

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

Amendment No. 1  
to  
**FORM 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES  
Pursuant to Section 12(b) or (g) of  
the Securities Exchange Act of 1934**

**CARRIER GLOBAL CORPORATION**  
(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**Carrier Global Corporation – 83-4051582**  
(I.R.S. employer  
identification number)

**13995 Pasteur Boulevard  
Palm Beach Gardens, Florida**  
(Address of principal executive offices)

**33418**  
(Zip code)

**(561) 365-2000**  
(Registrant's telephone number, including area code)

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

Title of Each Class to be so Registered	Name of Each Exchange on which Each Class is to be Registered
Common Stock, par value \$0.01 per share	New York Stock Exchange

**Securities to be registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="radio"/>
		Emerging growth company	<input type="radio"/>

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

**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:

<b>Exhibit Number</b>	<b>Exhibit Description</b>
<a href="#">2.1</a>	Form of Separation and Distribution Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation*
<a href="#">2.2</a>	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*
<a href="#">3.1</a>	Form of Amended and Restated Certificate of Incorporation of Carrier Global Corporation*
<a href="#">3.2</a>	Form of Amended and Restated Bylaws of Carrier Global Corporation*
<a href="#">4.1</a>	Indenture, dated February 27, 2020, between Carrier Global Corporation and The Bank of New York Mellon Trust Company, N.A.
<a href="#">4.2</a>	Supplemental Indenture No. 1, dated February 27, 2020, between Carrier Global Corporation and The Bank of New York Mellon Trust Company, N.A.
<a href="#">4.3</a>	Registration Rights Agreement, dated February 27, 2020, by and among Carrier Global Corporation, United Technologies Corporation and Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC
<a href="#">10.1</a>	Form of Transition Services Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation*
<a href="#">10.2</a>	Form of Tax Matters Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation*
<a href="#">10.3</a>	Form of Employee Matters Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation*
<a href="#">10.4</a>	Form of Intellectual Property Agreement by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation*
<a href="#">10.5</a>	Form of Carrier Global Corporation 2020 Long-Term Incentive Plan*
<a href="#">10.6</a>	Form of Carrier Global Corporation Change in Control Severance Plan*
<a href="#">10.7</a>	Form of Carrier Global Corporation Executive Annual Bonus Plan*
<a href="#">10.8</a>	Schedule of Terms for Restricted Stock Unit Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan*
<a href="#">10.9</a>	Schedule of Terms for Restricted Stock Unit Awards (Off-Cycle) granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan*
<a href="#">10.10</a>	Schedule of Terms for Stock Appreciation Right Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan*
<a href="#">10.11</a>	Schedule of Terms for Stock Appreciation Right Awards (Off-Cycle) granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan*
<a href="#">10.12</a>	Schedule of Terms for Performance Share Unit Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan*
<a href="#">10.13</a>	Schedule of Terms for Non-Qualified Stock Option Awards granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan*
<a href="#">10.14</a>	Carrier Global Corporation Deferred Compensation Plan*
<a href="#">10.15</a>	Carrier Global Corporation Amended and Restated Savings Restoration Plan

<b>Exhibit Number</b>	<b>Exhibit Description</b>
<a href="#">10.16</a>	Carrier Global Corporation Company Automatic Contribution Excess Plan*
<a href="#">10.17</a>	Carrier Global Corporation LTIP Performance Share Unit Deferral Plan*
<a href="#">10.18</a>	Form of Carrier Global Corporation Pension Preservation Plan*
<a href="#">10.19</a>	Legacy United Technologies Corporation Executive Leadership Group Agreements*
<a href="#">10.20</a>	Legacy Schedule of Terms for United Technologies Corporation Executive Leadership Group Restricted Stock Unit Retention Awards*
<a href="#">10.21</a>	Form of Carrier Global Corporation Board of Directors Deferred Stock Unit Plan*
<a href="#">10.22</a>	Form of French Sub-Plan for Restricted Stock Units granted under the Carrier Global Corporation 2020 Long-Term Incentive Plan*
<a href="#">10.23</a>	Offer Letter with Timothy McLevish, dated September 6, 2019*
<a href="#">10.24</a>	Revolving Credit Agreement, dated February 10, 2020, among Carrier Global Corporation, the subsidiary borrowers party thereto, the lenders and other parties party thereto and JPMorgan Chase Bank, N.A.
<a href="#">10.25</a>	Term Loan Credit Agreement, dated February 10, 2020, among Carrier Global Corporation, United Technologies Corporation (prior to the UTC Release Date (as defined therein)), the lenders and other parties party thereto and JPMorgan Chase Bank, N.A.
<a href="#">21.1</a>	List of Subsidiaries*
<a href="#">99.1</a>	Information Statement of Carrier Global Corporation, preliminary and subject to completion, dated March 11, 2020
<a href="#">99.2</a>	Form of Notice of Internet Availability of Information Statement Materials

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\* Previously filed.

**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: /s/ David Gitlin

Name: David Gitlin

Title: President and Chief Executive Officer

Date: March 11, 2020

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CARRIER GLOBAL CORPORATION

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

Trustee

\_\_\_\_\_

Indenture

Dated as of February 27, 2020

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CARRIER GLOBAL CORPORATION

Reconciliation and tie between Trust Indenture Act of 1939, as amended, and Indenture, dated as of February 27, 2020

Trust Indenture Act Section	Indenture Section
§310 (a)(1)	609
(a)(2)	609
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(a)(5)	608
(b)	608, 610
§311 (a)	613
(b)	613
§312 (a)	701, 702(a)
(b)	702
(c)	702
§313 (a)	703(a)
(b)	703(a)
(c)	703(a)
(d)	703(b)
§314 (a)	704(a), 1004
(b)	Not Applicable
(c)(1)	102
(c)(2)	102
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	102
§315 (a)	601(a)
(b)	602
(c)	601(b)
(d)	601(c)
(d)(1)	601(a)(1)
(d)(2)	601(c)(2)
(d)(3)	601(c)(3)
(e)	514
§316 (a)(1)(A)	502, 512
(a)(1)(B)	513
(a)(2)	Not Applicable
(b)	508
(c)	104(d)
§317 (a)(1)	503
(a)(2)	504
(b)	1003
§318 (a)	107

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Note: This reconciliation and tie will not, for any purpose, be deemed to be a part of the Indenture.

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INDENTURE, dated as of February 27, 2020, between CARRIER GLOBAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the “Company”), having its principal office at 13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (herein called the “Trustee”).

## RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the “Securities”), to be issued in one or more series as provided in this Indenture.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

## ARTICLE ONE

### DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;
  - (2) to the extent that the Trust Indenture Act applies to this Indenture or any Securities, all other terms used herein that are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
  - (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder will mean such accounting principles as are generally accepted in the United States of America at the date of such computation;
  - (4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and
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(5) any reference to an “Article,” a “Section” or a “subsection” refers to an Article, Section or subsection, as the case may be, of this Indenture.

“Act,” when used with respect to any Holder, has the meaning specified in Section 104(a).

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Attributable Debt” means, as to any particular lease under which any Person is at the time liable for a term of more than 12 months, at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining term thereof (excluding any subsequent renewal or other extension options held by the lessee), discounted from the respective due dates thereof to such date at the rate of 15% per annum, compounded monthly. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of the rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges and contingent rents (such as those based on sales). In the case of any lease which is terminable by the lessee upon the payment of a penalty in an amount which is less than the total discounted net amount of rent required to be paid from the later of the first date upon which such lease may be so terminated or the date of the determination of such net amount of rent, as the case may be, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

“Authenticating Agent” means any Person authorized by the Trustee to act on behalf of the Trustee to authenticate Securities.

“Board of Directors” means either the board of directors of the Company or any duly authorized committee of that board of directors.

“Board Resolution” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors, or officers of the Company to which authority to act on behalf of the Board of Directors has been delegated, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Business Day,” when used in respect of any Place of Payment or any other particular location referred to in this Indenture or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 301, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in that Place of Payment or other location are authorized or obligated by law or executive order to close.

“Change of Control” means the occurrence of any of the following after the date of issuance of the Securities of the applicable series:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than to the Company or one of its Subsidiaries, and other than any such transaction or series of related transactions in which the holders of the Company’s Voting Stock outstanding immediately prior thereto hold Voting Stock of the transferee person representing a majority of the voting power of the transferee person’s Voting Stock immediately after giving effect thereto;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) (other than the Company or one of its Subsidiaries) becomes the “beneficial owner” (as defined in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of the Company’s Voting Stock representing a majority of the voting power of the Company’s outstanding Voting Stock;

(3) the Company consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the Company’s outstanding Voting Stock is converted into or exchanged for cash, securities or other property, other than any such transaction where the Company’s Voting Stock outstanding immediately prior to such transaction constitutes, or is converted into or exchanged for, Voting Stock representing a majority of the voting power of the Voting Stock of the surviving person (or its parent) immediately after giving effect to such transaction; or

(4) the adoption by the Company’s shareholders of a plan relating to the Company’s liquidation or dissolution.

Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control under clause (2) above if (i) the Company becomes a direct or indirect wholly-owned subsidiary of a holding company or other person and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company or other person immediately following that transaction are substantially the same as the holders of the Company’s Voting Stock immediately prior to that transaction or (B) immediately following that transaction no “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) (other than a holding company or other person satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company or other person.

“Change of Control Triggering Event” means, with respect to the applicable series of Securities, the Securities of such series cease to be rated Investment Grade by each of the Rating Agencies on any date during the period (the “Trigger Period”) commencing 60 days prior to the

first public announcement by us of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings downgrade or withdrawal). However, a Change of Control Triggering Event otherwise arising by virtue of a particular reduction in, or withdrawal of, rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Change of Control Triggering Event for purposes of the definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in, or withdrawal of, rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at the Company's request that the reduction or withdrawal was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Change of Control Triggering Event). If a Rating Agency is not providing a rating for the Securities at the commencement of any Trigger Period, the Securities will be deemed to have ceased to be rated Investment Grade by such Rating Agency during that Trigger Period.

Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" will mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman, its President, any Vice President, its Treasurer, an Assistant Treasurer, its Controller or any other officer authorized by any of the foregoing to sign such request or order, and delivered to the Trustee.

"Component Currency" has the meaning specified in Section 312(h).

"Consolidated Net Total Assets" means the total amount of assets of the Company and its consolidated Subsidiaries (less applicable reserves and other properly deductible items) after deducting therefrom all current liabilities (excluding any thereof which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed), all as set forth on the most recent consolidated balance sheet of the Company and its consolidated Subsidiaries and computed in accordance with generally accepted accounting principles (which calculation shall give pro forma effect to any Material Acquisition or Material Disposition consummated by the Company or its consolidated Subsidiaries since the date of such balance sheet and on or prior to the date of

determination, as if such Material Acquisition or Material Disposition had occurred on the date of such consolidated balance sheet).

