share of UTC common stock, may not equal the "regular-way" trading price of one share of UTC common stock immediately prior to the distributions. The price at which Carrier common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Carrier common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Our Common Stock."

Incurrence of Debt

Carrier expects to complete one or more financing transactions before the distribution is completed, with approximately \$[] of the proceeds of such financings expected to be used to distribute cash to UTC. As a result of such transactions, Carrier anticipates having approximately \$[] of indebtedness upon completion of the distribution. On the distribution date, Carrier anticipates that the debt will consist of a combination of long-term notes and bank term loans. For more information, see "Description of Material Indebtedness."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date and continuing up to and including through the distribution date, it is expected that there will be two markets in UTC common stock: a “regular-way” market and an “ex-distribution” market. UTC common stock that trades on the “regular-way” market will trade with an entitlement to Carrier common stock distributed in the distribution. UTC common stock that trades on the “ex-distribution” market will trade without an entitlement to Carrier common stock distributed in the distribution. Therefore, if you sell shares of UTC common stock in the “regular-way” market up to and including through the distribution date, you will be selling your right to receive shares of Carrier common stock in the distribution. If you own UTC common stock at the close of business on the record date and sell those shares on the “ex-distribution” market up to and including through the distribution date, you will receive the shares of Carrier common stock that you are entitled to receive pursuant to your ownership of shares of UTC common stock as of the record date.

Furthermore, beginning on or shortly before the record date and continuing up to and including the distribution date, Carrier expects that there will be a “when-issued” market in its common stock. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The “when-issued” trading market will be a market for Carrier common stock that will be distributed to holders of UTC common stock on the distribution date. If you owned UTC common stock at the close of business on the record date, you would be entitled to Carrier common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Carrier common stock, without trading the UTC common stock you own, on the “when-issued” market. On the first trading day after the distribution is completed, “when-issued” trading with respect to Carrier common stock will end, and “regular-way” trading with respect to Carrier common stock will begin.

Conditions to the Distribution

The distribution will be effective at [], Eastern Time, on [], 2020, which is the distribution date, provided that the conditions set forth in the separation agreement have been satisfied (or waived by UTC in its sole and absolute discretion), subject to UTC’s agreement to consummate the distribution pursuant to, and subject to the terms and conditions of, the Raytheon merger agreement. The conditions set forth in the separation agreement include, among others:

- the SEC declaring effective the registration statement of which this information statement forms a part and such registration statement not being the subject of any stop order or any legal, administrative, arbitral or other action, suit, investigation, proceeding, indictment or litigation by the SEC seeking a stop order;
- this information statement having been made available to UTC shareowners;
- the receipt by UTC and continuing validity of (1) an IRS ruling satisfactory to the UTC Board of Directors and (2) an opinion of outside counsel, satisfactory to the UTC Board of Directors, regarding the qualification of certain elements of the distribution under Section 355 of the Code;
- the internal reorganization having been completed and the transfer of assets and liabilities of the Carrier Business from UTC and its affiliates to Carrier and its affiliates and the Otis Business from UTC and its affiliates to Otis and its affiliates, and the transfer of assets and liabilities of the UTC Aerospace Businesses from Carrier and its affiliates and Otis and its affiliates to UTC and its affiliates (other than Otis, Carrier and their respective affiliates), as set forth in the separation agreement, having been completed in all material respects;
- the receipt by the UTC Board of Directors of 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 (1) the adequacy of surplus under Delaware law with respect to Carrier to effect the distribution from Carrier to UTC of certain proceeds from the financing arrangements described under “Description of Material Indebtedness” prior to the effective time of the distribution, and with respect to UTC to effect the distribution, and (2) the solvency of each of UTC and Carrier after the completion of the distribution;

TABLE OF CONTENTS

- all actions or filings necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder having been taken and, where applicable, having become effective or been accepted by the applicable governmental entity;
- the execution of the transition services agreement, the tax matters agreement, the employee matters agreement and the intellectual property agreement contemplated by the separation agreement;
- no governmental entity of competent jurisdiction having issued or entered any injunction or other decree, order, judgment, writ, stipulation, award or temporary restraining order, and no applicable law having 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 distribution or any of the related transactions;
- the shares of Carrier common stock to be distributed having been approved for listing on the NYSE, subject to official notice of distribution;
- UTC having received certain proceeds from the financing arrangements described under “Description of Material Indebtedness” and being satisfied in its sole and absolute discretion that it will have no liability under such arrangements as of the effective time of the distribution; and
- no other event or development existing or having occurred that, in the judgment of UTC’s Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions.

Until the distribution occurs, UTC will have the discretion to determine (and change) the terms of the distribution and to determine the record date, the distribution date and the distribution ratio; however, any such determination or change will be subject to UTC’s obligations to complete the separation and each of the Carrier distribution and the Otis distribution in accordance with the terms and conditions of the Raytheon merger agreement (including, with respect to certain changes, the requirement that UTC obtain Raytheon’s prior written consent).

UTC may waive any of the conditions to the distribution. UTC can decline at any time to go forward with the distribution, may go forward with the Carrier distribution even if the Otis distribution does not occur or may go forward with the Otis distribution even if the Carrier distribution does not occur. However, under the Raytheon merger agreement, UTC has agreed with Raytheon that, subject to the terms and conditions of the Raytheon merger agreement, UTC will consummate the separation and each of the Carrier distribution and the Otis distribution. In addition, the completion of the separation and each of the Carrier distribution and the Otis distribution is a condition to the Raytheon merger pursuant to the Raytheon merger agreement. Accordingly, the Raytheon merger will not be completed unless and until the separation and each of the distributions are completed. The completion of the Raytheon merger is not a condition to the completion of the distributions. Therefore, UTC may complete the distribution even if the conditions to the Raytheon merger under the Raytheon merger agreement have not been satisfied or waived, the Raytheon merger agreement has been terminated or the Raytheon merger will otherwise not be consummated.

UTC does not intend to notify its shareowners of any modifications to the terms of the separation or distribution that, in the judgment of its Board of Directors, are not material. For example, the UTC Board of Directors might consider material such matters as significant changes to the distribution ratio and the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the UTC Board of Directors determines that any modifications by UTC materially change the material terms of the distribution, UTC will notify UTC shareowners in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K or circulating a supplement to this information statement.

DIVIDEND POLICY

Following the distribution, we expect that Carrier will initially pay a cash dividend on a quarterly basis at an annual rate of \$[] per share. However, the timing, declaration, amount of, and payment of any dividends will be within the discretion of Carrier's Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by Carrier's Board of Directors. Moreover, if as expected we determine to initially pay a dividend following the distribution, there can be no assurance that we will continue to pay dividends in the same amounts or at all thereafter.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2019, on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in the unaudited pro forma combined financial information included elsewhere in this information statement. The information below is not necessarily indicative of what our capitalization would have been had the separation, distribution and related financing transactions been completed as of December 31, 2019. In addition, it is not indicative of our future capitalization and may not reflect the capitalization or financial condition that would have resulted had we operated as a stand-alone public company as of the applicable dates presented. This table should be read in conjunction with “Unaudited Pro Forma Combined Financial Information,” “Selected Historical Combined Financial Data of Carrier,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the combined financial statements and notes included in the “Index to Combined Financial Statements” section of this information statement.

<i>(dollars in millions)</i>	December 31, 2019	
	Actual	Pro Forma
Cash		
Cash and cash equivalents	\$	\$
Capitalization:		
Debt Outstanding		
Short-term borrowings	\$	\$
Long-term debt		
Total Indebtedness		
Equity		
Common stock, par value \$0.01	\$	\$
Additional paid-in capital		
UTC net investment		
Accumulated other comprehensive loss		
Total UTC Net Investment		
Noncontrolling interests		
Total Equity		
Total Capitalization	\$	\$

Carrier has not yet finalized its post-distribution capitalization. Pro forma financial information reflecting Carrier’s post-distribution capitalization will be included in an amendment to this information statement.

SELECTED HISTORICAL COMBINED FINANCIAL DATA OF CARRIER

The following selected historical combined financial data reflects the combined operations of Carrier. The historical combined statements of operations data for the years ended December 31, 2018 and December 31, 2017 and the related historical combined balance sheet data as of December 31, 2018 and December 31, 2017 have been derived from Carrier’s audited combined financial statements and the notes thereto, which are included elsewhere in this information statement. The selected unaudited historical combined financial data as of, and for each of, the years ended December 31, 2016 and December 31, 2015 have been derived from our underlying financial records, which were derived from the financial records of UTC. In management’s opinion, the unaudited combined financial statements have been prepared on substantially the same basis as the audited combined financial statements and include all adjustments, consisting only of ordinary recurring adjustments, necessary for a fair presentation of the selected historical combined financial data for the periods presented.

Our audited historical combined financial statements include certain expenses of UTC that were allocated to us for certain functions, including general corporate expenses related to finance, legal, insurance, compliance, employee benefits and incentives, information technology and human resources services. These expenses have been allocated to us on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis with UTC and Otis of net sales, headcount or other measures when applicable. We believe the basis on which the expenses have been allocated are a reasonable reflection of the utilization of services provided to or the benefit received by us during the periods presented. Nevertheless, such allocations may not represent the actual expenses that we may have incurred if Carrier had been an independent public company during the periods or at the dates presented. As such, the combined financial statements do not necessarily reflect what our financial condition and results of operations would have been had Carrier operated as an independent public company during the periods or at the dates presented.

The selected historical financial data below are not necessarily indicative of the results of operations or financial condition that may be expected for any future period or date. This information is only a summary and should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the combined financial statements and the notes thereto included elsewhere in this information statement.

<i>(dollars in millions)</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u> <u>(Unaudited)</u>	<u>2015</u> <u>(Unaudited)</u>
For The Year					
Net sales	\$	\$ 18,914	\$ 17,814	\$ 16,853	\$ 16,709
Research and development		400	364	351	325
Restructuring costs		80	111	65	108
Operating profit ⁽¹⁾		3,637	3,030	2,760	2,563
Net income ⁽²⁾		2,769	1,267	1,900	1,837
Net income attributable to Carrier Global Corporation		2,734	1,227	1,854	1,782
Capital expenditures	\$	263	326	340	261

(1) 2018 operating profit includes a \$799 million pre-tax gain on the sale of the Taylor business and 2017 net income includes a \$379 million pre-tax gain on the sale of our investment in Watsco, Inc.

(2) 2018 net income includes a charge of \$102 million related to future non-U.S. taxes associated with anticipated future repatriation of non-U.S. earnings and 2017 net income includes unfavorable net tax charges of approximately \$799 million related to U.S. tax reform legislation enacted in December 2017.

<i>(dollars in millions)</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u> <u>(Unaudited)</u>	<u>2015</u> <u>(Unaudited)</u>
At Year End					
Working capital ⁽³⁾	\$	\$ 1,643	\$ 1,750	\$ 1,693	\$ 1,749
Total assets		21,737	21,985	20,981	20,693
Total liabilities		7,468	7,201	5,844	5,745
Number of employees		54,384	54,998	56,475	55,058

(3) Working capital is defined as current assets less current liabilities.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The unaudited pro forma combined financial information presented below has been derived from our audited historical combined financial statements included in this information statement. While the historical combined financial statements reflect the past financial results of the Carrier Business, this pro forma information gives effect to the separation of that business into an independent, publicly traded company. The pro forma adjustments to reflect the separation and distribution include:

- the separation of the assets (including the equity interests of certain subsidiaries) and liabilities related to UTC's Carrier Business from UTC and the transfer of those assets (including the equity interests of certain subsidiaries) and liabilities to Carrier;
- the distribution of 100 percent of our issued and outstanding common stock by UTC in connection with the separation;
- the effect of our anticipated post-separation capital structure, including the incurrence of indebtedness of approximately \$[] and the distribution of approximately \$[] of cash to UTC; and
- the impact of the separation, distribution and related transactions contemplated by the separation agreement, the transition services agreement, the tax matters agreement, the employee matters agreement and the intellectual property agreement among us, Otis and UTC, and the provisions contained therein.

We currently estimate that the one-time separation costs we will incur, consisting primarily of employee-related costs such as recruitment and relocation expenses, costs to establish certain stand-alone functions and information technology systems, professional services fees and other transaction-related costs during our transition to being a stand-alone public company, will range from approximately \$[] to \$[]. We have not adjusted the accompanying unaudited pro forma combined financial information for these estimated separation costs as the costs are not expected to have an ongoing effect on our operating results.

The pro forma adjustments are based on the available information and assumptions our management believes are reasonable; however, such adjustments are subject to change as the costs of operating as a stand-alone company are determined. In addition, such adjustments are estimates and may not prove to be accurate. The unaudited pro forma combined financial information has been derived from the historical combined financial statements included in this information statement and includes certain adjustments to give effect to events that are (1) directly attributable to the separation, distribution and related transactions, (2) factually supportable and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results of the operations of Carrier.

The Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 2019 has been prepared as though the distribution occurred on January 1, 2019. The Unaudited Pro Forma Combined Balance Sheet as of December 31, 2019 has been prepared as though the distribution occurred on December 31, 2019. The unaudited pro forma combined financial information, which was prepared in accordance with Article 11 of Regulation S-X, is for illustrative purposes only, and does not reflect what our financial position and results of operations would have been had the distribution occurred on the date indicated and is not necessarily indicative of our future financial position and future results of operations. One-time transaction-related costs incurred prior to, or concurrent with, the expected distribution are not included in the pro forma statement of operations. Carrier will incur certain nonrecurring third-party costs related to the separation, distribution and related transactions. Such nonrecurring amounts will include financial advisory, information technology, legal, accounting, consulting and other professional advisory fees and other transaction-related costs that will not be capitalized. The pro forma statement of operations does not reflect these nonrecurring expenses. Liabilities associated with such one-time transaction-related costs, however, are accrued and reflected on the "Unaudited Pro Forma Combined Balance Sheet."

The unaudited pro forma combined financial information should be read in conjunction with our audited historical combined financial statements, "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. The unaudited pro forma combined financial information constitutes forward-looking information and is subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" included elsewhere in this information statement.

**Unaudited Pro Forma Combined Statement of Operations
For the Year Ended December 31, 2019**

<i>Dollars in millions, except per share amounts</i>	<u>Historical</u>	<u>Pro Forma Adjustments (Note 2)</u>	<u>Pro Forma Year Ended December 31, 2019</u>
Net sales:			
Product sales	\$	\$	\$
Service sales	_____	_____	_____
Costs and expenses:			
Cost of products sold			
Cost of services sold			
Research and development			
Selling, general and administrative			
Transaction costs	_____	_____	(A) _____
Equity method investment net earnings			
Other income (expense), net	_____	_____	_____
Operating profit:			
Non-service pension (benefit) cost			
Interest expense (income), net	_____	_____	(G), (H) _____
Income (loss) from operations before income taxes:			
Income tax expense (benefit)			(C) _____
Net income (loss)	\$ _____	\$ _____	\$ _____
Less: Noncontrolling interest in subsidiaries' earnings			
Net income (loss) attributable to Carrier	\$ _____	\$ _____	\$ _____
Earnings per common share			
Basic			(D)
Diluted			(E)
Weighted average common shares outstanding			
Basic			(D)
Diluted			(E)

See accompanying notes to the Unaudited Pro Forma Combined Financial Statements.

**Unaudited Pro Forma Combined Balance Sheet
As of December 31, 2019**

<i>Dollars in millions</i>	<u>Historical</u>	<u>Pro Forma Adjustments (Note 2)</u>	<u>Pro Forma Year Ended December 31, 2019</u>
ASSETS			
Cash and cash equivalents	\$	\$	(F) \$
Accounts receivable, net			
Contract assets, current			
Inventories and contracts in progress, net			
Other assets, current			
Total Current Assets	_____	_____	_____
Future income tax benefits			(C)
Fixed assets, net			
Operating lease right-of-use assets			
Intangible assets, net			
Goodwill			
Pension and postretirement assets			
Equity method investments			
Other assets			(G)
Total Assets	\$ _____	\$ _____	\$ _____
LIABILITIES AND EQUITY			
Short-term borrowings	\$	\$	(F) \$
Accounts payable			
Accrued liabilities			
Contract liabilities, current			
Long-term debt currently due			(F)
Total Current Liabilities	_____	_____	_____
Long-term debt			(F)
Operating lease liabilities			
Future pension and postretirement benefit obligations			
Future income tax obligations			(C)
Other long-term liabilities			
Total Liabilities	_____	_____	_____
Commitments and contingent liabilities			
Equity:			
Common stock, par value \$0.01			(B)
Additional paid-in capital			(B)
UTC Net Investment			(B)
Accumulated other comprehensive income (loss)			
Total UTC Net Investment	_____	_____	_____
Noncontrolling interest			
Total Equity	_____	_____	_____
Total Liabilities and Equity	\$ _____	\$ _____	\$ _____

See accompanying notes to the Unaudited Pro Forma Combined Financial Statements.

NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Note 1: Basis of Presentation

The accompanying unaudited pro forma combined financial statements were prepared in accordance with Article 11 of Regulation S-X of the SEC and present the pro forma statement of operations and pro forma balance sheet based on the audited historical combined financial statements included in this information statement, after giving effect to the separation, distribution and other related adjustments. The audited historical combined financial statements of Carrier have been adjusted in the accompanying pro forma financial statements to give effect to pro forma events that are: (1) directly attributable to the separation, distribution and related transactions, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the combined results of operations of Carrier.

The accompanying unaudited pro forma combined financial statements are presented for illustrative purposes only and do not purport to be indicative of the actual results that would have been achieved by Carrier if the separation, distribution and related transactions had been consummated for the period presented or that will be achieved in the future.

In addition, for the period presented in the unaudited pro forma combined financial statements, the operations of Carrier were conducted and accounted for as part of UTC. The audited historical combined financial statements and unaudited pro forma combined financial statements of Carrier have been derived from UTC's historical accounting records and reflected certain allocations of expenses. All of the allocations and estimates in such financial statements are based on assumptions that management believes are reasonable. The unaudited pro forma combined financial statements of Carrier do not necessarily represent the financial position or results of operations of Carrier had it been operated as a stand-alone company during the period or at the date presented.

As a stand-alone public company, we expect to incur incremental recurring costs. The significant assumptions involved in determining our estimates of recurring costs of being a stand-alone public company include:

- costs to perform financial reporting and regulatory compliance, and costs associated with accounting, auditing, tax, legal, human resources, investor relations, risk management, treasury and other general and administrative related functions;
- compensation including equity-based awards, and benefits with respect to new and existing positions;
- insurance premiums;
- changes in our overall facility costs;
- depreciation and amortization related to information technology infrastructure investments; and
- the type and level of other costs expected to be incurred.

No pro forma adjustments have been made to our financial statements to reflect the additional costs and expenses described above because they are projected amounts based on estimates and would not be factually supportable. Our preliminary estimates of these additional recurring costs expected to be incurred annually are approximately \$[] to \$[] greater than the expenses historically allocated to us from UTC, and primarily relate to Selling, general and administrative expenses.

We currently estimate that we will incur between \$[] and \$[] in costs associated with becoming a stand-alone public company. The accompanying unaudited pro forma combined financial statements are not adjusted for these estimated expenses as they are also projected amounts based on estimates, would not be factually supportable and are not expected to have an ongoing effect on our operating results. These expenses primarily relate to the following:

- accounting, tax and other professional costs pertaining to the separation and our establishment as a stand-alone public company;
- facility relocation costs;
- recruiting and relocation costs associated with hiring key senior management personnel new to our company;
- costs to separate information systems; and
- costs of retention bonuses.

Note 2: Pro Forma Adjustments

(A) Reflects (1) the removal of transaction costs directly related to the distribution that were incurred during the historical period and are not expected to have a continuing impact on the operating results following the consummation of the distribution and (2) the accrual of the liabilities associated with such one-time transaction-related costs, which have been included on the unaudited pro forma combined balance sheet.

(B) Represents the reclassification of UTC's net investment in Carrier, which was recorded in [], into additional paid-in capital and common stock to reflect the number of shares of Carrier's common stock expected to be outstanding at the distribution date. We have assumed the number of outstanding shares of common stock based on the number of UTC common shares outstanding at December 31, 2019 and an assumed distribution ratio of [] shares of Carrier common stock for each share of UTC common stock.

(C) Represents the income tax impact of the pro forma adjustments, using an estimated blended global statutory tax rate of Carrier of [] percent for the year ended December 31, 2019. The provision for income taxes reflected in our audited historical combined financial statements was determined as if we filed separate, stand-alone income tax returns in each relevant jurisdiction. The pro forma adjustments were determined using the statutory tax rate in effect in the respective tax jurisdictions during the periods presented. This adjustment was calculated by applying the statutory tax rate to the pre-tax pro forma adjustments and reflects the estimated tax effects of \$[] for the year ended December 31, 2019.

(D) Pro forma basic earnings per share and pro forma weighted average basic shares outstanding for the year ended December 31, 2019 reflect the number of shares of Carrier's common stock which are expected to be outstanding upon completion of the separation and distribution. The actual number of shares of Carrier's common stock currently outstanding may be different from this estimated amount.

(E) Pro forma diluted earnings per share and pro forma weighted average diluted shares outstanding reflect the estimated number of shares of Carrier's common stock which are expected to be outstanding upon completion of the separation and distribution and reflect the potential issuance of shares of our common stock under our equity plans in which our employees will participate, based on the distribution ratio of [] shares of Carrier common stock for every share of UTC common stock. The actual number of shares of Carrier common stock currently outstanding may be different from this estimated amount.

(F) Reflects the incurrence of \$[] of indebtedness, net of indebtedness issuance costs of \$[]. The \$[] of indebtedness consists of \$[] [] percent term notes due in [] and the establishment of a \$[] []-year revolving credit facility. The amounts presented are net of the distribution of approximately \$[] of cash to UTC. The target debt balance at the time of the distribution was determined by senior management based on a review of a number of factors, including forecast liquidity and capital requirements, expected operating results and general economic conditions.

(G) The adjustment of \$[] for fiscal year ended December 31, 2019 represents interest expense and amortization of indebtedness issuance costs in connection with debt securities we are planning to issue as described above. The pro forma impact was based on the incurrence of \$[] of indebtedness issued with an assumed weighted average interest rate of [] percent, and an assumed weighted average life of approximately [] years. We expect to capitalize indebtedness issuance costs of approximately \$[] in connection with these indebtedness arrangements. A [] percent variance in the assumed interest rate on the new debt securities would change annual interest expense by \$[].

(H) The adjustment of \$[] for fiscal year ended December 31, 2019 represents elimination of related party interest income principally related to legacy related party cash pooling activity. Related party payables and receivables balances principally related to legacy related party cash pooling activity between Carrier and UTC are anticipated to be settled prior to the distribution date, largely by function of legal entity reorganization, and in conjunction with financing by Carrier.

BUSINESS

This section discusses Carrier’s business assuming the completion of all of the transactions described in this information statement, including the separation and distribution.

Our Company

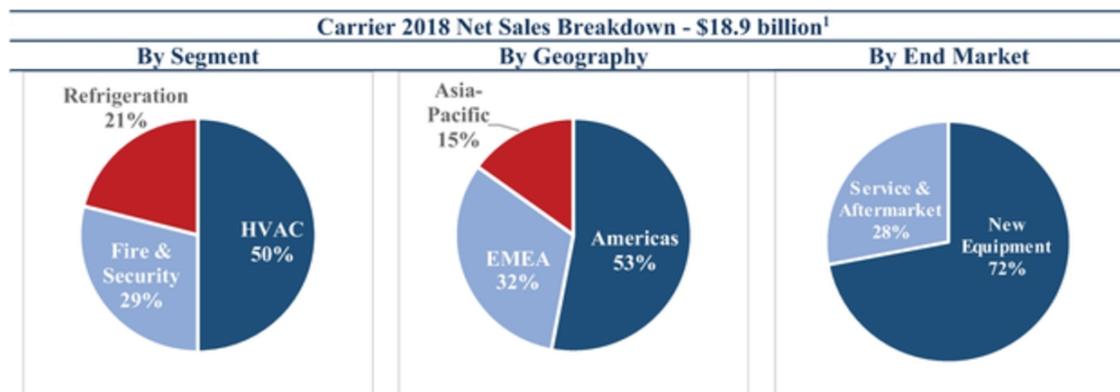
Carrier is a leading global provider of HVAC, refrigeration, fire and security solutions. Our innovative solutions promote smarter, safer and more sustainable buildings and infrastructure, and help to effectively preserve the freshness, quality and safety of perishables across a wide variety of industries. Our comprehensive range of products and services, reputation for quality and innovation, and our industry-leading brands make us a trusted provider for our customers’ critical applications in the construction, transportation, security, food retail, pharmaceutical and other industries.

Our company is built on a legacy of innovation, beginning with its founders—Willis Carrier, who designed the world’s first modern air conditioning system; Robert Edwards, who patented the first electric alarm bell; and Walter Kidde, who produced the first integrated smoke detection and carbon dioxide extinguishing system for use onboard ships. This culture of innovation supports our core strategy of developing smart, sustainable and efficient solutions to meet the complex challenges resulting from the mega-trends of urbanization, climate change and increasing requirements for food safety driven by the food needs of our growing global population, rising standards of living and increasing energy and environmental regulation. The iconic Carrier brand, with its reputation for innovation and quality, is complemented by our other strong brands, including Automated Logic, Carrier Transicold, Edwards, GST, Kidde, LenelS2 and Marioff.

We believe that growth in our businesses is supported by favorable secular trends, including the mega-trends discussed above, which underpin growth across our HVAC, Refrigeration and Fire & Security businesses. We also believe that we are well positioned to benefit from these long-term trends as a result of the strength of our industry-leading brands and track record of innovation.

We have an extensive global footprint with approximately 54,000 employees globally, including over 3,700 engineers, and our solutions are sold in over 150 countries around the world. We sell our products and services directly to end customers and indirectly through distributors, independent sales representatives, wholesalers, dealers, other channel partners and retail outlets.

For the year ended December 31, 2018, our net sales were approximately \$18.9 billion, and our operating profit was approximately \$3.6 billion. Our net sales for the year ended December 31, 2018 were derived from the Americas (53 percent), Europe-Middle East (32 percent) and Asia-Pacific (15 percent). Our international operations, including U.S. export sales, represented approximately 54 percent of our net sales for the year ended December 31, 2018. During the same period, new equipment and service and aftermarket contributed 72 percent and 28 percent, respectively, of our net sales excluding inter-segment eliminations.



(1) Excluding inter-segment eliminations.

Our Strengths

We believe that Carrier is differentiated by our industry-leading portfolio of iconic brands, comprehensive product and service offerings and reputation for innovation and quality, which make us a trusted provider to our customers across a wide range of growing markets and channels for commercial and residential building, industrial and smart cold chain applications. Our competitive strengths include:

Portfolio of iconic brands and leading segment positions. Our iconic and enduring brands are among the most recognized in their respective industries. Individually, many of our brands are leaders within their respective segments and we believe that, collectively, they represent a uniquely positioned portfolio of trusted assets that, together with our ability to provide comprehensive, state-of-the-art solutions, make us a supplier and business partner of choice.

Extensive and diversified portfolio of solutions, industries and customers. We have a comprehensive and diverse set of products and services in many industries. While many of our products and brands are leaders in their respective industries, our business model is not dependent on any single product, brand, industry or customer. Our products solve different problems for a diverse set of customers in a range of applications and locations, while benefiting from our fundamental operational strategies and focus on innovation. The diversity of our product and service offerings better qualifies us to be a supplier of choice for a comprehensive range of solutions, while mitigating potential short-term headwinds in particular locations, applications or industries.

Global scale and presence in developing and growth markets. We believe that our global scale and comprehensive offering of products and services provide us with advantages over other providers with respect to design, manufacturing, sourcing, sales and marketing. Our understanding of local conditions, regulations and customer needs helps position us to focus on attractive verticals and geographies and respond more rapidly to changing regulatory requirements. This knowledge also enables us to take learnings, technologies and products developed for one region or customer and apply them to others, driving further growth and creating value for our stakeholders. Many of the geographical, product or service markets in which we currently operate, including China, India, Vietnam and other developing countries in Southeast Asia, are experiencing long-term sustained growth. These countries have high growth potential due to increasing demand for our products and services from currently low penetration rates, rising living standards and consumption, and increasing regulatory emphasis on safety, energy efficiency and the environment. Our global scale, presence and extensive distribution network create opportunities for targeted geographic expansion of our product and service offerings, allow us to serve a diversified customer base and provide exposure to short- and long-cycle end markets.

Strong, long-term distribution relationships. We have long-term relationships with an extensive network of channel partners that uniquely position us to meet customers' demands across the industries and geographies we serve. In many instances, these relationships have been forged over decades of selling HVAC, refrigeration, fire and security products to provide tailored solutions for a variety of customers and applications. We also have a number of joint venture arrangements and strategic relationships with our channel partners that align our respective incentives and facilitate our collective ability to win new business. We believe that we share a trust, relationship and mutual respect with our channel partners that is unmatched in our industry. These deep relationships are the product of decades of effort, extensive personal connections and a long history of dedicated performance and satisfied expectations. The strength of our relationships with our channel partners, our channel partners' relationships with end users and the breadth of our distribution network, provide us with an important competitive advantage and help make Carrier a provider of choice even when we do not sell directly to the end user.

Proven track record of innovation with focus on world mega-trends. We have a strong history of innovation across all of our segments and our current priorities include solutions to address the challenges presented by the mega-trends of urbanization, climate change and the food needs of our growing global population. Since 2013, we have grown our engineering team globally by approximately 35 percent to over 3,700 engineers. We hold approximately 6,700 active and pending patents and patent applications worldwide to protect our R&D investments in new products and services. In the last two years, we introduced over 200 new products. Our recent innovations include a suite of digital HVAC solutions that improve on-demand customer engagement, as well as visibility into system performance and remote management; combining carbon dioxide as a natural refrigerant with energy-efficient technology to reduce the carbon footprint of marine container refrigeration applications; and the first multi-criteria smoke detector to receive the UL 268 (7th edition) Standard for Safety of Smoke Detectors and Fire Alarm Systems certification. Innovation in our product portfolio is a strong driver of

continued growth as customers increasingly value energy efficiency, sustainability and digitally-connected building systems. These factors are an important aspect of customers' buying decisions and serve as key differentiators for Carrier.

Sizable service and aftermarket business drives growth. By virtue of our global scale and market tenure, we have one of the largest installed bases in many of the industries we serve, which enables us to drive recurring revenue streams from the sale of repair and maintenance services, parts, components, and end of lifecycle product replacements that are required for installed products. Our sales of other value added recurring and non-recurring services provide additional revenue streams over and above sales derived from our equipment business. In 2018, approximately 28 percent of our net sales were generated by service and aftermarket.

Attractive financial profile underpinned by strong margins and operating cash flow. We benefit from attractive margins and a track record of strong cash flow generation. Over the past two years, our operating margins have consistently been over 15 percent, a level maintained through the reputational strength of our brands and our culture of operational efficiency. We also benefit from the low capital intensity of our businesses, which has contributed to our track record of generating strong operating cash flow. Over the past two years, our capital expenditures averaged approximately 1.6 percent of net sales and we generated a cumulative \$4.2 billion of operating cash flow.

Experienced management team and skilled workforce. Our strategy is driven by an experienced global leadership team and implemented by skilled operating teams with approximately 54,000 employees worldwide, including over 3,700 engineers. Our global workforce, of which approximately 80 percent is located outside the United States, reflects our deep regional knowledge and enables us to maintain close relationships with our customers. Our leadership team includes executives who have deep industry expertise, as well as executives who have extensive experience driving growth and operational excellence across different businesses. This combination of collective industry experience and strong leadership supports our ability to successfully implement our business strategies.

Our Strategies

We intend to continue to grow by serving our diverse industries, geographies and customer bases with a broad range of solutions to address the complex challenges resulting from global mega-trends and by innovating ahead of regulatory requirements. Our key strategies include both a sustained focus on growth opportunities as well as a commitment to establishing a best-in-class cost structure as a stand-alone company, encompassing the following elements:

Focus on growth

Drive organic growth in existing served markets through technology and innovation. We plan to maintain our proven track record of innovation by leveraging our culture dedicated to designing smarter, more connected and more sustainable environments; our industry-leading brands; and our long-term relationships with channel partners and customers to provide solutions tailored for growing verticals and applications in the markets we serve. For example, in HVAC, through enhanced engagement with enterprise account owners and operators in key vertical segments, we are utilizing our broad building system offerings to provide innovative, intelligent building solutions to address our customers' needs for energy efficiency, safety, security and an improved occupant experience. Our R&D efforts are focused on growing our products and services across our segments—we continue to invest in innovation and intend to continue to work closely with our distribution partners to offer best-in-class products and solutions that anticipate customer needs related to refrigerants, efficiency, emissions, noise levels and safety. As customer demands for more sustainable and connected equipment continue to evolve, our ability to innovate and provide cutting-edge products and technologies is key to our continued success and ability to grow our businesses. Our innovation efforts are supported by R&D investments, which were approximately 2.1 percent of net sales in 2018.

Invest for growth in attractive geographies. We believe that we are well positioned to expand our product, service and aftermarket offerings in a number of attractive geographies that have significant potential for substantial growth. Long-term growth opportunities in these geographies are supported by durable global mega-trends. We plan to leverage the scale of our global operations, the strength of our iconic brands and our proven track record in creating valuable partnerships to focus on targeted expansion into new locations and channels where we believe that we can drive profitable growth. We also continue to strengthen our long-term

relationships with channel partners to ensure global market coverage and a superior level of customer service. We believe our understanding of local conditions, regulations and customer needs helps position us to focus on attractive geographies and to move more quickly to meet rapidly changing regulatory requirements.

Expand in higher value-added services and aftermarket. Products make up the majority of our sales today. Our product sales, including installations, are more than two-thirds of total sales and will continue to be the foundation of the business going forward. However, as service and aftermarket offerings evolve in the industry to include more highly sophisticated digital and “as-a-service” models enabled by data and analytics, we will pursue targeted opportunities for growth, leveraging our smart, connected products and our broad technological expertise across building systems. In addition, we plan to utilize digital technologies to enhance our internal operations and enable seamless transactions with customers across the customer experience and equipment lifecycles (for example, by providing customers visibility from order through delivery).

Strategically optimize product, technology and geographic portfolio to enhance growth. We intend to seek opportunities to optimize our portfolio of products and services to allocate resources toward profitable growth, and to selectively pursue strategic partnerships, mergers, acquisitions and divestitures that will enhance our core business, complement our existing array of brands, products and services, and leverage our global scale and scope.

Leading Cost Structure

Focus on cost-effective performance. As a stand-alone public company, we plan to continue to foster operational, financial and commercial excellence, driving sales and earnings growth while maintaining an attractive cost structure, through Carrier’s longstanding way of doing business. With roots in our legacy manufacturing and business process excellence, the Carrier operating system is based on lean principles and a highly competitive cost structure. We will continue to pursue opportunities for optimizing our footprint, leveraging low-cost manufacturing and R&D resources and driving end-to-end supply chain excellence.

Our Products, Services and Customers

Under a broad portfolio of iconic brands, we provide a wide range of products and solutions, including cooling, heating, ventilating and building automation systems; refrigeration; fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems; and electronic controls. Our broad range of products is complemented by a spectrum of related services, including audit, design, installation, system integration, repair, maintenance and monitoring services.

Overview of Carrier Segments						
	HVAC	Refrigeration	Fire & Security			
2018 Net Sales (\$bn)	\$9.7	\$4.1	\$5.5			
2018 Operating Margin (%)	17.7%	33.0% ¹	13.1%			
Key Brands	<ul style="list-style-type: none"> ■ Automated Logic ■ Bryant ■ Carrier ■ CIAT ■ Day & Night ■ Heil ■ NORESKO ■ Riello 	<ul style="list-style-type: none"> ■ Carrier Commercial Refrigeration ■ Carrier Transicold ■ Sensitech 	<ul style="list-style-type: none"> ■ Autronica ■ Chubb ■ Det-Tronics ■ Edwards ■ Fireye ■ GST ■ Interlogix ■ Kidde ■ LenelS2 ■ Marioff ■ Onity ■ Supra 			
Selected Products	Commercial		Transport		Commercial	
						
	WebCTRL® building automation system	30XV Chiller	Vector™ Refrigeration Unit with E-Drive™ all-electric technology	NaturalLINE® Refrigeration Unit, which uses natural refrigerant CO ₂	Detection & Alarm	DirectKey
						
	19DV Chiller	Variable Refrigerant Flow Air Conditioner	Diesel Truck Platform Refrigeration Unit	Auxiliary Power Unit	OnGuard® Security Management Platform	Security Monitoring
	Residential		Stationary		Industrial	
						
Infinity Controller	42 SEER Ductless Air Conditioner	CO ₂ OLtec CO ₂ Refrigeration Systems		FlexSight™ LS2000 Line-of-Sight Infrared Gas Detector		
				Residential		
17.5 SEER Air Conditioner	Infinity Air Conditioner with Greenspeed Intelligence					
				Worry-Free 10-year Sealed Battery Smoke and Combination Alarms		

(1) Includes the impact of gain from the Taylor sale.

HVAC

Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Through an industry-leading family of brands, including Automated Logic, Bryant, Carrier, CIAT, Day & Night, Heil, NORESKO and Riello, we offer an innovative and complete product portfolio, including air conditioners, heating systems, controls and aftermarket components, as well as repair and maintenance services and building automation solutions. Our broad product portfolio offers numerous solutions for our residential and commercial customers.

We have a leadership position serving residential customers in North America, supported by a large, installed base and new construction demand in both single-family and multi-family housing. We take a full system approach to commercial building solutions, from modeling a building's HVAC needs to delivering innovative equipment and easy-to-use controls. We also leverage our commercial HVAC equipment sales to offer a portfolio of services to support the efficient, safe and predictable operation of our equipment.

As proven innovators in HVAC, our solutions are found in some of the most advanced, sustainable, and prestigious buildings around the world. Our HVAC products and solutions are sold directly, including to building contractors and owners, and indirectly through joint ventures, independent sales representatives, distributors, wholesalers, dealers and retail outlets, as well as through direct sales offices, which sell, in part, to mechanical contractors.