“Conversion Date” has the meaning specified in Section 312(d).

“Conversion Event” means either (a) the cessation of use of (i) a Foreign Currency by the government of the country that issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the Euro both within the European Monetary Union and for the settlement of transactions by public institutions of or within the European Union or (iii) any currency unit (or composite currency) for the purposes for which it was established or (b) any Foreign Currency is not available to the Company for making payment hereunder due to the imposition of exchange controls or other circumstances beyond the control of the Company.

“Corporate Trust Office” means the principal corporate trust office of the Trustee, at which at any particular time its corporate trust business will be administered, which, at the date hereof is 500 Ross Street, 12<sup>th</sup> floor, Pittsburgh, Pennsylvania 15262.

“covenant defeasance” has the meaning specified in Section 1403.

“Debt” means notes, bonds, debentures or other similar evidences of indebtedness for borrowed money.

“Defaulted Interest” has the meaning specified in Section 307(a).

“defeasance” has the meaning specified in Section 1402.

“Depository” means, with respect to the Securities of any series issuable or issued in whole or in part in global form, the Person designated as depository (including as common depository, if applicable) by the Company pursuant to Section 301(19), unless and until a successor depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Depository” will mean or include each Person who is then a Depository hereunder, and if at any time there is more than one such Person, “Depository” as used with respect to the Securities of any such series will mean, the “Depository” with respect to the Securities of that series.

“Dollar” or “\$” means a dollar or other equivalent unit in such coin or currency of the United States of America as at the time will be legal tender for the payment of public and private debts.

“Dollar Equivalent of the Currency Unit” has the meaning specified in Section 312(g).

“Dollar Equivalent of the Foreign Currency” has the meaning specified in Section 312(f).

“DTC” means The Depository Trust Company, its nominees and their respective successors.

“Election Date” has the meaning specified in Section 312(h).

“Euro” or “€” means the single currency of the participating member states of the European Union.

“European Monetary Union” means the Economic and Monetary Union established by the Single European Act and the Treaty on European Union.

“Event of Default” has the meaning specified in Section 501.

“Exchange Rate Agent,” with respect to Securities of or within any series, means, unless otherwise specified with respect to any Securities pursuant to Section 301, a Person designated pursuant to Section 301 or Section 313.

“Exchange Rate Officer’s Certificate” means a certificate setting forth (i) the applicable Market Exchange Rate and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount determined in accordance with Section 302 in the relevant currency or currency unit), payable with respect to a Security of any series on the basis of such Market Exchange Rate, signed by the Treasurer, Controller, any Vice President or any Assistant Treasurer of the Company.

“Extension Notice” has the meaning specified in Section 308.

“Extension Period” has the meaning specified in Section 308.

“Foreign Currency” means any currency, composite currency or currency unit, including, without limitation, the Euro, issued by the government of one or more countries other than the United States or by any recognized confederation, union or association of such governments.

“Government Obligations” means securities that are (i) direct obligations of the government that issued the currency in which the Securities of a particular series are payable or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the government or entity that issued the currency in which the Securities of such series are payable, the payment of which is unconditionally guaranteed by such government, which, in either case, are full faith and credit obligations of the government payable in such currency and are not callable or redeemable at the option of the issuer thereof and will also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest or principal of the Government Obligation evidenced by such depositary receipt.

“Holder” means a Person in whose name a Security is registered in the Security Register.

“Indenture” means this instrument as it may from time to time be supplemented or amended by one or more supplemental indentures entered into pursuant to the applicable

provisions hereof. The term “Indenture” will also include the terms of particular series of Securities established as contemplated by Section 301.

“Indexed Security” means a Security the terms of which provide that the principal amount thereof payable at Stated Maturity may be more or less than the principal face amount thereof at original issuance.

“Industrial Development Bonds” means obligations issued by a State, a Commonwealth, a Territory or a possession of the United States of America, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof pursuant to the provisions of Section 103(a) of the Internal Revenue Code of 1986, as amended (or any similar provision), as in effect at the time of the issuance of such obligations.

“interest,” when used with respect to an Original Issue Discount Security that by its terms bears interest only after Maturity, means interest payable after Maturity at the rate prescribed in such Original Issue Discount Security.

“Interest Payment Date,” when used with respect to any Security, means the date specified in such Securities as the fixed date on which an installment of interest is due and payable.

“Investment Grade” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s) and a rating of BBB– or better by S&P (or its equivalent under any successor rating category of S&P), and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by the Company under the circumstances permitting the Company to select a replacement rating agency and in the manner for selecting a replacement rating agency, in each case as set forth in the definition of “Rating Agency”).

“Lien” means any pledge, mortgage, lien, encumbrance and security interest.

“mandatory sinking fund payment” has the meaning specified in Section 1201.

“Market Exchange Rate” means, unless otherwise specified with respect to any Securities pursuant to Section 301, (i) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 301 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon (New York City time) buying rate for such Foreign Currency for cable transfers quoted in New York City as certified for customs purposes by the Federal Reserve Bank of New York and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either New York City, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to

Section 301, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in New York City, London or other principal market for such currency or currency unit in question, or such other quotations as the Exchange Rate Agent will deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency or currency unit by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency or currency unit will be that upon which a nonresident issuer of securities designated in such currency or currency unit would purchase such currency or currency unit in order to make payments in respect of such securities.

“Material Acquisition” means any acquisition by the Company or any of its Subsidiaries of (a) equity interests in any Person if, after giving effect thereto, such Person will become a Subsidiary of the Company or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person (in the case of clauses (a) and (b), including as a result of a merger or consolidation); provided that, in the case of clauses (a) and (b), the aggregate consideration therefor exceeds \$50,000,000.

“Material Disposition” means any sale, transfer or other disposition by the Company or any of its Subsidiaries of (a) all or substantially all the issued and outstanding equity interests in any Person that are owned by the Company or any of its Subsidiaries or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; provided that, in the case of clauses (a) and (b), such sale, transfer or other disposition yields net proceeds to the Company or any of its Subsidiaries in excess of \$50,000,000.

“Maturity,” means the date on which the principal (or premium, if any) of such Security or an installment of principal becomes due and payable as provided by this Indenture or the Securities, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

“Moody’s” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“Officer’s Certificate” means a certificate signed by the Chairman, Chief Executive Officer, Chief Financial Officer, the President or a Vice President, the Treasurer, the Controller or any officer authorized by any of the foregoing to sign such certificate, and delivered to the Trustee.

“Opinion of Counsel” means a written opinion of counsel, which may be an employee of or counsel for the Company, any Subsidiary of the Company, or any Person of which the Company is a Subsidiary, and who will be reasonably acceptable to the Trustee.

“optional sinking fund payment” has the meaning specified in Section 1201.

“Optional Reset Date” has the meaning specified in Section 307(b).

“Original Issue Discount Security” means any Security that provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

“Original Stated Maturity” has the meaning specified in Section 308.

“Outstanding,” when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

- (i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (ii) Securities, or portions thereof, for whose payment or redemption or repayment at the option of the Holder money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company will act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;
- (iii) Securities, except to the extent provided in Sections 1402 and 1403, with respect to which the Company has effected defeasance and/or covenant defeasance as provided in Article Fourteen; and
- (iv) Securities that have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there will have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (i) the principal amount of an Original Issue Discount Security that may be counted in making such determination and that will be deemed to be Outstanding for such purpose will be equal to the amount of principal thereof that would be (or will have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the maturity thereof pursuant to Section 502, (ii) the principal amount of any Security denominated in a Foreign Currency that may be counted in making such determination and that will be deemed Outstanding for such purpose will be equal to the Dollar equivalent, determined as of the date such Security is or was originally issued by the Company as set forth in an Exchange Rate Officer’s Certificate delivered to the Trustee on or after the date of such original issuance, of the principal amount (or, in the case of an Original Issue Discount Security, the Dollar equivalent as of such date of original issuance of the amount determined as provided in clause (i) above), of such Security, (iii) the principal amount of any Indexed Security that may be counted in making such determination and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security pursuant to Section 301, and (iv) Securities

owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor will be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee will be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities that the Trustee knows to be so owned will be so disregarded. Securities so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay or deliver the principal of (and premium, if any) and interest on any Securities on behalf of the Company.

"Person" means any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity of whatever nature.

"Place of Payment" means, when used with respect to the Securities of or within any series, the place or places where the principal of (and premium, if any) and interest on such Securities are payable, as contemplated by Sections 301 and 1002.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security will be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Principal Property" means any manufacturing plant or warehouse, together with the land upon which it is erected and fixtures comprising a part thereof, owned by the Company or any Wholly-Owned Domestic Manufacturing Subsidiary and located in the United States, the gross book value (without deduction of any reserve for depreciation) of which on the date as of which the determination is being made is an amount which exceeds 1% of Consolidated Net Total Assets, other than any such manufacturing plant or warehouse or any portion thereof or any such fixture (together with the land upon which it is erected and fixtures comprising a part thereof) (i) which is financed by Industrial Development Bonds or (ii) which, in the opinion of the Board of Directors, is not of material importance to the total business conducted by the Company and its Subsidiaries, taken as a whole.

"Rating Agency" means each of Moody's and S&P; provided, that if either Moody's or S&P cease to provide rating services to issuers or investors, the Company may appoint another "nationally recognized statistical rating organization," as defined under Section 3(a)(62) of the Securities Exchange Act of 1934, as amended, as a replacement agency for such Rating Agency; provided that the Company shall give notice of such appointment to the Trustee.

"Record Date" for the interest payable on any Interest Payment Date on the Securities of or within any series means the date specified for that purpose as contemplated by Section 301.

"Redemption Date," when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price,” when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

“Repayment Date” means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment by or pursuant to this Indenture.

“Reset Notice” has the meaning specified in Section 307(b).

“Responsible Officer,” when used with respect to the Trustee, means any officer within the corporate trust department, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above-designated officers, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

“sale and leaseback transaction” has the meaning specified in Section 1007.

“Securities” has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

“Security Register” and “Security Registrar” have the respective meanings specified in Section 305.

“Special Record Date” for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

“Specified Amount” has the meaning specified in Section 312(h).

“Stated Maturity,” when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

“Subsequent Interest Period” has the meaning specified in Section 307(b).

“Subsidiary” means, for any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity will or might have voting power upon the occurrence of any contingency) is at the time of any determination directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person or by one or more other Subsidiaries of such Person. For the purposes of this definition, “controlled” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“S&P” means S&P Global Ratings, and its successors.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended, as in force at the date as of which this instrument was executed, except as provided in Section 905.

“Trustee” means the Person named as the “Trustee” in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” will mean or include each Person who is then a Trustee hereunder.

“United States” means, unless otherwise specified with respect to any Securities pursuant to Section 301, the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

“Valuation Date” has the meaning specified in Section 312(c).

“Vice President” when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title “vice president.”

“Voting Stock” of any specified Person as of any date means the capital stock of such Person that is at the time entitled to vote generally in the election of the board of directors of such Person.

“Wholly-Owned Domestic Manufacturing Subsidiary” means any Subsidiary of which, at the time of determination, all of the outstanding capital stock (other than directors’ qualifying shares) is owned by the Company directly and/or indirectly and which, at the time of determination, is primarily engaged in manufacturing, except a Subsidiary that (a) neither transacts any substantial portion of its business nor regularly maintains any substantial portion of its fixed assets within the United States, (b) is engaged primarily in the finance business, including, without limitation thereto, financing the operations of, or the purchase of products which are products of or incorporate products of, the Company and/or its Subsidiaries, or (c) is primarily engaged in ownership and development of real estate, construction of buildings, or related activities, or a combination of the foregoing. In the event that there shall at any time be a question as to whether a Subsidiary is primarily engaged in manufacturing or is described in the foregoing clause (a), (b) or (c), such matter shall be determined for all purposes of this Indenture by a Board Resolution.

SECTION 102. Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture (other than in connection with the execution of any supplemental indenture on the date of original issuance of Securities under this Indenture), the Company will furnish to the Trustee an Officer’s Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished. Each such certificate or opinion will be given in the form of an Officer’s Certificate, if to be given by an

officer of the Company, or an Opinion of Counsel, if to be given by counsel, and will comply with the requirements of the Trust Indenture Act (to the extent the Trust Indenture Act applies to this Indenture or any Securities) and any other requirements set forth in this Indenture. Every certificate or opinion with respect to compliance with a condition or covenant (other than the certificates provided pursuant to Section 1004) provided for in this Indenture will include the following:

- (1) a statement that the person making such certificate or opinion has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

The Trustee may request that the Company deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any one person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

SECTION 103. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given or taken by Holders of the Outstanding Securities of all series or one or more series, as the case may be, may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing, or by any Person duly authorized by means of any written certification, proxy or other authorization furnished by a Depositary, and except as herein otherwise expressly provided, such action will become effective when such instrument or instruments is or are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing (or on behalf of whom such duly appointed agent or Person signs) such instrument or instruments or, in the case of the Depositary, furnishing the written certification, proxy or other authorization pursuant to which such instrument or instruments are signed. Proof of execution of any such instrument, any writing appointing any such agent or authorizing any such Person or any such written certification or proxy will be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument, writing, certification or proxy may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument, writing, certification or proxy acknowledged to him or her the execution thereof. Where such execution is by a signer acting in a capacity other than his or her individual capacity, such certificate or affidavit will also constitute sufficient proof of his or her authority. The fact and date of the execution of any such instrument, writing, certification or proxy or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems sufficient.

(c) The ownership of Securities will be proved by the Security Register.

(d) The Company may (to the extent that the Trust Indenture Act applies to this Indenture or any Securities, in the circumstances permitted by the Trust Indenture Act) fix in advance any day as a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other action, but the Company shall have no obligation to do so. If such record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such record date, but only the Holders of record at the close of business on such record date will be deemed to be Holders for the purpose of determining whether Holders of the requisite proportion of Securities Outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other action; provided that no such request, demand, authorization, direction, notice, consent, waiver or other action by the Holders on such record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six months after such record date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security will bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor

or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 105. Notices, Etc. to Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other documents provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(1) the Trustee by any Holder or by the Company will be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration, or

(2) the Company by the Trustee or by any Holder will be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument, Attention: General Counsel or at any other address previously furnished in writing to the Trustee by the Company.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, pdf, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate may be amended and replaced from time to time. If the Company elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's reasonable understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Company agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties, except any risks attributable to the Trustee's negligence or bad faith.

SECTION 106. Notice to Holders; Waiver. Where this Indenture provides for notice of any event to Holders by the Company or the Trustee, such notice will be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each such Holder affected by such event, at his or her address as it appears in the Security Register or otherwise delivered in accordance with the applicable procedures of the Depository (or, if a Security is held by DTC, delivered electronically in accordance with DTC's customary procedures), not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder will affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Holders will be filed with the Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it will be impractical to mail notice of any event to Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as will be satisfactory to the Trustee will be deemed to be sufficient giving of such notice.

Any request, demand, authorization, direction, notice, consent, waiver or other action required or permitted under this Indenture will be in the English language, except that any published notice may be in an official language of the country of publication.

SECTION 107. Conflict with Trust Indenture Act. To the extent the Trust Indenture Act applies to this Indenture or any Securities, if any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision will control. To the extent the Trust Indenture Act applies to this Indenture or any Securities, if any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision will be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 108. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

SECTION 109. Successors and Assigns. All covenants and agreements in this Indenture by the Company will bind its successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause. In case any provision in this Indenture or in any Security will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby, and this Indenture and any such Security will be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

SECTION 111. Benefits of Indenture. Nothing in this Indenture or in the Securities, express or implied, will give to any Person, other than the parties hereto, any Authenticating Agent, any Paying Agent, any Securities Registrar and their successors hereunder and the Holders of Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law. This Indenture and the Securities will be governed by and construed in accordance with the laws of the State of New York.

SECTION 113. Legal Holidays. In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security will not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of any Security other than a provision in the Securities of any series that specifically states that such provision will apply in lieu of this Section) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment

Date or Redemption Date, or at the Stated Maturity; provided that no interest will accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

SECTION 114. Immunity of Incorporators, Stockholders, Officers, Directors and Others. No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, will be had against any incorporator, stockholder, officer, director, employee or agent, as such, past, present or future, of the Company or of any successor Person, either directly or through the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations of the Company, that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, stockholders, officers, directors, employees or agents, as such, of the Company or of any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, stockholder, officer, director, employee or agent, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

SECTION 115. Counterparts. This instrument may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission will constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF will be deemed to be their original signatures for all purposes.

SECTION 116. Submission to Jurisdiction. Each of the Company, the Holders and the Trustee hereby irrevocably submits to the jurisdiction of any New York State court sitting in the Borough of Manhattan in the City of New York or any federal court sitting in the Southern District in the Borough of Manhattan in the City of New York in respect of any suit, action or proceeding arising out of or relating to this Indenture and the Securities, and irrevocably accepts for itself and in respect of its property, generally and unconditionally, jurisdiction of the aforesaid courts.

SECTION 117. Waiver of Jury Trial. EACH OF THE COMPANY, THE HOLDERS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTION CONTEMPLATED HEREBY.

ARTICLE TWO

SECURITY FORMS

SECTION 201. Forms Generally. The Securities of each series will be in substantially the forms as will be established by or pursuant to a Board Resolution, an Officer's Certificate or one or more indentures supplemental hereto executed by one or more officers of the Company authorized by a Board Resolution, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with applicable tax laws, the rules of any securities exchange or Depositary therefor or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. If the form or forms of Securities of any series is or are established by action taken pursuant to a Board Resolution, an Officer's Certificate or one or more indentures supplemental hereto executed by one or more officers of the Company authorized by Board Resolutions, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The definitive Securities will be printed, lithographed or engraved (or produced by any combination of these methods) on steel-engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 202. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication will be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

Dated: \_\_\_\_\_

SECTION 203. Securities Issuable in Global Form. If Securities are issuable in whole or in part in global form, as contemplated by Section 301, then, notwithstanding clause (8) of Section 301, any such Security will represent such of the Outstanding Securities of such series as will be specified therein and may provide that it will represent the aggregate amount of Outstanding Securities of such series from time to time endorsed thereon and that the aggregate amount of Outstanding Securities of such series represented thereby may from time to time be reduced to reflect exchanges. Any endorsement of a Security in global form to reflect the

amount, or any increase or decrease in the amount, of Outstanding Securities represented thereby shall be made by the Trustee in such manner and upon instructions given by such Person or Persons as will be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 303 or Section 304. Subject to the provisions of Section 303 and, if applicable, Section 304, the Trustee shall deliver and redeliver any Security in permanent global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. If a Company Order pursuant to Section 303 or Section 304 has been, or simultaneously is, delivered, any instructions by the Company with respect to endorsement or delivery or redelivery of a Security in global form will be in writing but need not comply with Section 102 and need not be accompanied by an Opinion of Counsel.

The provisions of the last sentence of penultimate paragraph of Section 303 will apply to any Security represented by a Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee the Security in global form together with written instructions (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last sentence of penultimate paragraph of Section 303.

## ARTICLE THREE

### THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There will be established in one or more Board Resolutions or pursuant to authority granted by one or more Board Resolutions, and subject to Section 303, set forth in, or determined in the manner provided in, an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, any or all of the following, as applicable (each of which, if so provided, may be determined from time to time by the Company with respect to unissued Securities of the series and set forth in such Securities of the series when issued from time to time):

- (1) the title of the Securities of the series (which will distinguish the Securities of the series from all other series of Securities);
- (2) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906, 1107 or 1305);
- (3) the date or dates on which the principal of the Securities of the series is payable or the manner in which such dates are determined or extended;
- (4) the rate or rates, or the method by which such rate or rates will be determined, at which the Securities of the series will bear interest, if any, the date or dates from which such interest will accrue, or the method by which such date or dates will be

determined, the Interest Payment Dates on which such interest will be payable and the Record Date for the interest payable on any Interest Payment Date, or the method by which such dates will be determined, and the basis upon which interest will be calculated if other than on the basis of a 360-day year of twelve 30-day months;

- (5) the Place of Payment with respect to the Securities of the series, the place or places where the Securities of such series may be presented for registration of transfer or exchange and the place or places where notices and demands to or upon the Company in respect of the Securities of such series may be made;
- (6) the period or periods within which, the price or prices at which, the currency, currencies, currency units or composite currencies in which, and other terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, if the Company is to have that option;
- (7) the obligation or right, if any, of the Company to redeem, repay or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which, the currency, currencies, currency units or composite currencies in which, and other terms and conditions upon which Securities of the series will be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;
- (8) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which any Securities of the series will be issuable;
- (9) if other than the Trustee, the identity of the Security Registrar and/or Paying Agent;
- (10) if other than the principal amount thereof, the portion of the principal amount of Securities of the series and any other amounts that will be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502 or the method by which such portion and any other amounts will be determined;
- (11) if other than Dollars, the coin or currency, currencies, currency units or composite currency in which payment of the principal of (and premium, if any) or interest, if any, on the Securities of the series will be payable or in which the Securities of the series will be denominated and the particular provisions applicable thereto in accordance with, in addition to or in lieu of any of the provisions of Section 312;
- (12) the terms, if any, upon which Securities of the series may be convertible into the common stock or other securities of any kind of the Company or another Person and the terms and conditions upon which the conversion will be effected, including the initial conversion price or rate, the conversion period, and any other additional provisions;
- (13) if the amount of payments of principal of (and premium, if any) or interest on the Securities of the series may be determined with reference to an index, formula or other method (which index, formula or other method may be based, without limitation, on

one or more currencies, currency units, composite currencies, commodities, equity indices or other indices), the manner in which such amounts will be determined;