Our HVAC segment had net sales excluding inter-segment eliminations of \$9.7 billion in 2018, and, as of December 31, 2018, remaining performance obligations ("RPO"), or the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied, of approximately \$1.4 billion.

Refrigeration

Our Refrigeration segment is comprised of transport refrigeration and commercial refrigeration products and solutions. Our transport refrigeration products and solutions include refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail. Our transport refrigeration products and cold chain monitoring solutions enable the safe, reliable transport of food and beverages, medical supplies and other perishable cargo. Our commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of retail food and beverage.

We sell our refrigeration products and solutions directly, including to transportation companies and retail stores, and indirectly through joint ventures, independent sales representatives, distributors, wholesalers and dealers. Our refrigeration products and solutions are sold under established brand names, including Carrier Commercial Refrigeration, Carrier Transicold and Sensitech. Carrier Transicold is an established industry leader providing customers around the world with advanced, energy-efficient and environmentally sustainable container refrigeration systems and generator sets, direct-drive truck units, trailer refrigeration systems and marine container refrigeration. Under the Carrier and other brand names, we offer a comprehensive portfolio of next-generation commercial refrigeration products, including refrigerated cabinets, freezers, systems and controls, all of which help maximize merchandising opportunities while reducing energy consumption and operating costs. Carrier Commercial Refrigeration sells products and services to customers in a wide range of food retail formats concentrated primarily in Europe, the Middle East and Asia. Sensitech offers leading solutions and services for supply chain visibility addressing quality and compliance, security and logistics performance management. Sensitech's innovative monitoring products and services help to maintain the quality, integrity and security of our customers' valuable products at every step in their journey around the world.

Our Refrigeration segment had net sales excluding inter-segment eliminations of \$4.1 billion in 2018 and, as of December 31, 2018, RPO of approximately \$1.4 billion.

Fire & Security

We offer a broad array of fire and security products to meet the needs of our customers. Our fire and security products and solutions encompass a wide range of residential and building systems, including fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems; and electronic controls.

Our fire detection and suppression technologies protect a variety of premises, including homes, commercial buildings and industrial sites, and are sold under our trusted brands, including Autronica, Det-Tronics, Edwards, Fireye, GST, Kidde and Marioff. Our security products are sold under top-tier brands, including Interlogix, LenelS2, Onity and Supra. Our security solutions range from advanced physical security solutions, including access control, video surveillance, key management systems, electronic locks and mobile credentialing for a range of commercial applications including corporate, healthcare, government, hospitality, education, real estate, property management, industrial and automotive, to intrusion monitoring and life-safety solutions for the residential market. Our technology includes web-based and mobile applications enhanced by cloud-based services.

Our fire and security service offerings include audit, design, installation, system integration, repair, maintenance and monitoring services. These solutions, primarily sold under our Chubb brand, complement our fire and security products. Chubb has a network of skilled technicians and 24/7 monitoring centers providing continuous support for customers in a number of countries across the world.

We sell our fire and security products and solutions directly to end customers, including governments, financial institutions, architects, building owners and developers, security and fire consultants and homeowners, as well as through manufacturers' representatives, distributors, dealers, value-added resellers and retailers. Key purchasing factors considered by our fire and security customers include route to market, quality, innovation, brand loyalty, price and performance.

Our Fire & Security segment had net sales excluding inter-segment eliminations of approximately \$5.5 billion in 2018 and, as of December 31, 2018, RPO of approximately \$2.5 billion.

Competition and Other Factors Affecting the Carrier Business

As a global business, our operations can be affected by a variety of economic, industry and other factors, including those described in this section and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors."

Carrier is subject to significant competition from a large number of companies in the United States and other countries, and each competes on the basis of price, delivery schedule, product performance and service. The geographies in which we sell our products, solutions and services in the HVAC, Refrigeration and Fire & Security segments tend to have a large number of local companies. We believe that Carrier is one of the leading equipment manufacturers in each of its addressable segments and that our portfolio of strong brands, together with our ability to provide comprehensive solutions in state-of-the-art building, refrigeration and industrial systems and services, make us a supplier and business partner of choice.

HVAC

Competition in HVAC equipment includes many international, regional and local companies, the largest of which include Daikin Industries, Ltd., Gree Electric, Ingersoll-Rand PLC, Johnson Controls International PLC, Lennox International, Midea Group and Mitsubishi Electric Corporation, among others. Contracts are typically awarded or negotiated on the basis of price, product availability, delivery schedule, product performance, product line breadth, brand reputation, design, technical expertise and service. We focus on technical innovation to produce sustainable solutions, which provide our customers with higher efficiency and lower operating costs. We believe that our ability to innovate in anticipation of regulatory requirements is a key advantage in HVAC equipment, and we leverage, both directly and through our local distributors and joint ventures, our knowledge and expertise in our own equipment and controls to sell our portfolio of services to customers. We regularly offer incentives and training, such as credits/discounts for offering promotional pricing and contract terms on our products, to our distribution partners to purchase and sell our products to ensure an adequate supply of our products.

Refrigeration

Competition in refrigeration includes multinational companies, including Ingersoll-Rand PLC, Daikin Industries, Ltd. and Panasonic Corporation, as well as numerous regional and local companies. Sales depend heavily on product performance, efficiency and reliability, as well as service and support. We believe that our track record of technical innovation in producing environmentally sustainable solutions for precision temperature

and humidity control, as well as our global parts and service support footprint, differentiate us from the competition. The transport refrigeration business can be affected by truck production cycles in North America and Europe, which result from a variety of factors, including general economic conditions, replacement cycles, age of fleet and pre-buys.

Fire & Security

Competition in fire and security products, solutions and services includes several large multinational companies, including Assa Abloy AB, Bosch Group, Zhejiang Dahua, Hangzhou Hikvision Digital, Honeywell International Inc., Johnson Controls International PLC and Siemens AG, among others. We believe that our trusted brands (including Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Interlogix, Kidde, LenelS2, Marioff, Onity and Supra), our understanding of our customers' fire and security needs, our reputation for technical innovation and the reliable performance of our products and solutions are key competitive advantages.

Compliance with Government Regulations

We conduct our business through subsidiaries and affiliates worldwide. Changes in legislation or government policies, including the ongoing changes in regulations, including with respect to climate change concerns, can affect our worldwide operations. In particular, our business may be affected by changes in governmental regulation of refrigerants and energy efficiency standards, noise regulation and product and fire safety regulations, including changes related to hydro fluorocarbons/emissions reductions efforts in the United States and Canada, energy conservation standards in the United States, the regulation of fluorinated gases in the European Union ("EU"), the EU's Ecodesign implementation regulations and chemical regulations, the EU's regulations on hazardous substances, electric and electronic equipment waste, and by other regulations promulgated by the European Committee for Standardization. Additionally, the increased fragmentation of regulatory requirements may increase our costs by requiring the development of country-specific variants, the monitoring and compliance of additional regulations as well as additional testing and certifications. The laws and regulations applicable to our products and services change regularly, and certain regulatory changes may render our products and technologies noncompliant. We do not anticipate that changes in laws and regulations applicable to our products will have a material adverse effect upon our cash flows, competitive position, financial condition or results of operations.

Our operations are also subject to and affected by environmental regulations promulgated by federal, state and local authorities in the United States and by authorities with jurisdiction over our foreign operations. Most U.S. laws governing environmental matters include criminal penalties. We have incurred and will likely continue to incur liabilities under various statutes for the cleanup of pollutants previously released into the environment. We do not anticipate that compliance with current provisions relating to the protection of the environment or that any payments we may be required to make for cleanup liabilities will have a material adverse effect upon our cash flows, competitive position, financial condition or results of operations. Environmental matters are further addressed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 3 and 19 to the Combined Financial Statements included in the "Index to Combined Financial Statements" section of this information statement.

Certain of our fire and security products are subject to certification by governmental agencies and regulatory bodies in the various jurisdictions in which we operate, including, among others, the U.S. Consumer Product Safety Commission, the U.S. National Highway Traffic Safety Administration, the U.S. Coast Guard, Health Canada, Transport Canada and the Procuraduría Federal del Consumidor in Mexico. In addition, certain fire and safety products may be impacted by recent legislative and regulatory changes, such as the John S. McCain National Defense Authorization Act for Fiscal Year 2019 and the changing landscape related to tariffs and trade regulations.

U.S. laws, regulations, orders and other measures concerning the export or re-export of products, software, services and technology to, and other trade-related activities involving, non-U.S. countries and parties affect the operations of Carrier and its affiliates.

For further discussion of risks related to environmental matters and other government regulations, see "Risk Factors," "—Legal Proceedings" and Note 19 to the Combined Financial Statements included in the "Index to Combined Financial Statements" section of this information statement.

Working Capital and Operations

We maintain levels of inventory consistent with industry practices. These levels are impacted from time to time by seasonality and fluctuations in demand, and vary across and within segments. Additional requirements are usually met with procurement from suppliers and vendors.

RPO consists of the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. As of December 31, 2018, our total RPO for the HVAC, Refrigeration and Fire & Security segments is approximately \$1.4 billion, \$1.4 billion and \$2.5 billion, respectively. Of these totals, we expect approximately 89 percent, 86 percent and 51 percent, respectively, will be recognized as sales over the following 12 months.

Intellectual Property

We maintain a broad portfolio of patents, trademarks, copyrights, trade secrets, licenses and franchises related to our business. We hold approximately 6,700 active and pending patents worldwide to protect our R&D investments in new products and services. From time to time, we take actions to protect our business by asserting our intellectual property rights against third-party infringers. We believe we have taken reasonable measures to build this portfolio of intellectual property rights, but we cannot be assured that none of these intellectual property rights may be challenged, found invalid or unenforceable. See the “Risk Factors” section for further discussion of intellectual property matters.

Raw Materials and Supplies

We believe that we have adequate sources for materials, components, services and supplies used in our manufacturing. We work continuously with our supply base to ensure an adequate source of supply and to reduce costs. We pursue cost reductions through a number of mechanisms, including consolidating purchases, reducing the number of suppliers, global sourcing, design changes and competitive bidding. In some instances, we depend upon a single source of supply or participate in commodity markets, including rare-earth metals, that may be subject to allocations of limited supplies. We believe that our supply management practices are based on an appropriate balancing of the foreseeable risks and the costs of alternative practices. Although at times high prices for some raw materials important to our business (for example, steel, copper and aluminum) have caused margin and cost pressures, we do not foresee near term unavailability of materials, components or supplies that would have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. Additionally, because we have a number of factories and suppliers in foreign countries, the imposition of tariffs or sanctions, or unusually restrictive border-crossing rules, could adversely affect our supply chain. For further discussion of the possible effects of the cost and availability of raw materials on our business, see the “Risk Factors” section.

Employees and Employee Relations

At December 31, 2018, we had approximately 54,000 employees, of which approximately 80 percent are based outside the United States. During 2018, we negotiated or concluded one domestic collective bargaining agreement. In 2019, five domestic collective bargaining agreements are subject to renegotiation, the largest of which covers certain workers at our Collierville, Tennessee facility. Although some previous contract renegotiations have had a significant impact on our financial condition or results of operations in prior years, we do not anticipate that the renegotiation of these contracts in 2019 will have a material adverse effect on our competitive position, cash flows, financial condition or results of operations. At December 31, 2018, approximately 27 percent of our employees in the United States were covered by collective bargaining agreements. Employees in certain foreign jurisdictions are represented by local works councils as may be customary or required in those jurisdictions. Our business may be adversely affected by work stoppages, union negotiations, labor disputes and other matters associated with our labor force. For discussion of the effects of our restructuring actions on employment, see “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 15 to the Combined Financial Statements included in the “Index to Combined Financial Statements” section of this information statement.

Properties

We operate approximately 1,200 sites, which comprise approximately 33 million square feet of productive space. Of these, our large footprint facilities and key manufacturing sites comprise approximately 12.7 million square feet of productive space. Approximately 66 percent, 10 percent and 21 percent of these significant

TABLE OF CONTENTS

properties are associated with our HVAC, Refrigeration and Fire & Security segments, respectively, with approximately 3 percent not associated with a particular segment. Approximately 14 percent of these significant properties are leased and the remainder are owned. Approximately 48 percent of these significant properties are located in the United States.

Our fixed assets as of December 31, 2018 include manufacturing facilities and non-manufacturing facilities, such as warehouses, and a substantial quantity of machinery and equipment, most of which is general purpose machinery and equipment that use special jigs, tools and fixtures and that, in many instances, have automatic control features and special adaptations. The facilities, warehouses, machinery and equipment in use as of December 31, 2018 are in good operating condition, are well-maintained and substantially all are generally in regular use.

Joint Ventures

Our joint venture arrangements and strategic relationships are an important part of our business. We hold interests in over 60 such entities, which are either consolidated within our combined financial statements, accounted for by the equity method of accounting or the cost basis of accounting. While all three of our segments participate in joint ventures and strategic relationships, the majority of such interests are in our HVAC business. Our joint ventures and strategic relationships engage in various activities including distribution, manufacturing and product development. We consider our relationships with these joint ventures and strategic relationships to be integral to our business operations. We sell products to and purchase products from many of these related parties. See Note 16 to the Combined Financial Statements for additional information.

Seasonality

Demand for certain of our products and services is seasonal and can be impacted by weather. For instance, sales and services of our HVAC products to residential customers have historically been higher in the second and third quarters of the calendar year, which represents the peak seasons of spring and summer for sales and services related to air conditioning in North America. For further discussion of the possible effects of seasonality on our business, see the "Risk Factors" section.

Legal Proceedings

Asbestos

Like many other industrial companies, we and our subsidiaries have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos that was integrated into certain of our historical products or business premises. While we have never manufactured asbestos and no longer incorporate it in any of our products, certain of our historical products, like those of many other manufacturers, contained components incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or were covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos-related claims were not material individually or in the aggregate in any year.

Our estimated total liability to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately \$253 million and is principally recorded in Other long-term liabilities on our Combined Balance Sheet as of December 31, 2018. This amount is on a pre-tax basis, not discounted, and excludes our legal fees to defend the asbestos claims, which will continue to be expensed as they are incurred. This estimate was developed by UTC with the assistance of an outside actuarial expert and was based not only on UTC's analysis of its own asbestos claims history from 2010 through 2015 and its contractual insurance coverage litigations, but also on broader nationwide asbestos trend data, including a substantial drop in non-malignant asbestos claims; an increasing focus on malignancy claims, primarily those involving mesothelioma, a cancer that now has an historical and fairly predictable future annual incidence rate; and a substantial decrease in average annual claim filings. In addition, we have an insurance recovery receivable for probable asbestos related recoveries of approximately \$108 million, which is included primarily in Other assets on our Combined Balance Sheet as of December 31, 2018.

The amounts we have recorded for asbestos-related liabilities and insurance recoveries are based on currently available information and assumptions that we believe are reasonable. Our actual liabilities or insurance recoveries

could be higher or lower than those recorded if actual results vary significantly from the assumptions. Key variables in these assumptions include the number and type of new claims to be filed each year, the outcomes or resolution of such claims, the average cost of resolution of each new claim, the amount of insurance available, allocation methodologies, the contractual terms with each insurer with whom we have reached settlements, the resolution of coverage issues with other excess insurance carriers with whom we have not yet achieved settlements and the solvency risk with respect to co-defendants and our insurance carriers. Other factors that may affect our future liability include uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, legal rulings that may be made by state and federal courts and the passage of state or federal legislation. At the end of each year, we will evaluate all of these factors and, with input from an outside actuarial expert, make any necessary adjustments to both our estimated asbestos liabilities and insurance recoveries.

Aqueous Film Forming Foam Litigation

Aqueous Film Forming Foam (“AFFF”) is a firefighting foam developed in the 1970s pursuant to U.S. military specification and used to extinguish certain types of fires primarily at airports and military bases. AFFF was manufactured by several companies, including National Foam and Angus Fire, which had a very small share of the AFFF market both in the United States and worldwide. UTC acquired the National Foam and Angus Fire businesses in 2005 as part of the acquisition of Kidde, which has been operated by Carrier. In 2013, UTC divested the National Foam and Angus Fire businesses to a third party.

Carrier and many other parties, including the third party buyer of the National Foam and Angus Fire businesses, have been named as defendants in numerous putative class actions and other lawsuits alleging that the historic use of AFFF caused personal injuries and property damage. Additionally, several state and municipal plaintiffs have commenced litigation against the same defendants to recover remediation costs related to historic use of AFFF. In December 2018, the U.S. Judicial Panel on Multidistrict Litigation transferred and consolidated all of the AFFF cases pending in the federal courts to the U.S. District Court for the District of South Carolina for pre-trial proceedings.

Plaintiffs allege that an ingredient in AFFF contains, or breaks down into, chemicals known as perflourooctane sulfonate (“PFOS”) and perflourooctane acid (“PFOA”) that were released into the environment and, in some instances, ultimately into drinking water supplies. National Fire and Angus Fire purchased these perflourinated chemical ingredients from third party chemical manufacturers. PFOS and PFOA have also been used by many third parties to manufacture carpets, clothing, fabrics, cookware and other consumer products.

Carrier is vigorously defending these cases and believes that it has meritorious defenses to the claims asserted. At this time, however, given the numerous factual, scientific and legal issues to be resolved relating to these claims, Carrier is unable to assess the probability of liability or reasonably estimate the damages, if any, to be allocated to Carrier, if one or more plaintiffs were to prevail in these cases.

Other

We have commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising out of the ordinary course of business. We accrue contingencies based on a range of possible outcomes. If no amount within this range is a better estimate than any other, we accrue the minimum amount.

In the ordinary course of business, Carrier is also routinely a defendant in, party to or otherwise subject to many pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some of these proceedings, claims for substantial monetary damages are asserted against Carrier and could result in fines, penalties, compensatory or treble damages or non-monetary relief. We do not believe that these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

For a further discussion, see “Risk Factors” and “—Compliance with Government Regulations.”

Corporate Information

Carrier was incorporated in Delaware for the purpose of holding the Carrier Business in connection with the separation and distribution described herein. Prior to the contribution of the Carrier Business to us by UTC, which will occur prior to the distribution, Carrier will have no operations other than those incidental to the

TABLE OF CONTENTS

separation. Our principal executive offices are located at 13995 Pasteur Boulevard, Palm Beach Gardens, FL 33418, and our telephone number is (561) 365-2000. We maintain an Internet site at www.carrier.com. **Our website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition together with the audited historical combined financial statements (referred to as the "combined financial statements") and the notes thereto included in this information statement as well as the discussion in the "Business" section of this information statement. This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this information statement. The financial information discussed below and included in this information statement may not necessarily reflect what our financial condition, results of operations or cash flow would have been had we been a stand-alone company during the periods presented or what our financial condition, results of operations and cash flows may be in the future.

Amounts in millions unless otherwise stated.

Separation from United Technologies Corporation

On November 26, 2018, UTC announced its intention to separate the Carrier Business and the Otis Business from the UTC Aerospace Businesses. The separation will occur through pro rata distributions to UTC shareowners of 100 percent of the shares of common stock of Carrier and 100 percent of the shares of common stock of Otis, which were formed to hold UTC's Carrier Business and Otis Business, respectively.

The combined financial statements included in this information statement have been prepared from UTC's historical accounting records and are presented on a stand-alone basis and are derived from the consolidated financial statements and accounting records of the Carrier business of UTC. The combined financial statements reflect our financial position, results of operations and cash flows as we were historically managed, in conformity with GAAP.

Our combined financial statements include all revenues and costs directly attributable to Carrier, including costs for facilities, functions and services used by Carrier. Costs for certain functions and services performed by centralized UTC organizations are directly charged to Carrier based on specific identification when possible or based on a reasonable allocation driver such as net sales, headcount, usage or other allocation methods. The results of operations include allocations of costs for administrative functions and services performed on behalf of Carrier by centralized groups within UTC.

We intend to enter into a transition services agreement with UTC and Otis in connection with the separation pursuant to which UTC will provide us with certain services and we will provide certain services to UTC for a limited time to help ensure an orderly transition following the separation.

We anticipate that under the transition services agreement, Carrier will receive certain services (including information technology services, technical and engineering support, application support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services). As costs for these services historically were included in our operating results through expense allocations from UTC, we do not expect the costs associated with the transition services agreement to be materially different and therefore we do not expect such costs to materially affect our results of operations or cash flows after becoming a stand-alone company.

Subsequent to the separation, we expect to incur expenditures consisting primarily of employee-related costs, costs to establish certain stand-alone functions and information technology systems and other transaction-related costs. Additionally, we will incur increased costs as a result of becoming an independent, publicly traded company, primarily from establishing or expanding the corporate support for our businesses, including information technology, human resources, treasury, tax, risk management, stock-based compensation programs, accounting and financial reporting, investor relations, governance, legal, procurement and other services. Our preliminary estimates of these additional recurring costs expected to be incurred annually are approximately \$[] to \$[] greater than the expenses historically allocated to us from UTC, and primarily relate to Selling, general and administrative expenses. We believe our cash flow from operations will be sufficient to fund these additional corporate expenses.

TABLE OF CONTENTS

In connection with the distribution, we expect to complete one or more financing transactions on or prior to the completion of the distribution, with approximately \$[] of the proceeds of such financings expected to be used to distribute a cash dividend to UTC. We anticipate having approximately \$[] of indebtedness related to these financing transactions when the distribution is completed. See “Unaudited Pro Forma Combined Financial Information” included elsewhere in this information statement for additional details regarding the incremental expense expected to be incurred related to this indebtedness.

Business Overview

We are a global provider of HVAC, refrigeration, fire and security solutions. Carrier also provides a broad array of related services, including audit, design, installation, system integration, repair, maintenance and monitoring services.

Our worldwide operations can be affected by industrial, economic and political factors on both a regional and global level. This includes mega-trends of urbanization, climate change and increasing requirements for food safety driven by the food needs of our growing global population, rising standards of living and increasing energy and environmental regulation. We believe that growth in our businesses is supported by favorable secular trends, including the mega-trends discussed above, which underpin growth across our HVAC, Refrigeration and Fire & Security businesses. We also believe that we are well positioned to benefit from these long-term trends as a result of the strength of our industry-leading brands and track record of innovation.

The effects of climate change, such as extreme weather conditions, create financial risks to our business. For example, the demand for our products and services, such as residential air conditioning equipment, may be affected by unseasonable weather conditions. Demand for our HVAC products and services, representing our largest segment by sales, is seasonal and affected by the weather. Cooler than normal summers depress our sales of replacement air conditioning products and services. Similarly, warmer than normal winters have the same effect on our heating products.

Our business is also affected by changes in the general level of economic activity, such as changes in business and consumer spending, construction activity and shipping activity. A change in building and remodeling activity also can affect our financial performance. In addition, our financial performance may be influenced by the production and utilization of transport equipment, including truck production cycles in North America and Europe.

Our operations are organized into three segments: HVAC, Refrigeration and Fire & Security. Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers. Our Refrigeration segment provides refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products. Our Fire & Security products encompass a wide range of residential and commercial building systems and security and service solutions. Our customers are in both the public and private sectors, and our businesses reflect an extensive geographic diversification that has evolved with continued globalization. See Note 20 to the Combined Financial Statements for additional discussion of sales attributed to geographic regions.

Our combined net sales (excluding inter-segment eliminations) were as follows:

	<u>2018</u>	<u>2017</u>
HVAC	50%	50%
Refrigeration	21%	21%
Fire & Security	29%	29%
	<u>100%</u>	<u>100%</u>

As part of our growth strategy, we invest in businesses in certain countries that carry high levels of currency, political and/or economic risk, such as Mexico, China, Brazil, India and countries in the Middle East. As of December 31, 2018, the net assets in any one of these countries did not exceed 10% of our combined equity.

Organic sales growth was 6% in 2018, reflecting growth across all segments driven by growth primarily in Refrigeration (9%) and HVAC (7%).

TABLE OF CONTENTS

Our earnings growth strategy contemplates earnings from organic sales growth, including growth from new product development and product improvements, structural cost reductions, operational improvements and incremental earnings from our investments in acquisitions.

Operating profit in both 2018 and 2017 includes the impact from activities that are not expected to recur often or that are not otherwise reflective of the underlying operations, such as net gains from sales of businesses, the unfavorable impact of contract matters with customers, transaction, acquisition and integration costs, and other significant non-recurring and non-operational items. For additional discussion, see “Results of Operations.”

Our investments in businesses in 2018 and 2017 included a number of small acquisitions primarily in our HVAC and Fire & Security segments.

Both acquisition and restructuring costs associated with business combinations are expensed as incurred. Depending on the nature and level of acquisition activity, earnings could be adversely impacted due to acquisition and restructuring actions initiated in connection with the integration of businesses acquired. For additional discussion of acquisitions and restructuring, see “Liquidity and Financial Condition,” “Restructuring Costs” and Notes 9 and 15 to the Combined Financial Statements.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (“TCJA”) was enacted. For additional discussion, see “Critical Accounting Estimates—Income Taxes” and Note 14 to the Combined Financial Statements.

Results of Operations

Net Sales

(dollars in millions)

	2018	2017
Net sales	\$ 18,914	\$ 17,814
Percentage change 2018 over 2017	6%	

The factors contributing to the total percentage change year-over-year in total net sales are as follows:

	2018
Organic / operational	6%
Foreign currency translation	1%
Acquisitions and divestitures, net	(1)%
Total % change	6%

All three segments experienced organic sales growth during 2018. Refrigeration grew 9% organically, reflecting stronger transport refrigeration sales and additional growth in commercial refrigeration sales. HVAC organic sales growth of 7% was driven by higher sales to residential customers in North America as well as global growth for commercial HVAC. Organic sales growth of 2% in the Fire & Security segment was driven by growth in both product and field service sales.

Cost of Products and Services Sold

(dollars in millions)

	2018	2017
Total cost of products and services sold	\$ 13,345	\$ 12,629
Percentage change 2018 over 2017	6%	

The factors contributing to the total percentage change year-over-year in total cost of products and services sold are as follows:

	2018
Organic / operational	6%
Foreign currency translation	1%
Acquisitions and divestitures, net	(1)%
Total % change	6%

The increase in total cost of products and services sold in 2018 was primarily driven by the organic sales increases noted above.

TABLE OF CONTENTS

Gross Margin

<i>(dollars in millions)</i>	2018	2017
Gross margin	\$ 5,569	\$ 5,185
Percentage of net sales	29.4%	29.1%

The 30 basis point increase in 2018 gross margin as a percentage of sales was primarily driven by favorable pricing, the absence of a large commercial HVAC project adjustment and the absence of a product recall program in the Fire & Security segment, partially offset by increased commodities and logistics costs.

Research and Development

<i>(dollars in millions)</i>	2018	2017
Research and development expense	\$ 400	\$ 364
Percentage of net sales	2.1%	2.0%

Research and development spending is subject to the variable nature of program development schedules, and, therefore, year-over-year variations in spending levels are expected. Expenses increased by 10 basis points as a percentage of net sales in 2018 primarily driven by increased investment in new products across all Carrier businesses.

Selling, General and Administrative

<i>(dollars in millions)</i>	2018	2017
Selling, general and administrative	\$ 2,689	\$ 2,584
Percentage of net sales	14.2%	14.5%

Selling, general and administrative expenses increased 4% in 2018, primarily driven by higher employee compensation and benefit related expenses and higher technology related allocations from UTC, but decreased 30 basis points as a percentage of net sales primarily due to favorable sales volume leverage.

We are continuously evaluating our cost structure and have implemented restructuring actions as a method of keeping our cost structure competitive. The amounts reflected above include the impact of restructuring actions on Selling, general and administrative expenses. For additional discussion, see "Restructuring Costs" and Note 15 to the Combined Financial Statements.

Restructuring Costs

<i>(dollars in millions)</i>	2018	2017
Cost of sales	\$ 36	\$ 48
Selling, general & administrative	44	63
Total restructuring costs	\$ 80	\$ 111

Restructuring actions are an essential component of our operating margin improvement efforts and relate to existing and recently acquired operations. Charges generally arise from severance related to workforce reductions, facility exit and lease termination costs associated with the consolidation of field and manufacturing operations and costs to exit legacy programs. We continue to closely monitor the economic environment and may undertake further restructuring actions to keep our cost structure aligned with the demands of prevailing market conditions.

2018 Actions. During 2018, we recorded net pre-tax restructuring charges of \$63 million relating to ongoing cost reduction actions initiated in 2018. For actions initiated in 2018, we are targeting to complete the majority of the remaining workforce and facility-related cost reductions in 2019. During 2018, we had cash outflows of approximately \$30 million related to the 2018 actions. As of December 31, 2018, we expect to incur additional restructuring and other charges of \$24 million to complete these actions.

2017 Actions. During 2018 and 2017, we recorded net pre-tax restructuring charges of \$1 million and \$76 million, respectively, for actions initiated in 2017. For actions initiated in 2017, we are targeting to complete the vast majority of the remaining workforce and facility-related cost reductions in 2019. During 2018 and 2017, we had cash outflows of approximately \$27 million and \$34 million, respectively, related to the 2017 actions.

TABLE OF CONTENTS

In addition, during 2018 and 2017, we recorded net pre-tax restructuring costs totaling \$16 million and \$35 million, respectively, for restructuring actions initiated in 2016 and prior. For additional discussion of restructuring, see Note 15 to the Combined Financial Statements.

Equity Method Investment Net Earnings

<i>(dollars in millions)</i>	2018	2017
Equity method investment net earnings	\$ 220	\$ 218

Investments over which we do not exercise control but have significant influence are accounted for using the equity method of accounting. Equity in earnings of uncombined equity method investments increased in 2018 by \$2 million, primarily due to stronger earnings from our investments in HVAC joint ventures in Europe, partially offset by decreases in earnings from other equity investees in the Middle East and Asia. For additional discussion, see Notes 3 and 16 to the Combined Financial Statements.

Other Income, Net

<i>(dollars in millions)</i>	2018	2017
Other income, net	\$ 937	\$ 575

Other income, net primarily includes the impact of foreign exchange gains and losses as well as other ongoing or infrequently occurring items such as gains and losses on business dispositions. The year-over-year increase of \$362 million in Other income, net is primarily driven by the 2018 gain on the sale of Taylor of \$799 million, partially offset by the absence of a prior year gain of \$379 million from the sale of our investment in Watsco, Inc. See Notes 9 and 17 to the Combined Financial Statements for further discussion of these transactions.

Interest (Income) Expense, Net

<i>(dollars in millions)</i>	2018	2017
Interest expense	\$ 84	\$ 219
Interest income	(121)	(104)
Interest (income) expense, net	\$ (37)	\$ 115

Interest income and expense relates primarily to interest on related party activity between us and UTC. See Note 5 to the Combined Financial Statements.

Interest expense, net decreased 132% in 2018 as compared with 2017 due to a related party payable with UTC that was settled in November 2017. The increase in interest income in 2018 as compared with 2017 primarily reflects interest earned on related party receivables due from UTC.

Income Taxes

	2018	2017
Effective income tax rate	27.9%	58.5%

The 2018 effective tax rate reflects a net tax charge of \$102 million as a result of UTC's change of assertion of no longer intending to reinvest certain undistributed earnings of its international subsidiaries. The effective income tax rate for 2018 also reflects the incremental tax cost associated with the divestiture of Taylor.

The 2017 effective tax rate reflects a net tax charge of \$799 million attributable to the passage of the TCJA. This amount primarily relates to U.S. income tax attributable to previously undistributed earnings of international subsidiaries and equity investments and the revaluation of U.S. deferred income taxes. The 2017 effective tax rate also includes a favorable adjustment of \$18 million related to the expiration of statutes of limitations in various jurisdictions.

For additional discussion of income taxes and the effective income tax rate, see "Critical Accounting Estimates—Income Taxes" and Note 14 to the Combined Financial Statements.

Net Income Attributable to Carrier

<i>(dollars in millions)</i>	2018	2017
Net income from continuing operations attributable to Carrier	\$ 2,734	\$ 1,227

Net income attributable to Carrier for the year ended December 31, 2018 includes restructuring charges, net of tax benefit, of \$66 million (\$80 million pre-tax) as well as the net impact of significant non-operational and/or nonrecurring items, including a \$799 million pre-tax gain on the sale of Taylor in 2018.

Net income attributable to Carrier for the year ended December 31, 2017 includes restructuring charges, net of tax benefit, of \$81 million (\$111 million pre-tax) as well as the net unfavorable impact of a \$799 million tax charge in connection with the passage of the TCJA as described in Note 14 to the Combined Financial Statements, and the unfavorable impact of a product recall program in our Fire & Security segment and an unfavorable contract adjustment on a large commercial HVAC project, partially offset by a gain resulting from the sale of our investment in Watsco, Inc.

Segment review

<i>(dollars in millions)</i>	Net sales		Operating profit		Operating profit margin	
	2018	2017	2018	2017	2018	2017
HVAC	\$ 9,713	\$ 9,045	\$ 1,720	\$ 2,001	18%	22%
Refrigeration	4,095	3,823	1,353	562	33%	15%
Fire & Security	5,531	5,324	726	639	13%	12%
Total segment	19,339	18,192	3,799	3,202	20%	18%
Eliminations and other	(425)	(378)	(24)	(32)	6%	8%
General corporate expenses	—	—	(138)	(140)	0%	0%
Combined	\$ 18,914	\$ 17,814	\$ 3,637	\$ 3,030	19%	17%

HVAC

Our HVAC segment provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Our established brands include Automated Logic, Bryant, Carrier, CIAT, Day & Night, Heil, NORESKO and Riello. Products include air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions. HVAC products and solutions are sold directly, including to building contractors and owners, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers, dealers and retail outlets, as well as through direct sales offices which sell, in part, to mechanical contractors.

<i>(dollars in millions)</i>	2018	2017	Total Increase (Decrease) Year-Over-Year for:		
	2018 Compared with 2017			Net sales	Operating profit
Net sales	\$ 9,713	\$ 9,045	\$ 668	7%	
Operating Profit	1,720	2,001	(281)	(14)%	
Organic / Operational				7%	5%
Foreign currency translation				—%	1%
Restructuring costs				—%	1%
Other				—%	(21)%
Total % change				7%	(14)%

2018 Compared with 2017

The organic sales increase of 7% was driven primarily by growth in residential sales in the North America region (9%) and growth globally for commercial HVAC offerings (5%).

TABLE OF CONTENTS

The organic operational profit increase of 5% was driven by:

- The year-over-year impact of the absence of a contract adjustment related to a large commercial project (5%)
- Profit contribution from the higher sales volumes, net of mix (4%)
- Favorable pricing, net of commodities (4%)

These increases were partially offset by:

- Higher logistics costs (3%)
- Higher selling, general and administrative and research and development costs (3%)
- Higher warranty costs (2%)

The 21% decrease in Other primarily reflects the year-over-year impact of the absence of the prior year gain from the sale of our investment in Watsco, Inc.

Refrigeration

Our Refrigeration segment includes transport refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products. Transport refrigeration products and cold chain monitoring solutions are used to enable the safe, reliable transport of food and beverages, medical supplies and other perishable cargo. Commercial refrigeration solutions include refrigerated cabinets, freezers, systems and controls. Our commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of food and beverage retail. Our Refrigeration products and services are sold under established brand names, including Carrier Commercial Refrigeration, Carrier Transicold and Sensitech. Refrigeration products and services are sold directly, including to transportation companies and retail stores, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers and dealers.

<i>(dollars in millions)</i>	2018	2017	Total Increase (Decrease) Year-Over-Year for:	
			2018 Compared with 2017	
Net sales	\$ 4,095	\$ 3,823	\$ 272	7%
Operating Profit	1,353	562	791	141%
			Net sales	Operating profit
Organic / Operational			9%	5%
Foreign currency translation			2%	1%
Acquisitions and divestitures, net			(4)%	(5)%
Restructuring costs			—%	(2)%
Other			—%	142%
Total % change			7%	141%

2018 Compared with 2017

The organic sales increase of 9% was driven primarily by growth in transport refrigeration sales (13%) as well as stronger sales to commercial refrigeration customers (4%).

The organic operational profit increase of 5% was driven by:

- Profit contribution from higher sales volumes, net of mix (11%)

These increases were partially offset by:

- Higher selling, general and administrative and research and development costs (5%)
- Higher commodities, net of price (1%)

The 142% increase in Other is primarily due to the gain recorded during 2018 related to the sale of Taylor.

Fire & Security

Our Fire & Security segment includes a wide range of residential and building systems, including fire, flame, gas, smoke and carbon monoxide detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems; and electronic controls. Other fire and security service offerings include audit, design, installation and system integration, as well as aftermarket maintenance and repair and monitoring services. Our established brands include Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Interlogix, Kidde, LenelS2, Marioff, Onity and Supra. Our Fire & Security products and solutions are sold directly to end customers as well as through manufacturers’ representatives, distributors, dealers, value-added resellers and retail distribution.

<i>(dollars in millions)</i>	2018	2017	Total Increase (Decrease) Year-Over-Year for:	
			2018 Compared with 2017	
Net sales	\$ 5,531	\$ 5,324	\$ 207	4%
Operating Profit	726	639	87	14%
			Net sales	Operating profit
Organic / Operational			2%	3%
Foreign currency translation			2%	2%
Restructuring costs			—%	4%
Other			—%	5%
Total % change			4%	14%

2018 Compared with 2017

The organic sales increase of 2% was driven primarily by growth in both product sales (2%) and field service and monitoring sales (2%).

The organic operational profit increase of 3% was driven by:

- Profit contribution from higher sales volumes, net of mix (7%)

This increase was partially offset by:

- Higher selling, general and administrative costs and research and development costs (3%)
- Higher commodities, net of price (1%)

The 5% increase in Other primarily reflects the absence of the prior year impact of a product recall program (11%) partially offset the absence of prior year gains on the sale of investments (4%) and non-core businesses (2%).

Eliminations and other and General corporate expenses

<i>(dollars in millions)</i>	Net sales		Operating profit	
	2018	2017	2018	2017
Eliminations and other	\$ (425)	\$ (378)	\$ (24)	\$ (32)
General corporate expenses	—	—	(138)	(140)

Eliminations and other reflects the elimination of sales, other income and operating profit transacted between segments, as well as other infrequently occurring items or items outside of normal business operations, such as divestiture transaction costs. In addition, operating profit within Eliminations and other includes costs associated with the settlement and defense of potential future asbestos-related claims, insurance settlements on asbestos-related matters and the revaluation of any liability for potential future asbestos-related claims. The year-over-year increase in sales eliminations in 2018 as compared with 2017 reflects an increase in the amount of inter-segment eliminations.

TABLE OF CONTENTS

General corporate expenses decreased by \$2 million from 2017 to 2018. General corporate expenses primarily include allocations of corporate expenses from UTC, which are not necessarily indicative of future expenses and do not necessarily reflect the results that Carrier would have experienced as an independent company for the periods presented.

Liquidity and Financial Condition

Carrier has historically participated in UTC's centralized treasury management, including centralized cash pooling and overall financing arrangements. However, historically, we have generated operating cash flow sufficient to fund our working capital, capital expenditure and financing requirements. Following the separation, we expect to fund our ongoing operating, investing and financing requirements mainly through cash flows from operations, available liquidity through cash on hand and available bank lines of credit and access to capital markets (including commercial paper programs).

We may incur debt or issue equity as needed. From time to time we may need to access the capital markets to obtain financing. Although we believe that the arrangements in place at the time of the separation and the distribution will permit us to finance our operations on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including (1) our credit ratings or absence of a credit rating, (2) the liquidity of the overall capital markets and (3) the current state of the economy. There can be no assurance that we will be able to obtain additional financing on terms favorable to us, if at all. Prior to the separation, we expect to enter into a revolving credit agreement with various banks. The credit agreement will be a source of liquidity to support cash requirements and to backstop a commercial paper program. Net cash used for or provided by financing activities is due to transfers to and from UTC. The components of net transfers include: (1) cash transfers from Carrier to UTC; (2) cash investments from UTC used to fund operations, capital expenditures and acquisitions; (3) charges (benefits) for income taxes; (4) receivables and payables between Carrier and UTC; and (5) allocations of UTC's corporate expenses described elsewhere in this information statement. This net cash used for or provided from financing activities in the historical periods is reflected as changes in UTC's investment in Carrier.

Following the separation, the capital structure and sources of liquidity for Carrier will change significantly. Carrier will no longer participate in cash management and funding arrangements with UTC. Instead, Carrier's ability to fund its capital needs will depend on its ongoing ability to generate cash from operations and its access to bank lines of credit and the capital markets.

Cash Flow—Operating Activities

(dollars in millions)

	2018	2017
Net cash flows provided by operating activities	\$ 2,055	\$ 2,098

Cash generated from operating activities in 2018 was approximately \$43 million lower than 2017. Cash outflows for working capital increased \$552 million over the prior period to support higher top line organic growth. The 2018 cash outflows from working capital were \$324 million. Accounts receivable, net increased approximately \$211 million over 2017 due to an increase in sales volume. Contract assets, current increased \$67 million due primarily to revenue recognition in excess of customer billings. Inventory, net and accounts payable and accrued liabilities increased \$151 million and \$88 million, respectively, primarily driven by increases to support higher sales volume.

Cash Flow—Investing Activities

(dollars in millions)

	2018	2017
Net cash flows provided by investing activities	\$ 415	\$ 271

Cash flows provided by investing activities for 2018 and 2017 primarily reflect capital investments in and dispositions of businesses and capital expenditures. Capital expenditures in 2018 (\$263 million) primarily relate to new facilities and investments in products and information technology. The \$144 million increase in cash flows provided by investing activities was primarily driven by the proceeds of \$1.0 billion received from the sale of Taylor in 2018, partially offset by the absence of \$596 million in proceeds received from the 2017 sale of our investment in Watsco, Inc., as well as an increase of \$134 million in 2018 in cash outflows for acquisitions. Cash investments in businesses, net of cash acquired, in 2018 (\$310 million) primarily relate to the acquisition of the S2 business within our Fire & Security segment in the fourth quarter of 2018.

Cash Flow—Financing Activities

<i>(dollars in millions)</i>	2018	2017
Net cash flows used in financing activities	\$ (2,627)	\$ (2,193)

Our financing activities primarily include transfers to (and from) UTC. Net cash used in financing activities increased \$434 million in 2018 compared to the prior year due to increases in amounts transferred to UTC of \$835 million, partially offset by the year-over-year impact of the absence of a 2017 purchase of the remaining noncontrolling shares to reach 100% ownership of the Riello HVAC business (\$286 million).

Critical Accounting Estimates

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 3 to the Combined Financial Statements describes the significant accounting policies used in preparation of the combined financial statements. Management believes the most complex and sensitive judgments, because of their significance to the combined financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. The most significant areas involving management judgments and estimates are described below. Actual results in these areas could differ from management's estimates.

Revenue Recognition from Contracts with Customers

Effective January 1, 2018, we adopted Accounting Standard Update ("ASU") 2014-09 and its related amendments (referred to, collectively, as the "New Revenue Standard") and elected the modified retrospective approach. The adoption of the New Revenue Standard did not have a material impact on revenue, net income or net assets. Note 4 to the Combined Financial Statements contains further detail regarding the adoption of the New Revenue Standard and its impact on the combined financial statements as of, and for, the year ended December 31, 2018.

We recognize revenue on an over-time basis on installation and service contracts related to our HVAC, Refrigeration and Fire & Security service businesses. For contracts recorded on an over-time basis, we measure progress toward completion using costs incurred to date relative to total estimated costs at completion. This over-time basis using an input method requires estimates of future revenues and costs over the full term of product and/or service delivery. Incurred costs represent work performed, which correspond with and best depict transfer of control to the customer. Contract costs are incurred over a period of time, which can generally range from several months to years, and the estimation of these costs requires management's judgment. We review our cost estimates on significant contracts on a quarterly basis and, for others, at least annually or when circumstances change and warrant a modification to a previous estimate. We record changes in contract estimates using the cumulative catch-up method.

We consider the contractual consideration payable by the customer and assess variable consideration that may affect the total transaction price, including contractual discounts, contract incentive payments, estimates of award fees and other sources of variable consideration, when determining the transaction price of each contract. Variable consideration is included in the estimated transaction price when there is a basis to reasonably estimate the amount. These estimates are based on historical experience, anticipated performance and best judgment at the time. We also consider whether the contracts provide customers with significant financing, although in general our contracts do not contain significant financing.

Income Taxes

The future tax benefit arising from deductible temporary differences and tax carryforwards was \$645 million at December 31, 2018 and \$644 million at December 31, 2017. Management believes that our earnings during the periods when the temporary differences become deductible will be sufficient to realize the related future income tax benefits, which may be realized over an extended period of time. For those jurisdictions where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, a valuation allowance is provided.

In assessing the need for a valuation allowance, we estimate future taxable income, considering the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. Valuation allowances

related to deferred tax assets can be affected by changes to tax laws, changes to statutory tax rates and future taxable income levels. In the event we were to determine that we would not be able to realize all or a portion of our deferred tax assets in the future, we would reduce such amounts through an increase to tax expense in the period in which that determination is made or when tax law changes are enacted. Conversely, if we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net carrying amounts, we would decrease the recorded valuation allowance through a decrease to tax expense in the period in which that determination is made.

In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. See Notes 3 and 14 to the Combined Financial Statements for further discussion.

Goodwill and Intangible Assets

Our goodwill balance had an aggregate carrying amount of \$9.8 billion as of December 31, 2018. Our indefinite-lived intangible asset balance primarily consists of individual trademarks, which had an aggregate carrying amount of \$539 million as of December 31, 2018.

We test our reporting units and trademarks for impairment annually as of the first day of our third quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a reporting unit or trademark is less than its carrying amount. Such events and circumstances could include increased competition or unexpected loss of market share, increased input costs beyond projections (for example due to regulatory or industry changes), disposals of significant businesses or components of our business, unexpected business disruptions (for example due to a natural disaster or loss of a customer, supplier or other significant business relationship), unexpected significant declines in operating results or significant adverse changes in the markets in which we operate. We test reporting units for impairment by comparing the estimated fair value of each reporting unit with its carrying amount. We test trademarks for impairment by comparing the estimated fair value of each brand with its carrying amount. If the carrying amount of a reporting unit or trademark exceeds its estimated fair value, we record an impairment loss based on the difference between fair value and carrying amount, in the case of reporting units, not to exceed to the associated carrying amount of goodwill.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates and market factors. Estimating the fair value of individual reporting units and trademarks requires us to make assumptions and estimates regarding our future plans, as well as industry, economic and regulatory conditions. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management's expectations or plans otherwise change, including as a result of the execution of our global five-year strategic plan, then one or more of our reporting units or trademarks might become impaired in the future.

We utilize the discounted cash flow method under the income approach to estimate the fair value of our reporting units. The discounted cash flow approach relies on our estimates of future cash flows and explicitly addresses factors such as timing, growth and margins, with due consideration given to forecasting risk. We developed these assumptions based on the market and geographic risks unique to each reporting unit. Some of the more significant assumptions inherent in estimating the fair values include the estimated future annual net cash flows for each reporting unit (including net sales, cost of products and services sold, selling, general and administrative expenses, depreciation and amortization, working capital and capital expenditures), income tax rates, long-term growth rates and a discount rate that appropriately reflects the risks inherent in each future cash flow stream. We selected the assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated growth rates, management's plans and guideline companies. For all reporting units, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) in the 2018 test was a minimum of 55%. A significant increase in the discount rate, decrease in the long-term growth rate or substantial reductions in our end markets and volume assumptions could have a negative impact on the estimated fair value of these reporting units.

TABLE OF CONTENTS

For our indefinite-lived assets, a fair value is determined on a relief from royalty methodology, which is based on the implied royalty paid, at an appropriate discount rate, to license the use of an asset rather than owning the asset. Some of the more significant assumptions inherent in estimating the fair values include the estimated future annual net sales for each trademark, royalty rates (as a percentage of net sales that would hypothetically be charged by a licensor of the brand to an unrelated licensee), income tax considerations, long-term growth rates, a discount rate that reflects the level of risk associated with the future cost savings attributable to the brand, and management's intent to invest in the brand indefinitely. We selected the assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated product category growth rates, management's plans and guideline companies. The present value of the after-tax cost savings (i.e., royalty relief) indicates the estimated fair value of the asset. Any excess of the carrying value over the estimated fair value would be recognized as an impairment loss equal to that excess. For all trade names, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value) in the 2018 test was a minimum of 52%.

Based on the results of these calculations, we determined that the fair value of the reporting units and indefinite-lived intangible assets exceeded their respective carrying values. The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows. Although these assets are not currently impaired, there can be no assurance that future impairments will not occur. See Note 9 to the Combined Financial Statements for further information.

Employee Benefit Plans

We sponsor domestic and foreign defined benefit pension and other postretirement plans. Major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on plan assets, rate of increase in employee compensation levels and mortality rates. Assumptions are determined based on company data and appropriate market indicators, and are evaluated each year at December 31. A change in any of these assumptions would have an effect on net periodic pension and postretirement benefit costs reported in the combined financial statements.

In the following table, we show the sensitivity of our pension and other postretirement benefit plan liabilities and net periodic cost to a 25 basis point change in the discount rates for benefit obligations, interest cost and service cost as of December 31, 2018:

<i>(dollars in millions)</i>	Increase in Discount Rate of 25 bps	Decrease in Discount Rate of 25 bps
Pension plans		
Projected benefit obligation	\$ (91.6)	\$ 95
Net periodic pension (benefit) cost	(0.7)	0.5
Other postretirement benefit plans*		
Accumulated postretirement benefit obligation	(0.2)	0.2

* The impact on net periodic postretirement (benefit) cost is less than \$0.1 million.

These estimates assume no change in the shape or steepness of the company-specific yield curve used to plot the individual spot rates that will be applied to the future cash outflows for future benefit payments in order to calculate interest and service cost. A flattening of the yield curve, from a narrowing of the spread between interest and obligation discount rates, would increase our net periodic pension cost. Conversely, a steepening of the yield curve, from an increase in the spread between interest and obligation discount rates, would decrease our net periodic pension cost.

Pension expense is also sensitive to changes in the expected long-term rate of asset return. An increase or decrease of 25 basis points in the expected long-term rate of asset return would have decreased or increased 2018 pension expense by approximately \$7.1 million.

The weighted-average discount rates used to measure pension liabilities and costs utilize each plan's specific cash flows and are then compared to high-quality bond indices for reasonableness. For our significant plans, we utilize a full yield curve approach in the estimation of the service cost and interest cost components by applying

TABLE OF CONTENTS

the specific spot rates along the yield curve used in determination of the benefit obligation to the relevant projected cash flows. Global market interest rates increased in 2018 as compared with 2017 and, as a result, the weighted-average discount rate used to measure pension liabilities increased from 2.5% in 2017 to 2.8% in 2018. The weighted-average discount rates used to measure service cost and interest cost were 2.8% and 2.4%, respectively, in 2018 and 3.1% and 2.5%, respectively, in 2017.

See Note 12 to the Combined Financial Statements for further discussion.

Contingent Liabilities

Our operating units include businesses that sell products and services and conduct operations throughout the world. As described in Note 19 to the Combined Financial Statements, contractual, regulatory and other matters, including asbestos claims, may arise in the ordinary course of business that subject us to claims or litigation. We have recorded reserves in the combined financial statements related to these matters, which are developed using input derived from actuarial estimates and historical and anticipated experience depending on the nature of the reserve, and in certain instances with consultation of legal counsel, internal and external consultants and engineers. Subject to the uncertainties inherent in estimating future costs for these types of liabilities, we believe our estimated reserves are reasonable and do not believe the final determination of the liabilities with respect to these matters would have a material effect on our financial condition, results of operations, liquidity or cash flows for any year.

Environmental Matters

Our operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over our foreign operations. As a result, we have established, and continually update, policies relating to environmental standards of performance for our operations worldwide. We believe that expenditures necessary to comply with the current regulations governing environmental protection will not have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

We have identified 241 locations, mostly in the United States, at which we may have some liability for remediating contamination. We have resolved our liability at 111 of these locations. We do not believe that any individual location's exposure will have a material adverse effect on our results of operations. Sites in the investigation, remediation or operation and maintenance stage represent approximately 88% of our accrued environmental remediation reserve.

We have been identified as a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA" or "Superfund") at 35 sites. The number of Superfund sites, in and of itself, does not represent a relevant measure of liability because the nature and extent of environmental concerns vary from site to site and our share of responsibility varies from sole responsibility to very little responsibility. In estimating our liability for remediation, we consider our likely proportionate share of the anticipated remediation expense and the ability of other potentially responsible parties to fulfill their obligations.

At December 31, 2018 and 2017, we had \$215 and \$217 million, respectively, reserved for environmental remediation. See Note 19 to the Combined Financial Statements for additional discussion on environmental obligations.

Asbestos Matters

Our estimated total liability to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately \$253 million and is principally recorded in Other long-term liabilities in the combined financial statements as of December 31, 2018. This amount is on an undiscounted, pre-tax basis, and excludes the legal fees to defend the asbestos claims, which are expensed by us as they are incurred. In addition, we have an insurance recovery receivable for probable asbestos related recoveries of approximately \$108 million, which is included primarily in Other assets in the combined financial statements as of December 31, 2018. See "Business—Legal Proceedings—Asbestos" for further discussion of the estimated liabilities and insurance recoveries. See Note 19 to the Combined Financial Statements for further discussion of these matters.

Off-Balance Sheet Arrangements and Contractual Obligations

We extend a variety of financial guarantees to third parties in support of our business. We also have obligations arising from environmental, health and safety, tax and employment matters. Circumstances that could cause the contingent obligations and liabilities arising from these arrangements to come to fruition include changes in an underlying transaction, non-performance under a contract or deterioration in the financial condition of the guaranteed party.

A summary of our combined contractual obligations and commitments as of December 31, 2018 is as follows:

<i>(dollars in millions)</i>	Total	Payments due by period			
		2019	2020-2021	2022-2023	Thereafter
Operating leases	\$ 685	\$ 189	\$ 256	\$ 129	\$ 111
Purchase obligations	1,149	998	112	31	8
Other long-term liabilities	730	233	189	115	193
Total contractual obligations	<u>\$ 2,564</u>	<u>\$ 1,420</u>	<u>\$ 557</u>	<u>\$ 275</u>	<u>\$ 312</u>

Operating leases include amounts related to future contractual payments on our leases for land and buildings, vehicles and machinery and equipment.

Purchase obligations include amounts committed for the purchase of goods and services under legally enforceable contracts or purchase orders. Where it is not practically feasible to determine the legally enforceable portion of our obligation under certain of our long-term purchase agreements, we include additional expected purchase obligations beyond what is legally enforceable.

Other long-term liabilities primarily include those amounts on our December 31, 2018 balance sheet representing obligations under product service and warranty policies, estimated environmental remediation costs and expected contributions under employee benefit programs. The timing of expected cash flows associated with these obligations is based upon management’s estimates over the terms of these agreements and is largely based upon historical experience.

The above table also does not reflect unrecognized tax benefits of \$316 million, the timing of which is uncertain to become payable. See Note 14 to the Combined Financial Statements for additional discussion on unrecognized tax benefits.

Recent Accounting Pronouncements

See Note 3 to the Combined Financial Statements for a discussion of recent accounting pronouncements and their effect on us.

Market Risk and Risk Management

Carrier is exposed to fluctuations in foreign currency exchange rates, interest rates and commodity prices. To manage certain of those exposures, we primarily use foreign currency forward contracts, swaps and options. These hedging activities provide only limited protection against currency exchange and credit risks. Factors that could influence the effectiveness of these hedging programs include currency markets, the availability of hedging instruments and the liquidity of the credit markets.

Foreign Currency Exposures

We transact business in various foreign currencies, which exposes our cash flows and earnings to changes in foreign currency exchange rates. These exposures include the translation of local currency balances of foreign subsidiaries, remeasurement of assets and liabilities denominated in foreign currencies and other transactions involving foreign currencies. We attempt to manage foreign currency transaction exposures through operational strategies and the use of foreign currency hedging contracts. While the objective of our hedging program is to minimize the foreign currency exchange impact on operating results, there may be variances between the hedging and underlying exposure gains and losses because of the length of certain hedging contracts. Carrier does not enter into hedging contracts for speculative purposes.

Commodity Price Exposures

We are exposed to volatility in the prices of raw materials used in some of our products, and from time to time we may use forward contracts in limited circumstances to manage some of those exposures. In the future, if hedges are utilized, gains and losses may affect earnings. There were no significant outstanding commodity hedges as of December 31, 2018.

MANAGEMENT

Executive Officers Following the Distribution

The following table sets forth information as of [], 2020 regarding the individuals who are expected to serve as executive officers of Carrier following the completion of the distribution. Carrier is in the process of identifying the other persons who are expected to serve as its executive officers following the completion of the distribution and will include information concerning those persons in an amendment to this information statement. Some of Carrier’s executive officers are currently executive officers and employees of UTC, but will cease to hold such positions upon the consummation of the distribution. See “Directors.”

Name	Age	Position
John V. Faraci	69	Executive Chairman
David L. Gitlin	50	President and Chief Executive Officer
Timothy McLevish	64	Executive Vice President and Chief Financial Officer

John V. Faraci. Mr. Faraci served as Chairman and Chief Executive Officer of International Paper (paper, packaging and distribution) from 2003 to 2014. Earlier in 2003, he was elected as President and director of that company, and served as its Executive Vice President and Chief Financial Officer from 2000 to 2003. From 1995 to 1999, Mr. Faraci was Chief Executive Officer and managing director of Carter Holt Harvey Ltd., a former New Zealand subsidiary of International Paper. He first joined International Paper in 1974. Mr. Faraci is an Operating Partner with Advent International (global private equity). He is a director of ConocoPhillips Company, PPG Industries, Inc. and United States Steel Corporation, and until [], was a director of UTC. He serves on the board of the National Fish and Wildlife Foundation and is Chairman of the Board of Trustees of Denison University. Mr. Faraci is also a member of the Royal Bank of Canada Advisory Board, a member of the Board of Trustees of the American Enterprise Institute and a member of the Council on Foreign Relations. Mr. Faraci holds a bachelor’s degree from Denison University and an MBA from the University of Michigan’s Ross School of Business.

David L. Gitlin. Mr. Gitlin, a 22-year veteran of UTC, was appointed President and Chief Executive Officer of Carrier in June 2019. He most recently served as President and Chief Operating Officer of Collins Aerospace Systems from 2018 to 2019. Previously, Mr. Gitlin was President of UTC Aerospace Systems from 2015 to 2018 and, after leading the integration of Goodrich Corporation with UTC’s Hamilton Sundstrand business unit from 2011 to 2012, he served as both Senior Vice President and President of UTC Aerospace Systems’ Aircraft Systems segment between 2012 and 2015. Prior to the formation of UTC Aerospace Systems, Mr. Gitlin served in various other roles at Hamilton Sundstrand from 2002 to 2011 as President of Aerospace Customers & Business Development; President of Auxiliary Power, Engine & Control Systems; Vice President and General Manager of Hamilton Sundstrand Power Systems; Vice President of Pratt & Whitney Programs; and General Manager of Rolls-Royce/General Electric Programs. Before joining Hamilton Sundstrand, Mr. Gitlin served in roles at UTC headquarters and Pratt & Whitney from 1997 to 2002 focused on mergers and acquisitions. In addition to his leadership roles, he has extensive experience in business development, strategy, and mergers and acquisitions. Mr. Gitlin holds a bachelor’s degree from Cornell University, a Juris Doctorate from the University of Connecticut and an MBA from the MIT Sloan School of Management.

Timothy McLevish. Mr. McLevish was appointed Executive Vice President and Chief Financial Officer of Carrier in October 2019. He joined Carrier from Walgreens Boots Alliance, Inc., where he served as Senior Advisor to the Chief Executive Officer from 2018 to 2019 and from 2015 to 2016, and as Executive Vice President and Chief Financial Officer, first of Walgreens Co. then of Walgreens Boots Alliance, Inc., from 2014 to 2015. In 2016 and 2017 he served as the Executive Chairman of Lamb Weston Holdings, Inc. Prior to joining Walgreens, Mr. McLevish served as Executive Vice President and Chief Financial Officer for Kraft Foods Group, Inc. from 2012 to 2013, and as Executive Vice President in 2014. Prior to that, he served as Executive Vice President and advisor to the Chief Executive Officer of Kraft Foods, Inc. from 2011 to 2012, leading the separation of Kraft Foods Group, Inc. from Kraft Foods, Inc. (since renamed Mondelez International, Inc.) and, from 2007 to 2011, he served as Executive Vice President and Chief Financial Officer of Kraft Foods, Inc. Prior to Kraft, Mr. McLevish served as Senior Vice President and Chief Financial Officer of Ingersoll-Rand Company Limited from 2002 to 2007 and as Vice President and Chief Financial Officer of The Mead Corporation from 1999 to 2002. Mr. McLevish has served as a director of Kennametal Inc. since 2004 and as a director of R.R. Donnelly & Sons Company since 2016. He served as a director

of URS Corporation from 2012 to 2014, ConAgra Foods, Inc. from 2015 to 2016, US Foods, Inc. in 2016 and, as noted above, of Lamb Weston Holdings, Inc. from 2016 to 2017. Mr. McLevish holds a bachelor’s degree from the University of Minnesota and an MBA from Harvard Business School.

DIRECTORS

Board of Directors Following the Distribution

The following table sets forth information as of [], 2020 regarding those persons who are expected to serve on Carrier’s Board of Directors (the “Board”) following completion of the distribution and until their respective successors are duly elected and qualified. Carrier is in the process of identifying the other persons who are expected to serve on the Board following the completion of the distribution and will include information concerning those persons in an amendment to this information statement. Carrier’s amended and restated certificate of incorporation and amended and restated bylaws will provide that directors will be elected annually.

<u>Name</u>	<u>Age</u>	<u>Position</u>
John V. Faraci	69	Executive Chairman
David L. Gitlin	50	Director, President and Chief Executive Officer

John V. Faraci. Mr. Faraci served as Chairman and Chief Executive Officer of International Paper (paper, packaging and distribution) from 2003 to 2014. Earlier in 2003, he was elected as President and director of that company, and served as its Executive Vice President and Chief Financial Officer from 2000 to 2003. From 1995 to 1999, Mr. Faraci was Chief Executive Officer and managing director of Carter Holt Harvey Ltd., a former New Zealand subsidiary of International Paper. He first joined International Paper in 1974. Mr. Faraci is an Operating Partner with Advent International (global private equity). He is a director of ConocoPhillips Company, PPG Industries, Inc. and United States Steel Corporation, and until [], was a director of UTC. He serves on the board of the National Fish and Wildlife Foundation and is Chairman of the Board of Trustees of Denison University. Mr. Faraci is also a member of the Royal Bank of Canada Advisory Board, the Board of Trustees of the American Enterprise Institute and a member of the Council on Foreign Relations. Mr. Faraci holds a bachelor’s degree from Denison University and an MBA from the University of Michigan’s Ross School of Business.

David L. Gitlin. Mr. Gitlin, a 22-year veteran of UTC, was appointed President and Chief Executive Officer of Carrier in June 2019. He most recently served as President and Chief Operating Officer of Collins Aerospace Systems from 2018 to 2019. Previously, Mr. Gitlin was President of UTC Aerospace Systems from 2015 to 2018 and, after leading the integration of Goodrich Corporation with UTC’s Hamilton Sundstrand business unit from 2011 to 2012, he served as both Senior Vice President and President of UTC Aerospace Systems’ Aircraft Systems segment between 2012 and 2015. Prior to the formation of UTC Aerospace Systems, Mr. Gitlin served in various other roles at Hamilton Sundstrand from 2002 to 2011 as President of Aerospace Customers & Business Development; President of Auxiliary Power, Engine & Control Systems; Vice President and General Manager of Hamilton Sundstrand Power Systems; Vice President of Pratt & Whitney Programs; and General Manager of Rolls-Royce/General Electric Programs. Before joining Hamilton Sundstrand, Mr. Gitlin served in roles at UTC headquarters and Pratt & Whitney from 1997 to 2002 focused on mergers and acquisitions. In addition to his leadership roles, he has extensive experience in business development, strategy, and mergers and acquisitions. Mr. Gitlin holds a bachelor’s degree from Cornell University, a Juris Doctorate from the University of Connecticut and an MBA from the MIT Sloan School of Management.

Director Independence

Under our Director Independence Policy and the stock exchange listing standards, a majority of our directors must be independent, meaning that the director does not have a direct or indirect material relationship with Carrier (other than as a director). The Director Independence Policy will guide the independence determination and will include the categories of relationships that the Board has determined are not material relationships that would impair a director’s independence. The Director independence Policy will be available on our website in connection with the distribution.

Before joining the Board and annually thereafter, each director will complete a questionnaire seeking information about relationships and transactions that may require disclosure, that may affect the independence

TABLE OF CONTENTS

determination, or that may affect heightened independence standards that apply to members of the Audit and Compensation Committees. The Governance Committee will complete an assessment considering all known relevant facts and circumstances about those relationships bearing on the independence of a director or nominee. The assessment will also consider sales and purchases of products and services, in the ordinary course of business, between Carrier (including its subsidiaries) and other companies or charitable organizations, where directors and nominees (and their immediate family members) may have relationships pertinent to the independence determination.

The Board is expected to affirmatively determine that all of the directors, other than John V. Faraci and David L. Gitlin, who are employed by Carrier, are independent under Carrier’s Director Independence Policy and the stock exchange listing standards because none of the directors, other than John V. Faraci and David L. Gitlin, has a business, financial, family or other relationship with Carrier that is considered material.

Board Committees

Effective upon the completion of the distribution, the Board will have the following three standing committees: Audit; Governance; and Compensation. Each standing committee is expected to be composed exclusively of independent directors. Each standing committee will have the authority to retain independent advisors to assist in the fulfillment of its responsibilities, to approve the fees paid to those advisors and to terminate their engagements. The Board is expected to adopt written charters for each committee, which will be made available on our website in connection with the distribution.

Audit		
	[] (Chair)	<ul style="list-style-type: none">• Assists the Board in overseeing: the integrity of Carrier’s financial statements; the independence, qualifications and performance of Carrier’s internal and external auditors; Carrier’s compliance with its policies and procedures, internal controls, Code of Ethics, and applicable laws and regulations; and policies and procedures relating to risk assessment and management• Nominates, for appointment by shareowners, an accounting firm to serve as Carrier’s independent auditor and maintains responsibility for compensation, retention and oversight of the auditor• Pre-approves all audit services and permitted non-audit services to be performed for Carrier by its independent auditor• Reviews and approves the appointment and replacement of the senior Internal Audit executive• Reviews and assists the Board in overseeing the management of Carrier’s financial resources and financial risks• Reviews and assists the Board in overseeing policies and programs relating to the management of foreign exchange exposure, interest rates; raw materials prices; investment of pension assets; and insurance and risk management• Reviews and assists the Board in overseeing strategies and plans for certain acquisitions and divestitures, including discussion of possible transactions and their financial impact
	[]	

Governance		
	<p>[] (Chair)</p> <p>[]</p>	<ul style="list-style-type: none"> Identifies and recommends qualified candidates for election to the Board Develops and recommends appropriate corporate governance guidelines Oversees the design and conduct of the annual self-evaluation of the Board, its committees and individual directors Recommends appropriate compensation of directors Submits to the Board recommendations for committee assignments Reviews and monitors the orientation of new Board members and the continuing education of all directors Reviews and oversees Carrier’s positions on significant public issues and corporate social responsibility, including diversity, the environment and safety
Compensation		
	<p>[] (Chair)</p> <p>[]</p>	<ul style="list-style-type: none"> Reviews Carrier’s executive compensation policies and practices to ensure that they adequately and appropriately align executive and shareowner interests Reviews and approves the design of and sets performance goals for the annual bonus and long-term incentive awards for executives Evaluates the performance of Carrier and its Named Executive Officers relative to the pre-established performance goals set by the Committee for the annual and long-term incentive programs Approves compensation levels for Executive Leadership Group (“ELG”) members and executive officers Reviews a risk assessment of Carrier’s compensation policies, plans and practices

How We Make Pay Decisions and Assess Our Programs

During our fiscal year ended December 31, 2018, Carrier was not an independent public company, and did not have a compensation committee or any other committee serving a similar function. Decisions regarding the compensation of those who currently serve as our executive officers were made by UTC, as described in the section of this information statement entitled “Executive Compensation — Compensation Discussion and Analysis.”

Corporate Governance

Our Commitment to Sound Corporate Governance

Carrier will be committed to strong corporate governance practices that will be designed to maintain high standards of oversight, accountability, integrity and ethics while promoting long-term growth in shareowner value.

Our governance structure will enable independent, experienced and accomplished directors to provide advice, insight and oversight to advance the interests of Carrier and our shareowners. Carrier will strive to maintain sound governance standards, to be reflected in our Code of Ethics, Governance Guidelines, our systematic approach to risk management, and our commitment to transparent financial reporting and strong internal controls.

The following documents will be made available on the Corporate Governance section of our website (www.carrier.com) in connection with the separation, where you will be able to access information about corporate governance at Carrier:

- Governance Guidelines;
- Board Committee Charters;
- Certificate of Incorporation and Bylaws;

TABLE OF CONTENTS

- Code of Ethics;
- Director Independence Policy;
- Related Person Transactions Policy;
- Public Activities;
- Stock ownership requirements;
- Information about our anonymous reporting program, which allows Carrier's employees and other stakeholders to identify potential instances of non-compliance or unethical practices confidentially and outside the usual management channels; and
- Information about how to communicate concerns to the Board and management.

The Carrier website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.

Shareowner Engagement

We will plan to solicit feedback on an annual basis from our largest shareowners with respect to changes that the Board (or a Committee) is considering regarding Carrier's executive compensation program and our corporate governance practices. Each year after the proxy statement relating to our annual meeting of shareowners is filed, we will plan to hold discussions that generally focus on the clarity and effectiveness of our disclosures and on matters that are of interest to investors. We will also discuss other topics with investors, such as leadership structure, corporate social responsibility and Carrier's diversity and sustainability initiatives.

In addition, management and independent directors will routinely engage with our shareowners on financial performance, capital allocation and business strategy.

Criteria for Board Membership

The following attributes are essential for all Carrier directors, and we will look to see that the Board exhibits these attributes:

- Objectivity and independence in making informed business decisions;
- Extensive knowledge, experience and judgment;
- The highest integrity;
- Diversity of perspective;
- A willingness to devote the extensive time necessary to fulfill a director's duties;
- An appreciation for the role of the corporation in society; and
- Loyalty to the interests of Carrier and its shareowners.

While we will not have a policy on Board diversity, a director's ability to contribute to the diversity of perspectives necessary in Board deliberations is an attribute that is critical to Carrier's success.

We are evaluating the principal skills and expertise that are essential to effective oversight in light of Carrier's business requirements and strategy.

Board Leadership Structure

The Governance Committee is expected to routinely review our governance practices and board leadership structure.

As of the completion of the distribution, it is expected that John V. Faraci will serve as Executive Chairman. Under our Governance Guidelines to be adopted in connection with the distribution, the Board will designate a non-employee director to serve as Lead Director when the Chairman is not independent. As an employee of Carrier, Mr. Faraci will not be an independent director. It is expected that [] will serve as the Lead Director as of the completion of the distribution.

Carrier's independent directors are expected to meet in regularly scheduled private sessions without management and in additional sessions when requested.

Board Self-Evaluation Process

The Board is expected to evaluate annually its own performance and that of the standing committees and individual directors. The Governance Committee will be responsible for and oversee the design and the manner in which the annual self-evaluation is completed. The Lead Director and the Governance Committee Chair will jointly lead the self-evaluation process.

The self-evaluation will inform the Board's consideration of the following:

- Board roles;
- Opportunities to increase the Board's effectiveness, including the addition of new skills and expertise;
- Refreshment objectives, including composition and diversity; and
- Succession planning.

The self-evaluation process is expected to generate improvements to our corporate governance practices and the Board's effectiveness.

Board Refreshment and Nominating Process

The Governance Committee is expected to regularly review with the Board the key skills and areas of expertise that are most important in selecting candidates to serve as directors, taking into account Carrier's operations and the mix of capabilities and experience already represented on the Board. As part of the Board's annual evaluation of its overall effectiveness, the Board will consider whether its composition reflects the diversity of experience, skills and perspectives that continuously enhance the Board's ability to carry out its oversight role and to effectively support Carrier's growth and strategy. Based on these considerations, the Board will adjust the priority it gives to various director qualifications when identifying candidates.

The Governance Guidelines and the amended and restated bylaws will not impose term limits on directors because Carrier believes that a director who serves for an extended period will develop a deep understanding of Carrier's history, practices and strategy and will therefore be uniquely positioned to provide insight and perspective regarding Carrier's operations and strategic direction. However, the Governance Guidelines will provide for a mandatory retirement age of 75 for directors in order to facilitate the Board's continuing refreshment. The Governance Guidelines will provide that the Board will retain the authority to approve exceptions to this policy based upon special circumstances. Additionally, the Board's self-evaluation process, including individual director evaluations, is expected to contribute to the Governance Committee's consideration of each incumbent's skills and expertise as part of the nomination and refreshment process.

The Governance Committee will consider candidates recommended by directors, management and shareowners who meet the qualifications Carrier seeks in its directors. The Governance Committee may also engage search firms to assist in identifying and evaluating qualified candidates and to ensure that the Governance Committee is considering a large and diverse pool of potential candidates. The amended and restated certificate of incorporation and amended and restated bylaws will provide that directors will be elected annually and the Governance Guidelines will provide for majority voting for directors in uncontested elections.

The amended and restated bylaws will establish advance notice procedures with respect to the nomination by shareowners of candidates for election as a director. Eligible shareowners will also be permitted to include their own director nominees in Carrier's proxy materials under the circumstances set forth in the amended and restated bylaws. Generally, a shareowner or a group of up to 20 shareowners, who has maintained continuous qualifying ownership of at least 3 percent of Carrier's outstanding common stock for at least three years, will be permitted to include director nominees constituting up to 20 percent of the board of directors in the proxy materials for an annual meeting of shareowners if such shareowner or group of shareowners complies with the other requirements set forth in the proxy access provision of the amended and restated bylaws. A copy of the amended and restated bylaws will be available on our website.

How We Will Manage Risk

Carrier encounters a range of risks, including legal, financial, operational, strategic and reputational. Among these broad categories, specific risks include human capital, market conditions, the overall political climate, and the impact of disruptive events, such as natural disasters.

To manage these risks, Carrier will implement a comprehensive enterprise risk management (“ERM”) program in connection with the distribution that will conform to the Enterprise Risk – Management Integrated Framework established by the Committee of Sponsoring Organizations of the Treadway Commission. As part of Carrier’s ERM program, the Vice President, Global Ethics & Compliance will be responsible for identifying and reporting to the Executive Chairman and the President and Chief Executive Officer, the notable business and compliance risks that could affect business operating plans and strategic initiatives, assessing the likelihood and potential impact of the pertinent risks and designing mitigation plans. The Executive Chairman, President and Chief Executive Officer, Chief Financial Officer and General Counsel will report to the Board at least annually on business risks, compliance risks, functional risks and the associated mitigation plans.