(14) if the principal of (and premium, if any) and interest, if any, on the Securities of the series are to be payable, at the election of the Company or a Holder thereof, in a coin or currency, currencies, currency units or composite currency other than that in which such Securities are denominated or stated to be payable, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made, and the time and manner of determining the exchange rate between the coin or currency, currencies, currency units or composite currency in which such Securities are denominated or stated to be payable and the coin or currency, currencies, currency units or composite currency in which such Securities are to be so payable, in each case in accordance with, in addition to or in lieu of any of the provisions of Section 312;

(15) the designation of the initial Exchange Rate Agent, if any;

(16) the applicability, if at all, of Sections 1402 and/or 1403 to the Securities of the series and any provisions in modification of, in addition to or in lieu of the provisions of Article Fourteen;

(17) provisions, if any, granting special rights to the Holders of Securities of the series upon the occurrence of such events as may be specified;

(18) any deletions from, modifications of or additions to the Events of Default or covenants of the Company with respect to Securities of the series, whether or not such Events of Default or covenants are consistent with the Events of Default or covenants set forth herein;

(19) whether any Securities of the series are to be issuable initially in temporary global form and whether any Securities of the series are to be issuable in permanent global form and, if so, whether beneficial owners of interests in any such permanent global Security may exchange such interests for Securities of such series and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in Section 305, and if Securities of the series are to be issuable in global form, the identity of any initial Depository therefor;

(20) the date as of which any temporary global Security representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Security of the series to be issued;

(21) the Person to whom any interest on any Security of the series will be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Record Date for such interest, and the extent to which, or the manner in which, any interest payable on a temporary global Security on an Interest Payment Date will be paid;

(22) if Securities of the series are to be issuable in definitive form (whether upon original issue or upon exchange of a global Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions;

(23) if the Securities of the series are to be issued upon the exercise of warrants, the time, manner and place for such Securities to be authenticated and delivered;

(24) whether and under what circumstances the Company will pay additional amounts to non-United States Holders of such Securities in respect of any tax assessment or government charge and, if so, whether the Company will have the option to redeem such Securities rather than pay such additional amounts (and the terms of any such option); and

(25) any other terms, conditions or rights (or limitations on such rights) relating to the series (which terms will not be inconsistent with the provisions of this Indenture).

All Securities of any one series will be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution (subject to Section 303) and set forth in such Officer's Certificate or in any such indenture supplemental hereto. Not all Securities of any one series need be issued at the same time, and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series.

If any of the terms of the series are established by action taken pursuant to one or more Board Resolutions, such Board Resolutions will be delivered to the Trustee at or prior to the delivery of the Officer's Certificate or indenture supplemental hereto setting forth the terms of the series.

SECTION 302. Denominations. All Securities will be issuable in such denominations as will be specified as contemplated by Section 301. With respect to Securities denominated in Dollars, in the absence of any such provisions, the Securities, other than Securities issued in global form (which may be of any denomination), will be issuable in minimum denominations of \$1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating. The Securities will be executed on behalf of the Company by its Chairman, Treasurer, Controller, President or one of its Vice Presidents. The signature of any of these officers on the Securities may be the manual or facsimile signatures of the present or any future such authorized officer and may be imprinted or otherwise reproduced on the Securities. Typographical and other minor errors or defects in any such reproduction of any such signature will not affect the validity or enforceability of any Security that has been duly authenticated and delivered by the Trustee or Authenticating Agent, as applicable.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company will bind the Company, notwithstanding that such individuals

or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series, executed by the Company to the Trustee or Authenticating Agent, as applicable, for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee or Authenticating Agent, as applicable, in accordance with the Company Order, shall authenticate and deliver such Securities. If not all the Securities of any series are to be issued at one time and if the Board Resolution, Officer's Certificate or supplemental indenture establishing such series will so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and determining terms of particular Securities of such series such as interest rate, maturity date, date of issuance and date from which interest will accrue.

In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee or Authenticating Agent, as applicable, will be entitled to receive, and (subject to Section 601) will be fully protected in relying upon:

- (a) a copy of the Board Resolutions in or pursuant to which the terms and form of the Securities were established, if any, and if the terms and form of such Securities are established by an Officer's Certificate pursuant to general authorization of the Board of Directors, such Officer's Certificate;
- (b) an executed supplemental indenture, if any;
- (c) an Officer's Certificate delivered in accordance with Section 102; and
- (d) an Opinion of Counsel stating:
  - (i) that the form or forms of such Securities have been established in conformity with the provisions of this Indenture;
  - (ii) that the terms of such Securities have been established in conformity with the provisions of this Indenture; and
  - (iii) that such Securities, when completed by appropriate insertions and executed and delivered by the Company to the Trustee or Authenticating Agent, as applicable, for authentication in accordance with this Indenture, authenticated and delivered by the Trustee or Authenticating Agent, as applicable, in accordance with this Indenture and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, moratorium, fraudulent transfer, reorganization and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights, to general equitable principles and to such other qualifications as such counsel will conclude do not materially affect the rights of Holders of such Securities.

Notwithstanding the provisions of Section 301 and of the preceding two paragraphs, if not all the Securities of any series are to be issued at one time, it will not be necessary to deliver the Officer's Certificate or indenture supplemental hereto otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to the preceding two paragraphs prior to or at the time of issuance of each Security, but such documents will be delivered prior to or at the time of issuance of the first Security of such series.

The Trustee or Authenticating Agent, as applicable, shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's or Authenticating Agent's, as applicable, own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee. Each Security will be dated the date of its authentication.

No Security will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein, executed by the Trustee or Authenticating Agent, as applicable, by manual signature, and such certificate upon any Security will be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security will have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company will deliver such Security to the Trustee for cancellation as provided in Section 310 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security will be deemed never to have been authenticated and delivered hereunder and will never be entitled to the benefits of this Indenture.

If the Company will establish pursuant to Section 301 that Securities of a series may be issued in whole or in part in global form, then the Company shall execute, and the Trustee or Authenticating Agent, as applicable, shall (in accordance with this Section 303 and the Company Order with respect to such series) authenticate and deliver, one or more Securities in global form that, unless otherwise specified in the Board Resolution, Officer's Certificate or indenture supplemental hereto establishing the terms of such Securities, (i) will represent and will be denominated in an aggregate amount equal to the aggregate principal amount of the Outstanding Securities of such series to be represented by such one or more Securities in global form, (ii) will be registered in the name of the Depositary for such Security or Securities in global form or in the name of a nominee of such Depositary and (iii) will be delivered to such Depositary or pursuant to such Depositary's instructions. Each Depositary designated pursuant to Section 301 for a Security in global form must, at the time of its designation and at all times while it serves as Depositary, be a clearing agency registered under the Securities Exchange Act of 1934 and any other applicable statute or regulation.

SECTION 304. Temporary Securities. Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities that are printed, lithographed, typewritten, mimeographed or otherwise produced by any other method, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered

form, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities. In the case of Securities of any series, such temporary Securities may be in global form.

Except in the case of temporary Securities in global form (which will be exchanged in accordance with the provisions thereof), if temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series will be exchangeable for definitive Securities of such series, upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations. Until so exchanged the temporary Securities of any series will in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

**SECTION 305. Registration, Registration of Transfer and Exchange.** The Company will cause to be kept with respect to the Securities of each series a register (the register so maintained being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration of Securities and transfers of Securities. The Security Register will be in written form or any other form capable of being converted into written form within a reasonable time. At all reasonable times, the Security Register will be open to inspection by the Trustee. The Trustee is hereby initially appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of any series at the office or agency in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee, one or more new Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of a like aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities that the Holder making the exchange is entitled to receive.

Any other provision of this Section 305 notwithstanding, except to the extent otherwise specified in the terms of such Security, unless and until it is exchanged in whole or in part for the individual Securities represented thereby, in definitive form, a Security in global form representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depositary for such series to a nominee of such Depositary, or by a nominee of such Depositary to such Depositary or another nominee of such Depositary, or by such Depositary or

any such nominee to a successor Depositary for such series or a nominee of such successor Depositary.

If and solely to the extent specified by the Company pursuant to Section 301 with respect to a series of Securities issued in global form, the Depositary for such series of Securities may surrender a Security in global form for such series of Securities in exchange in whole or in part for Securities of such series in definitive form and of like terms and tenor on such terms as are acceptable to the Company and such Depositary. Upon the exchange of a Security in global form for Securities in definitive form, such Security in global form will be cancelled by the Trustee or an agent of the Company or the Trustee. Securities issued in definitive form and exchanged for a Security in global form pursuant to this Section 305 will be registered in such names and in such authorized denominations as the Depositary for such Security in global form, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Trustee or an agent of the Company or the Trustee in writing. The Trustee or such agent shall deliver such Securities to or as directed by the Persons in whose names such Securities are so registered or to the Depositary.

Every Security presented or surrendered for registration of transfer or for exchange will (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his or her attorney duly authorized in writing.

No service charge will be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906, 1107 or 1305 not involving any transfer.

The Company shall not be required to (i) issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 business days before the day of the mailing of a notice for redemption of Securities of that series selected for redemption under Section 1103 or 1203 and ending at the close of business on the date of such mailing, (ii) register the transfer of or exchange of any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part or (iii) to issue, register the transfer of or exchange any Security which has been surrendered for repayment at the option of the Holder, except the portion, if any, of such Security not to be so repaid.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depositary participants or beneficial owners of interests in any global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

None of the Company, the Trustee or any agent of the Company or the Trustee shall have any responsibility or liability for any actions taken or not taken by the Depositary.

SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities. If any mutilated Security is surrendered to the Trustee and there is delivered to the Company and the Trustee such security, indemnity or indemnity bond as may be required by them to save each of them and any agent of them harmless, then the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding, or, in case any such mutilated Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

If there will be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security, indemnity or indemnity bond as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding, or, in the case any such destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security will constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved; Optional Interest Reset. (a) Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date will be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Record Date for such interest.