The full Board will be responsible for the oversight of Carrier’s risk management process and structure, while the Audit Committee will oversee Carrier’s overall policies and practices for enterprise risk management. In addition, responsibility for the oversight of specific risk categories will be allocated among the Board and its committees as follows:

Full Board of Directors	Audit Committee	Governance Committee	Compensation Committee
<ul style="list-style-type: none"> • Risk management program • Major strategies and business objectives • Most significant risks, such as major litigation • Succession planning • Government relations 	<ul style="list-style-type: none"> • Financial • Operational • Compliance • Reputational • Strategic • Cybersecurity 	<ul style="list-style-type: none"> • Corporate governance • Director candidate review • Conflicts of interest • Director independence • Environment • Safety • Equal employment opportunity • Public policy issues 	<ul style="list-style-type: none"> • Compensation and benefits policies, practices and plans • Incentive plan performance metrics and goals • Compensation levels for senior leaders • Compensation plan design • Executive retention

Through Carrier’s ERM framework, the Compensation Committee will identify, monitor and mitigate compensation risk in the following ways:

- *Emphasis on Long-Term Performance.* Long-term incentives will be the cornerstone of Carrier’s executive compensation program. Our long-term incentive program will incorporate long-term financial performance metrics which align executive and shareowner interests.
- *Rigorous Share Ownership Requirements.* Carrier will maintain significant share ownership requirements for our senior executives and directors. These requirements are intended to reduce risk by aligning the economic interests of executives and directors with those of our shareowners. A significant stake in future performance discourages the pursuit of short-term opportunities that can create excessive risk.
- *Prohibition on Short Sales, Pledging and Hedging of Carrier Securities.* Carrier will prohibit directors, officers and employees from entering into transactions involving short sales of our securities. Further, directors and executive officers will be prohibited from pledging or assigning an interest in Carrier

TABLE OF CONTENTS

stock, stock options or other equity interests as collateral for a loan. Transactions in put options, call options or other derivative securities that have the effect of hedging the value of Carrier securities will also be prohibited, whether the securities were granted to or otherwise acquired or held, directly or indirectly, by the applicable director or executive.

- *Comprehensive Clawback Policy.* Carrier will maintain a comprehensive policy on recoupment that applies to both annual and long-term incentive compensation. The policy will allow Carrier to claw back compensation in a number of circumstances, including, but not limited to, financial restatements, compensation earned as a result of financial miscalculations, violations of Carrier’s Code of Ethics and violations of post-employment restrictive covenants.
- *Post-Employment Covenants.* ELG members (which will include each of our named executive officers) will be restricted in engaging in post-employment activities detrimental to Carrier, such as disclosing proprietary information, soliciting Carrier employees or engaging in competitive activities.

Corporate Governance Information, Code of Ethics and How to Contact the Board

The Code of Ethics will apply to all directors and employees, including the principal executive, financial and accounting officers. Shareowners and other interested persons may send communications to the Board, the Lead Director, or one or more independent directors by (1) using the contact information provided on the Corporate Governance section of Carrier’s website at www.carrier.com, (2) letter addressed to the Corporate Secretary (see above for contact information) or (3) contacting Carrier’s anonymous reporting program at 1-[]. Communications relating to Carrier’s accounting, internal controls, auditing matters or business practices will be reviewed by Carrier’s Vice President, Global Ethics & Compliance and reported to the Audit Committee pursuant to the Carrier Governance Guidelines. All other communications will be reviewed by the Carrier Corporate Secretary and reported to the Board, as appropriate, pursuant to the Governance Guidelines.

Procedures for Approval of Related Persons Transactions

Carrier will adopt a written policy for the review of transactions with related persons (the “Related Person Transactions Policy”). The Related Person Transactions Policy will require review, approval or ratification of transactions exceeding \$120,000 in which Carrier or any of its subsidiaries is a participant and in which a Carrier director, executive officer, a beneficial owner of five percent or more of Carrier’s outstanding shares, or an immediate family member of any of the foregoing persons, has a direct or indirect material interest. Any such transactions, other than specified pre-approved transactions that require annual reporting, will be required to be reported for review by the Carrier Corporate Secretary who will, in consultation with the Vice President, Global Ethics & Compliance, assess whether the transaction is a transaction with a related person, as such term is defined under Carrier’s policy and the relevant SEC rules. Following this review, the Governance Committee will determine whether the transaction can be approved or not, based on whether the transaction is determined to be in, or not inconsistent with, the best interests of Carrier and its shareowners. In making this determination, the Governance Committee will take into consideration whether the transaction is on terms no less favorable to Carrier than those available with other parties and the related person’s interest in the transaction. Carrier’s policy generally will permit employment of relatives of related persons possessing qualifications consistent with Carrier’s requirements for non-related persons in similar circumstances if the employment is approved by the Vice President & Chief Human Resources Officer and the Vice President, Global Ethics & Compliance.

DIRECTOR COMPENSATION

The Carrier director compensation program will be subject to the review and approval of the Board or a committee thereof after the distribution. The Compensation Committee of the UTC Board of Directors has approved an initial director compensation program for Carrier that is designed to enable ongoing attraction and retention of highly qualified directors and to address the time, effort, expertise and accountability required of active Board membership. This program is described in further detail below.

Treatment of outstanding UTC equity-based compensation awards held by Carrier non-employee directors in connection with the distribution is described under “The Separation and Distribution—Treatment of Equity-Based Compensation.”

Annual Retainer

The following chart shows the initial annual retainers for non-employee directors. 40% is payable in cash and the remaining 60% is payable in deferred stock units, although a director also may elect to receive 100% of the retainer in deferred stock units.

Role	Cash (\$)	Deferred Stock Units (\$)	Total (\$)
All Directors (base retainer)	\$ 124,000	\$ 186,000	\$ 310,000
Incremental Amount Above Base Retainer*			
Lead Director	\$ 14,000	\$ 21,000	\$ 35,000
Audit Committee Chair	\$ 10,000	\$ 15,000	\$ 25,000
Audit Committee Member	\$ 6,000	\$ 9,000	\$ 15,000
Compensation Committee Chair	\$ 8,000	\$ 12,000	\$ 20,000
Governance Committee Chair	\$ 8,000	\$ 12,000	\$ 20,000

* Directors serving in multiple leadership roles receive incremental compensation for each role.

Directors do not receive additional compensation for attending regularly scheduled Board or committee meetings, but do receive an additional \$5,000 for each special meeting attended in person.

Annual retainers are paid each year following the annual meeting of shareowners. New directors joining the Board between the annual meeting of shareowners and the end of September receive 100% of the annual retainer. Directors joining the Board between October and the next annual meeting of shareowners receive 50% of the annual retainer for the year they joined the Board.

After a non-employee director leaves the Board, deferred stock units are converted into shares of common stock, payable either in a lump-sum or in 10- or 15-year installments in accordance with the director’s prior election. When Carrier pays a dividend on its common stock, each non-employee director is credited with additional deferred stock units equal in value to the dividend paid on the corresponding number of shares of Carrier.

For a description of the adjustments that are expected to be made to outstanding UTC equity-based compensation awards, including those held by Carrier directors who previously served on the UTC Board of Directors, in connection with the distribution, see “The Separation and Distribution—Treatment of Equity-Based Compensation.”

Executive Chairman Compensation

Carrier’s Executive Chairman, John V. Faraci, will receive a base salary of \$1,000,000 per year and an annual long-term incentive award opportunity of \$1,500,000.

Director Share Ownership Requirements

Each Carrier non-employee director will be required to own Carrier common stock (including deferred stock units) with a value equal to five times such director’s annual base cash retainer (or, in the case of the Executive Chairman, his annual base salary). Directors must achieve the required stock ownership level within five years after joining the Board.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

Carrier is currently a subsidiary of UTC and not an independent public company, and its compensation committee has not yet been formed. Decisions regarding the past compensation of the named executive officers of Carrier were made by the Compensation Committee of the UTC Board of Directors (referred to in this section as the “UTC Compensation Committee”) if the executive previously served as an executive officer or ELG member of UTC, or otherwise by UTC management. After the distribution, Carrier’s executive compensation programs, policies and practices for its executive officers and ELG members will be subject to the review and approval of the compensation committee of the Board.

For purposes of this Compensation Discussion and Analysis and the following executive compensation tables, the individuals referred to as the “named executive officers” are Carrier’s Chief Executive Officer, Chief Financial Officer and, of the other individuals who have been designated as Carrier’s executive officers, the three most highly compensated based on 2019 compensation from UTC. The individuals who have been designated as Chief Executive Officer and Chief Financial Officer are listed below. Prior to the effectiveness of the registration statement of which this information statement forms a part, the other Carrier named executive officers will be identified in this Compensation Discussion and Analysis.

- David L. Gitlin, *President and Chief Executive Officer*
- Timothy McLevish, *Chief Financial Officer*

The following sections of this Compensation Discussion and Analysis describe UTC’s executive compensation philosophy, executive compensation program elements and certain UTC executive compensation plans, policies and practices, as well as certain aspects of Carrier’s anticipated compensation structure following the distribution. Prior to the effectiveness of the registration statement of which this information statement forms a part, information regarding the 2019 compensation of Carrier’s named executive officers will be disclosed in this Compensation Discussion and Analysis in accordance with the rules and regulations of the SEC.

UTC COMPENSATION PHILOSOPHY AND PROCESS

UTC’s Executive Compensation Philosophy

The UTC Compensation Committee believes that there must be a meaningful link between the compensation paid to UTC’s executives and UTC’s goal of long-term, sustainable growth for its shareowners. This core philosophy is embedded in the following principles, which guide all aspects of UTC’s compensation program:

UTC’S GUIDING PRINCIPLES FOR EXECUTIVE COMPENSATION

Competitiveness

Total compensation should be sufficiently competitive to attract, retain and motivate a leadership team capable of maximizing UTC’s performance. Each element should be benchmarked relative to peers.

Long-Term Focus

For UTC’s most senior executives, long-term, stock-based compensation opportunities should significantly outweigh short-term, cash-based opportunities. Annual objectives should complement sustainable, long-term performance.

Balance

The portion of total compensation contingent on performance should increase with an executive’s level of responsibility. Annual and long-term incentive opportunities should reward the appropriate balance of short-, medium- and long-term financial, strategic and operational business results.

Pay-for-Performance

A substantial portion of compensation should be variable, contingent and directly linked to individual, company and business unit performance.

Responsibility

A complete commitment to ethical and corporate responsibility is a fundamental principle incorporated into all aspects of UTC’s compensation program. Compensation should take into account each executive’s responsibility to act at all times in accordance with UTC’s Code of Ethics and its environmental, health and safety objectives. Financial, strategic and operational performance must not compromise these values.

Shareowner Alignment

The financial interests of executives should be aligned with the long-term interests of UTC’s share owners through stock-based compensation and performance metrics that correlate with long-term shareowner value.

How UTC Makes Pay Decisions and Assesses Its Programs

WHO DOES WHAT

UTC Compensation Committee

Oversees UTC's programs

- Sets financial, strategic and operational goals and objectives for UTC, the business units and UTC's Chief Executive Officer, as they relate to the annual and long-term incentive programs.
- Assesses UTC, business unit and UTC named executive officer performance relative to the pre-established goals and objectives set for the year.
- Approves UTC's Chief Executive Officer pay adjustments based on its assessment of UTC's Chief Executive Officer performance.
- Reviews the UTC's Chief Executive Officer's recommendations for pay changes for UTC Executive Leadership Group ("UTC ELG") members and UTC executive officers, and makes adjustments as appropriate.
- Evaluates the competitiveness of the compensation packages for UTC ELG members and UTC executive officers.
- Approves all UTC executive compensation program design changes, including severance, change-in-control and supplemental benefit arrangements.
- Reviews risk assessments of UTC's compensation plans, policies and practices.
- Considers UTC shareowner input regarding UTC's executive compensation decisions and policies.
- All decisions are subject to review by the other independent directors.

UTC Management and the Independent Consultant

Provide insight and assistance

UTC's Executive Vice President & Chief Human Resources Officer, along with UTC's Human Resources staff and the independent compensation consultant, provide insights on UTC's program design and compensation market data to assist the UTC Compensation Committee with its decisions. UTC management also has been delegated oversight responsibility over UTC executive compensation plan administration.

Chief Executive Officer

Provides selective input to the UTC Compensation Committee

- Considers the performance of each UTC ELG member/UTC executive officer, his or her business unit and/or function, market benchmarks, internal equity and retention risk when determining pay recommendations.
- Presents the UTC Compensation Committee with recommendations for each principal element of compensation for UTC ELG members (including the other UTC named executive officers) and UTC executive officers.
- Does not have any role in the UTC Compensation Committee's determination of his own compensation.

UTC Shareowners

Provide feedback on UTC's programs

In assessing UTC's program each year, the UTC Compensation Committee reviews the feedback received from UTC's shareowners. This feedback, along with other factors, helps the UTC Compensation Committee in its decisions and its ongoing assessment of the effectiveness of UTC's program.

Role of UTC Compensation Committee’s Independent Compensation Consultant

The UTC Compensation Committee has retained Pearl Meyer & Partners (“Pearl Meyer”) to serve as its executive compensation consultant. Although Pearl Meyer may make recommendations on the form and amount of compensation, the UTC Compensation Committee makes all decisions regarding the compensation of UTC’s named executive officers and other UTC ELG members.

In general, Pearl Meyer advises the UTC Compensation Committee on a variety of subjects, including compensation plan design and trends, pay-for-performance analytics, benchmarking data and related matters. Pearl Meyer reports directly to the UTC Compensation Committee, participates in meetings as requested and communicates with the UTC Compensation Committee Chair between meetings as necessary.

Prior to engaging Pearl Meyer, the UTC Compensation Committee reviewed the firm’s qualifications, independence and any potential conflicts of interest. Pearl Meyer generally does not perform other services for or receive other fees from UTC. The UTC Compensation Committee therefore determined that Pearl Meyer qualified as an independent consultant. The UTC Compensation Committee has the sole authority to modify or approve Pearl Meyer’s compensation, determine the nature and scope of its services, evaluate its performance, terminate the engagement and hire a replacement or additional consultant at any time.

The UTC Compensation Committee also uses market data from other compensation consulting firms for benchmarking and other purposes. However, this benchmark data is generally available broadly to these firms’ other consulting clients.

UTC’s Compensation Peer Group

How UTC Uses Peer Group Data.

UTC compares its executive compensation program to those at the 23 companies that make up UTC’s Compensation Peer Group (“UTC CPG”). Data from a broader range of companies, including the Fortune 100, are used for insight into general compensation trends and to supplement UTC CPG data when necessary and appropriate. To maintain a sufficiently competitive executive compensation program, the UTC Compensation Committee believes the target value of each principal element of compensation should approximate the market median of the companies UTC views as competitors for executive talent. The UTC Compensation Committee annually evaluates each compensation element relative to the market for each UTC ELG member’s role and makes adjustments as necessary. However, individual compensation may vary from market median benchmarks based on the UTC Compensation Committee’s assessment of UTC, business unit/function and individual performance, job scope, retention risk, tenure and other factors that it determines to be relevant to its evaluation.

How UTC’s Compensation Peer Group is Constructed

The UTC CPG’s composition reflects a mix of both industry and non-industry peers that the UTC Compensation Committee views as competitors for senior executive talent. Like UTC, 11 of these 23 companies are Dow Jones Industrial Average components. The UTC Compensation Committee believes the companies in the UTC CPG provide a relevant comparison based on their similarity to UTC in size, geographic footprint and operational complexity, taking into account factors such as revenue, market capitalization, global scope of operations, manufacturing footprint, research and development activities and diversified product portfolios. The UTC CPG is constructed to serve the specific purpose of benchmarking executive compensation. For this reason, UTC does not use the relative financial performance of the UTC CPG as a performance metric in UTC’s incentive compensation programs.

PRINCIPAL ELEMENTS OF UTC EXECUTIVE COMPENSATION PROGRAM

Base Salaries

To attract and retain talented and qualified executives, UTC provides competitive base salaries, which UTC targets at the market median. Each year the UTC Compensation Committee reviews the UTC Chief Executive Officer's recommendations for base salary adjustments for UTC ELG members relative to peer market data for similar roles. The UTC Compensation Committee has complete discretion to modify or approve the UTC Chief Executive Officer's recommendations. The UTC Chief Executive Officer has no involvement in the UTC Compensation Committee's determination of his own base salary. Actual salaries may vary from market medians based on factors such as job scope and responsibilities, experience, tenure, individual performance, retention risk and internal pay equity.

2019 Base Salaries for Carrier Named Executive Officers

Prior to the effectiveness of the registration statement of which this information statement forms a part, information regarding the 2019 base salaries for Carrier's named executive officers will be disclosed in this Compensation Discussion and Analysis in accordance with the rules and regulations of the SEC.

Annual Bonuses

UTC's Objectives

The UTC Compensation Committee believes its methodology for determining annual bonus awards accomplishes the following objectives:

- Sets financial performance goals that are consistent with the UTC Compensation Committee's assessment of the opportunities and risks for the upcoming year, as communicated to investors.
- Establishes challenging but achievable performance goals for UTC's executives.
- Provides incentive opportunities that are market competitive.
- Allows the UTC Compensation Committee to make discretionary adjustments if it determines that measured performance does not fully align with its assessment of overall performance.

Annual Bonus Targets

The UTC Compensation Committee approves annual bonus target levels based on relevant market data for each UTC ELG member's role. Target levels are expressed as a percentage of base salary and generally approximate the market median.

Pool Determination

Annual bonus funding pools are calculated by first multiplying each executive's annual bonus target value (base salary multiplied by target bonus percentage) by the applicable UTC or business unit financial performance factor approved by the UTC Compensation Committee based on the level of achievement of pre-established financial performance goals. These amounts are then aggregated to determine award pools for Corporate executives and each business unit, and are subsequently allocated among eligible executives based on individual performance.

Individual Performance

UTC named executive officers begin the year with individual financial, strategic and operational objectives. Based on the UTC Chief Executive Officer's assessment of each UTC named executive officer's performance, he may recommend that the UTC Compensation Committee make a discretionary adjustment to increase or decrease the annual bonus calculated using the applicable financial performance factor. The UTC Compensation Committee considers these recommendations and makes adjustments as it deems appropriate. UTC's Chief Executive Officer has no role in the UTC Compensation Committee's determination of his own annual bonus.

UTC Compensation Committee's Use of Discretion in Determining Annual Bonus Awards

UTC's annual bonus program is designed to closely align individual payouts with performance relative to pre-established goals. However, the UTC Compensation Committee retains the authority to make upward or downward adjustments if it determines that UTC, business unit and/or individual performance measured by the

TABLE OF CONTENTS

metrics does not accurately reflect the overall quality of performance for the year. Although the achievement of financial performance goals remains the primary basis for determining actual annual bonus amounts, the UTC Compensation Committee has previously made positive and negative discretionary adjustments to financial performance factors and as a result of individual performance. Examples of situations that could result in discretionary adjustment include:

- Material, unforeseen circumstances beyond UTC management’s control that affected financial performance results relative to the established goals or certain non-recurring charges or credits unrelated to operating performance;
- Tax or accounting rule adjustments that positively or negatively impact performance;
- Changes to UTC’s capital structure;
- An executive’s performance relative to specific individual annual objectives; or
- An executive’s failure to adhere to UTC’s Code of Ethics, Enterprise Risk Management program or other UTC policies.

2019 Annual Bonuses for Carrier Named Executive Officers

Prior to the effectiveness of the registration statement of which this information statement forms a part, information regarding the 2019 bonuses payable to Carrier’s named executive officers will be disclosed in this Compensation Discussion and Analysis in accordance with the rules and regulations of the SEC.

Long-Term Incentive Awards

Each year the UTC Compensation Committee reviews the design of UTC’s long-term incentive (“LTI”) awards to ensure consistency with the UTC program’s fundamental objective of aligning the interests of UTC executives and UTC shareowners while attracting and retaining talented senior leaders. UTC’s annual LTI awards are subject to three-year, service-based (and in the case of PSUs, performance-based) vesting requirements, with limited exceptions for death, disability, retirement, change-in-control and certain qualifying involuntary terminations.

Performance Share Units (“PSUs”)

UTC PSUs vest at the end of a three-year performance period if, and to the extent that, UTC achieves performance goals established by the UTC Compensation Committee. When a UTC PSU vests, it converts into one share of UTC common stock. Unvested UTC PSUs do not earn dividend equivalents. UTC PSUs are designed to deliver market median compensation at target levels of performance. Performance below or above target levels will result in payouts that differ from the market median.

Stock Appreciation Rights (“SARs”)

UTC SARs entitle the award recipient to receive at the time of exercise shares of UTC common stock with a market value equal to the difference between the market price of UTC common stock on the date the UTC SARs are exercised and the exercise price that was set at the grant date (i.e., the closing price of UTC common stock on the date of grant). UTC SARs vest and become exercisable after three years and expire 10 years from the grant date.

To align UTC shareowner and UTC executive interests, UTC SAR awards directly link UTC named executive officer compensation to share price appreciation. The UTC Compensation Committee believes the 10-year term of these awards incentivizes long-term shareowner value creation.

Special Equity-Based Awards

The UTC Compensation Committee also may, from time to time, approve special equity grants for purposes such as recruitment, retention and recognition, or to drive the achievement of specific strategic performance goals. These special grants may be in the form of UTC PSUs, UTC SARs, UTC restricted stock units (“RSUs”), UTC restricted stock or UTC performance-based SARs.

Treatment of LTI Awards in Connection with the Distribution

For a description of the adjustments that are expected to be made to outstanding UTC LTI awards, including those held by Carrier named executive officers, in connection with the distribution, see “The Separation and Distribution—Treatment of Equity-Based Compensation.”

2019 LTI Awards for Carrier Named Executive Officers

Prior to the effectiveness of the registration statement of which this information statement forms a part, information regarding the 2019 UTC LTI awards granted to Carrier’s named executive officers will be disclosed in this Compensation Discussion and Analysis in accordance with the rules and regulations of the SEC.

OTHER UTC COMPENSATION ARRANGEMENTS**UTC Retirement and Deferred Compensation Benefits**

UTC's retirement and deferred compensation plans help UTC attract and retain talented executives. Over the years, the UTC Compensation Committee has updated these programs to maintain a competitive position within an evolving market. UTC believes the overall design of its retirement and deferred compensation programs is currently consistent with compensation practices in the marketplace and provides participating executives with benefits that approximate the UTC CPG market median.

Below are brief descriptions of each retirement and deferred compensation arrangement offered by UTC.

Plan	Description
UTC Employee Retirement Plan	UTC employees hired prior to January 1, 2010, are eligible to participate in this tax-qualified pension plan. Effective December 31, 2014, participants who had been covered by the original final average earnings formula of this plan transitioned to a more modest cash balance formula, which was already in effect for newer participants.
UTC Pension Preservation Plan	An unfunded, nonqualified retirement plan utilizing the same benefit formula, compensation recognition, retirement eligibility and vesting provisions as the tax-qualified UTC Employee Retirement Plan. For UTC employees hired prior to January 1, 2010, it provides pension benefits not provided under the tax-qualified pension plan because of the Code limits.
UTC Employee Savings Plan	A tax-qualified plan where UTC employees receive a matching contribution in the form of UTC stock units with a value equal to 60% of the first 6% of pay (consisting of base salary plus annual bonus) contributed by the UTC employee. Salaried UTC employees hired on or after January 1, 2010, who are not eligible to participate in the UTC Employee Retirement Plan receive an additional age-based Company contribution (ranging from 3% to 5.5% of earnings) to their UTC Employee Savings Plan account.
UTC Savings Restoration Plan	An unfunded, nonqualified plan that allows eligible employees to defer up to 6% of compensation that is above the annual compensation limit under the Code applicable to the UTC Employee Savings Plan. UTC provides matching contributions in UTC stock units at the same rate as would have been provided under the UTC Employee Savings Plan.
UTC Company Automatic Contribution Excess Plan	An unfunded, nonqualified plan for which salaried UTC employees hired on or after January 1, 2010, may receive an additional age-based UTC automatic contribution (ranging from 3% to 5.5% of earnings) for amounts above the Code limits applicable to the qualified UTC Employee Savings Plan. UTC participants receiving benefits under this plan are ineligible to accrue a benefit under the UTC Pension Preservation Plan described above.
UTC Deferred Compensation Plan	An unfunded, nonqualified, deferred compensation plan that offers UTC executives the opportunity to defer up to 50% of base salary and up to 70% of annual bonus.
UTC PSU Deferral Plan	An unfunded, nonqualified, deferred compensation plan that allows UTC executives to defer between 10% and 100% of their vested PSU awards. Upon vesting, the deferred portion of each UTC PSU award is converted into UTC deferred stock units that accrue dividend equivalents.

UTC Perquisites and Other Benefits

UTC provides the following benefits to UTC's senior executives and/or UTC ELG members, which the UTC Compensation Committee believes are consistent with market practice and contributes to recruitment and retention. UTC has also historically provided certain personal aircraft usage and security arrangements that are not described below because they apply exclusively to UTC's Chief Executive Officer.

Perquisite/Benefits	Description
UTC ELG Life Insurance	UTC ELG members appointed prior to January 31, 2015, may receive company-funded life insurance coverage up to three times their base salary at age 62 (projected or actual).
UTC ELG Long-Term Disability	The UTC ELG long-term disability program provides an annual benefit upon disability that is equal to 80% of base salary plus target annual bonus.
Healthcare	UTC senior executives and UTC ELG members are eligible to participate in the same health benefit program that UTC offers to UTC's other employees.
Executive Physical	UTC ELG members are eligible for a comprehensive annual executive physical.
Executive Leased Vehicle	UTC provides UTC senior executives and UTC ELG members with an annual allowance toward the costs of a leased vehicle. For UTC ELG members, the value of the allowance varies by UTC ELG appointment date. Any costs above the annual allowance are paid directly by the UTC executive.
Financial Planning	UTC senior executives and UTC ELG members are eligible to receive an annual financial planning benefit.

UTC Succession Planning

On an annual basis, UTC's Chairman & Chief Executive Officer and UTC's Executive Vice President & Chief Human Resources Officer provide the UTC Board of Directors with information about the succession planning for key senior leadership roles, including the UTC Chief Executive Officer. Succession plans include a readiness assessment, biographical information and future career development plans. The UTC Board of Directors' views are incorporated into succession plans, which are updated annually based on this feedback.

UTC Post-Employment Restrictive Covenants

UTC senior executives and UTC ELG members may not engage in activities after termination or retirement that are detrimental to UTC, such as disclosing proprietary information, soliciting UTC employees or engaging in competitive activities. Violations can result in a clawback of annual and LTI awards.

UTC Clawback Policy

UTC has a comprehensive policy on recoupment ("clawback") of executive compensation, which applies to both UTC's annual and LTI compensation programs. In the event of a financial restatement or recalculation of a financial metric applicable to an award, UTC has the right to recover annual bonus payments and gains realized from vested LTI awards from any UTC executive (including UTC named executive officers) involved in activities that caused the restatement or recalculation. Clawbacks of bonuses, LTI awards and compensation realized from prior awards also may be triggered by violations of UTC's Code of Ethics, failure to meet employee health and safety standards, violations of post-employment restrictive covenants or the exposure of UTC to excessive risk as determined under our Enterprise Risk Management program. In addition, UTC has the right to recover compensation when a UTC executive's negligence (including negligent supervision of a subordinate) causes significant harm to UTC. If required or otherwise appropriate, UTC may publicly disclose the circumstances surrounding the UTC Compensation Committee's decision to seek recoupment.

No Short Sales, Pledging or Hedging of UTC Securities and No Underwater Option Buyouts

UTC prohibits directors, officers and employees from entering into transactions involving short sales of UTC securities. Further, directors and executive officers are prohibited from pledging or assigning an interest in UTC common stock, stock options or other equity interests as collateral for a loan. Transactions in put options, call options or other derivative securities that have the effect of hedging the value of UTC securities also are prohibited, whether or not those securities were granted to or held, directly or indirectly, by a director, officer or employee.

Tax Deductibility of UTC Incentive Compensation

To the extent consistent with other compensation objectives, the UTC Compensation Committee has sought to minimize UTC's compensation-related tax burden. Section 162(m) of the Code limits UTC's deduction to \$1 million for annual compensation paid to its covered employees, as defined in section 162(m).

GOING FORWARD CARRIER COMPENSATION ARRANGEMENTS

Overview

Immediately after the distribution, Carrier's executive compensation program will be similar to UTC's executive compensation program, and will generally be comprised of base salary, an annual performance-based bonus, annual LTI awards and certain executive perquisites.

In connection with the separation, Carrier generally expects to adopt compensation and benefit plans, including deferred compensation, retirement plans and supplemental retirement plans, that are similar to those in effect at UTC before the separation, except that Carrier will not adopt a plan that is similar to the UTC Employee Retirement Plan. It is expected that Carrier will also adopt an annual bonus plan and change in control severance plan, each as described below, and the 2020 Long-Term Incentive Plan (which is described in this information statement under the heading "Carrier Global Corporation 2020 Long-Term Incentive Plan"). In addition, Carrier's executive compensation philosophy and practices will initially mirror those at UTC. Following the distribution, the Compensation Committee of the Board (the "Carrier Compensation Committee") will consider and develop Carrier's compensation programs, plans, philosophy and practices, consistent with Carrier's business needs and goals.

Carrier Compensation Consultant and Peer Group

In anticipation of the separation, Pearl Meyer has been retained to serve as the initial compensation consultant to the Carrier Compensation Committee commencing on the distribution. However, after the distribution, the Carrier Compensation Committee will review and determine whether to continue to engage Pearl Meyer as its compensation consultant.

Also in anticipation of the separation, the UTC Compensation Committee has approved an initial Compensation Peer Group for Carrier consisting of the following companies: 3M Co., Cummins Inc., Danaher Corp., Dover Corp., Eaton Corp. plc, Emerson Electric Co., Fortive Corp., Honeywell International Inc., Illinois Tool Works Inc., Ingersoll-Rand Plc, Johnson Controls International Inc., Lear Corp., Parker-Hannifin Corp., Rockwell Automation, Inc., Stanley Black & Decker, Inc., TE Connectivity Ltd., Western Digital Corp and Whirlpool Corp. These companies were selected based on the following criteria: similarity to Carrier in size, geographic footprint and operational complexity, taking into account factors such as revenue, market capitalization, global scope of operations, manufacturing footprint and research and development activities. Although the Compensation Peer Group after the distribution will be determined by the Carrier Compensation Committee and its compensation consultant, it is expected that the Carrier Compensation Peer Group described above will be considered in Carrier's initial executive compensation decisions.

Offer Letters with Carrier Named Executive Officers

UTC entered into an offer letter with Timothy McLevish, the Chief Financial Officer of Carrier, in connection with his commencement of employment on September 30, 2019. The offer letter provides for an annual compensation package consisting of a base salary of \$800,000, a target annual bonus award of 100% of base salary (prorated for 2019) and an annual equity award generally consisting of RSUs, SARs and PSUs, with a target 2020 annual equity award opportunity of \$3,500,000. In addition, the offer letter provides for a sign-on equity award valued at \$4,000,000, in the form of 25% RSUs and 75% SARs, which vests after three years of employment or, if earlier, upon a termination of Mr. McLevish's employment without cause or Mr. McLevish's retirement (defined as termination of employment on or after age 65) on or after October 31, 2021. The offer letter also provides for a relocation benefits package in connection with Mr. McLevish's anticipated relocation to Palm Beach Gardens, Florida.

Carrier Executive Annual Bonus Plan

It is expected that Carrier will adopt an executive annual bonus plan to become effective upon, and subject to, the occurrence of the distribution. The eligible participants under the annual bonus plan would include the named executive officers of Carrier.

Pursuant to the bonus plan, each Carrier named executive officer will be eligible for a discretionary bonus payable based on the achievement of performance goals established by the Carrier Compensation Committee

TABLE OF CONTENTS

based on financial, operational, strategic performance measures, individual performance measures and/or such other measures as may be determined by the Carrier Compensation Committee. The performance period under the bonus plan will be Carrier's fiscal year, unless otherwise designated by the Carrier Compensation Committee. Each bonus paid under the plan will be in the form of cash or, at the discretion of the Carrier Compensation Committee, restricted stock or restricted stock units under the 2020 Long-Term Incentive Plan.

Upon a change in control (as defined in the bonus plan) of Carrier, each named executive officer will be entitled to receive a prorated bonus payment for the portion of the performance period that ends on the change in control, which payment shall be based on the greater of (1) the officer's target bonus for the performance period and (2) the officer's bonus based on the Carrier Compensation Committee's determination of the actual level of achievement of the applicable performance goals during the portion of the performance period completed as of the most recent practicable date prior to the change in control and projecting such performance to the end of the performance period.

Carrier Change in Control Severance Plan

It is expected that Carrier will adopt a change in control severance plan to become effective upon, and subject to, the occurrence of the distribution. The eligible participants under the severance plan would include the named executive officers of Carrier and its other executives.

Pursuant to the severance plan, any Carrier named executive officer who is terminated without cause or resigns for good reason on, or within the two years following, a change in control (as defined in the severance plan) of Carrier, would be entitled to receive (subject to the officer's execution of a release of claims in favor of Carrier and agreement to a one-year post-termination noncompetition covenant and a two-year post-termination nonsolicitation covenant):

- a lump sum cash severance payment equal to three times (for the Chief Executive Officer) and two times (other named executive officers) the sum of (a) the officer's annual base salary and (b) the officer's target annual bonus;
- a prorated target annual bonus for the year of termination (reduced by any annual bonus payment to which the named executive officer is entitled for the same period of service);
- up to 12 months of healthcare benefit coverage continuation at no premium cost to the officer;
- outplacement services for 12 months; and
- continued financial planning services for 12 months.

The severance plan provides that, in the event that the payments and benefits to a named executive officer in connection with a change in control, whether pursuant to the severance plan or otherwise, would be subject to the golden parachute excise tax imposed under Sections 280G and 4999 of the Code, then the officer will either receive all such payments and benefits and pay the excise tax, or such payments and benefits will be reduced to the extent necessary so that the excise tax does not apply, whichever approach results in a higher after-tax amount of the payments and benefits being retained by the officer.

Named Executive Officer Share Ownership Requirements

Each Carrier named executive officer will be required to own Carrier common stock (including RSUs and notional shares credited under Carrier's supplemental retirement and deferred compensation plans, but excluding stock options, SARs and PSUs) with a value equal to six times (for the Chief Executive Officer), four times (for the Chief Financial Officer and each other named executive officer who is a business unit president), or three times (for each other named executive officer) the officer's base salary. Named executive officers must achieve the required stock ownership level within five years after the ownership requirement first applies to them. If the ownership requirement is not met after this five-year period, then the named executive officer is not permitted to sell shares of Carrier until achieving the required ownership level.

CARRIER GLOBAL CORPORATION 2020 LONG-TERM INCENTIVE PLAN

Carrier will adopt the Carrier Global Corporation 2020 Long-Term Incentive Plan (the “Plan”) in connection with the distribution. The following is a summary of the principal terms of the Plan, which is qualified in its entirety by reference to the full text of the Plan. The Carrier equity-based compensation awards issued in connection with the adjustment of outstanding UTC equity-based compensation awards upon the distribution (see “The Separation and Distribution—Treatment of Equity-Based Compensation”) will be issued pursuant to the Plan and will reduce the shares authorized for issuance under the Plan.

Purpose of the Plan

The purpose of the Plan is to enable Carrier to implement a compensation program that correlates compensation opportunities with shareowner value, focuses management on long-term sustainable performance and provides Carrier with a competitive advantage in attracting, retaining and motivating officers, employees and directors.

Administration of the Plan

The Plan will be administered by the Board or, if the Board elects, by the Carrier Compensation Committee or any other committee of the Board as designated by the Board from time to time. All references in this section to the “Committee” refer to the Board as a whole or the applicable committee designated by the Board. Subject to applicable law, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members or other persons it selects, provided that no delegation of authority will be permitted that would cause a transaction pursuant to the Plan to be subject to (and not exempt from) Section 16(b) of the Exchange Act.

Subject to the terms and conditions of the Plan, the Committee (or its delegate) will have absolute authority to administer the Plan, including the authority to select the eligible individuals to receive awards, to determine the type of each award, the number of shares to be granted and the terms and conditions of the awards. The Committee also has authority to adopt procedures or sub-plans as necessary or advisable to comply with foreign legal or regulatory provisions for awards granted to participants outside of the United States.

Authorized Shares

The maximum number of shares of Carrier common stock that may be issued pursuant to awards granted under the Plan shall be [], which includes shares subject to awards granted in connection with the adjustment of outstanding UTC equity-based compensation awards upon the distribution. Shares issued under the Plan may be authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise, at the sole discretion of the Committee.

Each share of Carrier common stock issued pursuant to a full-value award (i.e., restricted stock, restricted stock units, performance share units and any other award that is not a stock appreciation right or stock option) will reduce the number of shares available for issuance under the Plan by two. Each share of Carrier common stock issued pursuant to a stock appreciation right or stock option will reduce the number of shares available for issuance under the Plan by one.

An employee participant may not be granted: (1) stock appreciation rights and stock options in excess of 2,500,000 shares during any calendar year, (2) full-value awards in excess of 600,000 shares during any calendar year, or (3) cash awards in excess of \$10,000,000. Compensation payable by Carrier to any non-employee director of Carrier, including awards granted under the Plan (with awards valued based on the fair value on the grant date for accounting purposes) and cash fees paid or credited, may not exceed \$1,500,000 during any single calendar year. Such limitations do not apply to equity-based compensation awards issued in connection with the adjustment of outstanding UTC equity-based compensation awards upon the distribution.

To the extent that any award under the Plan is forfeited, terminates, expires or lapses instead of being exercised, or any award is settled for cash, the shares subject to such awards will not be counted as shares issued under the Plan. If the exercise price of any stock appreciation right or stock option and/or the tax withholding obligations relating to any award are satisfied by delivering shares or Carrier withholding shares relating to such award, the gross number of shares subject to the award shall nonetheless be deemed to have been issued under the Plan.

Eligibility

Directors, officers and employees of Carrier and its subsidiaries and affiliates, and prospective directors, officers and employees who have accepted offers of employment from Carrier and its subsidiaries and affiliates are eligible to receive awards under the Plan. Pursuant to the terms of the employee matters agreement, certain employees, officers, and directors of Carrier, UTC and Carrier and their respective subsidiaries will receive equity-based compensation awards under the Plan issued in connection with the adjustment of outstanding UTC equity-based compensation awards upon the distribution.

Types of Awards

Stock Appreciation Rights and Stock Options

Stock appreciation rights and stock options entitle the participant to receive an amount in cash or shares with a value equal to the product of: (1) the difference between the fair market value of one share on the exercise date less the fair market value of one share on the grant date (“the spread”), multiplied by (2) the number of stock appreciation rights or stock options that have been exercised. Stock options granted under the Plan may either be incentive stock options (“ISOs”), which are intended to qualify for favorable treatment to the recipient under U.S. federal tax law, or nonqualified stock options, which do not qualify for this favorable tax treatment. The exercise price will be determined by the Committee and provided in the applicable award agreement, and will not be less than the fair market value (as defined in the Plan) on the grant date. In no event may any stock appreciation right or stock option granted under the Plan be amended (other than below under “Plan and Award Adjustments”) to: (1) decrease the exercise price; (2) cancel in exchange for cash or other awards or in conjunction with the grant of any new stock appreciation right or stock option with a lower exercise price; or (3) be subject to any action that would be treated, under the applicable stock exchange listing standards or for accounting purposes, as a “repricing,” unless such amendment, cancellation or action is approved by shareowners. The term of each stock appreciation right and stock option is fixed by the Committee, but cannot be more than 10 years after the grant date. The effect of a participant’s termination of service on any award held by the participant will be described in the applicable schedule of terms for the award.

A stock option that is intended to qualify as an ISO may not be granted to an eligible individual who at grant owns more than 10% of the total combined voting power of all classes of stock of Carrier, unless at the time the exercise price of such ISO is at least 110% of the fair market value of a share and is not exercisable after the fifth anniversary of the grant date. In addition, the aggregate fair market value of the shares at grant for which ISOs become exercisable by a participant during any calendar year may not exceed \$100,000.

Restricted Stock and Restricted Stock Units

Shares of restricted stock are actual shares of Carrier common stock issued to a participant. The Committee determines: (1) the participants eligible to receive restricted stock; (2) the timing of grants; (3) the number of shares to be awarded; (4) the vesting conditions of awards; (5) the conditions in which an award may be subject to forfeiture; and (6) any other terms and conditions of the award, in addition to those contained in the Plan. A participant holding restricted shares will have all the rights of a shareowner of Carrier holding shares of common stock, including, if applicable, the right to vote the shares and the right to receive any dividends (except as otherwise noted under “Dividends and Dividend Equivalents” below).

Restricted stock units, which include deferred stock units and performance share units, are awards denominated in shares that will be settled, subject to the applicable award’s terms and conditions, in a specified number of shares of Carrier common stock or cash equal to the fair market value of the number of shares of common stock. The Committee may require that restricted stock units vest based on either the continued service of the participant, the attainment of performance goals or a combination of both. Restricted stock units will be settled upon vesting or at a later time if permitted pursuant to a deferred compensation arrangement. Certain restricted stock unit awards may be eligible for dividends or dividend equivalents.

Performance Awards

The grant or vesting of awards under the Plan may be conditioned on the achievement of performance goals established by the Committee, which may be based on attainment of specified levels of one or more of the following measures, or of any other measures determined by the Committee in its discretion, including: stock

TABLE OF CONTENTS

price, total shareholder return, earnings (whether based on earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization), earnings per share, return on equity, return on sales, return on assets or operating or net assets, market share, objective customer service measures or indices, pre- or after-tax income, net income, cash flow (before or after dividends or other adjustments), free cash flow, cash flow per share (before or after dividends or other adjustments), gross margin, working capital and gross inventory turnover, risk-based capital, revenues, revenue growth, return on capital (whether based on return on total capital or return on invested capital), cost control, gross profit, operating profit, unit volume and sales, in each case with respect to Carrier or any one or more subsidiaries, divisions, business units or business segments thereof, either in absolute terms or relative to the performance of one or more other companies (including an index covering multiple companies).

Other Stock-Based Awards

Other stock-based awards are awards under the Plan not otherwise specifically described in the Plan that are valued by reference to, or otherwise relate to, shares of Carrier common stock, and which are subject to terms and conditions consistent with the terms of the Plan that are determined by the Committee.

Cash Awards

Cash awards are awards under the Plan that are denominated and payable in cash and which are subject to such terms and conditions consistent with the terms of the Plan as are determined by the Committee.

Dividends and Dividend Equivalents

Any dividends or dividend equivalents credited with respect to any award under the Plan will be subject to the same time and/or performance-based vesting conditions applicable to such award and will, if vested, be delivered or paid at the same time as the underlying award. The schedule of terms for the award will specify if the award is subject to dividend or dividend equivalent payments. Stock appreciation rights and stock options cannot receive dividend or dividend equivalent payments under the Plan.

Minimum Vesting Period

The Committee may not grant awards with a designated vesting period of less than one year, except for awards granted to a maximum of 5% of the authorized share reserve under the Plan. Such minimum vesting period does not apply to equity-based compensation awards issued in connection with the adjustment of outstanding UTC equity-based compensation awards upon the distribution.

Plan and Award Adjustments

The Committee has discretion to make adjustments to the Plan and outstanding awards in limited circumstances, as described below.

Corporate Transactions and Other Corporate Events

In the event of a: (1) a merger, consolidation, acquisition of property or shares, stock rights offering, liquidation, disposition for consideration of an equity interest in a subsidiary or affiliate, or similar event affecting Carrier or any of its subsidiaries; or (2) a stock dividend, stock split, reverse stock split, reorganization, share combination or recapitalization or similar event affecting the capital structure of Carrier, or a disaffiliation, separation or spinoff, or other extraordinary dividend, the Committee may in its discretion, in the case of events described in clause (1) and (2), make such substitutions or adjustments as it deems appropriate and equitable to: (a) the aggregate number and kind of shares or other securities reserved for issuance and delivery under the Plan; (b) the various maximum limitations on the grants to individuals of certain types of awards; (c) the number and kind of shares or other securities subject to outstanding awards; (d) financial goals or results relating to a performance goal; and (e) the exercise price of outstanding awards. In the case of certain corporate transactions, such an adjustment may consist of cancellation of outstanding awards in exchange for payments of cash, property or a combination of both having an aggregate value equal to the value of such awards, which in the case of an option may be the excess, if any of the deal consideration per share over the per share exercise price.

Change in Control

Upon a change in control of Carrier, participants in the Plan will be granted replacement awards by the acquiring or surviving company that are of the same type held prior to the change in control. Performance awards will be converted into replacement time-based awards for the remainder of the applicable performance period (or such shorter period determined by the Committee), with the number of underlying shares determined based on the greater of actual performance through the latest practicable date prior to the change in control and target performance. Replacement awards will generally continue to vest on the same schedule as the original awards, except that, if a participant's employment is terminated by Carrier other than for cause, or if the participant terminates for "good reason," in each case, within the 24 months following the change in control, then the participant's replacement awards will become vested in full. In the event an acquiring or surviving company refuses to issue replacement awards, or if the acquiring or surviving company is not a publicly held company, then all awards under the Plan will become vested in full upon the change in control, with performance awards vesting at the greater of actual performance through the latest practicable date prior to the change-in-control and target performance. The terms "cause," "good reason" and "change in control" are defined in the Plan, except that, in the case of a participant who is covered by the Carrier Change in Control Severance Plan, the terms "cause" and "good reason" are defined in such plan.

Plan and Award Amendments

The Committee may amend, alter or discontinue the Plan at any time, subject to two limitations. First, no amendment, alteration or discontinuance may materially impair the rights of a participant with respect to a previously granted award without the participant's consent (unless the amendment is required to comply with applicable law, stock exchange rules, tax rules or accounting rules). Second, an amendment must receive approval of shareowners, if required by applicable law, or the applicable stock exchange listing standards. The Committee may unilaterally amend the terms of any outstanding award, but no such amendment shall, without the participant's consent and except as otherwise described above, materially impair the rights of any participant with respect to an award, except such an amendment made to cause this Plan or award to comply with applicable law, applicable stock exchange listing standards or accounting rules.

Clawback Provisions

The Committee has the authority, in the event of certain types of misconduct or upon the occurrence of specified events to cancel awards, including vested awards, and to recoup gains realized by participants from previous awards under the Plan.

Term of the Plan

The Plan is effective as of the distribution and, unless earlier terminated by the Committee, will terminate on the tenth anniversary of the effective date.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The agreements described below are or will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of the agreements set forth below are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

Raytheon Merger Agreement

On June 9, 2019, UTC, Merger Sub and Raytheon entered into the Raytheon merger agreement.

Pursuant to the Raytheon merger agreement, each share of Raytheon common stock issued and outstanding as of the merger effective time of the Raytheon merger (the “merger effective time”) (except for shares held by Raytheon as treasury stock) will be converted into the right to receive 2.3348 shares of UTC common stock (and, if applicable, cash in lieu of fractional shares) (the “Raytheon merger consideration”), less any applicable withholding taxes. Each share of UTC common stock issued and outstanding will remain issued and outstanding and will not be canceled or converted as a result of the Raytheon merger.

As of the merger effective time, each unvested Raytheon restricted stock award and Raytheon restricted stock unit award that becomes vested at the merger effective time by its terms will be converted into the right to receive the Raytheon merger consideration in respect of each underlying share of Raytheon common stock, less applicable tax withholding. As of the merger effective time, each other unvested Raytheon restricted stock award and Raytheon restricted stock unit award, and each Raytheon performance-based restricted stock unit award, will be converted into an equivalent award of UTC relating to the number of shares of UTC common stock equal to the product of (1) the number of shares of Raytheon common stock subject to such award immediately prior to the merger effective time (determined, in the case of a performance-based restricted stock unit award, by deeming the applicable performance conditions to be achieved at the levels determined pursuant to the methodology described in the Raytheon merger agreement), multiplied by (2) 2.3348, and each converted award will otherwise have the same terms and conditions (other than performance-based vesting conditions, in the case of a performance-based restricted stock unit award) that applied to the corresponding Raytheon award immediately prior to the merger effective time.

UTC has agreed that, before the completion of the Raytheon merger, UTC will complete the separation and each of the Carrier distribution and the Otis distribution in accordance with the Raytheon merger agreement, including certain separation principles agreed to by Raytheon and UTC in connection with the merger agreement that are consistent with the terms of the separation and the distribution as described in this information statement and that provide for certain parameters and restrictions on the terms of the separation agreement and related agreements, including that these agreements must generally be on terms that are customary for similar separation transactions. Pursuant to the Raytheon merger agreement, the separation and each of the Carrier distribution and the Otis distribution are to be completed as promptly as reasonably practicable (taking into account the requirements of applicable law and the rules and regulations of the NYSE), but in any event on or before the fourth business day prior to the outside date (as defined below) (as the outside date may be extended as described below, and subject to an additional automatic extension to the first business day after the 35th day following the date on which each of the events described in the following clauses (1) and (2) have occurred if the date on which each of these events has occurred is fewer than 35 days before the outside date, after (1) the satisfaction or waiver of all of the conditions to UTC’s obligation under the Raytheon merger agreement to complete the separation, the Carrier distribution, the Otis distribution and the Raytheon merger and (2) receipt by UTC from Raytheon of (a) written confirmation that each of the conditions to Raytheon’s obligation under the Raytheon merger agreement to complete the Raytheon merger has been satisfied or waived and Raytheon stands ready, willing and able to close the Raytheon merger and (b) an executed officer’s certificate certifying Raytheon’s compliance with its representations, warranties and obligations under the Raytheon merger agreement (subject to the applicable materiality standards set forth therein)).

The Raytheon merger agreement provides for various governance arrangements, including that UTC’s name will be changed to Raytheon Technologies Corporation.

The completion of the Raytheon merger is subject to conditions, including:

- the approval of the Raytheon merger by Raytheon stockholders and the approval of the issuance of shares of UTC common stock in connection with the Raytheon merger by UTC shareowners;

TABLE OF CONTENTS

- the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;
- the receipt of other required regulatory approvals;
- the effectiveness of the registration statement on Form S-4 that UTC has separately made available to UTC and Raytheon stockholders and the effectiveness of the registration statement on Form 10 of which this information statement is a part and the registration statement on Form 10 of which the separate information statement UTC is making available with respect to the Carrier distribution is a part (and, in each case, the absence of any stop order, or actions by the SEC seeking a stop order);
- approval of the listing on the NYSE of the UTC common stock to be issued as the Raytheon merger consideration and approvals for listing of the shares of common stock to be distributed in each of the Carrier distribution and the Otis distribution on the applicable security exchange(s);
- the absence of an injunction or law prohibiting the separation, either the Otis distribution or the Carrier distribution, or the Raytheon merger;
- receipt by UTC of (1) an IRS ruling and (2) an opinion of outside counsel regarding the qualification of certain elements of each of the Carrier distribution and the Otis distribution under Section 355 of the Code;
- receipt by each of UTC and Raytheon of an opinion of its respective outside counsel to the effect that (1) the Raytheon merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code and (2) the Raytheon merger will not cause Section 355(e) of the Code to apply to either the Otis distribution or the Carrier distribution;
- receipt by UTC of solvency opinions relating to the distributions;
- the accuracy of the representations and warranties of the parties under the Raytheon merger agreement (subject to the materiality standards set forth in the Raytheon merger agreement);
- the performance by the parties to the Raytheon merger agreement of their respective covenants and obligations under the Raytheon merger agreement in all material respects, and with respect to UTC, compliance in all respects with the covenant (subject to the terms and conditions of the Raytheon merger agreement) that the adjusted net indebtedness of the UTC Aerospace Businesses will not exceed \$24.3 billion; and
- delivery of officer certificates by the parties to the Raytheon merger agreement certifying satisfaction of certain of the conditions described above.

In addition, the completion of the Raytheon merger is subject to the prior completion of the separation and each of the Carrier distribution and the Otis distribution.

The Raytheon merger agreement may be terminated by mutual written consent of Raytheon and UTC at any time before the merger effective time. In addition, the Raytheon merger agreement may be terminated by either Raytheon or UTC if:

- the Raytheon merger has not been completed by July 1, 2020, (1) subject to an automatic extension to January 4, 2021, if certain conditions other than certain antitrust-related conditions are or would be satisfied as of such date, and subject to further extension at UTC’s election if certain antitrust-related conditions have been satisfied on or after November 15, 2020, and the condition relating to the completion of the separation and distributions has not yet been satisfied, which extension would be to the first business day after the 50th day following the date on which the last of the antitrust-related conditions have been satisfied or (2) subject to extension at the election of UTC or Raytheon to October 1, 2020, if certain conditions other than certain separation-related conditions are or would be satisfied as of such date and subject to further extension at Raytheon’s election to January 4, 2021 if the separation-related conditions have not yet been satisfied but certain other conditions have been or would be satisfied as of such date, and subject to the additional 35-day extension referred to above (we refer to July 1, 2020, as so extended, as the “outside date”);

TABLE OF CONTENTS

- the approval of the Raytheon merger has not been obtained at the special meeting of Raytheon stockholders or at any adjournment or postponement of such meeting;
- the approval of the issuance of shares of UTC common stock has not been obtained at the special meeting of UTC shareowners or at any adjournment or postponement of such meeting;
- any governmental entity of competent jurisdiction has issued or entered any order or any applicable law has been enacted or promulgated that would permanently restrain, enjoin or otherwise prohibit the completion of the separation, either the Otis distribution or the Carrier distribution or the Raytheon merger;
- the other party breaches or fails to perform any of its representations, warranties, covenants or other agreements in the Raytheon merger agreement, which breach or failure to perform would result in the failure of a condition related to the accuracy of the other party's representations and warranties or performance of covenants in the Raytheon merger agreement, subject to certain materiality thresholds and rights to cure and other limitations; or
- the other party's board changes its recommendation to its shareowners to vote in favor of the transaction or the other party willfully breaches certain covenants under the Raytheon merger agreement to not solicit alternative transactions.

The Raytheon merger agreement provides that, in connection with a termination of the Raytheon 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 representations, warranties and covenants set forth in the Raytheon merger agreement described above have been made only for the purposes of the agreement and solely for the benefit of the parties to the agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. In addition, such representations and warranties (1) will not survive completion of the Raytheon merger and cannot be the basis for any claims under the Raytheon merger agreement by the party not making such representations and warranties after termination of the Raytheon merger agreement, except as a result of fraud or a willful breach, and (2) were made only as of the dates specified in the Raytheon merger agreement. Accordingly, the Raytheon merger agreement is incorporated by reference into this filing only to provide investors with information regarding the terms of the Raytheon merger agreement and not to provide investors with any other factual information regarding the parties to the Raytheon merger agreement or their respective businesses.

Agreements with UTC and Otis

Following the separation and distributions, Carrier, Otis and UTC will each operate separately, each as an independent public company. In connection with the separation, Carrier will enter into a separation agreement with UTC and Otis to effect the separation and to provide a framework for the relationship among UTC, Carrier and Otis after the separation, and will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property agreement. These agreements will allocate among Carrier, Otis and UTC the assets, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of UTC and its subsidiaries attributable to periods prior to, at and after the separation, provide for certain services to be delivered on a transitional basis, and govern the relationship among Carrier, Otis and UTC following the separation. These agreements will not be impacted by the completion of the Raytheon merger.

The material agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of these agreements set forth below are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

Separation Agreement

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be transferred to each of Carrier, Otis and UTC as part of the separation of UTC into three independent companies, and will provide for when and how these transfers and assumptions will occur. In particular, the separation agreement will provide that, among other things, subject to the terms and conditions contained therein:

- certain assets of, or related to, the Carrier Business, which we refer to as the “Carrier Assets,” will be 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 pro forma balance sheet as of [], 2020 included in the “Unaudited Pro Forma Combined Financial Information” section of this information statement, 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, 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;
 - other assets expressly allocated to Carrier or Carrier’s subsidiaries pursuant to the terms of the separation 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, which we refer to as the “Carrier Liabilities,” will be retained by or transferred to Carrier or Carrier’s subsidiaries, including:
 - liabilities that are included on the Carrier pro forma balance sheet as of [], 2020 included in the “Unaudited Pro Forma Combined Financial Information” section of this information statement, 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 UTC, 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, Carrier Assets or the other Carrier Liabilities;

TABLE OF CONTENTS

- other liabilities expressly allocated to Carrier or Carrier’s subsidiaries pursuant to the terms of the separation 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 Otis Business, which we refer to as the “Otis Assets,” will be 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 pro forma balance sheet as of [], 2020, 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, 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;
 - other assets expressly allocated to Otis or Otis’ subsidiaries pursuant to the terms of the separation 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, which we refer to as the “Otis Liabilities,” will be retained by or transferred to Otis or Otis’ subsidiaries, including:
 - liabilities that are included on the Otis pro forma balance sheet as of [], 2020, 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 UTC, 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, Otis Assets or the other Otis Liabilities;
 - other liabilities expressly allocated to Otis or Otis’ subsidiaries pursuant to the terms of the separation 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, which we refer to as the “UTC Assets,” will be retained by or transferred to UTC or UTC’s subsidiaries, including:

TABLE OF CONTENTS

- assets expressly allocated to UTC or UTC's subsidiaries pursuant to the terms of the separation agreement or the other agreements entered into in connection with the separation;
 - intellectual property rights and technology used or held for use in the UTC Business;
 - permits used or held for use solely or primarily in the UTC 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, which we refer to as the "UTC Liabilities," will be retained by or transferred to UTC or UTC'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 UTC or UTC'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 UTC, or any investigations, sanctions or orders, to the extent the facts underlying the applicable matter relate to, arise out of or result from the UTC Business, UTC Assets or the other UTC Liabilities; and
 - other liabilities expressly allocated to UTC or UTC's subsidiaries pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation.

Except as expressly set forth in the separation agreement or any ancillary agreement, none of Carrier, Otis or UTC will make 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 UTC, 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 will be transferred on an "as is," "where is" basis, and the respective transferees will 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.

Information in this information statement with respect to the assets and liabilities of the parties following the Carrier distribution and the Otis distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement will provide that in the event that the transfer of certain assets and liabilities (or a portion thereof) to Carrier, Otis or UTC, as applicable, does not occur prior to the separation, then until such assets or liabilities (or a portion thereof) are able to be transferred, Carrier, Otis or UTC, 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 UTC, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities.

The Distributions

The separation agreement will also govern the rights and obligations of the parties regarding the distributions following the completion of the separation. On the distribution date, UTC will distribute to its shareowners that hold UTC common stock as of the record date all of the issued and outstanding shares of Carrier common stock on a pro rata basis. On the date of the Otis distribution, UTC will distribute to its

shareowners that hold UTC common stock as of the record date for the Otis distribution all of the issued and outstanding shares of Otis common stock on a pro rata basis. In each of the Carrier distribution and the Otis distribution, shareowners will receive cash in lieu of any fractional shares.

Conditions to the Distribution

The separation agreement will provide that the Carrier distribution and the Otis distribution are each subject to satisfaction (or waiver by UTC in its sole and absolute discretion) of certain conditions. The conditions to the Otis distribution are substantially identical to those of the Carrier distribution, other than that they apply to Otis. The conditions to the Carrier distribution are described under “The Separation and Distribution—Conditions to the Distribution.” Under the separation agreement, UTC will have the sole and absolute discretion to determine (and change) the terms of the Carrier distribution and the Otis distribution and to determine the record date, the distribution date and the distribution ratio for each of the Carrier distribution and the Otis distribution. However, any such determination or change will be subject to UTC’s obligations to complete the separation and each of the Carrier distribution and the Otis distribution in accordance with the terms and conditions of the Raytheon merger agreement (including, with respect to certain changes, the requirement that UTC obtain Raytheon’s prior written consent). Notwithstanding the conditions set forth in the separation agreement, pursuant to and subject to the terms and conditions of the Raytheon merger agreement, UTC has agreed with Raytheon that UTC will consummate the separation and each of the Otis distribution and the Carrier distribution.

Releases

The separation agreement will provide that Carrier and its affiliates will release and discharge UTC, 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 Carrier distribution and the Otis distribution, and all liabilities arising from or in connection with all actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing before the distribution date 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 agreement.

The separation agreement will provide that Otis and its affiliates will release and discharge UTC, 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 Carrier distribution and the Otis distribution, and all liabilities arising from or in connection with all actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing before the distribution date 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 agreement.

The separation agreement will provide that UTC and its affiliates will release and discharge Carrier, Otis and their respective affiliates and certain other non-recourse parties from all UTC Liabilities, all liabilities arising from or in connection with the activities to implement the separation and the Carrier distribution and the Otis distribution, and all liabilities arising from or in connection with all actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing before the distribution date to the extent relating to, arising out of or resulting from the UTC Aerospace Businesses, the UTC Assets or the UTC Liabilities, in each case except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements among the parties that remain in effect following the separation, which agreements include the separation agreement and the other agreements described under “Certain Relationships and Related Party Transactions,” 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 the distribution date.

Indemnification

In the separation agreement, Carrier will agree to indemnify, defend and hold harmless UTC, Otis, each of UTC’s and Otis’ respective affiliates, and each of UTC’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;

TABLE OF CONTENTS

- 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 distribution;
- except to the extent relating to a UTC Liability or an Otis Liability, any guarantee, indemnification or contribution obligation for the benefit of Carrier by UTC or Otis that survives the distribution;
- any breach by Carrier of the separation 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 the Carrier Form 10, this information statement 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 UTC's name, and (2) all information in respect of Carrier or its business, assets or liabilities or the Carrier distribution in any UTC disclosure document in respect of a reporting period beginning prior to the completion of the Carrier distribution, or in the Otis Form 10, the Otis information statement or certain other Otis disclosure documents.

In the separation agreement, Otis will agree to indemnify, defend and hold harmless UTC, Carrier, each of UTC's and Carrier's respective affiliates, and each of UTC'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 distribution;
- except to the extent relating to a UTC Liability or a Carrier Liability, any guarantee, indemnification or contribution obligation for the benefit of Otis by UTC or Carrier that survives the distribution;
- any breach by Otis of the separation 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 the Otis Form 10, the Otis information statement 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 UTC's name, and (2) all information in respect of Otis or its business, assets or liabilities or the Otis distribution in any UTC disclosure document in respect of a reporting period beginning prior to the completion of the Otis distribution, or in the Carrier Form 10, this information statement or certain other Carrier disclosure documents.

UTC will agree 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 UTC Liabilities;
- the failure of UTC or any other person to pay, perform or otherwise promptly discharge any of the UTC 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 UTC by Otis or Carrier, as applicable, that survives the distributions;
- any breach by UTC of the separation 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 UTC's name in the Carrier Form 10 or the Otis Form 10, this information statement or the Otis information statement, or certain other Carrier disclosure documents or Otis disclosure documents and (2) statements in any UTC disclosure document other than information in respect of Carrier or Otis or their respective businesses, assets or liabilities or the distributions, made in any UTC disclosure document in respect of a reporting period beginning prior to the distributions.

TABLE OF CONTENTS

The separation agreement will also establish procedures with respect to claims subject to indemnification and related matters.

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

Insurance

The separation agreement will provide for the allocation among the parties of rights and obligations under existing insurance policies. In general, no party will have 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 UTC, Carrier or Otis, as applicable, prior to such coverage transition dates. The party accessing the insurance policies will generally be responsible for deductibles, retention amounts, and other fees and expenses to the extent arising out of its accessing such policies. The separation agreement will also provide that each of Carrier and Otis will have rights to access certain third-party insurance or reinsurance policies held by UTC captive insurance entities.

Further Assurances

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, Carrier, Otis and UTC will agree in the separation agreement to use reasonable best efforts, prior to, on and after the distribution date, 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 agreement and the ancillary agreements.

Dispute Resolution

The separation agreement will contain 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 UTC related to the separation or distributions. These provisions will 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 agreement.

Expenses

Except as expressly set forth in the separation 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 the distribution date, 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 agreement or in any ancillary agreement, or as otherwise agreed in writing by Carrier, Otis and UTC, 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 agreement will 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 agreement will not provide for any of Carrier, Otis or UTC to be subject to restrictions on competition.

Amendment and Termination

The separation agreement will provide that it may be terminated, and the separation and distributions may be modified or abandoned, at any time prior to the distribution date in the sole and absolute discretion of the UTC Board of Directors without the approval of Carrier or Otis. Pursuant to and subject to the terms and conditions of the Raytheon merger agreement, UTC has agreed with Raytheon that UTC will consummate the separation and each of the Carrier distribution and the Otis distribution.

TABLE OF CONTENTS

The separation agreement will provide that no provision of the separation agreement or any ancillary agreement may be waived, amended, supplemented or modified by a party without the written consent of the party or parties against whom it is sought to enforce such waiver, amendment supplement or modification. In addition, pursuant to the terms and conditions of the Raytheon merger agreement, UTC may not give its consent to certain categories of such waivers, amendments, supplements or modifications, or make certain other changes to the terms of the separation, the Carrier distribution or the Otis distribution without the prior written consent of Raytheon.

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

In the event of a termination of the separation agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other parties or any other person by reason of the separation agreement.

Transition Services Agreement

Carrier, Otis and UTC will enter into a transition services agreement in connection with the separation pursuant to which UTC and its subsidiaries will provide to Carrier and Otis and their respective subsidiaries, and Carrier and Otis and their respective subsidiaries will provide to UTC 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 will commence on the distribution date and will generally terminate no later than 12 months (or in certain cases, 18 months) following the distribution 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 will generally be 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 will provide 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 UTC will enter into a tax matters agreement that will govern 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, UTC generally will be responsible for all U.S. federal income taxes imposed on the UTC 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 UTC or one of its subsidiaries with respect to taxable periods (or portions thereof) that end on or prior to the distribution date, except (1) special rules will apply with respect to certain taxes imposed in connection with the separation and distribution, (2) Carrier and Otis will each be responsible for a specified portion of any installment payment required to be paid after the distribution date by UTC pursuant to Section 965(h)(2) of the Code, (3) Carrier and Otis will each be responsible for specified taxes that exclusively relate to the Carrier Business or the Otis Business, as applicable and (4) Carrier and Otis will each be responsible for taxes resulting from any breach of any representation or covenant made by Carrier or Otis, as applicable, in the tax matters agreement or other separation-related agreements. Carrier and Otis generally will each be 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 the date of the relevant distribution, except (a) special rules will apply with respect to certain taxes imposed in connection with the separation and distribution and (b) UTC will be responsible for taxes resulting from any breach of any representation or covenant made by UTC in the tax matters agreement or other separation-related agreements.

The tax matters agreement will provide special rules that allocate tax liabilities in the event either (1) the distribution, together with certain related transactions, fails 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 will be responsible for any taxes and related amounts imposed on UTC, 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 representations or covenants made by that party in the tax matters agreement. Further, under the tax matters agreement, each of UTC, Carrier and Otis would be 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 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 each case, to the extent such amounts did not result from a disqualifying action by, or acquisition of equity securities of, Carrier, Otis or UTC.

In addition, the tax matters agreement will impose certain restrictions on Carrier and its subsidiaries during the two-year period following the distribution that will be 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 and its subsidiaries will generally be 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 would be acquired or all or a portion of certain assets of Carrier and its 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 other than in certain open-market transactions or (6) taking or failing to take any other action that would cause the distribution, together with certain related transactions, to 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.

Employee Matters Agreement

Carrier, Otis and UTC will enter 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 will govern 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 will provide that, unless otherwise specified, each party will be responsible for liabilities associated with current and former employees of such party and its current and former subsidiaries.

The employee matters agreement will also govern the terms of equity-based awards granted by UTC prior to the separation. See "The Separation and Distribution—Treatment of Equity-Based Compensation."

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

Intellectual Property Agreement

Carrier, Otis and UTC will enter into an intellectual property agreement in connection with the separation under which each party, on behalf of itself and its subsidiaries, will as of the effective time of the distributions, own or have 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 will provide that intellectual

TABLE OF CONTENTS

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 will be assigned to the requester or the performer in accordance with prior intercompany practice. Additionally, the intellectual property agreement will provide 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 the distribution date, 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 will be royalty-free, nonexclusive, perpetual, irrevocable, fully paid-up, and, in the field of the licensee’s business, worldwide. The licenses will include the licensee’s right to sublicense, subject to certain customary limitations, and customary confidentiality requirements will apply.

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

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of material U.S. federal income tax consequences of the distribution to “U.S. holders” (as defined below) of UTC common stock. This discussion is based on the Code, U.S. Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, in each case as in effect and available on the date of this information statement and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this document.

This discussion applies only to U.S. holders of shares of UTC common stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion is based upon the assumption that the separation and the distribution, together with certain related transactions, will be consummated in accordance with the separation agreement and the other separation-related agreements and as described in this information statement. This discussion is for general information only and is not tax advice. It does not address all aspects of U.S. federal income taxation that may be relevant to particular holders of UTC common stock in light of their particular circumstances nor does it address tax considerations applicable to holders that are or may be subject to special treatment under the U.S. federal income tax laws (such as, without limitation, insurance companies, tax-exempt organizations, financial institutions, mutual funds, certain former U.S. citizens or long-term residents of the United States, broker-dealers, partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes), or other pass-through entities or the owners thereof, traders in securities who elect a mark-to-market method of accounting, holders who hold their UTC common stock as part of a “hedge,” “straddle,” “conversion,” “synthetic security,” “integrated investment” or “constructive sale transaction,” holders who acquired UTC common stock or Carrier common stock upon the exercise of employee stock options or otherwise as compensation or holders whose functional currency is not the U.S. Dollar). This discussion also does not address any tax consequences arising under the alternative minimum tax, the Medicare tax on net investment income or the Foreign Account Tax Compliance Act (including the Treasury Regulations promulgated thereunder and intergovernmental agreements entered into pursuant thereto or in connection therewith). In addition, no information is provided with respect to any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. This discussion does not address the tax consequences to any person who actually or constructively owns 5 percent or more of UTC common stock.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds UTC common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Holders of UTC common stock that are partnerships and partners in such partnerships should consult their own tax advisors as to the tax consequences of the distribution.

For purposes of this discussion, a “U.S. holder” is a beneficial owner of UTC common stock that is, for U.S. federal income tax purposes:

- an individual citizen or a resident of the United States;
- a corporation (or any other entity treated as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or (2) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

TABLE OF CONTENTS

The distribution is conditioned, among other things, on the receipt by UTC and continued validity of (1) an IRS ruling satisfactory to the UTC Board of Directors and (2) an opinion of outside counsel, satisfactory to the UTC Board of Directors, regarding the qualification of certain elements of the distribution under Section 355 of the Code. The IRS ruling and the opinion of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of Carrier, Otis and UTC (including those relating to the past and future conduct of Carrier, Otis and UTC). If any of these representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if any of the representations or covenants contained in any of the separation-related agreements and documents or in any documents relating to the IRS ruling and/or the opinion of counsel are inaccurate or not complied with by Otis, Carrier or UTC, such IRS ruling and/or the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt by UTC of the IRS ruling and the opinion of counsel, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the IRS ruling or the opinion of counsel was based are false or have been violated. In addition, the IRS ruling will not address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, and an opinion of counsel represents the judgment of such counsel and is not binding on the IRS or any court and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by UTC of the IRS ruling and the opinion of counsel, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, UTC, Carrier and UTC shareowners could be subject to significant U.S. federal income tax liability. Please refer to “—Material U.S. Federal Income Tax Consequences if the Distribution is Taxable” below.

Material U.S. Federal Income Tax Consequences if the Distribution, Together with Certain Related Transactions, Qualifies as a Transaction That is Generally Tax-Free Under Sections 355 and Sections 368(a)(1)(D) of the Code.

If the distribution, together with certain related transactions, qualifies 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, the U.S. federal income tax consequences of the distribution are as follows:

- no gain or loss will be recognized by, and no amount will be includible in the income of UTC as a result of the distribution, other than gain or income arising in connection with certain internal restructurings undertaken in connection with the separation and distribution (including with respect to any portion of the borrowing proceeds transferred to UTC from Carrier that is not used for qualifying purposes) and with respect to any “excess loss account” or “intercompany transaction” required to be taken into account by UTC under Treasury Regulations relating to consolidated federal income tax returns;
- no gain or loss will be recognized by (and no amount will be included in the income of) U.S. holders of UTC common stock upon the receipt of Carrier common stock in the distribution for U.S. federal income tax purposes, except with respect to any cash received in lieu of fractional shares of Carrier common stock (as described below);
- the aggregate tax basis of the UTC common stock and the Carrier common stock received in the distribution (including any fractional share interest in Carrier common stock for which cash is received) in the hands of each U.S. holder of UTC common stock immediately after the distribution will equal the aggregate basis of UTC common stock held by the U.S. holder immediately before the distribution, allocated between the UTC common stock and the Carrier common stock (including any fractional share interest in Carrier common stock for which cash is received) in proportion to the relative fair market value of each on the date of the distribution (provided that, in the event the Carrier distribution and the Otis distribution occur on the same date, the aggregate tax basis of the UTC common stock, the Carrier common stock and the Otis common stock received in the distributions (including any fractional share interest in Carrier common stock and/or Otis common stock for which cash is received) in the hands of each U.S. holder of UTC common stock immediately after the distributions will equal the aggregate basis of UTC common stock held by the U.S. holder immediately before the

distributions, allocated among the UTC common stock, the Carrier common stock and the Otis common stock (including any fractional share interest in Carrier common stock and/or Otis common stock for which cash is received) in proportion to the relative fair market value of each on the date of the distributions); and

- the holding period of the Carrier common stock received by each U.S. holder of UTC common stock in the distribution (including any fractional share interest in Carrier common stock for which cash is received) will generally include the holding period at the time of the distribution for the UTC common stock with respect to which the distribution is made.

A U.S. holder who receives cash in lieu of a fractional share of Carrier common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and such U.S. holder's adjusted tax basis in such fractional share. Such gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for its UTC common stock exceeds one year at the time of the distribution.

If a U.S. holder of UTC common stock holds different blocks of UTC common stock (generally shares of UTC common stock purchased or acquired on different dates or at different prices), such holder should consult its tax advisor regarding the determination of the basis and holding period of shares of Carrier common stock received in the distribution in respect of particular blocks of UTC common stock.

Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable.

As discussed above, notwithstanding receipt by UTC of the IRS ruling and an opinion of counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, some or all of the consequences described above would not apply, and UTC, Carrier, Otis and UTC shareowners could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of UTC, Carrier or Otis could cause the distribution and certain related transactions to not qualify for tax-free treatment for U.S. federal income tax purposes. Depending on the circumstances, Carrier may be required to indemnify UTC and Otis for taxes (and certain related losses) resulting from the distribution and certain related transactions not qualifying as tax-free.

If the distribution were to 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, in general, for U.S. federal income tax purposes, UTC would recognize taxable gain as if it had sold the Carrier common stock in a taxable sale for its fair market value (unless UTC and Carrier jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (1) the UTC group would recognize taxable gain as if Carrier had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of the Carrier common stock and the assumption of all Carrier's liabilities and (2) Carrier would obtain a related step up in the basis of its assets), and UTC shareowners who receive Carrier common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Even if the distribution were to otherwise qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to UTC (but not its shareowners) under Section 355(e) of the Code if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest (by vote or value) in UTC or Carrier. For this purpose, any acquisitions of UTC or Carrier shares within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although UTC or Carrier may be able to rebut that presumption (including by qualifying for one or more safe harbors under applicable Treasury Regulations). Further, for purposes of this test, even if the Raytheon merger were treated as part of such a plan, the Raytheon merger alone should not cause the distribution to be taxable to UTC under Section 355(e) of the Code because pre-Raytheon merger holders of UTC common stock will own over 50 percent of the UTC common stock immediately following the Raytheon merger. However, if the IRS were to determine that other acquisitions of UTC or Carrier stock, either before or after the distribution, were part of a plan or series of related transactions that included the distribution, such determination could result in significant tax liabilities to UTC.