Unless otherwise provided as contemplated by Section 301, every global Security will provide that interest, if any, payable on any Interest Payment Date will be paid to the Depositary

with respect to that portion of such global Security held for its account, for the purpose of permitting the Depositary to credit the interest received by it in respect of such global Security to the accounts of the beneficial owners thereof.

Any interest on any Security of any series that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") will forthwith cease to be payable to the Holder on the relevant Record Date, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which will be fixed in the manner set forth in this clause (1). The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money in the currency or currency unit in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee will fix a Special Record Date for the payment of such Defaulted Interest that will be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid or otherwise delivered, to each Holder of Securities of such series at his or her address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed or otherwise delivered as aforesaid, such Defaulted Interest will be paid to the Persons in whose name the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and will no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange (or by the Trustee if the Securities are not listed), if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment will not be deemed impracticable by the Trustee.

(b) The provisions of this Section 307(b) may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The interest rate on any Security of such series may be reset by the Company on the date or dates specified on the face of such Security (each an "Optional Reset Date"). The Company may exercise such option with respect to a Security by notifying the Trustee of such exercise at least 50 but not more than 90 days prior to an Optional Reset Date for such Security. Not later than 40 days prior to each Optional Reset Date, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of any such Security a notice (the "Reset Notice") indicating whether the Company has elected to reset the interest rate, and if so (i) such new interest rate and (ii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or if there is no such next Optional Reset Date, to the Stated Maturity Date of such Security (each such period a "Subsequent Interest Period"), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Subsequent Interest Period.

Notwithstanding the foregoing, not later than 20 days prior to the Optional Reset Date, the Company may, at its option, revoke the interest rate provided for in the Reset Notice and establish a higher interest rate for the Subsequent Interest Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate to the Holder of such Security. Such notice will be irrevocable. All Securities with respect to which the interest rate is reset on an Optional Reset Date will bear such higher interest rate.

The Holder of any such Security will have the option to elect repayment by the Company of the principal of such Security on each Optional Reset Date at a price equal to the principal amount thereof plus interest accrued to such Optional Reset Date. In order to obtain repayment on an Optional Reset Date, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders except that the period for delivery or notification to the Trustee will be at least 25 but not more than 35 days prior to such Optional Reset Date and except that, if the Holder has tendered any Security for repayment pursuant to the Reset Notice, the Holder may, by written notice to the Trustee, revoke such tender or repayment until the close of business on the tenth day before such Optional Reset Date.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security will carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

**SECTION 308. Optional Extension of Maturity.** The provisions of this Section 308 may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The Stated Maturity Date of any Security of such series may be extended at the option of the Company for the period or periods specified on the face of such Security (each an "Extension Period") up to but not beyond the final maturity date set forth on the face of such Security. The Company may exercise such option with respect to any Security by notifying the Trustee of such exercise at least 50 but not more than 90 days prior to the Stated Maturity of such Security in effect prior to the exercise of such option (the "Original Stated Maturity"). If the Company

exercises such option, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of such Security not later than 40 days prior to the Original Stated Maturity a notice (the "Extension Notice") indicating (i) the election of the Company to extend the Maturity, (ii) the new Stated Maturity Date, (iii) the interest rate applicable to the Extension Period and (iv) the provisions, if any, for redemption during such Extension Period. Upon the Trustee's transmittal of the Extension Notice, the Stated Maturity Date of such Security will be extended automatically and, except as modified by the Extension Notice and as described in the next paragraph, such Security will have the same terms as prior to the transmittal of such Extension Notice.

Notwithstanding the foregoing, not later than 20 days before the Original Stated Maturity of such Security, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate to the Holder of such Security. Such notice will be irrevocable. All Securities with respect to which the Stated Maturity Date is extended will bear such higher interest rate.

If the Company extends the Maturity of any Security, the Holder will have the option to elect repayment of such Security by the Company on the Original Stated Maturity at a price equal to the principal amount thereof, plus interest accrued to such date. In order to obtain repayment on the Original Stated Maturity once the Company has extended the Maturity thereof, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders, except that the period for delivery or notification to the Trustee will be at least 25 but not more than 35 days prior to the Original Stated Maturity Date and except that, if the Holder has tendered any Security for repayment pursuant to an Extension Notice, the Holder may by written notice to the Trustee revoke such tender for repayment until the close of business on the tenth day before the Original Stated Maturity Date.

SECTION 309. Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Sections 305 and 307) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee will be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests and each of them may act or refrain from acting without liability on any information relating to such records provided by the Depositary. No holder of any beneficial interest in any Security in global form held on its behalf by a Depositary will have any rights under this Indenture with respect to such Security in global form, and such Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Security in global form for all purposes whatsoever.

Notwithstanding the foregoing, with respect to any global Security, nothing herein will prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any Depository as Holder with respect to such global Security, or impair, as between such Depository and owners of beneficial interests in such global Security, the operation of customary practices governing the exercise of the rights of such Depository (or its nominee) as Holder of such global Security.

SECTION 310. Cancellation. All Securities surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange or for credit against any current or future sinking fund payment will, if surrendered to any Person other than the Trustee, be delivered to the Trustee and if not already cancelled, shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder that the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered, shall be promptly cancelled by the Trustee. If the Company will so acquire any of the Securities, however, such acquisition will not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation. No Securities will be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. Unless by Company Order the Company directs the return of any cancelled Securities to it, all cancelled Securities shall be disposed of by the Trustee in accordance with its customary procedures and the Trustee shall, upon request, deliver to the Company a certificate of such destruction.

SECTION 311. Computation of Interest. Except as otherwise specified as contemplated by Section 301 with respect to any Securities, interest on the Securities of each series will be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 312. Currency and Manner of Payments in Respect of Securities. (a) Unless otherwise specified with respect to any Securities pursuant to Section 301, with respect to Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, payment of the principal of (and premium, if any) and interest, if any, on any Security of such series will be made in the currency, currencies or currency unit in which such Security is payable. The provisions of this Section 312 may be modified or superseded with respect to any Securities pursuant to Section 301.

(b) It may be provided pursuant to Section 301 with respect to Securities of any series that Holders will have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of (and premium, if any) or interest, if any, on such Securities in any of the currencies or currency units which may be designated for such election by delivering to the Trustee for such series of Securities a written election in the applicable form established pursuant to Section 301, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such currency or currency unit, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee for such series of

Securities (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date and no such change of election may be made with respect to payments to be made on any Security of such series with respect to which an Event of Default has occurred or with respect to which the Company has deposited funds pursuant to Article Four or Fourteen or with respect to which a notice of redemption has been given by the Company). Any Holder of any such Security who will not have delivered any such election to the Trustee of such series of Securities not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant currency, currencies or currency unit as provided in Section 312(a). The Trustee for each such series of Securities will notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Securities for which Holders have made such written election.

(c) Unless otherwise specified pursuant to Section 301, if the election referred to in paragraph (b) above has been provided for pursuant to Section 301, then, unless otherwise specified pursuant to Section 301, not later than the fourth Business Day after the Election Date for each payment date for Securities of any series, the Exchange Rate Agent will deliver to the Company a written notice specifying, in the currency, currencies or currency unit in which Securities of such series are payable, the respective aggregate amounts of principal of (and premium, if any) and interest, if any, on the Securities to be paid on such payment date, specifying the amounts in such currency, currencies or currency unit so payable in respect of the Securities as to which the Holders of Securities denominated in any currency, currencies or currency unit will have elected to be paid in another currency or currency unit as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for pursuant to Section 301 and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 301, on the second Business Day preceding such payment date the Company will deliver to the Trustee for such series of Securities an Exchange Rate Officer's Certificate in respect of the Dollar, Foreign Currency or currencies, or currency unit payments to be made on such payment date. Unless otherwise specified pursuant to Section 301, the Dollar, Foreign Currency or currencies, or currency unit amount receivable by Holders of Securities who have elected payment in a currency or currency unit as provided in paragraph (b) above will be determined by the Company on the basis of the applicable Market Exchange Rate in effect on the third Business Day (the "Valuation Date") immediately preceding each payment date, and such determination will, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Trustee for the appropriate series of Securities and all Holders of such Securities denominated or payable in the relevant currency, currencies or currency units.

(d) If a Conversion Event occurs with respect to a Foreign Currency or any other currency unit in which any of the Securities are denominated or payable other than pursuant to an election provided for pursuant to paragraph (b) above, then with respect to each date for the payment of principal of (and premium, if any) and interest, if any, on the applicable Securities denominated or payable in such Foreign Currency or such other currency unit occurring after the last date on which such Foreign Currency or such other currency unit was used (the "Conversion Date"), the Dollar will be the currency of payment for use on each such payment date. Unless otherwise specified pursuant to Section 301, the Dollar amount to be paid by the Company to the Trustee of each such series of Securities and by such Trustee or any Paying Agent to the Holders of such Securities with respect to such payment date will be, in the case of a Foreign Currency

other than a currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 301, if the Holder of a Security denominated in any currency, currencies or currency unit will have elected to be paid in another currency, currencies or currency unit as provided in paragraph (b) above, and a Conversion Event occurs with respect to such elected currency or currency unit, such Holder will receive payment in the currency or currency unit in which payment would have been made in the absence of such election; and if a Conversion Event occurs with respect to the currency, currencies or currency unit in which payment would have been made in the absence of such election, such Holder will receive payment in Dollars as provided in paragraph (d) of this Section 312.

(f) The “Dollar Equivalent of the Foreign Currency” shall be determined by the Exchange Rate Agent and will be obtained for each subsequent payment date by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The “Dollar Equivalent of the Currency Unit” will be determined by the Exchange Rate Agent and subject to the provisions of paragraph (h) below will be the sum of each amount obtained by converting the Specified Amount of each Component Currency into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 312 the following terms will have the following meanings:

A “Component Currency” will mean any currency which, on the Conversion Date, was a component currency of the relevant currency unit.

A “Specified Amount” of a Component Currency will mean the number of units of such Component Currency or fractions thereof which were represented in the relevant currency unit on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency will be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies will be replaced by an amount in such single currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single currency, and such amount will thereafter be a Specified Amount and such single currency will thereafter be a Component Currency. If after the Conversion Date any Component Currency will be divided into two or more currencies, the Specified Amount of such Component Currency will be replaced by amounts of such two or more currencies, having an aggregate Dollar Equivalent of the Currency Unit value at the Market Exchange Rate on the date of such replacement equal to the Dollar Equivalent of the Currency Unit of the Specified Amount of such former Component Currency at the Market Exchange Rate immediately before such division and such amounts will thereafter be Specified Amounts and such currencies will thereafter be Component Currencies. If, after the Conversion Date of the

relevant currency unit, a Conversion Event (other than any event referred to above in this definition of "Specified Amount") occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency will, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

"Election Date" will mean the date for any series of Securities as specified pursuant to Section 301(14) by which the written election referred to in Section 312(b) may be made.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above will be in its sole discretion and will, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company, the Trustee for the appropriate series of Securities and all Holders of such Securities denominated or payable in the relevant currency, currencies or currency units. The Exchange Rate Agent shall promptly give written notice to the Company and the Trustee for the appropriate series of Securities of any such decision or determination.

In the event that the Company determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Company will as promptly as practicable give written notice thereof to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent (and such Trustee will promptly thereafter give notice in the manner provided in Section 106 to the affected Holders) specifying the Conversion Date. In the event the Company so determines that a Conversion Event has occurred with respect to any currency unit in which Securities are denominated or payable, the Company will as promptly as practicable give written notice thereof to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent (and such Trustee will promptly thereafter give notice in the manner provided in Section 106 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Company determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Company will similarly give written notice to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent.

The Trustee of the appropriate series of Securities will be fully justified and protected in relying and acting upon information received by it from the Company and the Exchange Rate Agent and will not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Company or the Exchange Rate Agent.

SECTION 313. Appointment and Resignation of Successor Exchange Rate Agent. (a) The provisions of this Section 313 may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutes as may be specified pursuant to Section 301).

(b) If and so long as the Securities of any series (i) are denominated in a currency other than Dollars or (ii) may be payable in a currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Company will maintain with

respect to each such series of Securities, or as so required, at least one Exchange Rate Agent. The Company will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 301 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued currency or currency unit into the applicable payment currency or currency unit for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 312.

(c) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section will become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Company and the Trustee of the appropriate series of Securities accepting such appointment executed by the successor Exchange Rate Agent.

(d) If the Exchange Rate Agent will resign, be removed or become incapable of acting, or if a vacancy will occur in the office of the Exchange Rate Agent for any cause, with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 301, at any time there will only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Company on the same date and that are initially denominated and/or payable in the same currency, currencies or currency units).

SECTION 314. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers, and, if so, the Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption will not be affected by any defect in or omission of such numbers.

#### ARTICLE FOUR

#### SATISFACTION AND DISCHARGE

SECTION 401. Satisfaction and Discharge of Indenture. This Indenture will upon Company Request cease to be of further effect with respect to any series of Securities (except as to any surviving rights of registration of transfer or exchange of Securities of such series expressly provided for herein) and the Trustee, at the expense of the Company, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to the applicable series when:

(1) either:

(A) all Securities of the applicable series theretofore authenticated and delivered (other than Securities that have been mutilated, destroyed, lost or stolen

and that have been replaced or paid as provided in Section 306 and Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been cancelled or delivered to the Trustee for cancellation; or

(B) all Securities of the applicable series not theretofore cancelled or delivered to the Trustee for cancellation:

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of clause (B)(i), (B)(ii) or (B)(iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose (a) an amount of cash (in the currency, currencies or currency units in which the applicable Securities are then specified as payable at Stated Maturity), or (b) Government Obligations applicable to the applicable Securities (determined on the basis of the currency, currencies or currency units in which the applicable Securities are then specified as payable at Stated Maturity), which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, money in an amount, or (c) a combination thereof, sufficient, in the case of clauses (b) and (c) in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge the entire indebtedness on the Securities of the applicable series not theretofore cancelled or delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to, but excluding, the date of the deposit (in the case of Securities that have become due and payable) or to, but excluding, the Stated Maturity or Redemption Date, as the case may be; *provided* that if on the date of the deposit, the interest payable to, but excluding, or any premium payable on, the Stated Maturity or Redemption Date cannot be calculated, the amount deposited shall be sufficient to the extent that an amount is deposited with the Trustee equal to the interest payable to, but excluding, or the premium payable on, the Stated Maturity or the Redemption Date calculated as of the date of the deposit, with any deficit on the Stated Maturity or Redemption Date, as applicable (any such amount, the "Applicable Deficit"), only required to be deposited with the Trustee on or prior to the Stated Maturity or Redemption Date, as applicable; *provided, further*, any Applicable Deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of the Applicable Deficit that confirms

that the Applicable Deficit shall be applied to the interest or other amounts payable at the Stated Maturity or on the Redemption Date, as applicable;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company in respect of the applicable series of Securities; and

(3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any series of Securities, the obligations of the Company to the Trustee under Section 607, the obligations of the Company to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Money. Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 will be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

## ARTICLE FIVE

### REMEDIES

SECTION 501. Events of Default. "Event of Default," wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), unless such event is specifically deleted or modified in or pursuant to a supplemental indenture or Board Resolution (or an Officer's Certificate executed by an officer of the Company authorized by a Board Resolution) establishing the terms of such series pursuant to this Indenture:

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of the default for a period of 30 days;

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity;

(3) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which

has been expressly included in this Indenture for the benefit of one or more series of Securities other than that series), and continuance of that default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of all affected Securities of any series issued under the Indenture then Outstanding (taking such action as one class) a written notice specifying the default or breach and requiring it to be remedied and stating that the notice is a "Notice of Default" hereunder;

(4) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable federal or state bankruptcy, insolvency, reorganization or similar law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of all or substantially all of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days;

(5) the institution by the Company of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or all or substantially all of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or

(6) any other Event of Default provided with respect to Securities of that series;

provided that an Event of Default with respect to the Securities of a particular series may not constitute an Event of Default with respect to the Securities of any other series

SECTION 502. Acceleration of Maturity; Rescission and Annulment. If an Event of Default described in clause (1), (2) or (6) of Section 501 occurs with respect to the Securities of any series at the time Outstanding and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if the Securities of that series are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms of that series) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders), and upon such declaration the principal amount (or specified portion thereof) of all of the Securities of that series will become immediately due and payable. If an Event of Default described in clause (3) of Section 501 occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of all affected Securities of any series issued under the Indenture then Outstanding (taking such action as one class) may declare the principal amount

(or, if any such Securities are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms of that series) of all affected Outstanding Securities to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders) and upon any such declaration the principal amount (or specified portion thereof) of all affected outstanding Securities will become immediately due and payable. If an Event of Default described in clause (4) or (5) with respect to Securities of any series at the time Outstanding occurs, then the principal amount (or, if the Securities of that series are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount of such Securities as may be specified by the terms of that series) and any accrued interest upon all the Securities of that series will automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series (or of all series, as the case may be) has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the Outstanding Securities of a series (or of more than one series of affected Securities Outstanding (acting as one class), as the case may be), by written notice to the Company and the Trustee, may rescind and annul an acceleration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay in the currency, currency units or composite currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)),

(A) all overdue interest on all Outstanding Securities of that series (or of all series, as the case may be),

(B) the principal of (and premium, if any, on) any Outstanding Securities of that series (or of all series, as the case may be) which has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is legally enforceable, interest on any overdue principal (and premium, if any) and on any interest, at the rate or rates prescribed therefor in such Securities, and

(D) in addition thereto, such further amounts as is sufficient to cover the reasonable costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default with respect to Securities of that series (or of all series, as the case may be), other than the non-payment of the principal of Securities of that series (or of all series, as the case may be) which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if:

- (1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or
- (2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest and, to the extent that payment of such interest is legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as is sufficient to cover the reasonable costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Securities, wherever situated.

If an Event of Default with respect to the Securities of any series (or of all series, as the case may be) occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of that series (or of all series, as the case may be) by appropriate judicial proceedings as the Trustee deems most effectual to protect and enforce those rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities will then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee will have made any demand on the Company for the payment of overdue principal, premium, if any, or interest) will be entitled and empowered, by intervention in such proceeding or otherwise and, to the extent the Trust Indenture Act applies to this Indenture or any Securities, to take any and all

actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee will be authorized,

(i) to file and prove a claim for the whole amount of principal (and premium, if any), or such portion of the principal amount of any series of Original Issue Discount Securities or Indexed Securities as may be specified in the terms of such series, and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee will consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained will be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of Securities. All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment will, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected. Any money collected by the Trustee pursuant to this Article will be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Securities, and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any

kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively; and

THIRD: The balance, if any, to the Company, its successors or assigns, or to whomever may be lawfully entitled to receive such remainder or as a court of competent jurisdiction will direct.

SECTION 507. Limitation on Suits. No Holder of any Security of any series will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (1) the Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;
- (2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series in the case of any Event of Default described in clause (1), (2) or (6) of Section 501, or, in the case of any Event of Default not described in clause (1), (2) or (6) of Section 501, the Holders of not less than 25% in principal amount of all affected Outstanding Securities (making such request as one class), will have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
- (3) the Holder or Holders have offered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;
- (4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (5) no direction inconsistent with the written request has been given to the Trustee during the 60-day period by the Holders of not less than a majority in principal amount of the Outstanding Securities of that series in the case of any Event of Default described in clause (1), (2) or (6) of Section 501, or, in the case of any Event of Default not described in clause (1), (2) or (6) of Section 501, by the Holders of not less than a majority in principal amount of all affected Outstanding Securities (making the direction as one class);

it being understood and intended that no one or more of such Holders will have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Securities of the same series, in the case of any Event of Default described in clause (1), (2) or (6) of Section 501, or of Holders of all affected Securities in the case of any Event of Default not described in clause (1), (2) or (6) of Section 501, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders of Securities of the same series, in the case of any Event of Default described in clause (1), (2) or (6) of Section 501, or of Holders of all affected Securities in the case of any Event of Default not described in clause (1), (2) or (6) of Section 501.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security will have the right, which is absolute and unconditional, to receive payment, as provided herein (including, if applicable, Article Fourteen) and in such Security, of the principal of (and premium, if any) and (subject to Section 307) interest on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights will not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then, and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders of Securities will be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders will continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders. With respect to the Securities of any series, the Holders of not less than a majority in principal amount of the Outstanding Securities of that series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, relating to or arising under clause (1), (2) or (6) of Section 501, and, with respect to all Securities, the Holders of not less than a majority in principal amount of all affected Outstanding Securities (taking such action as one class) will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, not relating to or arising under clause (1), (2) or (6) of Section 501, provided that in each case

- (1) such direction will not be in conflict with any rule of law or with this Indenture, and

(2) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

SECTION 513. Waiver of Past Defaults. Subject to the second paragraph of Section 502, the Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default described in clause (1), (2) or (6) of Section 501 (or, in the case of a default described in clause (3), (4) or (5) of Section 501, the Holders of not less than a majority in principal amount of all affected Outstanding Securities (taking such action as one class) may waive any such past default), and its consequences, except a default:

- (1) in respect of the payment of the principal of (or premium, if any) or interest on any Security, or
- (2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, any such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured and will cease to exist, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Security by his or her acceptance thereof will be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant, provided, however, that irrespective of whether the Trust Indenture Act applies to this Indenture or any Securities, the provisions of this Section will not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit relating to or arising under (A) clause (6) of Section 501 and instituted by any Holder of Securities of the affected series, or group of such Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of such series or (B) clause (3), (4) or (5) of Section 501 and instituted by any Holder of Securities, or group of such Holders, holding in the aggregate more than 10% in principal amount of all Outstanding Securities or to any suit instituted by any Holder of any Security for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

SECTION 515. Waiver of Stay or Extension Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the

performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

## ARTICLE SIX

### THE TRUSTEE

SECTION 601. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default with respect to the Securities of a series,

(1) the Trustee undertakes to perform such duties and only such duties with respect to such series as are specifically set forth in this Indenture, and no implied covenants or obligations with respect to such series will be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, with respect to such series, as to the truth of the statements and the correctness of the opinions expressed therein, and upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(b) In case an Event of Default with respect to the Securities of a series has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to such series, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her or her own affairs.