TABLE OF CONTENTS

In connection with the distribution, Carrier, Otis and UTC will enter into a tax matters agreement pursuant to which each of Carrier and Otis will be responsible for certain liabilities and obligations following the distributions. In general, under the terms of the tax matters agreement, if the distribution, together with certain related transactions, were to 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 (including as a result of Section 355(e) of the Code) or if certain related transactions were to fail to qualify as tax-free under applicable law, and if such failure were the result of actions taken after the distribution by UTC, Carrier or Otis, then the party responsible for such failure will be responsible for all taxes imposed on UTC, Carrier or Otis to the extent such taxes result from such actions. However, if such failure was the result of any acquisition of Carrier shares, or of any of Carrier's representations, statements or undertakings being incorrect, incomplete or breached, then Carrier generally will be responsible for all taxes imposed as a result of such acquisition or breach. Further, under the terms of the tax matters agreement, if either of the distributions, together with certain related transactions, were to 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 (including as a result of Section 355(e) of the Code) or if certain related transactions were to fail to qualify as tax-free under applicable law, and if such failure were not the result of actions taken after the distribution by, or acquisitions of equity securities of, UTC, Carrier or Otis, then UTC, Carrier and Otis will each be responsible for a specified portion of any such taxes. For a discussion of the tax matters agreement, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement." Carrier's indemnification obligations to UTC and Otis under the tax matters agreement will not be limited in amount or subject to any cap. If Carrier is required to pay any taxes or indemnify UTC, Otis and their respective subsidiaries and officers and directors under the circumstances set forth in the tax matters agreement, Carrier may be subject to substantial liabilities.

Backup Withholding and Information Reporting.

Payments of cash to U.S. holders of UTC common stock in lieu of fractional shares of Carrier common stock may be subject to information reporting and backup withholding (currently, at a rate of 24 percent), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Carrier intends to incur certain indebtedness prior to the separation. If we enter into arrangements for such indebtedness prior to the effectiveness of the registration statement of which this information statement forms a part, a description of such arrangements will be included in an amendment to this information statement.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the separation and distribution, all of the outstanding shares of Carrier common stock will be owned beneficially and of record by UTC. Following the separation and distribution, Carrier expects to have outstanding an aggregate of approximately [] shares of common stock based upon approximately [] shares of UTC common stock issued and outstanding on [], 2020, excluding treasury shares, assuming no exercise of UTC options and applying the distribution ratio.

Share Ownership Information for Directors and Officers

The following table shows the number of shares of Carrier common stock expected to be beneficially owned by our current directors, named executive officers and our directors and current executive officers as a group immediately following the completion of the distribution, based on information available as of [], 2020 and based on the assumption that, for every share of UTC common stock held by such persons, they will receive [] shares of Carrier common stock. None of these individuals, or the group as a whole, would be expected to beneficially own more than 1 percent of our common stock immediately following the completion of the distribution. Each person listed in the following table had sole voting and investment power of the shares shown, except as noted in the footnotes below.

Directors and Executive Officers	SARs Exercisable within 60 days ⁽¹⁾	RSUs Convertible to Shares within 60 days ⁽²⁾	DSUs Convertible to Shares within 60 days ⁽²⁾	Total Shares Beneficially Owned ⁽³⁾
John V. Faraci	[]	[]	[]	[]
David L. Gitlin	[]	[]	[]	[]
Timothy McLevish	[]	[]	[]	[]

(1) []

(2) []

(3) []

Certain Beneficial Owners

The following table shows all holders known to Carrier that are expected to be beneficial owners of more than 5 percent of the outstanding shares of Carrier common stock immediately following the completion of the distribution, based on information available as of [], 2020 and based upon the assumption that, for every share of UTC common stock held by such persons, they will receive [] shares of Carrier common stock.

Name and Address	Shares	Percent of Class
[]	[]	[]

DESCRIPTION OF CARRIER CAPITAL STOCK

Carrier's certificate of incorporation and bylaws will be amended and restated prior to the distribution. The following briefly summarizes the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and amended and restated bylaws. These summaries do not describe every aspect of these securities and documents and are subject to all the provisions of our amended and restated certificate of incorporation or amended and restated bylaws that will be in effect at the time of the distribution, and are qualified in their entirety by reference to these documents, which you should read (along with the applicable provisions of Delaware law) for complete information on our capital stock as of the time of the distribution. The amended and restated certificate of incorporation and amended and restated bylaws, each in a form expected to be in effect at the time of the distribution, will be included as exhibits to Carrier's registration statement on Form 10, of which this information statement forms a part. We will include our amended and restated certificate of incorporation and amended and restated bylaws, as in effect at the time of the distribution, in a Current Report on Form 8-K filed with the SEC. The following also summarizes certain relevant provisions of the DGCL. Since the terms of the DGCL are more detailed than the general information provided below, you should read the actual provisions of the DGCL for complete information.

General

Carrier's authorized capital stock will consist of [] shares of common stock, par value \$0.01 per share, and [] shares of preferred stock, par value \$[] per share.

Immediately following the distribution, we expect that approximately [] shares of our common stock will be issued and outstanding and that no shares of our preferred stock will be issued and outstanding.

Common Stock

Immediately following the distribution, we expect that approximately [] shares of our common stock will be issued and outstanding, all of which will be fully paid and nonassessable.

Common shareowners will be entitled to one vote for each share held on all matters submitted to a vote of shareowners.

Common shareowners will be entitled to share equally in the dividends, if any, that may be declared by Carrier's Board of Directors out of funds that are legally available to pay dividends, but only after payment of any dividends required to be paid on outstanding preferred stock, if any. Upon any voluntary or involuntary liquidation, dissolution or winding up of Carrier, the common shareowners will be entitled to share ratably in all assets of Carrier remaining after we pay all of our debts and other liabilities and any amounts we may owe to the holders of our preferred stock, if any.

Common shareowners will not have any preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of common shareowners will be subject to the rights of the shareowners of any series of preferred stock that we will or may designate and issue.

Delaware law and our amended and restated bylaws will permit us to issue uncertificated shares of common stock.

Preferred Stock

As noted above, the rights, preferences and privileges of common shareowners may be affected by the rights, preferences and privileges granted to holders of preferred stock. For this reason, you should be aware that Carrier's Board of Directors will have the authority, without further action by the shareowners, to issue shares of preferred stock in one or more series, and to fix the rights, preferences and privileges (including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences) of each series, which may be greater than the rights of the common stock. It is not possible to state the actual effect of the issuance of any additional series of preferred stock upon the rights of common shareowners until the Board determines the specific rights of the holders of that series. However, the effects might include, among other things (1) restricting dividends on the common stock, (2) diluting the voting power of the common stock, (3) impairing the liquidation rights of the common stock, or (4) delaying or preventing a change in control of Carrier without further action by the shareowners.

Immediately following the distribution, we expect no shares of our preferred stock to be issued and outstanding.

Charter and Bylaw Provisions

Upon completion of the separation and the distribution, we expect that [] individuals will serve on Carrier's Board of Directors. At each annual meeting of shareowners, the entire Board will be elected for a term of one year. Carrier's amended and restated bylaws will provide that the Board may, from time to time, designate the number of directors; however, the number may not be less than 5 nor more than 14. Vacancies on the board (except in an instance where a director is removed by shareowners and the resulting vacancy is filled by shareowners) may be filled by a vote of the majority of the directors then in office, even if less than a quorum.

Carrier's amended and restated bylaws will establish advance notice procedures with respect to shareowner proposals and the nomination of candidates for election of directors, other than nominations made by or at the direction of Carrier's Board of Directors. Eligible shareowners will be permitted to include their own director nominees in Carrier's proxy materials under the circumstances set forth in the amended and restated bylaws. Generally, a shareowner or a group of up to 20 shareowners, who has maintained continuous qualifying ownership of at least 3 percent of Carrier's outstanding common stock for at least three years, will be permitted to include director nominees constituting up to 20 percent of the Board in the proxy materials for an annual meeting of shareowners if such shareowner or group of shareowners complies with the other requirements set forth in the proxy access provision.

Carrier's amended and restated bylaws will include an exclusive forum provision. This provision will provide that, unless Carrier consents in writing to the selection of an alternative forum, the sole and exclusive forum for various types of suits will 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). Such suits will include (1) any derivative action or proceeding brought on behalf of Carrier, (2) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of Carrier to the company or to Carrier's shareowners, (3) any action asserting a claim against Carrier or any director or officer or other employee of Carrier arising pursuant to any provision of the DGCL or Carrier's amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended from time to time) or (4) any action asserting a claim against Carrier or any director or officer or other employee of Carrier governed by the internal affairs doctrine. Under Carrier's amended and restated bylaws, to the fullest extent permitted by law, this exclusive forum provision will apply to state and federal law claims, including claims under the federal securities laws, including the Securities Act and the Exchange Act, although Carrier shareowners will not be deemed to have waived Carrier's compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that, in connection with claims arising under federal securities laws or otherwise, a court could find the exclusive forum provision contained in Carrier's amended and restated bylaws to be inapplicable or unenforceable.

Under Delaware law, the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage.

Certain of the provisions of Carrier's amended and restated certificate of incorporation and amended and restated bylaws discussed above and below could discourage a proxy contest or the acquisition of control of a substantial block of our stock. These provisions could also have the effect of discouraging a third party from making a tender offer or otherwise attempting to obtain control of Carrier, even though an attempt to obtain control of Carrier might be beneficial to Carrier and its shareowners.

Carrier's amended and restated certificate of incorporation will include provisions eliminating the personal liability of our directors for monetary damages resulting from breaches of their fiduciary duty to the extent permitted by Delaware law. The amended and restated bylaws will include provisions indemnifying our directors, officers and employees to the fullest extent permitted by Delaware law, including under circumstances in which indemnification is otherwise discretionary. The amended and restated bylaws will additionally include provisions relating to reimbursement by Carrier of expenses reasonably incurred by our current and former directors and officers in advance of the final disposition of any such proceeding, and permitting the Chief Executive Officer or the General Counsel and the Chief Financial Officer acting together to reimburse the expenses of our current and former employees, agents and fiduciaries in advance of the final disposition of any such proceeding.

Change of Control

Section 203 of the DGCL, under certain circumstances, may make it more difficult for a person who is an “Interested Shareowner,” as defined in Section 203, to effect various business combinations with a corporation for a three-year period. Under Delaware law, a corporation’s certificate of incorporation or bylaws may exclude a corporation from the restrictions imposed by Section 203. However, Carrier’s amended and restated certificate of incorporation and amended and restated bylaws will not exclude us from these restrictions, and these restrictions will apply to us.

Listing

We intend to apply to have our shares of common stock listed on the NYSE under the symbol “[].”

Sale of Unregistered Securities

On March 15, 2019, Carrier issued one share of its common stock to UTC pursuant to Section 4(a)(2) of the Securities Act. We did not register the issuance of the issued shares under the Securities Act because such issuance did not constitute a public offering.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for our common stock will be Computershare.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Carrier and Carrier common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement include the material terms of such contract or other document. However, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the Internet website maintained by the SEC at www.sec.gov. **Information contained on or connected to any website referenced in this information statement is not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

As a result of the distribution, Carrier will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our common stock with annual reports containing consolidated financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

INDEX TO COMBINED FINANCIAL STATEMENTS

CARRIER GLOBAL CORPORATION
(A Business of United Technologies Corporation)

COMBINED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

Report of Independent Registered Public Accounting Firm	F-2
Combined Statements of Operations	F-3
Combined Statements of Comprehensive Income	F-4
Combined Balance Sheets	F-5
Combined Statements of Changes in Equity	F-6
Combined Statements of Cash Flows	F-7
Notes to the Combined Financial Statements	F-8
Schedule II – Valuation and Qualifying Accounts	F-41

Report of Independent Registered Public Accounting Firm

The segment change described in Note 20 to the combined financial statements has not been consummated at August 9, 2019. When it has been consummated, we will be in a position to furnish the following report.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

August 9, 2019

“Report of Independent Registered Public Accounting Firm

To the Shareowners and Board of Directors of United Technologies Corporation

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of Carrier Global Corporation (a Business of United Technologies Corporation) (the “Company”) as of December 31, 2018 and 2017, and the related combined statements of operations, of comprehensive income, of changes in equity and of cash flows for the years then ended, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “combined financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s combined financial statements 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 of these combined financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the combined 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 combined 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 combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Hartford, Connecticut

August 9, 2019, except for the effects of the change in segments described in Note 20, as to which the date is _____

We have served as the Company’s auditor since 2019.”

Combined Statements of Operations

	For the Years Ended December 31,	
	2018	2017
<i>(dollars in millions)</i>		
Net sales:		
Product sales (Notes 5 and 16)	\$ 15,674	\$ 14,775
Service sales	3,240	3,039
	<u>18,914</u>	<u>17,814</u>
Costs and expenses:		
Cost of products sold (Notes 5 and 16)	11,063	10,474
Cost of services sold	2,282	2,155
Research and development	400	364
Selling, general and administrative	2,689	2,584
	<u>16,434</u>	<u>15,577</u>
Equity method investment net earnings	220	218
Other income, net	937	575
Operating profit:	<u>3,637</u>	<u>3,030</u>
Non-service pension benefit	(168)	(139)
Interest (income) expense, net	(37)	115
Income from operations before income taxes:	<u>3,842</u>	<u>3,054</u>
Income tax expense	1,073	1,787
Net income:	<u>2,769</u>	<u>1,267</u>
Less: Noncontrolling interest in subsidiaries' earnings	35	40
Net income attributable to Carrier Global Corporation	<u>\$ 2,734</u>	<u>\$ 1,227</u>

See accompanying notes to the Combined Financial Statements.

Combined Statements of Comprehensive Income

	For the Years Ended December 31,	
	2018	2017
<i>(dollars in millions)</i>		
Net income	\$ 2,769	\$ 1,267
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments arising during period	(449)	771
	(449)	771
Pension and postretirement benefit plans:		
Net actuarial loss arising during period	(221)	(13)
Prior service (cost) credit arising during period	(9)	14
Amortization of actuarial loss and prior service cost	17	16
Other	21	(33)
	(192)	(16)
Tax benefit	33	5
	(159)	(11)
Unrealized gain (loss) on available-for-sale securities:		
Unrealized holding loss arising during period	—	(31)
Reclassification adjustments for gain on sale of investment included in Other income, net	—	(394)
	—	(425)
Tax benefit	—	163
	—	(262)
Change in unrealized cash flow hedging:		
Unrealized cash flow hedging gain arising during period	—	2
Loss reclassified into Product sales	2	1
	2	3
Tax benefit	—	—
	2	3
Other comprehensive (loss) income, net of tax	(606)	501
Comprehensive income	2,163	1,768
Less: comprehensive income attributable to noncontrolling interest	(27)	(74)
Comprehensive income attributable to Carrier Global Corporation	\$ 2,136	\$ 1,694

See accompanying notes to the Combined Financial Statements.

Combined Balance Sheets

<i>(dollars in millions)</i>	As of December 31,	
	2018	2017
Assets		
Cash and cash equivalents	\$ 1,129	\$ 1,324
Accounts receivable (net of allowance for doubtful accounts of \$141 and \$152) (Notes 5 and 16)	2,673	2,806
Contract assets, current	566	—
Inventories and contracts in progress, net	1,363	1,529
Other assets, current	378	341
Total Current Assets	6,109	6,000
Future income tax benefits	398	354
Fixed assets, net	1,653	1,684
Intangible assets, net	1,214	1,296
Goodwill	9,849	10,065
Pension and postretirement assets	441	567
Equity method investments	1,770	1,690
Other assets	303	329
Total Assets	\$ 21,737	\$ 21,985
Liabilities and Equity		
Accounts payable (Notes 5 and 16)	\$ 1,944	\$ 1,891
Accrued liabilities	2,074	2,359
Contract liabilities, current	448	—
Total Current Liabilities	4,466	4,250
Future pension and postretirement obligations	419	421
Future income tax obligations	1,280	1,248
Other long-term liabilities	1,303	1,282
Total Liabilities	7,468	7,201
Commitments and contingent liabilities (Note 19)		
UTC Net Investment:		
UTC Net Investment	15,132	15,030
Accumulated other comprehensive loss	(1,215)	(617)
Total UTC Net Investment	13,917	14,413
Noncontrolling interest	352	371
Total Equity	14,269	14,784
Total Liabilities and Equity	\$ 21,737	\$ 21,985

See accompanying notes to the Combined Financial Statements.

Combined Statements of Changes in Equity

<i>(dollars in millions)</i>	UTC Net Investment	Accumulated Other Comprehensive Income (Loss)	Total UTC Net Investment	Noncontrolling Interest	Total Equity	Redeemable Noncontrolling Interest
Balance January 1, 2017	\$ 15,696	\$ (1,084)	\$ 14,612	\$ 348	\$ 14,960	\$ 177
Net income	1,227	—	1,227	40	1,267	—
Redeemable noncontrolling interest in subsidiaries' earnings	—	—	—	(9)	(9)	9
Other comprehensive income, net of tax	—	467	467	11	478	23
Sale (purchase) of subsidiary shares from noncontrolling interest	4	—	4	—	4	(286)
Dividends attributable to noncontrolling interest	—	—	—	(31)	(31)	(4)
Acquisition of noncontrolling interest	—	—	—	12	12	—
Redeemable noncontrolling interest fair value adjustment	(81)	—	(81)	—	(81)	81
Net transfers to UTC	(1,816)	—	(1,816)	—	(1,816)	—
Balance December 31, 2017	15,030	(617)	14,413	371	14,784	—
Net income	2,734	—	2,734	35	2,769	—
Other comprehensive loss, net of tax	—	(598)	(598)	(8)	(606)	—
Dividends attributable to noncontrolling interest	—	—	—	(46)	(46)	—
Adoption of ASU 2016-16	9	—	9	—	9	—
Net transfers to UTC	(2,641)	—	(2,641)	—	(2,641)	—
Balance December 31, 2018	<u>\$ 15,132</u>	<u>\$ (1,215)</u>	<u>\$ 13,917</u>	<u>\$ 352</u>	<u>\$ 14,269</u>	<u>\$ —</u>

See accompanying notes to the Combined Financial Statements.

Combined Statements of Cash Flows

	For the Years Ended December 31	
	2018	2017
<i>(dollars in millions)</i>		
Operating Activities:		
Net income	\$ 2,769	\$ 1,267
Adjustments to reconcile net income to net cash flows provided by operating activities, net of acquisitions and dispositions:		
Depreciation and amortization	357	372
Deferred income tax provision	133	73
Impact from U.S. tax reform	—	799
Gain on sale of Taylor	(799)	—
Gain on sale of available-for-sale securities	—	(418)
Stock compensation cost	44	34
Equity method investment net earnings	(220)	(218)
Distributions from equity method investments	143	142
Change in:		
Accounts receivable, net	(211)	159
Contract assets, current	(67)	—
Inventories and contracts in progress, net	(151)	(102)
Other assets, current	(7)	(21)
Accounts payable and accrued liabilities	88	192
Contract liabilities, current	24	—
Pension contributions	(45)	(44)
Other operating activities, net	(3)	(137)
Net cash flows provided by operating activities	<u>2,055</u>	<u>2,098</u>
Investing Activities:		
Capital expenditures	(263)	(326)
Investments in businesses, net of cash acquired (Note 9)	(310)	(176)
Dispositions of businesses (Note 9)	1,032	52
Proceeds from sale of investments in Watsco, Inc.	—	596
Other investing activities, net	(44)	125
Net cash flows provided by investing activities	<u>415</u>	<u>271</u>
Financing Activities:		
Increase (decrease) in short-term borrowings, net	3	(8)
Issuance of project financing obligations	117	99
Repayment of project financing obligations	—	(103)
Purchase of shares from redeemable noncontrolling interest	—	(286)
Dividends paid to noncontrolling interest	(46)	(31)
Net transfers to UTC	(2,685)	(1,850)
Other financing activities, net	(16)	(14)
Net cash flows used in financing activities	<u>(2,627)</u>	<u>(2,193)</u>
Effect of foreign exchange rates on cash and cash equivalents	(39)	64
Net (decrease) increase in cash, cash equivalents and restricted cash	(196)	240
Cash, cash equivalents and restricted cash, beginning of year	<u>1,330</u>	<u>1,090</u>
Cash, cash equivalents and restricted cash, end of year	<u>1,134</u>	<u>1,330</u>
Less: Restricted cash	<u>5</u>	<u>6</u>
Cash and cash equivalents, end of year	<u>\$ 1,129</u>	<u>\$ 1,324</u>
Supplemental Cash Flow Information:		
Interest paid, net of amounts capitalized	\$ 16	\$ 14
Interest paid – related party	59	202
Income taxes paid for – related party	649	608
Income taxes paid, net of refunds	\$ 276	\$ 309

See accompanying notes to the Combined Financial Statements.

Notes to the Combined Financial Statements

NOTE 1: DESCRIPTION OF THE BUSINESS

Carrier Global Corporation (“Carrier”, “the Business,” “we,” “us” or “our”) is a global provider of heating, ventilating, air conditioning (“HVAC”), refrigeration, fire and security solutions. Carrier also provides a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring.

Carrier’s operations are classified into three segments: HVAC, Refrigeration, and Fire & Security. The HVAC and Refrigeration segments sell their products and solutions directly, including to building contractors and owners, transportation companies and retail stores, or indirectly through equity method investments, independent sales representatives, distributors, wholesalers, dealers and retail outlets. These products and services are sold under the Carrier name and other brand names including Automated Logic, Bryant, CIAT, Day & Night, Heil, NORESCO, Riello, Carrier Commercial Refrigeration, Carrier Transicold, Sensitech and others. For the Fire & Security segment, products and services are used by governments, financial institutions, architects, building owners and developers, security and fire consultants, homeowners and other end-users requiring a high level of security and fire protection for their businesses and residences. Carrier provides its fire and security products and services under Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Interlogix, Kidde, LenelS2, Marioff, Onity, Supra and other brand names, and sells directly to customers as well as through manufacturers’ representatives, distributors, dealers, value-added resellers and retailers.

NOTE 2: BASIS OF PRESENTATION

The Business has historically operated as a part of United Technologies Corporation (“UTC”); consequently, stand-alone financial statements have not historically been prepared for the Business. The accompanying audited Combined Financial Statements have been prepared from UTC’s historical accounting records and are presented on a stand-alone basis as if the Business’ operations had been conducted independently from UTC. These Combined Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The Combined Statements of Operations include all revenues and costs directly attributable to Carrier, including costs for facilities, functions and services used by Carrier. Costs for certain functions and services performed by centralized UTC are directly charged to Carrier based on specific identification when possible or based on a reasonable allocation driver such as net sales, headcount, usage or other allocation methods. The results of operations include allocations of costs for administrative functions and services performed on behalf of Carrier by centralized groups within UTC and certain pension and other post-retirement benefit costs (see Note 5 – *Related Parties* for a description of the allocation methodologies). All charges and allocations for facilities, functions and services performed by UTC organizations have been deemed settled in cash by Carrier to UTC in the period in which the cost was recorded in the Combined Statements of Operations. Current and deferred income taxes have been determined based on the stand-alone results of Carrier. However, because the Business filed as part of UTC’s tax group in certain jurisdictions, the Business’ actual tax balances may differ from those reported. The Business’ portion of its domestic and certain income taxes for jurisdictions outside the United States are deemed to have been settled in the period the related tax expense was recorded.

UTC uses a centralized approach to cash management and financing its operations. Accordingly, none of the cash, third party debt or related interest expense of UTC has been allocated to Carrier in the Combined Financial Statements. However, cash balances primarily associated with certain foreign entities that do not participate in UTC’s cash management program have been included in the Combined Financial Statements. Transactions between UTC and Carrier are deemed to have been settled immediately through UTC’s Net Investment, other than those transactions which have historically been cash-settled and which are reflected in the Combined Balance Sheets within Accounts receivable (see Note 6 – *Accounts Receivable, Net* and Note 5 – *Related Parties* for additional information). The net effect of the deemed settled transactions is reflected in the Combined Statements of Cash Flows as Net transfers to UTC within financing activities and in the Combined Balance Sheets as UTC’s Net Investment (see Note 5 – *Related Parties* for additional information).

All significant intracompany accounts and transactions within the Business have been eliminated in the preparation of the Combined Financial Statements. The Combined Financial Statements of the Business include assets and liabilities that have been determined to be specifically identifiable or otherwise attributable to the Business.

All of the allocations and estimates in the Combined Financial Statements are based on assumptions that management believes are reasonable. However, the Combined Financial Statements included herein may not be indicative of the financial position, results of operations and cash flows of the Business in the future, or if the Business had been a separate, stand-alone entity during the years presented.

The noncontrolling interest represents the noncontrolling investors' interests in the results of subsidiaries that we control and combine.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination. The Combined Financial Statements have been prepared on a stand-alone basis and include the accounts of Carrier and its wholly-owned subsidiaries, as well as entities in which Carrier has a controlling financial interest.

Use of Estimates. The preparation of the Combined Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions may impact the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents includes cash on hand, demand deposits and short-term cash investments that are highly liquid in nature and have original maturities of three months or less. The Business participates in UTC's centralized cash management and financing programs (see Note 5 – *Related Parties* for additional information). The cash reflected on the Combined Balance Sheets represents cash on hand at certain foreign entities that do not participate in the centralized cash management program and are specifically identifiable to the Business.

On occasion, the Business is required to maintain cash deposits with certain banks with respect to contractual or other legal obligations. As of December 31, 2018 and 2017, restricted cash of approximately \$5 million and \$6 million, respectively, is included in Other assets, current on the Combined Balance Sheets.

Accounts Receivable. Accounts receivable consist of billed and unbilled amounts. Billed amounts include invoices presented to customers that have not been paid. Unbilled receivables represent revenues that have been earned but are not currently billable to the customer under the terms of the contract because billings are based on milestones or other triggering events. These items are expected to be billed and collected in the ordinary course of business. Receivables are recognized net of an allowance for doubtful accounts. The Business primarily estimates reserves for losses on receivables based on historical experience and by specific identification based on an assessment of a customer's ability to make required payments. Upon adoption of Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and its related amendments (collectively, the "New Revenue Standard") on January 1, 2018, the majority of unbilled receivables have been reclassified to Contract assets as described below. Unbilled receivables where the Business has an unconditional right to payment are included in Accounts receivable.

Contract Assets and Liabilities. Contract assets and liabilities represent the difference in the timing of revenue recognition from receipt of cash from the customers. Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billing. Performance obligations partially satisfied in advance of customer billings are included in Contract assets; prior to the adoption of the New Revenue Standard, these amounts were included as unbilled receivables in Accounts receivable.

Contract liabilities relate to payments received in advance of the satisfaction of performance obligations under the contract. The Business receives payments from customers based on the terms established in the contracts. See Note 4 – *Revenue Recognition* for further discussion of contract assets and liabilities.

Inventories and Contracts in Progress. Inventories and contracts in progress are stated at the lower of cost or estimated realizable value and are primarily based on first-in, first-out ("FIFO") or average cost methods, which approximate current replacement cost; however, certain Carrier entities use the last-in, first-out ("LIFO") method. If inventories that were valued using the LIFO method had been valued under the FIFO method, they would have been higher by \$113 million and \$106 million at December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, approximately 31% and 32%, respectively, of all inventory utilized the LIFO method.

TABLE OF CONTENTS

Prior to adoption of the New Revenue Standard, costs accumulated against specific contracts or orders were recorded at actual cost. Upon adoption, these costs for contracts in progress were reclassified to Contract assets and continue to be recorded at actual costs.

Valuation reserves for excess, obsolete, and slow-moving inventory are estimated by comparing the inventory levels of individual parts and products to both future sales forecasts or production requirements and historical usage rates in order to identify inventory where the resale value or replacement value is less than the cost of the inventory. Other factors that management considers in determining the adequacy of these reserves include whether the part meets current specifications and whether it can be substituted for a part currently being sold or used as a service part, and overall market conditions and other inventory management initiatives.

Fair Value of Financial Instruments. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I – Quoted prices for identical instruments in active markets.
- Level II – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III – Instruments whose significant value drivers are unobservable.

The carrying amount of trade receivables, accounts payable and accrued expenses approximates fair value due to the short maturity (less than one year) of the instruments.

Business Combinations. The Business accounts for transactions that are classified as business combinations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805: *Business Combinations*. Once a business is acquired, the fair value of the identifiable assets acquired and liabilities assumed are determined with the excess cost recorded to goodwill. As required, preliminary fair values are determined once a business is acquired, with the final determination of the fair values being completed within the one-year measurement period from the date of acquisition.

Equity Method Investments. Investments in which Carrier has the ability to exercise significant influence, but do not control, are accounted for under the equity method of accounting and are presented on the Combined Balance Sheets. Under this method of accounting, the Business' share of the net earnings or losses of the investee is presented on the Combined Statements of Operations since the activities of the investee are closely aligned with the operations of the Business. The Business evaluates its equity method investments whenever events or changes in circumstance indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period. Distributions received from equity method investees are presented in the Combined Statements of Cash Flows based on the cumulative earnings approach.

Goodwill and Intangible Assets. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill and intangible assets deemed to have indefinite lives are not amortized. Goodwill and indefinite-lived intangible assets are tested annually for impairment or when a triggering event occurs using the guidance and criteria described in FASB ASC Topic 350: *Intangibles – Goodwill and Other*. This testing compares carrying values to fair values, and, when appropriate, the carrying value of these assets is reduced to fair value. The Business completed its most recent annual impairment testing as of July 1, 2018 and determined that no impairments to the carrying value of goodwill or indefinite lived intangible assets were necessary.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other ("Topic 350"): Simplifying the Test for Goodwill Impairment*. This ASU eliminates Step 2 of the current goodwill impairment test, which requires a hypothetical purchase price allocation to measure goodwill impairment. A goodwill impairment loss will instead be measured at the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the recorded amount of goodwill. The provisions of this ASU are effective for years

TABLE OF CONTENTS

beginning after December 15, 2020, with early adoption permitted for any impairment test performed on testing dates after January 1, 2017. The Business early adopted this standard as of July 1, 2017 and this ASU did not have an impact on the Business' Combined Financial Statements or disclosures.

Intangible assets consist of trademarks, patents, service contracts, monitoring lines and customer relationships and are recognized at fair value in acquisition accounting and then amortized to cost of sales and selling, general and administrative expenses.

Useful lives of finite-lived intangible assets are estimated based upon the nature of the intangible asset. These intangible assets are amortized based on the pattern in which the economic benefits of the intangible assets are consumed. If a pattern of economic benefit cannot be reliably determined or if straight-line amortization approximates the pattern of economic benefit, a straight-line amortization method may be used. The range of estimated useful lives is as follows:

Customer relationships	1-30 years
Trademarks and trade names	5-30 years
Service contracts	1-23 years
Monitoring lines	7-10 years
Patents	7-8 years

Other Long-Lived Assets. The Business evaluates the potential impairment of other long-lived assets whenever events or changes in circumstances indicate that the related carrying amounts of a long-lived asset or asset group may not be recoverable. The carrying value of a long-lived asset or asset group is considered impaired when the projected future undiscounted cash flows to be generated from the asset or asset group over its remaining depreciable life are less than its current carrying value. The Business measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset or asset group. There were no impairments of long-lived assets for the years ended December 31, 2018 and 2017.

Income Taxes. Income taxes as presented in the Combined Financial Statements of the Business attribute current and deferred income taxes of UTC to the Business' stand-alone financial statements in a manner that is systematic, rational and consistent with the asset and liability method prescribed by FASB ASC Topic 740: *Income Taxes* ("ASC 740"). Accordingly, the Business' income tax provision was prepared following the separate return method. The separate return method applies ASC 740 to the stand-alone financial statements of each member of the consolidated group as if the group members were a separate taxpayer and a stand-alone enterprise. The calculation of our income taxes on a separate return basis requires considerable amount of judgment and use of both estimates and allocations. As a result, actual transactions included in the consolidated financial statements of UTC may not be included in the separate Combined Financial Statements of the Business. Similarly, the tax treatment of certain items reflected in the Combined Financial Statements of the Business may not be reflected in the consolidated financial statements and tax returns of UTC. Therefore, such items as net operating losses, credit carry-forwards and valuation allowances may exist in the stand-alone financial statements that may or may not exist in UTC's consolidated financial statements. As such, the income taxes of the Business as presented in the Combined Financial Statements may not be indicative of the income taxes that the Business will generate in the future.

Certain operations of the Business have historically been included in a consolidated return with other UTC entities. Current obligations for taxes in certain jurisdictions, where the Business files a combined tax return with UTC, are deemed settled with UTC for purposes of the Combined Financial Statements. Current obligations for tax in jurisdictions where the Business does not file a combined return with UTC, including certain foreign jurisdictions and certain U.S. states, are recorded as accrued liabilities. On December 22, 2017, the TCJA was enacted (see Note 14 – *Income Taxes*). As a result, income tax attributable to previously undistributed earnings of the Business' international subsidiaries was recognized in 2017 and is recorded within Accrued liabilities and Future income tax obligations on the Combined Balance Sheets pursuant to UTC's election to pay the tax over time, for which Carrier will settle with UTC.

In the ordinary course of business, there is inherent uncertainty in quantifying income tax positions. The Business assesses its income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, the Business has recorded the

TABLE OF CONTENTS

largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more-likely-than-not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. Where applicable, associated interest expense has also been recognized. The Business recognizes accrued interest related to unrecognized tax benefits in interest expense. Penalties, if incurred, would be recognized as a component of income tax expense.

The TCJA contains a new law that subjects the Business to a tax on Global Intangible Low-Taxed Income (“GILTI”), beginning in 2018. GILTI is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The FASB has provided that companies subject to GILTI have the option to account for the GILTI tax as a period cost if and when incurred, or to recognize deferred taxes for temporary differences, including outside basis differences, expected to reverse as GILTI. The Business has elected to account for GILTI as a period cost, if incurred.

Revenue Recognition. ASU 2014-09 and its related amendments were effective for reporting periods beginning after December 15, 2017. The Business adopted the New Revenue Standard effective January 1, 2018 and elected the modified retrospective approach. The results for periods before 2018 were not adjusted for the new standard. See Note 4 – *Revenue Recognition* for a discussion of the effect of the New Revenue Standard on the Combined Financial Statements.

The Business accounts for revenue in accordance with FASB ASC Topic 606: *Revenue from Contracts with Customers*. Under Topic 606, a performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Some of the contracts with customers contain a single performance obligation, while others contain multiple performance obligations most commonly when a contract spans multiple phases of the product life-cycle such as development, production, installation, maintenance and support. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. When there are multiple performance obligations within a contract, the Business allocates the transaction price to each performance obligation based on its relative stand-alone selling price.

Carrier considers the contractual consideration payable by the customer and assesses variable consideration that may affect the total transaction price, including contractual discounts, price concessions, contract incentive payments, estimates of award fees, and other sources of variable consideration, when determining the transaction price of each contract. The Business includes variable consideration in the estimated transaction price when there is a basis to reasonably estimate the amount. These estimates are based on historical experience, anticipated performance and best judgment at the time. The Business also considers whether the contracts provide customers with significant financing. Generally, contracts do not contain significant financing.

Point in time revenue recognition. Performance obligations are satisfied as of a point in time for certain businesses in HVAC, certain refrigeration systems, and certain alarm and fire detection and suppression systems. Revenue is recognized when control of the product transfers to the customer, generally upon product shipment.

Over-time revenue recognition. Performance obligations are satisfied over-time if the customer receives the benefits as the Business performs work, if the customer controls the asset as it is being produced, or if the product being produced for the customer has no alternative use and the Business has a contractual right to payment. The Business recognizes revenue on an over-time basis on installation and service contracts related to its Refrigeration and Fire & Security businesses as well as certain businesses within HVAC. For over-time performance obligations requiring the installation of equipment, revenue is recognized using costs incurred to date relative to total estimated costs at completion to measure progress. Incurred costs represent work performed, which correspond with and best depict transfer of control to the customer. Contract costs include labor, materials, and subcontractors’ costs, or other direct costs, and where applicable, indirect costs.

Contract modifications that are for goods or services that are not distinct are accounted for as part of the existing contract. If the goods or services are considered distinct, then the contract modification would be accounted for prospectively or as part of a new contract.

TABLE OF CONTENTS

The Business reviews cost estimates on significant contracts on at least a quarterly basis, and for others, no less frequently than annually or when circumstances change and warrant a modification to a previous estimate. The Business records changes in contract estimates using the cumulative catch-up method. There were no material changes in contract estimates during the periods presented.

For 2017, prior to the adoption of the New Revenue Standard, the Business recognized sales for products and services in accordance with the provisions of Staff Accounting Bulletin (“SAB”) Topic 13, *Revenue Recognition*, as applicable. Sales within the scope of this SAB Topic were recognized when persuasive evidence of an arrangement existed, product delivery had occurred or services had been rendered, pricing was fixed or determinable and collectability was reasonably assured. Subsequent changes in service contracts were accounted for prospectively.

Contract Accounting and Separately Priced Maintenance: For construction-type and certain production-type contracts, sales were recognized on a percentage-of-completion basis following contract accounting methods. Contracts consisted of enforceable agreements which form the basis of our unit of accounting for measuring sales, accumulating costs and recording loss provisions as necessary. Contract accounting required estimates of award fees and other sources of variable consideration as well as future costs over the performance period of the contract. Cost estimates were subject to change and result in adjustments to margins on contracts in progress. Contract costs included estimated inventoriable manufacturing, engineering, product warranty and product performance guarantee costs, as appropriate.

Loss provisions on contracts were recognized to the extent that estimated contract costs exceed the estimated consideration contemplated under the contractual arrangement. For new commitments, the Business generally recorded loss provisions at the earlier of contract announcement or contract signing except for certain requirements contracts under which losses are recorded upon receipt of the purchase order which obligates us to perform. For existing commitments, anticipated losses on contracts were recognized in the period in which losses become evident. Products contemplated under contractual arrangements included firm quantities of products sold under contract.

The Business reviewed its cost estimates on significant contracts on a quarterly basis, and for others, no less frequently than annually or when circumstances change and warrant a modification to a previous estimate. The Business recorded changes in contract estimates using the cumulative catch-up method in accordance with the FASB ASC Topic 605: *Revenue Recognition*.

Cash Payments to Customers. Carrier customarily offered its customers incentives to purchase products to ensure an adequate supply of its products in the distribution channels. The principal incentive program provided reimbursements to distributors for offering promotional pricing for products. The Business accounted for incentive payments made as a reduction in sales based on an estimate at the time the sale is recognized.