(c) No provision of this Indenture will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection will not be construed to limit the effect of subsection (a) of this Section;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with a direction of Holders, given as provided in Section 512, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. Notice of Defaults. Within 90 days after the Trustee receives written notice of any default hereunder with respect to the Securities of any series, the Trustee shall transmit in the manner and to the extent provided in Section 106, notice of such default, unless such default will have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee will be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Securities of such series; and provided, further, that in the case of any default of the character specified in Section 501(3) with respect to Securities of such series, no such notice to Holders will be given until at least 90 days after the occurrence thereof. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 603. Certain Rights of Trustee. Subject to the provisions of Section 601:

(a) the Trustee may rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein will be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer’s Certificate;

(d) the Trustee may consult with counsel of its selection and the written advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities of any

series pursuant to this Indenture, unless such Holders will have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(i) in no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(j) the Trustee shall not be deemed to have notice of any Default or Event of Default unless written notice of any event which is in fact such a default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture;

(k) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(l) the Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture; and

(m) in no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 604. Trustee Not Responsible for Recitals or Issuance of Securities. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, will be taken as the statements of the Company, and the Trustee or any Authenticating Agent assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee or any Authenticating Agent shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 605. May Hold Securities. The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 606. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

SECTION 607. Compensation and Reimbursement. The Company agrees:

(a) to pay to the Trustee from time to time such compensation as will be agreed in writing between the Company and the Trustee for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(c) to indemnify the Trustee for, and to hold it harmless against, any loss, damage, claim, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 501(4) or Section 501(5), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section will survive the termination of this Indenture.

SECTION 608. Disqualification; Conflicting Interests. To the extent that the Trust Indenture Act applies to this Indenture or any Securities, if the Trustee has or will acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by the Trust Indenture Act, if applicable, the Trustee will not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series if all such series rank equally at the time of issuance.

SECTION 609. Corporate Trustee Required; Eligibility. There will at all times be a Trustee hereunder which will be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least \$50,000,000 subject to supervision or examination by federal or state authority. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article will become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company 30 days prior to the effectiveness of such resignation. If the instrument of acceptance by a successor Trustee required by Section 611 will not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time upon 30 days' written notice with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

(d) If the instrument of acceptance by a successor Trustee required by Section 611 will not have been delivered to the Trustee within 30 days after the giving of such notice of removal, the Trustee being removed may petition, at the expense of the Company any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(e) If at any time:

- (1) the Trustee will fail to comply with Section 608 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months,
- (2) the Trustee will cease to be eligible under Section 609 and will fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or
- (3) the Trustee will become incapable of acting or will be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property will be appointed or any public officer will take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company, by a Board Resolution, may remove the Trustee with respect to all Securities, or (ii) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(f) If the Trustee will resign, be removed or become incapable of acting, or if a vacancy will occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there will be only one Trustee with respect to the Securities of any particular series) and will comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series will be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series will have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(g) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series in the manner provided for in Section 106. Each notice will include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 611. Acceptance of Appointment by Successor. (a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee will become effective and such successor Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of that or those series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) will contain such provisions as will be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, will contain such provisions as will be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring will continue to be vested in the retiring Trustee, and (3) will add to or change any of the provisions of this Indenture as will be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture will constitute such Trustee co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture to resignation or removal of the retiring Trustee will become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee will accept its appointment unless at the time of such acceptance such successor Trustee will be qualified and eligible under this Article.

SECTION 612. Merger, Conversion, Consolidation or Succession to Business. Any Person into which the Trustee may be merged or converted or with which it may be consolidated,

or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such Person will be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities will have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities; and in case at that time any of the Securities will not have been authenticated, any successor Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all such cases such certificates will have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee will have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee will apply only to its successor or successors by merger, conversion or consolidation.

SECTION 613. Preferential Collection of Claims Against Company. If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

SECTION 614. Appointment of Authenticating Agent. The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which will be authorized to act on behalf of the Trustee to authenticate Securities of such series for all purposes hereunder, and Securities so authenticated will be entitled to the benefits of this Indenture and will be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference will be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent will be acceptable to the Company and will at all times be a Person organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$50,000,000 and subject to supervision or examination by federal or state authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent will cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any Person into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which such Authenticating Agent will be a party, or any Person succeeding to all or substantially all the corporate agency or corporate trust business of an Authenticating

Agent, shall continue to be an Authenticating Agent, provided such Person will be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent will cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which will be acceptable to the Company and will give written notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve in the manner provided for in Section 106. Any successor Authenticating Agent upon acceptance of its appointment hereunder will become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent will be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon an alternate certificate of authentication to the Trustee's certificate of authentications set forth in Section 202, in the following form.

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,  
as Trustee

By \_\_\_\_\_  
as Authenticating Agent

By \_\_\_\_\_  
Authorized Signatory

Dated: \_\_\_\_\_

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders. To the extent that the Trust Indenture Act applies to this Indenture or any Securities, the Company will furnish or cause to be furnished to the Trustee:

- (a) semiannually, not more than 15 days after each March 1 and September 1, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities of each series as of such March 1 or September 1, and
- (b) at such other times as the Trustee may request in writing, within 90 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar and provided that if the Trustee will be the Security Registrar for such series, such lists will not be required to be furnished.

SECTION 702. Preservation of Information; Communications to Holders. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders of Securities (1) contained in the most recent list furnished to it as provided in Section 701 and (2) received by it in the capacity of Paying Agent or Security Registrar (if so acting) hereunder. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) To the extent that the Trust Indenture Act applies to this Indenture or any Securities, the rights of the Holders to communicate with other Holders of Securities of the same series or of all series with respect to their rights under this Indenture or under the Securities of such series or of all series, as the case may be, and the corresponding rights and privileges of the Trustee, will be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders made pursuant to the Trust Indenture Act.

SECTION 703. Reports by Trustee. (a) During any time period in which the Trust Indenture Act applies to this Indenture or any Securities, the Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

(b) A copy of each such report will, at the time of such transmission to Holders, be filed by the Trustee with each securities exchange upon which any Securities are listed, with the Commission and with the Company. During any time period in which the Trust Indenture Act applies to this Indenture or any Securities, the Company will promptly notify the Trustee when any Securities are listed on any securities exchange and of any delisting thereof.

(a) The Company shall file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended. The Company will be deemed to have complied with the obligations described in the immediately previous sentence to the extent that the information, documents and reports are filed with the Commission via EDGAR (or any successor electronic delivery procedure) and posted on the Company's website or otherwise publicly available. Delivery of the reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

(b) During any time period in which the Trust Indenture Act does not apply to this Indenture or the Securities of any series, for so long as any such Securities remain outstanding, the Company will furnish to the Holders and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended.

## ARTICLE EIGHT

### CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms. The Company will not consolidate with or merge into any other Person or convey, transfer or lease all or substantially all of its properties and assets to any Person, unless:

(1) the Person formed by the consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of the Company is a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee, the Company's obligation for the due and punctual payment of the principal of (and premium, if any) and interest on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that the consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with this Article.

This Section will only apply to a merger or consolidation in which the Company is not the surviving Person and to conveyances, leases and transfers by the Company as transferor or lessor.

SECTION 802. Successor Person Substituted. Upon any consolidation by the Company with or merger by the Company into any other Person or any conveyance, transfer or lease of all or substantially all of the properties and assets of the Company in accordance with Section 801, the successor Person formed by the consolidation or into which the Company is merged or to which the conveyance, transfer or lease is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if the successor Person had been named as the Company herein. In the event of any such conveyance or transfer, the Company (which term shall for this purpose mean the Person named as the "Company" in the first paragraph of this Indenture or any successor Person which shall theretofore become such in the manner described in Section 801), except in the case of a lease, will be discharged of all obligations and covenants under this Indenture and the Securities. In case of any such consolidation, merger, conveyance, transfer or lease, certain changes in phraseology and form may be made in the Securities thereafter to be issued as may be appropriate.

## ARTICLE NINE

### SUPPLEMENTAL INDENTURES

SECTION 901. Supplemental Indentures Without Consent of Holders. Without the consent of any Holders, the Company and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto or other instruments, in form reasonably satisfactory to the Trustee, for any of the following purposes:

- (1) to evidence the succession of another Person to the Company and provide for the assumption by a successor Person of the Company's obligations under this Indenture and the Securities, in each case in compliance with the provisions hereof and thereof;
- (2) to add to the covenants of the Company for the benefit of the Holders (and if such covenants are to be applicable to less than all series of Securities, stating that such covenants are being included solely with respect to the applicable series) or to surrender any right or power conferred upon the Company herein;
- (3) to add any additional Events of Default (and if such Events of Default are to be applicable to less than all series of Securities, stating that such Events of Default are being included solely with respect to the applicable series);
- (4) to add to, change or eliminate any of the provisions of this Indenture; provided that any such addition, change or elimination shall (i) neither (A) apply to any

Securities of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision nor (B) modify the rights of the Holder of any such Security with respect to such provision or (ii) become effective only when there is no Security Outstanding of any series;

- (5) to secure the Securities pursuant to the requirements of Section 1006 or otherwise;
- (6) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301;
- (7) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611;
- (8) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; provided such action will not adversely affect the interests of the Holders of Securities of any particular series in any material respect;
- (9) to supplement any of the provisions of this Indenture to the extent as necessary to permit or facilitate the defeasance and/or discharge of any series of Securities pursuant to Sections 401, 1402 and 1403; provided that any such action does not adversely affect the interests of the Holders of Securities of that series or any other series of Securities in any material respect;
- (10) to provide for the guarantee by any Person of any series of previously issued and Outstanding Securities;
- (11) to add to this Indenture such provisions as may be expressly permitted by the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which this Indenture is executed or any corresponding provision in any similar federal statute thereafter enacted;
- (12) to conform to any mandatory provisions of law and in particular to comply with the requirements of the Commission in connection with the qualification of this Indenture under the Trust Indenture Act;
- (13) to conform the terms of this Indenture and the Securities to any provision or other description of the Securities, as the case may be, contained in an offering document related thereto;
- (14) to provide for the issuance of any additional Securities under this Indenture;

(15) to comply with the rules of any applicable securities depository; or

(16) to make any change in any series of Securities or to add to this Indenture such provisions that do not adversely affect in any material respect the interests of the Holders of such Securities.