Self-Insurance. The Business maintains self-insurance retentions for a number of risks, including but not limited to, workers’ compensation, general liability, automobile liability, property, and employee-related healthcare benefits. It has obtained insurance coverage for amounts exceeding individual and aggregate loss limits. The Business accrues for known future claims and incurred but not reported losses. Liabilities related to self-insured risks were \$224 million and \$208 million at December 31, 2018 and 2017, respectively, of which \$64 million and \$54 million were primarily classified as Other long-term liabilities at December 31, 2018 and 2017, respectively. The expense related to self-insurance was \$170 million and \$158 million for the years ended December 31, 2018 and 2017, respectively.

Environmental. Environmental investigatory, remediation, operating and maintenance costs are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to each individual site, including existing technology, current laws and regulations and prior remediation experience. Where no amount within a range of estimates is more likely, the minimum is accrued. For sites with multiple responsible parties, the Business considers its likely proportionate share of the anticipated remediation costs and the ability of the other parties to fulfill their obligations in establishing a provision for those costs. Liabilities with fixed or reliably determinable future cash payments are discounted. Accrued environmental liabilities are not reduced by potential insurance reimbursements. See Note 19 – *Contingent Liabilities* for additional details on the environmental remediation activities.

Asbestos Related Liabilities and Insurance Recoveries, and Indemnification Receivables. The Business records an undiscounted liability for any asbestos related contingency that is probable of occurrence and reasonably estimable. In connection with the recognition of liabilities for asbestos related matters, the Business records asbestos related insurance recoveries that are deemed probable. The amounts recorded by Carrier for asbestos-related liabilities and insurance recoveries are based on currently available information and assumptions that Management believes are reasonable. Carrier's actual liabilities or insurance recoveries could be higher or lower than those recorded if actual results vary significantly from the assumptions. Key variables in these assumptions include the number and type of new claims to be filed each year, the outcomes or resolution of such claims, the average cost of resolution of each new claim, the amount of insurance available, allocation methodologies, the contractual terms with each insurer with whom the Business has reached settlements, the resolution of coverage issues with other excess insurance carriers with whom the Business has not yet achieved settlements, and the solvency risk with respect to Carrier's insurance carriers. Other factors that may affect future liability include uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, legal rulings that may be made by state and federal courts, and the passage of state or federal legislation. At the end of each year, the Business will evaluate all of these factors and, with input from an outside actuarial expert, make any necessary adjustments to both estimated asbestos liabilities and insurance recoveries. For additional information, see Note 19 – *Contingent Liabilities*.

Asset Retirement Obligations. The Business records the fair value of legal obligations associated with the retirement of tangible long-lived assets in the period in which it is determined to exist, if a reasonable estimate of fair value can be made. Upon initial recognition of a liability, the Business capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is increased for changes in its present value and the capitalized cost is depreciated over the useful life of the related asset. As of December 31, 2018, and 2017, the outstanding liability for asset retirement obligations was \$73 million and \$75 million, respectively, which is included in Other long-term liabilities in the accompanying Combined Balance Sheets.

Other Income, Net. Other income, net includes the impact of foreign exchange gains or losses, gains or losses on sale of fixed assets as well as other infrequently occurring items. Gains and losses on the disposal of businesses or other investments are also included within Other income, net.

Foreign Exchange. The Business operates in many different currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of the Business are measured using the local currency as the functional currency. Foreign currency denominated assets and liabilities are translated into U.S. Dollars at the exchange rates existing at the respective balance sheet dates, and income and expense items are translated at the average exchange rates during the respective periods. The aggregate effects of translating foreign currency denominated balance sheets are deferred as a separate component of UTC Net Investment.

Pension and Postretirement Obligations. Guidance under FASB ASC Topic 715: *Compensation – Retirement Benefits* requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans. Under this guidance, actuarial gains and losses, prior service costs or credits, and any remaining transition assets or obligations that have not been recognized under previous accounting standards must be recognized in other comprehensive income, net of tax effects, until they are amortized as a component of net periodic benefit cost. Pension and postretirement obligation balances and related costs reflected within the Combined Financial Statements include both costs directly attributable to plans dedicated to Carrier, as well as an allocation of costs for Carrier employees' participation in UTC's plans. See Note 12 – *Employee Benefit Plans* for additional details.

Product Performance Obligations. The Business extends performance and operating cost guarantees beyond normal service and warranty policies for extended periods on some of the Business' products. The liabilities under such guarantees are based upon future product performance and durability and the Business records such costs that are probable and can be reasonably estimated within Cost of products sold. Separately priced extended warranties are recorded in Accrued liabilities and Other long-term liabilities as of December 31, 2017 and within Contract liabilities as of December 31, 2018. In addition, the Business incurs discretionary costs to service its products in connection with product performance issues. The costs associated with these product

TABLE OF CONTENTS

performance and operating cost guarantees require estimates over the full terms of the agreements and require management to consider factors such as the extent of future maintenance requirements and the future cost of material and labor to perform the services. These cost estimates are largely based upon historical experience. See Note 18 – *Guarantees* for further discussion.

UTC Net Investment. UTC’s net investment in the Business is presented as “UTC Net Investment” on the Combined Balance Sheets. The Combined Statements of Changes in Equity include net cash transfers and other property transfers between UTC and the Business as well as related party receivables and payables between the Business and other UTC affiliates that were settled on a current basis. UTC performs cash management and other treasury-related functions on a centralized basis for nearly all of its legal entities, which includes the Business and, consequently, the net cash generated by the Business is transferred to UTC through the intercompany accounts.

Recent Accounting Pronouncements. In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. This ASU requires the income tax consequences of an intra-entity transfer of an asset, other than inventory, to be recognized when the transfer occurs. Two common examples of assets included in the scope of this update are intellectual property and property, plant, and equipment. The provisions of this ASU are effective for years beginning after December 15, 2017, with early adoption permitted. Carrier adopted the new standard effective January 1, 2018. The adoption of this standard did not have a material impact on the Combined Financial Statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. In 2018, the FASB continued to issue various updates to ASU 2016-02 as follows:

- ASU 2018-10, *Codification Improvements to Topic 842, Leases* – makes various targeted enhancements and clarifications to the leasing standard
- ASU 2018-11, *Leases (Topic 842): Targeted Improvements* – allows entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption

ASU 2016-02 and its related updates (collectively, the “New Lease Accounting Standard”) are effective for reporting periods beginning after December 15, 2018, and interim periods therein, using either of the following transition methods: (1) a full retrospective adoption reflecting the application of the standard in each prior reporting period or (2) a modified retrospective adoption election with the cumulative effect of adopting recognized through retained earnings at the date of adoption. The Business is preparing to adopt the New Lease Accounting Standard using the modified retrospective approach with an effective date as of the beginning of our fiscal year, January 1, 2019 in which results for periods before 2019 will not be adjusted for the new standard and the cumulative effect of adoption will be recognized through UTC Net Investment at the date of adoption.

The New Lease Accounting Standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Combined Statements of Operations. In addition, this standard requires a lessor to classify leases as any of sales-type, finance or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor doesn’t convey risks and rewards or control, the lease is treated as operating.

The Business plans to elect certain practical expedients available under the New Lease Accounting Standard upon adoption. The Business plans to apply the practical expedient which allows prospective transition to the New Lease Accounting Standard on January 1, 2019. Under the transition practical expedient, the Business is not reassessing lease classification, embedded leases or initial direct costs. The Business plans to apply the practical expedient for short-term leases. The Business has lease agreements with lease and non-lease components. The Business is electing the practical expedients to combine these components for certain equipment leases. Additionally, for certain equipment leases, the Business plans on applying a portfolio approach to effectively account for the operating lease right-of-use assets and liabilities.

TABLE OF CONTENTS

We do not expect that the standard will have a material effect on our cash flows or results of operations. Upon adoption the Business will record a ROU asset and lease liability, representing the Business' obligation to make lease payments for operating leases, measured on a discounted basis. The ROU asset and lease liability will also reflect future payments under certain information technology service contracts, which the Business has determined contain embedded leases, which require balance sheet presentation under the New Lease Accounting Standard. Upon adoption of this ASU, the Business currently expects to record a ROU asset of \$838 million and lease liability of \$846 million, with immaterial adjustments to other balance sheet accounts and retained earnings related to the transition. In preparation for the adoption, the Business is implementing new software solutions and designing new business processes and controls over the financial reporting of leases, which will facilitate reporting under the New Lease Accounting Standard in the first quarter of 2019.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU requires a financial asset (or group of financial assets) to be measured at an amortized cost basis and presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets in order to present the net carrying value, which represents the amount expected to be collected on the financial asset. The provisions of this ASU are effective for years beginning after December 15, 2019, with early adoption permitted. The Business plans on adopting the new standard effective January 1, 2020, and is currently evaluating the adoption date and the impact, if any, adoption will have on its financial position and results of operations.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*. This ASU provides guidance on the classification and presentation of changes in restricted cash and cash equivalents in the statement of cash flows. The Business adopted this accounting standard update beginning in the first quarter of 2018 using a retrospective transition method to each period presented. The application of this accounting standard update did not have a material impact on our Combined Statements of Cash Flows.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. This ASU provides a new framework that will assist in the evaluation of whether business combination transactions should be accounted for as an acquisition of a business or as a group of assets, and specifies the minimum required inputs and processes necessary to be a business. The provisions of this ASU are effective for years beginning after December 15, 2017, with early adoption permitted. The Business adopted the new standard effective January 1, 2018. See Note 9 – *Business Acquisitions and Dispositions, Goodwill and Intangible Assets*. The adoption of this standard did not have an impact on the Combined Financial Statements.

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*. This ASU provides that an entity should account for the effects of a modification unless the fair value, the vesting conditions of the modified award and the classification of the modified award (equity or liability instrument) are the same as the original award immediately before the modification. The provisions of this ASU are effective for years beginning after December 15, 2017, with early adoption permitted. The Business adopted the new standard effective January 1, 2018. The adoption of this standard did not have a material impact on the Combined Financial Statements.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Topic 220)*. The new standard allows companies to reclassify to retained earnings the stranded tax effects in accumulated other comprehensive income (AOCI) from the then newly-enacted TCJA. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The Business will elect to reclassify the income tax effects of TCJA from AOCI to UTC Net Investment effective January 1, 2019. The adoption of this standard will not have a material impact on the Combined Financial Statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The new standard removes the disclosure requirements for the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. The provisions of this ASU are effective for years beginning after December 15, 2019, with early adoption permitted. The Business does not expect this ASU to have a significant impact on the Combined Financial Statements, as it only includes changes to disclosure requirements.

TABLE OF CONTENTS

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. The new standard includes updates to the disclosure requirements for defined benefit plans including several additions, deletions and modifications to the disclosure requirements. The provisions of this ASU are effective for years beginning after December 15, 2020, with early adoption permitted. The Business is currently evaluating the impact of this ASU.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The new standard provides updated guidance surrounding implementation costs associated with cloud computing arrangements that are service contracts. The provisions of this ASU are effective for years beginning after December 15, 2020, with early adoption permitted. The Business is currently evaluating the impact of this ASU.

NOTE 4: REVENUE RECOGNITION

Under the New Revenue Standard effective for the period ending December 31, 2018, revenue is recognized using an over-time revenue recognition model when contracts meet one or more of the mandatory criteria established in the New Revenue Standard. If none of the criteria are met, revenue is recognized at a point in time. Performance obligations are satisfied at a point in time for HVAC, certain refrigeration systems, and certain alarm and fire detection and suppression systems and products. Revenue is recognized at the point when control of the product transfers to the customer, generally upon product shipment. Under the New Revenue Standard, revenue is recognized on an over-time basis using an input method for installation, service and other repair contracts within the Business. For separately priced product maintenance, sales are primarily recognized on a straight-line basis over the contract period. The Business measures progress toward completion for these contracts using costs incurred to date relative to total estimated costs at completion. Incurred costs represent work performed, which corresponds with and best depicts the transfer of control to the customer. The ongoing effect of recognizing revenue on an over-time basis is not expected to be materially different than the previous revenue recognition method.

The New Revenue Standard had an immaterial impact on the 2018 Combined Statement of Operations. The New Revenue Standard also resulted in the establishment of Contract asset and Contract liability balance sheet accounts, and in the reclassification of balances to these new accounts from Accounts receivable, Inventories and contracts in progress, net, and Accrued liabilities.

The following schedule quantifies the impact of the New Revenue Standard on the Combined Balance Sheets as of December 31, 2018. The effect of the new standard represents the increase (decrease) in the line item based on the adoption of the New Revenue Standard.

<i>(dollars in millions)</i>	December 31, 2018 Under Previous Standard	Effect of the New Revenue Standard	December 31, 2018 As Reported
Assets			
Accounts receivable, net	\$ 2,962	\$ (289)	\$ 2,673
Contract assets, current	—	566	566
Inventories and contracts in progress, net	1,640	(277)	1,363
Liabilities and Equity			
Accrued liabilities	\$ 2,548	\$ (448)	\$ 2,100
Contract liabilities, current	—	448	448

TABLE OF CONTENTS

Contract Assets and Liabilities. Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billing. Contract liabilities relate to payments received in advance of the Business satisfying its performance obligations under the contract. The Business receives payments from customers based on the terms established in the contracts. Total contract assets and contract liabilities as of December 31, 2018 are as follows:

	December 31, 2018
<i>(dollars in millions)</i>	
Contract assets, current	\$ 566
Contract assets, noncurrent (included within Other assets)	
Total contract assets	566
Contract liabilities, current	(448)
Contract liabilities, noncurrent (included within Other long-term liabilities)	—
Total contract liabilities	(448)
Net contract assets	\$ 118

The Business reclassified \$566 million to contract assets in connection with the adoption of the New Revenue Standard on January 1, 2018. Contract assets increased by \$167 million from January 1, 2018 to December 31, 2018 due primarily to revenue recognition in excess of customer billings.

The Business reclassified \$448 million to contract liabilities in connection with the adoption of the New Revenue Standard. Contract liabilities increased by \$8 million from January 1, 2018 through December 31, 2018.

Remaining performance obligations (“RPO”). RPOs are the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. As of December 31, 2018, Carrier’s total RPO is approximately \$5.3 billion. Of this total, the Business expects approximately 71% will be recognized as sales over the following 12 months.

NOTE 5: RELATED PARTIES

Historically, Carrier has been managed and operated in the ordinary course of business with other affiliates of UTC. Accordingly, certain shared costs have been allocated to the Business and reflected as expenses in the Combined Financial Statements.

Related Party Sales. During the historical periods presented, the Business sold products and services to UTC and its non-Carrier businesses. Product sales in the Combined Statements of Operations include sales to affiliates of UTC of \$25 million and \$29 million for the years ended December 31, 2018 and 2017, respectively.

Allocated Centralized Costs. The Combined Financial Statements have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of UTC.

UTC incurs significant corporate costs for services provided to the Business as well as to other UTC businesses. These services include treasury, tax, accounting, human resources, audit, legal, purchasing, information technology and other such services. The costs associated with these services generally include all payroll and benefit costs, as well as overhead costs related to the support functions. UTC also allocates costs associated with corporate insurance coverage and medical, pension, postretirement and other health plan costs for employees participating in UTC sponsored plans. UTC corporate costs were either specifically attributable to Carrier, when possible, or allocated to the Business. Allocations are based on direct usage where identifiable as well a number of other utilization measures including headcount, proportionate usage and relative revenues. All such amounts have been deemed to have been incurred and settled by the Business in the period in which the costs were recorded and are included in the UTC Net Investment.

The allocated functional service expenses and general corporate expenses for the years ended December 31, 2018 and 2017 were \$277 million and \$240 million, respectively, and are primarily included in selling, general and administrative in the Combined Statements of Operations.

In the opinion of management of UTC and the Business, the expense and cost allocations have been determined on a basis considered to be a reasonable reflection of the utilization of services provided or the benefit received by the Business during 2018 and 2017. The amounts that would have been, or will be incurred,

TABLE OF CONTENTS

on a stand-alone basis could differ from the amounts allocated due to economies of scale, difference in management judgment, a requirement for more or fewer employees or other factors. Management does not believe, however, that it is practicable to estimate what these expenses would have been had the Business operated as an independent entity, including any expenses associated with obtaining any of these services from unaffiliated entities. In addition, the future results of operations, financial position and cash flows could differ materially from the historical results presented herein.

Cash Management and Financing. The Business participates in UTC's centralized cash management and financing programs. Disbursements are made through centralized accounts payable systems, which are operated by UTC. Cash receipts are transferred to centralized accounts, which are also maintained by UTC. As cash is received and disbursed by UTC, it is accounted for by the Business through UTC Net Investment. All short and long-term debt is financed by UTC, and financing decisions for wholly and majority owned subsidiaries are determined by UTC Treasury. See Note 2 – *Basis of Presentation* for additional information. The Business' cash that is not included in the centralized cash management and financing programs is classified as Cash and cash equivalents on the Combined Balance Sheets.

Accounts Receivable and Payable. Certain related party transactions between the Business and UTC have been included within UTC Net Investment in the Combined Balance Sheets in the historical periods presented when the related party transactions are not settled in cash. The UTC Net Investment includes related party receivables due from UTC and its affiliates of \$15.1 billion and \$13.6 billion as of December 31, 2018 and 2017, respectively. The UTC Net Investment includes related party payables due to UTC and its affiliates of \$2.6 billion and \$3.2 billion as of December 31, 2018 and 2017, respectively. The interest income and expense related to the activity with UTC that was historically included in Carrier's results is presented on a net basis in the Combined Statements of Operations. Interest income on the activity with UTC was \$110 million and \$85 million for the years ended December 31, 2018 and 2017, respectively. Interest expense on the activity with UTC was \$59 million and \$202 million for the years ended December 31, 2018 and 2017, respectively. Included in interest expense for the year ended December 31, 2017 is \$146 million related to a related party payable that was settled in November 2017. The total effect of the settlement of these related party transactions is reflected as a financing activity in the Combined Statements of Cash Flows.

Additionally, certain transactions between Carrier and UTC and affiliate businesses are cash-settled on a current basis and, therefore, are reflected in the Combined Balance Sheets. Accounts receivable includes \$12 million and \$14 million at December 31, 2018 and 2017, respectively, and Account payable includes \$8 million at both December 31, 2018 and 2017 related to such transactions.

Guarantees. UTC and its affiliates have issued parent company guarantees to certain customers or other third parties regarding the performance obligations of Carrier under certain installation and long-term maintenance contracts. There were no costs charged to the Business by UTC related to these guarantees. Payouts under these guarantees were not material for 2018 and 2017.

UTC has also obtained bank guarantees and letters of credit from banks on behalf of Carrier to guarantee ordinary course of business performance obligations as required by certain Carrier customers or other third parties. Typically, the bank guarantees and letters of credit are in amounts equal to a portion or the entire value of the awarded contract and remain in place through the completion of a contract or warranty period. As of December 31, 2018 and 2017, respectively, total outstanding bank guarantees and letters of credit were approximately \$924 million and \$536 million, respectively. The Business does not believe that the performance of the underlying obligations secured by such guarantees will have a material adverse effect on Carrier's financial position, results of operations or cash flows. Third-party costs relating to bank guarantees and letters of credit are reflected in the results of operations.

Equity Method Investments. Carrier sells products to and purchases products from uncombined entities accounted for under the equity method, which are considered to be related parties. See Note 16–*Equity Method Investments* for additional disclosure related to Carrier's equity method investments and associated related party transactions.

[TABLE OF CONTENTS](#)**NOTE 6: ACCOUNTS RECEIVABLE, NET**

<i>(dollars in millions)</i>	2018	2017
Trade receivables	\$ 2,549	\$ 2,542
Receivables from affiliates	113	118
Unbilled receivables	—	150
Miscellaneous receivables	152	148
	<u>2,814</u>	<u>2,958</u>
Less: allowance for doubtful accounts	<u>(141)</u>	<u>(152)</u>
	<u>\$ 2,673</u>	<u>\$ 2,806</u>

Accounts receivable are carried at amounts that approximate fair value. Bad debt expense was \$20 million and \$12 million for the years ended December 31, 2018 and 2017, respectively. Upon adoption of the New Revenue Standard, unbilled receivables have been reclassified to Contract assets.

NOTE 7: INVENTORIES AND CONTRACTS IN PROGRESS, NET

<i>(dollars in millions)</i>	2018	2017
Raw materials	\$ 336	\$ 303
Work-in-process	102	114
Finished goods	925	869
Contracts in progress	—	1,221
	<u>1,363</u>	<u>2,507</u>
Less: Billings on contracts in progress	—	(978)
	<u>\$ 1,363</u>	<u>\$ 1,529</u>

Raw materials, work-in-process and finished goods are net of valuation reserves of \$142 million and \$169 million as of December 31, 2018 and 2017, respectively. Contracts in progress include the costs of manufactured components, accumulated installation costs and estimated earnings on incomplete contracts. Upon adoption of the New Revenue Standard, Contracts in progress and Billings on contracts in progress have been reclassified to Contract assets.

NOTE 8: FIXED ASSETS, NET

Fixed assets are recorded at cost and are depreciated on a straight-line basis over the estimated useful lives of individual assets.

<i>(dollars in millions)</i>	Estimated Useful Lives (Years)	2018	2017
Land		\$ 114	\$ 116
Buildings and improvements	40	1,142	1,031
Machinery, tools and equipment	3 to 25	1,815	1,835
Rental assets	3 to 12	293	297
Other, including assets under construction		180	295
		<u>3,544</u>	<u>3,574</u>
Accumulated depreciation		<u>(1,891)</u>	<u>(1,890)</u>
		<u>\$ 1,653</u>	<u>\$ 1,684</u>

Depreciation expense was \$221 million and \$226 million for the years ended December 31, 2018 and 2017, respectively.

NOTE 9: BUSINESS ACQUISITIONS, DISPOSITIONS, GOODWILL AND INTANGIBLE ASSETS

Business Acquisitions and Dispositions. The Business' investments through acquisitions, net of cash acquired, in 2018 and 2017 totaled \$310 million and \$176 million, respectively. The acquisitions are not considered material for presentation of pro forma results under FASB ASC Topic 805: *Business Combinations*. Acquisition-related costs have been expensed as incurred and were not material in any of the periods presented.

The Business completed the sale of businesses in 2018 and 2017 for \$1,032 million and \$52 million in cash, respectively. In 2018, the Business recorded a pre-tax gain of \$799 million on the sale of the Taylor business.

Goodwill. The changes in the carrying amount of goodwill are as follows:

<i>(dollars in millions)</i>	<u>HVAC</u>	<u>Refrigeration</u>	<u>Fire & Security</u>	<u>Total Segment</u>	<u>Eliminations and Other</u>	<u>Total</u>
Balance as of January 1, 2017	\$ 5,165	\$ 1,314	\$ 3,009	\$ 9,488	\$ 8	\$ 9,496
Goodwill resulting from business combinations	62	40	31	133	(4)	129
Foreign currency translation and other	245	63	136	444	(4)	440
Balance as of December 31, 2017	5,472	1,417	3,176	10,065	—	10,065
Goodwill resulting from business combinations	—	1	194	195	—	195
Foreign currency translation and other	(142)	(187)	(82)	(411)	—	(411)
Balance as of December 31, 2018	<u>\$ 5,330</u>	<u>\$ 1,231</u>	<u>\$ 3,288</u>	<u>\$ 9,849</u>	<u>\$ —</u>	<u>\$ 9,849</u>

The \$411 million net reduction in goodwill within foreign currency translations and other in 2018 includes a \$151 million reduction of goodwill attributable to the sale of Taylor within the Refrigeration segment. We completed our annual impairment testing as of July 1, 2018 and determined that no significant adjustments to the carrying value of goodwill were necessary.

Intangible Assets, net. Identifiable intangible assets are comprised of the following:

<i>(dollars in millions)</i>	<u>2018</u>		<u>2017</u>	
	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Amount</u>	<u>Accumulated Amortization</u>
Amortized:				
Customer relationships	\$ 1,511	\$ (1,098)	\$ 1,536	\$ (1,046)
Patents and trademarks	292	(189)	322	(191)
Monitoring lines	64	(46)	62	(43)
Service portfolios and other	631	(490)	562	(471)
	<u>2,498</u>	<u>(1,823)</u>	<u>2,482</u>	<u>(1,751)</u>
Unamortized:				
Trademarks and other	539	—	565	—
Total	<u>\$ 3,037</u>	<u>\$ (1,823)</u>	<u>\$ 3,047</u>	<u>\$ (1,751)</u>

Amortization of intangible assets was \$136 million and \$146 million for the years ended December 31, 2018 and 2017, respectively. The estimated future amortization of intangible assets is as follows:

<i>(dollars in millions)</i>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Future amortization	\$ 115	\$ 103	\$ 92	\$ 73	\$ 63

NOTE 10: ACCRUED LIABILITIES

<i>(dollars in millions)</i>	2018	2017
Accrued salaries, wages and employee benefits	\$ 519	\$ 518
Accrued taxes	325	235
Warranty related	190	223
Project financing obligations	150	23
Accrued restructuring	56	73
Accrued legal and environmental reserves	26	50
Customer advances and deferred revenue	24	432
Other	784	805
	<u>\$ 2,074</u>	<u>\$ 2,359</u>

Customer advances and deferred revenue is primarily comprised of advanced billings on service contracts that are typically billed annually or quarterly and amortized ratably over the contract period. The decrease in Customer advances and deferred revenue is due to reclassification of amounts to Contract liabilities, current upon adoption of the New Revenue Standard.

The project financing obligations included in the table above are associated with the sale of rights to unbilled revenues related to the ongoing activity of an entity included within our HVAC segment.

NOTE 11: OTHER LONG-TERM LIABILITIES

Other long-term liabilities as of December 31, 2018 and 2017 are as follows:

<i>(dollars in millions)</i>	2018	2017
Warranty related	\$ 283	\$ 277
Environmental reserves	200	183
Project financing obligations	137	135
Asset retirement obligations	73	75
Other	610	612
	<u>\$ 1,303</u>	<u>\$ 1,282</u>

The project financing obligations included in the table above are associated with the sale of rights to unbilled revenues related to the ongoing activity of an entity included within our HVAC segment.

NOTE 12: EMPLOYEE BENEFIT PLANS

The Business sponsors numerous single-employer domestic and international employee benefit plans and certain of our employees participate in employee benefit plans (the “Shared Plans”) sponsored by UTC which include participants of other UTC businesses. We account for our participation in the Shared Plans as multiemployer benefit plans, as discussed below.

In March 2017, the FASB issued ASU 2017-07, Compensation Benefits (Topic 715), *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This ASU requires an employer to report the service cost component of net periodic pension benefit cost in the same line item(s) as other compensation cost arising from services rendered by the pertinent employee during the period, with other cost components presented separately from the service cost component and outside of income from operations. This ASU also allows only the service cost component of net periodic pension benefit cost to be eligible for capitalization when applicable. This ASU was effective for years beginning after December 15, 2017. The Business adopted this standard on January 1, 2018 applying the presentation requirements retrospectively. The Business elected to apply the practical expedient, which allows us to use amounts in the employee benefit plans note as the basis for applying retrospective presentation for comparative periods as it is impracticable to determine the disaggregation of the cost components for amounts capitalized and amortized in those periods. Provisions related to presentation of the service cost component eligibility for capitalization were applied prospectively. The presentation change related to the periodic benefit cost of Carrier’s defined benefit pension and postretirement plans is reflected in all periods presented in these financial statements.

TABLE OF CONTENTS

Employee Savings Plans. The Business sponsors various employee savings plans. UTC also sponsors and contributes to defined contribution employee savings plans. Certain employees of Carrier participate in these plans. Carrier's contributions to employer sponsored defined contribution plans were \$94 million and \$86 million for 2018 and 2017, respectively.

Pension Plans. The Business sponsors both funded and unfunded domestic and foreign defined benefit pension plans that cover a large number of our employees. The largest plans are generally closed to new participants. The Business' plans use a December 31 measurement date consistent with our fiscal year.

<i>(dollars in millions)</i>	2018	2017
Change in Benefit Obligation		
Beginning balance	\$ 2,822	\$ 2,613
Service cost	33	34
Interest cost	64	65
Actuarial (gain) loss	(110)	89
Benefits paid	(114)	(142)
Net settlement, curtailment and special termination benefits	(8)	(34)
Other	(106)	197
Ending balance	<u>\$ 2,581</u>	<u>\$ 2,822</u>
Change in Plan Assets		
Beginning balance	\$ 3,000	\$ 2,639
Actual return on plan assets	(162)	287
Employer contributions	45	44
Benefits paid	(114)	(142)
Settlements	(7)	(23)
Other	(127)	195
Ending balance	<u>\$ 2,635</u>	<u>\$ 3,000</u>
Funded Status		
Fair value of plan assets	\$ 2,635	\$ 3,000
Benefit obligations	(2,581)	(2,822)
Funded status of plan	<u>\$ 54</u>	<u>\$ 178</u>
Amounts Recognized in the Combined Balance Sheets Consist of		
Noncurrent assets	\$ 442	\$ 565
Current liability	(16)	(17)
Noncurrent liability	(372)	(370)
Net amount recognized	<u>\$ 54</u>	<u>\$ 178</u>
Amounts Recognized in Accumulated Other Comprehensive Loss Consist of		
Net actuarial loss	\$ 482	\$ 298
Prior service cost	11	3
Net amount recognized	<u>\$ 493</u>	<u>\$ 301</u>

The amounts included in "Other" in the above table primarily reflect the impact of foreign exchange translation, primarily for plans in the U.K., Canada and Germany.

Qualified domestic pension plan benefits covering certain union-represented employees comprise approximately 8% of the projected benefit obligation. Benefits for union employees are generally based on a stated amount for each year of service; these plans are closed to new entrants. Foreign plans comprise approximately 91% of the projected benefit obligation; certain of these plans provide participants with one-time

TABLE OF CONTENTS

payments upon separation of employment rather than a retirement annuity, but are considered defined benefit plans for accounting purposes. Nonqualified domestic pension plans provide supplementary retirement benefits to certain employees and are not a material component of the projected benefit obligation.

In 2018 and 2017, we made \$45 million and \$44 million, respectively, of cash contributions to our foreign defined benefit pension plans.

Information for pension plans with accumulated benefit obligations in excess of plan assets:

<i>(dollars in millions)</i>	2018	2017
Projected benefit obligation	\$ 501	\$ 512
Accumulated benefit obligation	463	474
Fair value of plan assets	125	132

Information for pension plans with projected benefit obligations in excess of plan assets:

<i>(dollars in millions)</i>	2018	2017
Projected benefit obligation	\$ 616	\$ 610
Accumulated benefit obligation	564	557
Fair value of plan assets	228	223

The accumulated benefit obligation for all defined benefit pension plans was \$2.5 billion and \$2.7 billion at December 31, 2018 and 2017, respectively.

The components of the net periodic pension benefit are as follows:

<i>(dollars in millions)</i>	2018	2017
Pension Benefits:		
Service cost	\$ 33	\$ 34
Interest cost	64	65
Expected return on plan assets	(170)	(160)
Amortization of prior service cost	1	2
Recognized actuarial net loss	16	14
Net settlement, curtailment and special termination benefits loss (gain)	1	(3)
Net periodic pension benefit – employer	<u>\$ (55)</u>	<u>\$ (48)</u>

Other changes in plan assets and benefit obligations recognized in other comprehensive loss in 2018 are as follows:

<i>(dollars in millions)</i>	
Current year actuarial loss	\$ 221
Amortization of actuarial loss	(16)
Current year prior service cost	9
Amortization of prior service cost	(1)
Net settlement and curtailment gain	(1)
Other	(20)
Total recognized in other comprehensive loss	<u>\$ 192</u>
Net recognized in net periodic pension benefit and other comprehensive loss	<u>\$ 137</u>

The amount included in "Other" in the above table primarily reflects the impact of foreign exchange translation, primarily for plans in the U.K., Canada and Germany.

TABLE OF CONTENTS

The estimated amount that will be amortized from accumulated other comprehensive loss into net periodic pension benefit in 2019 is as follows:

(dollars in millions)

Net actuarial loss	\$	9
Prior service cost		1
	\$	<u>10</u>

Major assumptions used in determining the benefit obligation and net cost for pension plans are presented in the following table as weighted-averages:

<i>(dollars in millions)</i>	Benefit Obligation		Net Cost	
	2018	2017	2018	2017
Discount rate				
PBO	2.8%	2.5%	2.5%	2.7%
Interest cost ⁽¹⁾	—	—	2.4%	2.5%
Service cost ⁽¹⁾	—	—	2.8%	3.1%
Salary scale	3.0%	3.0%	3.0%	2.6%
Expected return on plan assets	—	—	6.0%	6.2%

Note 1 The 2018 and 2017 discount rates used to measure the service cost and interest cost applies to our significant plans. The PBO discount rate is used for the service cost and interest cost measurements for non-significant plans.

The weighted-average discount rates used to measure pension benefit obligations and net costs are set by reference to specific analyses using each plan's specific cash flows and are then comparing them to high-quality bond indices for reasonableness. For those significant plans, the Business utilizes a full yield curve approach in the estimation of the service cost and interest cost components by applying the specific spot rates along the yield curve used in determination of the benefit obligation to the relevant projected cash flows.

In determining the expected return on plan assets, we consider the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes, and economic and other indicators of future performance. In addition, we may consult with and consider the opinions of financial and other professionals in developing appropriate capital market assumptions. Return projections are also validated using a simulation model that incorporates yield curves, credit spreads and risk premiums to project long-term prospective returns.

The plans' investment management objectives include providing the liquidity and asset levels needed to meet current and future benefit payments, while maintaining a prudent degree of portfolio diversification considering interest rate risk and market volatility. Globally, investment strategies target a mix of approximately 40% of growth seeking assets and 60% of income generating and hedging assets using a wide diversification of asset types, fund strategies and investment managers. The growth seeking allocation consists of global public equities in developed and emerging countries, and alternative-asset class strategies. Within the income generating assets, the fixed income portfolio consists of mainly government and broadly diversified high quality corporate bonds.

The plans have continued their pension risk management techniques designed to reduce the plans' interest rate risk. More specifically, the plans have incorporated liability hedging programs that include the adoption of a risk reduction objective as part of the long-term investment strategy. Under this objective the income generating and hedging assets typically increased as funded status improves. The hedging programs incorporate a range of assets and investment tools, each with ranging interest rate sensitivity. As a result of the improved funded status of the plans due to favorable asset returns and funding of the plans, the income generating and hedging assets increased significantly in recent years.

TABLE OF CONTENTS

The fair values of pension plan assets at December 31, 2018 and 2017 by asset category are as follows:

<i>(dollars in millions)</i>	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Subject to Leveling	Total
Asset Category					
Public Equities:					
Global Equities	\$ 22	\$ —	\$ —	\$ —	\$ 22
Global Equity Commingled Funds ⁽¹⁾	1	115	—	—	116
Enhanced Global Equities ⁽²⁾	1	4	—	—	5
Global Equity Funds at net asset value ⁽⁸⁾	—	—	—	815	815
Private Equities ^{(3),(8)}	—	—	1	9	10
Fixed Income Securities:					
Governments	13	28	—	—	41
Corporate Bonds	—	136	—	—	136
Fixed Income Securities ⁽⁸⁾	—	—	—	1,323	1,323
Real Estate ^{(4),(8)}	—	3	10	13	26
Other ^{(5),(8)}	—	63	—	18	81
Cash & Cash Equivalents ^{(6),(8)}	—	7	—	37	44
Subtotal	<u>\$ 37</u>	<u>\$ 356</u>	<u>\$ 11</u>	<u>\$ 2,215</u>	<u>\$ 2,619</u>
Other Assets & Liabilities ⁽⁷⁾					16
Total at December 31, 2018					<u><u>\$ 2,635</u></u>

Public Equities:					
Global Equities	\$ 29	\$ —	\$ —	\$ —	\$ 29
Global Equity Commingled Funds ⁽¹⁾	—	131	—	—	131
Enhanced Global Equities ⁽²⁾	2	8	—	—	10
Global Equity Funds at net asset value ⁽⁸⁾	—	—	—	969	969
Private Equities ^{(3),(8)}	—	—	1	11	12
Fixed Income Securities:					
Governments	14	27	—	—	41
Corporate Bonds	—	168	—	—	168
Fixed Income Securities ⁽⁸⁾	—	—	—	1,424	1,424
Real Estate ^{(4),(8)}	—	3	14	18	35
Other ^{(5),(8)}	—	66	—	23	89
Cash & Cash Equivalents ^{(6),(8)}	—	6	—	83	89
Subtotal	<u>\$ 45</u>	<u>\$ 409</u>	<u>\$ 15</u>	<u>\$ 2,528</u>	<u>\$ 2,997</u>
Other Assets & Liabilities ⁽⁷⁾					3
Total at December 31, 2017					<u><u>\$ 3,000</u></u>

Note 1 Represents commingled funds that invest primarily in common stocks.

Note 2 Represents enhanced equity separate account and commingled fund portfolios. A portion of the portfolio may include long-short market neutral and relative value strategies that invest in publicly traded, equity and fixed income securities, as well as derivatives of equity and fixed income securities and foreign currency.

Note 3 Represents limited partner investments with general partners that primarily invest in debt and equity.

Note 4 Represents investments in real estate including commingled funds and directly held properties.

Note 5 Represents insurance contracts and global balanced risk commingled funds consisting mainly of equity, bonds and some commodities.

Note 6 Represents short-term commercial paper, bonds and other cash or cash-like instruments.

Note 7 Represents trust receivables and payables that are not leveled.

Note 8 In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820)*, 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. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented for the total pension benefits plan assets.

TABLE OF CONTENTS

Derivatives in the plan are primarily used to manage risk and gain asset class exposure while still maintaining liquidity. Derivative instruments mainly consist of equity futures, interest rate futures, interest rate swaps and currency forward contracts.

The fair value measurement of plan assets using significant unobservable inputs (Level 3) did not have significant activity in 2018 or 2017 related to unrealized losses (gains), purchases, sales, or settlements.

Quoted market prices are used to value investments when available. Investments in securities traded on exchanges, including listed futures and options, are valued at the last reported sale prices on the last business day of the year or, if not available, the last reported bid prices. Fixed income securities are primarily measured using a market approach pricing methodology, where observable prices are obtained by market transactions involving identical or comparable securities of issuers with similar credit ratings. Over-the-counter securities and government obligations are valued at the bid prices or the average of the bid and ask prices on the last business day of the year from published sources or, if not available, from other sources considered reliable, generally broker quotes. Temporary cash investments are stated at cost, which approximates fair value.

We expect to make total contributions of approximately \$29 million to our global defined benefit pension plans in 2019. Contributions do not reflect benefits to be paid directly from corporate assets.

Benefit payments, including amounts to be paid from corporate assets, and reflecting expected future service, as appropriate, are expected to be paid as follows: \$109 million in 2019, \$115 million in 2020, \$112 million in 2021, \$118 million in 2022, \$122 million in 2023, and \$653 million from 2024 through 2028.

Postretirement Benefit Plans. The Business sponsors postretirement benefit plans that provide health and life benefits to eligible retirees. The postretirement plans are unfunded. The benefit obligation was \$6 million at December 31, 2018 and 2017. The net periodic benefit cost was \$0.2 million and \$0.3 million for 2018 and 2017, respectively.

The PBO discount rate was 3.6% and 3.4% at December 31, 2018 and 2017, respectively. The Net Cost discount rate was 3.4% and 3.7% for 2018 and 2017, respectively.

Benefit payments, including amounts to be paid from corporate assets, and reflecting expected future service, as appropriate, are expected to be paid as follows: \$0.3 million in 2019, \$0.3 million in 2020, \$0.2 million in 2021, \$0.2 million in 2022, \$0.2 million in 2023, and \$1.1 million from 2024 through 2028.

Multiemployer Benefit Plans. The Business contributes to various domestic and foreign multiemployer defined benefit pension plans. The risks of participating in these multiemployer plans are different from single-employer plans in that assets contributed are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Lastly, if we choose to stop participating in some of our multiemployer plans, we may be required to pay those plans a withdrawal liability based on the underfunded status of the plan.

Our participation in these plans for the annual periods ended December 31 is outlined in the table below. Unless otherwise noted, the most recent Pension Protection Act (“PPA”) zone status available in 2018 and 2017 is for the plan’s year-end at December 31, 2017, and December 31, 2016, respectively. The zone status is based on information that we received from the plan and is certified by the plan’s actuary. Our significant plan is in the green zone which represents a plan that is at least 80% funded and does not require a financial improvement plan (“FIP”) or a rehabilitation plan (“RP”).

<i>(dollars in millions)</i>	EIN/ Pension Plan Number	Zone Status		FIP/ RP Status Pending/ Implemented	Contributions		Surcharge Imposed	Expiration Date of Collective- Bargaining Agreement
		2018	2017		2018	2017		
Pension Fund								
Metal and technology industry pension plan	N/A	Green	Green	No	\$ 6	\$ 6	No	May 31, 2019*
Other funds					15	14		
					<u>\$ 21</u>	<u>\$ 20</u>		

* As of the date of issuance of the Combined Financial Statements, negotiations for a new collective bargaining agreement are on-going. During negotiations, under Dutch Law the previous collective bargaining agreement remains valid.

TABLE OF CONTENTS

UTC's defined benefit pension and postretirement benefit plans have been accounted for as multi-employer plans in these Combined Financial Statements, in accordance with FASB ASC No. 715-30, "Defined Benefit Plans-Pension" and FASB ASC No. 715-60, "Defined Benefit Plans-Other Postretirement". FASB ASC No. 715, "Compensation-Retirement Benefits" provides that an employer that participates in a multi-employer defined benefit plan is not required to report a liability beyond the contributions currently due and unpaid to the plan. Therefore, no assets or liabilities related to these plans have been included in the Combined Balance Sheets. These pension and post retirement expenses were allocated to the Business and reported in cost of goods sold, selling, general and administrative expenses and non-service pension costs. The amounts for pension and retirement expenses for the year ended December 31, 2018 and 2017 were as follows:

<i>(dollars in millions)</i>	2018	2017
Service cost	\$ 22	\$ 23
Non-service pension cost	(80)	(57)
	<u>\$ (58)</u>	<u>\$ (34)</u>

Stock-Based Compensation. Carrier participates in UTC's long-term incentive plans ("LTIP") which authorize various types of market and performance based incentive awards including stock options, stock appreciation rights, performance share units and other such awards. Stock-based compensation expense reflected in the accompanying Combined Financial Statements relates to stock plan awards of UTC awarded to Carrier related employees and not stock awards of Carrier as Carrier does not grant stock awards. The following disclosures represent stock-based compensation expenses attributable to Carrier based on the awards and terms previously granted under UTC's stock-based compensation plans to Carrier employees. Accordingly, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that Carrier would have experienced as an independent company for the periods presented.

Under the UTC LTIP Plans, the exercise price of awards is set on the grant date and may not be less than the fair market value per share on that date. Generally, stock appreciation rights and stock options have a term of ten years and a three-year vesting period, subject to limited exceptions. In the event of retirement, annual stock appreciation rights, stock options, and restricted stock units held for more than one year may become vested and exercisable, subject to certain terms and conditions. LTIP awards with performance-based vesting generally have a minimum three-year vesting period and vest based on actual performance against pre-established metrics. In the event of retirement, performance-based awards held for more than one year, remain eligible to vest based on actual performance relative to target metrics.

The Business measures the cost of all share-based payments, including stock options, at fair value on the grant date and recognizes this cost in the Combined Statements of Operations. For the years ended December 31, 2018 and 2017, \$44 million and \$34 million respectively, of compensation cost directly attributable to Carrier employees was recognized in operating results. The associated future income tax benefit recognized was \$10 million and \$8 million for the years ended December 31, 2018 and 2017, respectively. The amounts have been adjusted for the impact of the TCJA. Please see Note 14 – *Income Taxes* for additional details.

For the years ended December 31, 2018 and 2017, the amount of cash received from the exercise of stock options was \$4 million and \$7 million, respectively, with an associated tax benefit realized of \$7 million and \$19 million, respectively. In addition, for the years ended December 31, 2018 and 2017, the associated tax benefit realized from the vesting of performance share units and other restricted awards was \$2 million and \$4 million, respectively.

At December 31, 2018, there was \$37 million of total unrecognized compensation costs related to non-vested equity awards granted under long-term incentive plans. This cost is expected to be recognized ratably over a weighted-average period of 2.6 years.

TABLE OF CONTENTS

A summary of the transactions under all long-term incentive plans for the year ended December 31, 2018 follows that UTC granted to Carrier employees:

<i>(shares and units in thousands)</i>	Stock Options		Stock Appreciation Rights		Performance Share Units		Other Incentive Shares/ Units
	Share	Average Price*	Shares	Average Price**	Units	Average Price**	
Outstanding at December 31, 2017	118	\$ 85.98	5,765	\$ 94.07	316	\$ 106.95	427
Granted	2	123.48	796	127.26	94	128.13	136
Exercised/earned	(66)	77.76	(704)	77.73	(31)	115.04	(74)
Cancelled	(2)	105.38	(165)	114.52	(92)	115.22	(12)
Net Transfers ⁽¹⁾	19	—	(57)	—	2	—	22
December 31, 2018	<u>71</u>	<u>\$ 85.86</u>	<u>5,635</u>	<u>\$ 100.16</u>	<u>289</u>	<u>\$ 110.59</u>	<u>499</u>

** Weighted-average exercise price

** Weighted-average grant stock price

Note 1 Represents net activity related to employee movement among UTC business units

The weighted-average grant date fair value of stock options and stock appreciation rights granted during 2018 and 2017 by UTC was \$20.25 and \$17.55, respectively. The weighted-average grant date fair value of performance share units, which vest upon achieving certain performance metrics, granted by UTC during 2018 and 2017 was \$131.42 and \$111.00, respectively. The total fair value of awards vested during the years ended December 31, 2018 and 2017 was \$27 million and \$35 million, respectively. The total intrinsic value (which is the amount by which the stock price exceeded the exercise price on the date of exercise) of stock options and stock appreciation rights exercised during the years ended December 31, 2018 and 2017 was \$43 million and \$63 million, respectively. The total intrinsic value (which is the stock price at vesting) of performance share units and other restricted awards vested was \$14 million and \$18 million during the years ended December 31, 2018 and 2017, respectively.

The following table summarizes information about equity awards outstanding for Carrier employees that are vested and expected to vest and equity awards outstanding that are exercisable at December 31, 2018:

<i>(shares in thousands; aggregate intrinsic value in millions)</i>	Equity Awards Vested and Expected to Vest				Equity Awards That Are Exercisable			
	Awards	Average Price*	Aggregate Intrinsic Value	Remaining Term**	Awards	Average Price*	Aggregate Intrinsic Value	Remaining Term**
Stock Options/Stock Appreciation rights	5,334	\$ 99.70	\$ 62	5.4 years	3,698	\$ 93.71	\$ 57	3.9 years
Performance Share Units/ Restricted Stock	792	—	84	1.6 years				

* Weighted-average exercise price per share

** Weighted-average contractual remaining term in years

The fair value of each option award is estimated on the date of grant using a binomial lattice model. The following table indicates the assumptions used in estimating fair value for the years ended December 31, 2018 and 2017. These assumptions represent those utilized by UTC and are not necessarily indicative of assumptions that would be used by Carrier as a stand-alone company. Lattice-based option models incorporate ranges of assumptions for inputs; those ranges are as follows:

	2018	2017
Expected volatility	17.5% – 21.1%	19%
Weighted-average volatility	18%	19%
Expected term (in years)	6.5 – 6.6	6.5
Expected dividend yield	2.2%	2.4%
Risk-free rate	1.3% – 2.7%	0.5% – 2.5%

TABLE OF CONTENTS

Expected volatilities are based on the returns of the stock, including implied volatilities from traded options on UTC's stock for the binomial lattice model. UTC uses historical data to estimate equity award exercise and employee termination behavior within the valuation model. The expected term represents an estimate of the period of time equity awards are expected to remain outstanding. The risk-free rate is based on the term structure of interest rates at the time of equity award grant.

NOTE 13: ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

A summary of the changes in each component of accumulated other comprehensive (loss) income, net of tax for the years ended December 31, 2018 and 2017 is provided below:

<i>(dollars in millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Postretirement Plans	Unrealized Gains (Losses) on Available- for-Sale Securities	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2017	\$ (1,130)	\$ (211)	\$ 262	\$ (5)	\$ (1,084)
Other comprehensive income (loss) before reclassifications, net	747	(32)	(31)	2	686
Amounts reclassified, pre-tax	(10)	16	(394)	1	(387)
Tax expense reclassified	—	5	163	—	168
Balance at December 31, 2017	\$ (393)	\$ (222)	\$ —	\$ (2)	\$ (617)
Other comprehensive loss before reclassifications, net	(441)	(209)	—	—	(650)
Amounts reclassified, pre-tax	—	17	—	2	19
Tax expense reclassified	—	33	—	—	33
Balance at December 31, 2018	\$ (834)	\$ (381)	\$ —	\$ —	\$ (1,215)

Amounts reclassified related to defined benefit pension and postretirement plans include amortization of prior service costs and actuarial net losses recognized during each period presented. These costs are recorded as components of net periodic pension cost for each period presented (see Note 12 – *Employee Benefit Plans* for additional details).

Amounts reclassified that relate to unrealized gains (losses) on available-for-sale securities, pre-tax includes approximately \$394 million of previously unrealized gains reclassified to Other income (expense), net as a result of sales of significant investments in available-for-sale securities in 2017, including Carrier's sale of investments in Watsco, Inc.

All noncontrolling interests with redemption features, such as put options, that are not solely within the Business' control (redeemable noncontrolling interests) were reported in the mezzanine section of the Combined Balance Sheets, between liabilities and equity, at the greater of redemption value or initial carrying value. The decrease in the value of redeemable noncontrolling interest in the Combined Statements of Changes in Equity for the year ended December 31, 2017 is primarily attributable to our acquisition of the remaining interest in an Italian heating products and services company, initially acquired in 2016.

NOTE 14: INCOME TAXES

Income Before Income Taxes

The sources of income from operations before income taxes are:

<i>(dollars in millions)</i>	2018	2017
United States	\$ 2,360	\$ 1,620
Foreign	1,482	1,434
Total	<u>\$ 3,842</u>	<u>\$ 3,054</u>

TABLE OF CONTENTS

Following enactment of the TCJA, Carrier no longer intends to reinvest certain undistributed earnings of its international subsidiaries that have been previously taxed in the U.S. As such, Carrier recorded associated taxes of \$102 million in 2018. For the remainder of Carrier's undistributed international earnings, unless tax effective to repatriate, Carrier intends to continue to permanently reinvest these earnings. As of December 31, 2018, such undistributed earnings were approximately \$5.0 billion, excluding other comprehensive income amounts. It is not practicable to estimate the amount of tax that might be payable on the remaining amounts.

Provision for Income Taxes

The income tax expense (benefit) for the years ended December 31, 2018 and 2017 consisted of the following components:

<i>(dollars in millions)</i>	2018	2017
Current:		
United States		
Federal	\$ 479	\$ 1,318
State	119	99
Foreign	342	342
	<u>\$ 940</u>	<u>\$ 1,759</u>
Future:		
United States		
Federal	\$ (37)	\$ 22
State	24	2
Foreign	146	4
	<u>133</u>	<u>28</u>
Income tax expense	<u>\$ 1,073</u>	<u>\$ 1,787</u>
Attributable to items charged to UTC Net Investment	(68)	(168)

Reconciliation of Effective Income Tax Rate. Differences between the effective income tax rates and the statutory U.S. federal income tax rate are as follows:

	2018	2017
Statutory U.S. federal income tax rate	21.0%	35.0%
State income tax	2.6%	1.8%
Tax on international activities	4.4%	(3.4)%
Tax audit settlements	—	(0.4)%
U.S. tax reform	—	26.1%
Other	(0.1)%	(0.6)%
Effective income tax rate	<u>27.9%</u>	<u>58.5%</u>

The 2018 effective tax rate reflects a net tax charge of \$102 million as a result of UTC's change of assertion of no longer intending to reinvest certain undistributed earnings of its international subsidiaries. In addition, the increase in tax on international activities is also related to higher international tax costs compared to the lower U.S. federal statutory rate.

The 2017 effective tax rate reflects a net tax charge of \$799 million attributable to the passage of the TCJA. These amounts primarily relate to U.S. income tax attributable to previously undistributed earnings of the Business' international subsidiaries and equity investments and the revaluation of U.S. deferred income taxes.

Deferred Tax Assets and Liabilities. Future income taxes represent the tax effects of transactions which are reported in different periods for tax and financial reporting purposes. These amounts consist of the tax effects of temporary differences between the tax and financial reporting balance sheets and tax carryforwards. Future income tax benefits and payables within the same tax paying component of a particular jurisdiction are offset for presentation in the Combined Balance Sheets. The amounts have been adjusted for the impact of the TCJA.

TABLE OF CONTENTS

The tax effects of temporary differences and tax carryforwards which gave rise to future income tax benefits and payables at December 31, 2018 and 2017 are as follows:

<i>(dollars in millions)</i>	2018	2017
Future income tax benefits:		
Insurance and employee benefits	\$ 76	\$ 55
Other asset basis differences	126	126
Other liability basis differences	331	326
Tax loss carryforward	159	185
Tax credit carryforwards	60	65
Valuation allowances	(107)	(113)
	<u>\$ 645</u>	<u>\$ 644</u>
Future income taxes payable:		
Intangible assets	\$ 403	\$ 446
Other asset basis differences	165	73
Other items, net	—	4
	<u>\$ 568</u>	<u>\$ 523</u>

Valuation allowances have been established primarily for tax credit carryforwards, tax loss carryforwards, and certain foreign temporary differences to reduce the future income tax benefits to expected realizable amounts.

Tax Credit and Loss Carryforwards. At December 31, 2018, tax credit carryforwards, principally state and foreign, and tax loss carryforwards, principally state and foreign, were as follows:

<i>(dollars in millions)</i>	Tax Loss Carryforwards	Tax Credit Carryforwards
Expiration period:		
2019-2023	\$ 56	\$ 7
2024-2028	49	8
2029-2038	104	1
Indefinite	592	44
Total	<u>\$ 801</u>	<u>\$ 60</u>

Unrecognized Tax Benefits. At December 31, 2018, Carrier had gross tax-effected unrecognized tax benefits of \$316 million, all of which, if recognized, would impact the effective tax rate. A reconciliation of the beginning and ending amounts of unrecognized tax benefits and interest expense related to unrecognized tax benefits for the years ended December 31, 2018, and 2017 is as follows:

<i>(dollars in millions)</i>	2018	2017
Balance at January 1	\$ 290	\$ 243
Additions for tax positions related to the current year	27	54
Additions for tax positions of prior years	3	17
Reductions for tax positions of prior years	(4)	(20)
Settlements	—	(4)
Balance at December 31	<u>\$ 316</u>	<u>\$ 290</u>
Gross interest expense related to unrecognized tax benefits	<u>\$ 8</u>	<u>\$ 4</u>
Total accrued interest balance at December 31	<u>\$ 33</u>	<u>\$ 24</u>

Carrier conducts business globally and, as a result, Carrier or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. As noted previously, in certain jurisdictions, Carrier's operations are included in combined tax returns with UTC. In the ordinary course

[TABLE OF CONTENTS](#)

of business, the Business is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Australia, Belgium, Canada, China, Czech Republic, France, Germany, Hong Kong, India, Italy, Mexico, Netherlands, Singapore, the United Kingdom and the United States. With few exceptions, Carrier is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2010.

During 2017, Carrier recognized a noncash gain of approximately \$20 million, including a pre-tax interest adjustment of \$2 million, as a result of federal, state and non-U.S. tax year primarily related to the expiration of applicable statutes of limitation, including expiration of the U.S. federal income tax statute of limitations for UTC's 2013 tax year.

As of December 31, 2018, UTC's tax years 2014, 2015 and 2016 were under audit by the Examination Division of the IRS and the audit concluded during the second quarter of 2019. A subsidiary of Carrier is engaged in litigation in Italy which is currently pending before the Italian Supreme Court following favorable lower court decisions. The Italian Tax Authority announced an amnesty program in December of 2018. See Note 21 – *Subsequent Events* for additional information regarding the closure of the IRS audit of the UTC tax years 2014 through 2016 and Carrier's participation in the amnesty program.

It is reasonably possible that a net reduction within the range of \$145 million to \$150 million of unrecognized tax benefits may occur over the next 12 months as a result of additional worldwide uncertain tax positions, the revaluation of current uncertain tax positions arising from developments in examinations, in appeals, or in the courts, or the closure of tax statutes.

NOTE 15: RESTRUCTURING COSTS

During the years ended December 31, 2018 and 2017, the Business recorded net pre-tax restructuring costs totaling \$80 million and \$111 million, respectively, for new and ongoing restructuring actions. The Business recorded charges in the segments as follows:

<i>(dollars in millions)</i>	2018	2017
HVAC	\$ 20	\$ 36
Refrigeration	23	13
Fire & Security	34	57
Eliminations and other	3	5
Total	\$ 80	\$ 111

Restructuring charges incurred in the years ended December 31, 2018 and 2017 primarily relate to actions initiated during 2018 and 2017, and were recorded as follows:

<i>(dollars in millions)</i>	2018	2017
Cost of sales	\$ 36	\$ 48
Selling, general & administrative	44	63
Total	\$ 80	\$ 111

[TABLE OF CONTENTS](#)

2018 Actions. During 2018, the Business recorded net pre-tax restructuring costs totaling \$63 million for restructuring actions initiated in 2018, consisting of \$25 million in cost of sales and \$38 million in selling, general and administrative expenses. The 2018 actions relate to ongoing cost reduction efforts, including workforce reductions and consolidation of field operations.

The following table summarizes the accrual balances and utilization by cost type for the 2018 restructuring actions:

<i>(dollars in millions)</i>	Severance	Facility Exit, Lease Termination & Other Costs	Total
Balance at January 1, 2018	\$ —	\$ —	\$ —
Net pre-tax restructuring costs	57	6	63
Utilization, foreign exchange and other costs	(26)	(4)	(30)
Balance at December 31, 2018	<u>\$ 31</u>	<u>\$ 2</u>	<u>\$ 33</u>

The following table summarizes expected, incurred and remaining costs for the 2018 restructuring actions by segment:

<i>(dollars in millions)</i>	Expected Costs	Cost Incurred During 2018	Remaining Costs at December 31, 2018
HVAC	\$ 24	\$ (17)	\$ 7
Refrigeration	26	(21)	5
Fire & Security	34	(22)	12
Eliminations and other	3	(3)	—
Total	<u>\$ 87</u>	<u>\$ (63)</u>	<u>\$ 24</u>

2017 Actions. During 2018, the Business recorded net pre-tax restructuring costs totaling \$1 million for restructuring actions initiated in 2017, consisting of \$1 million in cost of sales. The 2017 actions relate to ongoing cost reduction efforts, including workforce reductions and the consolidation of field operations. The following table summarizes the accrual balances and utilization by cost type for the 2017 restructuring actions:

<i>(dollars in millions)</i>	Severance	Facility Exit, Lease Termination & Other Costs	Total
Restructuring accruals at January 1, 2017	\$ —	\$ —	\$ —
Net pre-tax restructuring costs	74	2	76
Utilization, foreign exchange and other costs	(33)	(1)	(34)
Restructuring accruals at December 31, 2017	\$ 41	\$ 1	\$ 42
Net pre-tax restructuring costs	(4)	5	1
Utilization, foreign exchange and other costs	(26)	(1)	(27)
Balance at December 31, 2018	<u>\$ 11</u>	<u>\$ 5</u>	<u>\$ 16</u>

The following table summarizes expected, incurred and remaining costs for the 2017 programs by segment:

<i>(dollars in millions)</i>	Expected Costs	Cost Incurred During 2017	Cost Incurred During 2018	Remaining Costs at December 31, 2018
HVAC	\$ 24	\$ (24)	\$ —	\$ —
Refrigeration	14	(13)	(1)	—
Fire & Security	38	(38)	—	—
Eliminations and other	1	(1)	—	—
Total	<u>\$ 77</u>	<u>\$ (76)</u>	<u>\$ (1)</u>	<u>\$ —</u>

TABLE OF CONTENTS

2016 and Prior Actions. During 2018 and 2017, the Business recorded net pre-tax restructuring costs totaling \$16 million and \$35 million, respectively for restructuring actions initiated in 2016 and prior. As of December 31, 2018 and 2017, we have approximately \$7 million and \$31 million of accrual balances remaining related to 2016 and prior actions.

NOTE 16: EQUITY METHOD INVESTMENTS

Carrier had 31 and 32 uncombined domestic and foreign affiliates as of December 31, 2018 and 2017, respectively. The Business has reflected the results of its historical equity earnings from its equity investments in its Combined Statements of Operations. While the Business retains an ongoing interest in and has significant influence with its equity method investments, the Business does not control these operations directly. Carrier's ownership interests in equity method investments vary among individual investments but range between 20% and 50%. Carrier periodically reviews the carrying value of its investments to determine if there has been an other-than-temporary decline in carrying value. A variety of factors are considered when determining if a decline in carrying value is other than temporary, including, among other factors, the financial condition and business prospects of the investee, as well as Carrier's intent with regard to the investment. There were no material impairments of Carrier's investments during the historical periods presented.

Summarized financial information for equity method investments is reflected below.

<i>(dollars in millions)</i>	2018	2017
Current assets	\$ 4,123	\$ 3,986
Noncurrent assets	1,703	1,612
Total assets	5,826	5,598
Current liabilities	2,204	2,398
Noncurrent liabilities	445	321
Total liabilities	2,649	2,719
Total net equity of investees	3,177	2,879
<i>(dollars in millions)</i>	2018	2017
Net sales	\$ 9,142	\$ 8,697
Gross profit	1,673	1,606
Income from continuing operations	645	561
Net income	645	561

Carrier sells products to and purchases products from uncombined entities accounted for under the equity method, which are considered to be related parties. During each of the years ended December 31, 2018 and 2017, Product sales in the Combined Statements of Operations included sales to equity method investees of \$1.9 billion. During the years ended December 31, 2018 and 2017, Cost of products sold in the Combined Statements of Operations included purchases from equity method investees of \$607 million and \$618 million, respectively. Carrier had receivables from equity method investees of \$101 million and \$103 million at December 31, 2018 and 2017, respectively. Carrier also had payables to equity method investees of \$74 million and \$75 million at December 31, 2018 and 2017, respectively. The receivables and payables were included in Account receivable, net and Accounts payable, respectively, on the Combined Balance Sheets.

NOTE 17: OTHER INCOME, NET

<i>(dollars in millions)</i>	2018	2017
Transaction gains	\$ 799	\$ 379
Other	138	196
Total	\$ 937	\$ 575

The transaction gain recorded in 2018 relates to our sale of Taylor. The transaction gain recorded in 2017 relates to the sale of our investment in Watsco, Inc.

NOTE 18: GUARANTEES

The Business has commitments and performance guarantees, including energy savings guarantees, under long-term service and maintenance contracts related to its air conditioning equipment and system controls. Liabilities recorded on the Combined Balance Sheets related to these guarantees were not significant during the historical periods presented.

The Business also has obligations arising from sales of certain businesses and assets, including those from representations and warranties and related indemnities for environmental, health and safety (including asbestos-related), tax and employment matters. The maximum potential payment related to these obligations is not a specified amount as a number of the obligations do not contain financial caps. The carrying amount of liabilities related to these obligations was \$10 million and \$18 million and recorded with Accrued liabilities at December 31, 2018 and December 31, 2017, respectively. For additional information regarding the environmental indemnifications, see Note 19 – *Contingent Liabilities*.

Carrier accrues for costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued. In accordance with FASB ASC Topic 460-10: *Guarantees*, the Business records these liabilities at fair value.

The Business provides service and warranty policies on its products and extends performance and operating cost guarantees beyond normal service and warranty policies on some of its products. In addition, the Business incurs discretionary costs to service its products in connection with specific product performance issues. Liabilities for performance and operating cost guarantees are based upon future product performance and durability, and are largely estimated based upon historical experience. Adjustments are recorded to accruals as claim data and historical experience warrant. The changes in the carrying amount of service and product warranties and product performance guarantees for the years ended December 31, 2018 and 2017 are as follows:

<i>(dollars in millions)</i>	<u>2018</u>	<u>2017</u>
Balance as of January 1	\$ 500	\$ 424
Warranties and performance guarantees issued	171	213
Settlement made	(191)	(141)
Other	(7)	4
Balance as of December 31	<u>\$ 473</u>	<u>\$ 500</u>

NOTE 19: CONTINGENT LIABILITIES

Except as otherwise noted, while the Business is unable to predict the final outcome, based on information currently available, the Business does not believe that resolution of any of the following matters will have a material adverse effect upon the Business' competitive position, results of operations, cash flows or financial condition.

Leases. The Business occupies space and uses certain equipment under lease arrangements. Rental commitments of \$685 million at December 31, 2018 under long-term non-cancellable operating leases are payable as follows: \$189 million in 2019, \$146 million in 2020, \$110 million in 2021, \$77 million in 2022, \$52 million in 2023 and \$111 million in 2024 and thereafter. Rental commitments include only those payments we are legally obligated to make whereas upon adoption of ASC 842 our lease liabilities will include additional payments relating to reasonably certain renewal option periods. Rent expense was \$167 million and \$164 million in 2018 and 2017, respectively.

Environmental. The Business' operations are subject to environmental regulation by authorities with jurisdiction over its operations. As described in Note 3 to the Combined Financial Statements, the Business has accrued for the costs of environmental remediation activities, including but not limited to investigatory, remediation, operating and maintenance costs and performance guarantees, and periodically reassesses these amounts. Management believes that the likelihood of incurring losses materially in excess of amounts accrued is remote. As of December 31, 2018 and 2017, the outstanding liability for environmental obligations was \$215 million and \$217 million, respectively, of which \$15 million and \$34 million is included in Accrued liabilities and \$200 million and \$183 million is included in Other long-term liabilities in the accompanying Combined Balance Sheets.

Legal Proceedings. Asbestos Matters – The Business and its combined subsidiaries have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos integrated into certain of Carrier's products or business premises. While the Business has never manufactured asbestos and no longer incorporates it in any currently-manufactured products, certain of Carrier's historical products, have contained components incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or were covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos related claims were not material individually or in the aggregate in any year.

Our estimated total liability to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately \$253 million and \$252 million, which is principally recorded in Other long-term liabilities on the Combined Balance Sheets as of December 31, 2018 and 2017, respectively. This amount is on an undiscounted, pre-tax basis and excludes the Business' legal fees to defend the asbestos claims (which are expensed by the Business as they are incurred). In addition, the Business has an insurance recovery receivable for probable asbestos related recoveries of approximately \$108 million and \$73 million, which is included primarily in Other assets on the Combined Balance Sheets as of December 31, 2018 and 2017, respectively.

Other. As described in Note 18 to the Combined Financial Statements, the Business extends performance and operating cost guarantees beyond the normal warranty and service policies for extended periods on some of the products. The Business typically accrues its estimate of the liability that may result under these guarantees and for service costs that are probable and can be reasonably estimated. For further discussion and rollforward related warranties, see Note 18 – *Guarantees*.

The Business also has other commitments and contingent liabilities related to legal proceedings and matters arising out of the ordinary course of business. The Business accrues contingencies based upon a range of possible outcomes. If no amount within this range is a better estimate than any other, then the Business accrues the minimum amount.

In the ordinary course of business, Carrier is also routinely a defendant in, party to or otherwise subject to many pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some of these proceedings, claims for substantial

monetary damages are asserted against the Business and its subsidiaries and could result in fines, penalties, compensatory or treble damages or non-monetary relief. The Business does not believe that these matters will have a material adverse effect upon its competitive position, results of operations, cash flows or financial condition.

NOTE 20: SEGMENT FINANCIAL DATA

Carrier has historically operated as an operating segment within UTC. As it is transitioning into an independent, publicly traded company, the Business' Chief Executive Officer, its Chief Operating Decision Maker ("CODM"), evaluated how to view and measure the Business' performance. Based upon such evaluation, and effective during the second quarter of 2019, Carrier determined it is organized into three operating segments, which are also its reportable segments, based on how the CODM allocates resources, assesses performance and makes strategic and operational decisions. The CODM allocates resources to and evaluates the financial performance of each operating segment primarily based on net sales and operating profit. For the years ended December 31, 2018 and 2017, segment results are presented in accordance with this new structure. The Carrier operating segments were determined in accordance with FASB ASC Topic 280 – *Segment Reporting* are (1) HVAC; (2) Refrigeration; and (3) Fire & Security. The segments are generally determined based on the decision-making structure of the Business and the grouping of similar products and services.

HVAC provides products, controls, services and solutions to meet the heating and cooling needs of residential and commercial customers, while enhancing building performance, energy efficiency and sustainability. Carrier's industry-leading family of brands includes Carrier, Automated Logic, Bryant, CIAT, Day & Night, Heil, NORESKO and Riello. Products include air conditioners, heating systems, controls and aftermarket components, as well as aftermarket repair and maintenance services and building automation solutions. HVAC products and solutions are sold directly, including to building contractors and owners, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers, dealers and retail outlets.

Refrigeration is comprised of transport refrigeration and commercial refrigeration products and solutions. Transport refrigeration products and services include refrigeration and monitoring systems for trucks, trailers, shipping containers, intermodal and rail. Transport refrigeration products and cold chain monitoring solutions are used to enable the safe, reliable transport of food and beverages, medical supplies and other perishable cargo. Commercial refrigeration solutions include refrigerated cabinets, freezers, systems and controls. Carrier's commercial refrigeration equipment solutions incorporate next-generation technologies to preserve freshness, ensure safety and enhance the appearance of retail food and beverage. The Business' Refrigeration products and services are sold under established brand names, including Carrier Commercial Refrigeration, Carrier Transicold and Sensitech. Refrigeration products and services are sold directly, including to transportation companies and retail stores, and indirectly through equity method investees, independent sales representatives, distributors, wholesalers and dealers.

Fire & Security includes a wide range of residential and building systems, including fire, flame, gas and smoke detection; portable fire extinguishers; fire suppression systems; intruder alarms; access control systems and video management systems. Other fire and security service offerings include audit, design, installation and system integration, as well as aftermarket maintenance and repair and monitoring services. Established brands include Autronica, Chubb, Det-Tronics, Edwards, Fireye, GST, Interlogix, Kidde, LenelS2, Marioff, Onity and Supra. Fire & Security products and solutions are sold directly to end customers, as well as through manufacturers' representatives, distributors, dealers, value-added resellers and retailers.

TABLE OF CONTENTS

Segment Information. Total sales by segment include inter-segment sales, which are generally made at prices approximating those that the selling entity is able to obtain on external sales. Segment information for the years ended December 31 is as follows:

	Net Sales		Operating Profit	
	2018	2017	2018	2017
<i>(dollars in millions)</i>				
HVAC	\$ 9,713	\$ 9,045	\$ 1,720	\$ 2,001
Refrigeration	4,095	3,823	1,353	562
Fire & Security	5,531	5,324	726	639
Total segment	19,339	18,192	3,799	3,202
Eliminations and other	(425)	(378)	(24)	(32)
General corporate expenses	—	—	(138)	(140)
Combined	\$ 18,914	\$ 17,814	\$ 3,637	\$ 3,030

	Segment Assets		Capital Expenditures		Depreciation & Amortization	
	2018	2017	2018	2017	2018	2017
<i>(dollars in millions)</i>						
HVAC	\$ 1,844	\$ 1,630	\$ 149	\$ 148	\$ 164	\$ 173
Refrigeration	998	1,017	40	36	36	33
Fire & Security	1,764	1,698	45	50	141	152
Total segment	4,606	4,345	234	234	341	358
Eliminations and other	(4)	(10)	29	92	16	14
Combined	\$ 4,602	\$ 4,335	\$ 263	\$ 326	\$ 357	\$ 372
Cash and cash equivalents	1,129	1,324				
Other assets, current	378	341				
Total Current Assets	\$ 6,109	\$ 6,000				

Segment assets in the table above represents accounts receivable, contract assets, current, and inventories and contracts in progress, net. Such accounts are regularly reviewed by management and are therefore reported above as segment assets. All other remaining assets and liabilities for all periods presented are managed on a company-wide basis.

Geographic External Sales and Long-Lived Assets. Geographic external sales and operating profits are attributed to the geographic regions based on their location of origin. With the exception of the U.S. presented in the table below, there were no individually significant countries with sales exceeding 10% of total sales during the years ended December 31, 2018 and 2017. Long-lived assets are net fixed assets attributed to the specific geographic regions.

	External Net Sales		Long-Lived Assets	
	2018	2017	2018	2017
<i>(dollars in millions)</i>				
United States Operations	\$ 9,415	\$ 8,686	\$ 700	\$ 727
International Operations				
Europe	5,711	5,323	451	480
Asia Pacific	2,853	2,782	244	222
Other	935	1,023	258	255
Combined	\$ 18,914	\$ 17,814	\$ 1,653	\$ 1,684

TABLE OF CONTENTS

Segment sales disaggregated by product versus service for the year ended December 31, 2018 and 2017 are as follows:

<i>(dollars in millions)</i>	2018	2017
Sales Type		
Product	\$ 8,395	\$ 7,902
Service	1,318	1,143
Total HVAC sales	9,713	9,045
Product	3,665	3,427
Service	430	396
Total Refrigeration sales	4,095	3,823
Product	4,039	3,824
Service	1,492	1,500
Total Fire & Security sales	5,531	5,324
Total segment sales	19,339	18,192
Eliminations and other	(425)	(378)
Combined	<u>\$ 18,914</u>	<u>\$ 17,814</u>

NOTE 21. SUBSEQUENT EVENTS

The Business evaluated events and transactions occurring subsequent to December 31, 2018 through August 9, 2019, the date the Combined Financial Statements were issued and concluded that the following were subsequent events that required recognition or disclosure.

Subsequent to December 31, 2018, as referenced in Note 14, a subsidiary of Carrier that was engaged in litigation before the Italian Supreme Court filed for participation in the Italian amnesty program during the second quarter of 2019. In addition, during the second quarter of 2019, the Examination Division of the IRS completed its review of UTC's tax years of 2014, 2015 and 2016 and certain state income tax exams concluded. As a result of the amnesty filing in Italy and the conclusion of the IRS and state audits, Carrier recognized a non-cash gain of approximately \$167 million, primarily tax related.

Events Subsequent to Original Issuance of Financial Statements (Unaudited). The Business performed an assessment of potential impairment indicators related to its equity method investments as part of the preparation of its financial statements for the period ended September 30, 2019 and determined that indicators of impairment existed for a specific investment in its portfolio. The Business performed a valuation of this investment and determined that the fair value was less than its carrying value. As a result, the Business recorded a non-cash pre-tax charge of \$108 million in the period ended September 30, 2019.

SCHEDULE II

Carrier Global Corporation
(A Business of United Technologies Corporation)

Valuation and Qualifying Accounts
As of and for the Years Ended December 31, 2018 and 2017

(Dollars in millions)

Allowances for Doubtful Accounts

Balance, January 1, 2017	\$ 157
Provision charged to income	12
Doubtful accounts written off (net)	(23)
Other adjustments	<u>6</u>
Balance, December 31, 2017	152
Provision charged to income	20
Doubtful accounts written off (net)	(22)
Other adjustments	<u>(9)</u>
Balance, December 31, 2018	<u>\$ 141</u>

(Dollars in millions)

Future Income Tax Benefits – Valuation allowance

Balance, January 1, 2017	\$ 104
Additions charged to income tax expense	17
Reductions credited to income tax expense	(11)
Other adjustments	<u>3</u>
Balance, December 31, 2017	113
Additions charged to income tax expense	15
Reductions credited to income tax expense	(14)
Other adjustments	<u>(7)</u>
Balance, December 31, 2018	<u>\$ 107</u>