SECTION 902. Supplemental Indentures with Consent of Holders. With the consent of the Holders of not less than a majority in principal amount of Outstanding Securities of all series affected by such supplemental indenture (voting as one class) by Act; provided, no modification or amendment may without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502 or the amount thereof provable in bankruptcy pursuant to Section 504, or change any Place of Payment where, or the coin, currency, currencies, currency units or composite currency in which, any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment at the option of the Holder, on or after the Redemption Date or Repayment Date, as the case may be);

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(3) modify any of the provisions of this Section, Section 513 or Section 1008, except to increase any applicable percentage or to provide that other specified provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby, provided, this clause will not be deemed to require the consent of any Holder with respect to changes in the references to “the Trustee” and concomitant changes in this Section and Section 1008, or the deletion of this proviso, in accordance with the requirements of Sections 611(b) and 901(7).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It will not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it will be sufficient if such Act approves the substance thereof.

SECTION 903. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive (other than in connection with the execution of any supplemental indenture on the date of original issuance of Securities under this Indenture), and (subject to Section 601) shall be fully protected in relying upon, an Officer's Certificate and Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act. To the extent that the Trust Indenture Act applies to this Indenture or any Securities, every supplemental indenture executed pursuant to this Article will conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Securities to Supplemental Indentures. Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and will if required by the Company, bear a notation in form approved by the Company as to any matter provided for in such supplemental indenture. If the Company will so determine, new Securities of any series so modified as to conform, in the opinion of the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

SECTION 907. Waiver of Compliance by Holders. Anything in this Indenture to the contrary notwithstanding, any of the acts which the Company is required to do, or is prohibited from doing, by any of the provisions of this Indenture may, to the extent that such provisions might be changed or eliminated by a supplemental indenture pursuant to Section 902 upon consent of Holders of not less than a majority in aggregate principal amount of the then Outstanding Securities of all series affected (voting as one class), be omitted or done by the Company if there is obtained the prior consent or waiver of the Holders of at least a majority in aggregate principal amount of the then Outstanding Securities of all such series (voting as one class).

## ARTICLE TEN

### COVENANTS

SECTION 1001. Payment of Principal, Premium and Interest. The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually

pay the principal of (and premium, if any) and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

SECTION 1002. Maintenance of Office or Agency. The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company initially appoints the Trustee acting through its Corporate Trust Office, as its agent for said purposes. The Company will give prompt written notice to the Trustee of any change in the location of such office or agency. If at any time the Company will fail to maintain any such required office or agency or will fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in accordance with the requirements set forth above for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Unless otherwise specified with respect to any Securities pursuant to Section 301, if and so long as the Securities of any series (i) are denominated in a currency other than Dollars or (ii) may be payable in a currency other than Dollars, or so long as it is required under any other provision of the Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent.

SECTION 1003. Money for Securities Payments to Be Held in Trust. If the Company will at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum in the currency, currencies or currency units in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay the principal (and premium, if any) or interest so becoming due until such sums will be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company will have one or more Paying Agents for any series of Securities, it will, prior to or on each due date of the principal of (and premium, if any) or interest on any Securities of that series, deposit with a Paying Agent a sum (in the currency, currencies or currency units described in the preceding paragraph) sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act to the extent that the Trust Indenture

Act applies to this Indenture or any Securities, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee or the Company to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

- (1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided and comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent to the extent that the Trust Indenture Act applies hereto;
- (2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment of principal (and premium, if any) or interest on the Securities of that series; and
- (3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent will be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) and interest on any Security of that series and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable will be paid to the Company on Company Request, or (if then held by the Company) will be discharged from such trust; and the Holder of such Security will thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease.

SECTION 1004. Statement as to Compliance. The Company will deliver to the Trustee, within 120 days after the end of each fiscal year, commencing with its fiscal year ending December 31, 2020, a written statement signed by the principal executive officer, principal financial officer or principal accounting officer of the Company, stating, as to each signer thereof, that in the course of the performance by the signers of their duties as officers of the Company they would normally have knowledge of any default by the Company in the performance of any of its covenants, conditions or agreements contained herein (without regard to any period of grace or requirements of notice provided hereunder), stating whether or not they

have knowledge of any such default and, if so, specifying such default of which the signers have knowledge and the nature thereof.

SECTION 1005. Existence. Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence.

SECTION 1006. Limitation upon Liens. The Company will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, create, incur, issue or assume any Debt secured by a Lien on any Principal Property owned by the Company or any Wholly-Owned Domestic Manufacturing Subsidiary, and the Company will not itself, and will not permit any Subsidiary to, create, incur, issue or assume any Debt secured by any Lien on any equity interests or Debt of any Wholly-Owned Domestic Manufacturing Subsidiary, without in any such case effectively providing that, the Securities (together with, if the Company shall so determine, any other Debt of the Company then existing or thereafter created which is not subordinate in right of payment to the Securities) will be secured equally and ratably with (or prior to) such secured Debt, so long as such secured Debt shall be so secured, unless, after giving effect thereto, the aggregate principal amount of all such secured Debt then outstanding plus Attributable Debt of the Company and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of sale and leaseback transactions (as defined in Section 1007) involving Principal Properties entered into after the date the Securities of the applicable series are first issued (other than such sale and leaseback transactions as are permitted by Section 1007(b)) would not exceed an amount equal to 10% of Consolidated Net Total Assets of the Company; provided, that nothing contained in this Section will prevent, restrict or apply to, and there will be excluded from secured Debt in any computation under this Section, Debt secured by:

- (a) Liens on any property or assets of the Company or any Subsidiary (including equity interests or Debt owned by the Company or any Subsidiary) existing as of the date the Securities of the applicable series are first issued;
- (b) Liens on any property or assets of, or on any equity interests or Debt of, any Person existing at the time such Person becomes a Wholly-Owned Domestic Manufacturing Subsidiary, or arising thereafter (i) otherwise than in connection with the borrowing of money arranged thereafter and (ii) pursuant to contractual commitments entered into prior to and not in contemplation of such Person's becoming a Wholly-Owned Domestic Manufacturing Subsidiary;
- (c) Liens on any property or assets or equity interests or Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation) or securing the payment of all or any part of the purchase price or construction cost thereof or securing any Debt incurred prior to, at the time of or within 120 days after, the acquisition of such property or assets or equity interests or Debt or the completion of any such construction, whichever is later, for the purpose of financing all or any part of the purchase price or construction cost thereof (provided that such Liens are limited to such equity interests or Debt or such other property or assets, improvements thereon and the land upon which such property, assets and improvements are located and any other property or assets not then constituting a Principal Property);

(d) Liens on any property or assets to secure all or any part of the cost of development, operation, construction, alteration, repair or improvement of all or any part of such property or assets, or to secure Debt incurred prior to, at the time of or within 120 days after, the completion of such development, operation, construction, alteration, repair or improvement, whichever is later, for the purpose of financing all or any part of such cost (provided that such Liens are limited to such property or assets, improvements thereon and the land upon which such property, assets and improvements are located and any other property or assets not then constituting a Principal Property);

(e) Liens which secure Debt owing by a Subsidiary to the Company or to a Wholly-Owned Domestic Manufacturing Subsidiary;

(f) Liens arising from the assignment of moneys due and to become due under contracts between the Company or any Subsidiary and the United States of America, any State, Commonwealth, Territory or possession thereof or any agency, department, instrumentality or political subdivision of any thereof; or Liens in favor of the United States of America, any State, Commonwealth, Territory or possession thereof or any agency, department, instrumentality or political subdivision of any thereof, pursuant to the provisions of any contract not directly or indirectly in connection with securing Debt;

(g) any materialmen's, carriers', mechanics', workmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations which are not overdue or which are being contested in good faith by appropriate proceedings; any deposit or pledge as security for the performance of any bid, tender, contract, lease, or undertaking not directly or indirectly in connection with the securing of Debt; any deposit or pledge with any governmental agency required or permitted to qualify the Company or any Subsidiary to conduct business, to maintain self-insurance or to obtain the benefits of any law pertaining to workmen's compensation, unemployment insurance, old age pensions, social security or similar matters, or to obtain any stay or discharge in any legal or administrative proceedings; deposits or pledges to obtain the release of mechanics', workmen's, repairmen's, materialmen's or warehousemen's Liens or the release of property in the possession of a common carrier; any security interest created in connection with the sale, discount or guarantee of notes, chattel mortgages, leases, accounts receivable, trade acceptances or other paper, or contingent repurchase obligations, arising out of sales of merchandise in the ordinary course of business; Liens for Taxes levied or imposed upon the Company or any Wholly-Owned Domestic Manufacturing Subsidiary or upon the income, profits or property of the Company or any Wholly-Owned Domestic Manufacturing Subsidiary or Liens on any Principal Property of the Company or any Wholly-Owned Domestic Manufacturing Subsidiary arising from claims from labor, materials or supplies; provided that either such Tax is not overdue or that the amount, applicability or validity of such Tax or claim is being contested in good faith by appropriate proceedings; or other deposits or pledges similar to those referred to in this subdivision (g);

(h) Liens arising by reason of any judgment, decree or order of any court, so long as any appropriate legal proceedings which may have been initiated for the review

of such judgment, decree or order shall not have been finally terminated or so long as the period within which such proceedings may be initiated shall not have expired; any deposit or pledge with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal from any judgment or decree against the Company or any Subsidiary, or in connection with other proceedings or actions at law or in equity by or against the Company or any Subsidiary; and

(i) any extension, renewal, substitution or replacement (or successive extensions, renewals, substitutions or replacements), as a whole or in part, of any of the Liens referred to in subdivisions (a) through (h) above or the Debt secured thereby; provided that (1) such extension, renewal, substitution or replacement Lien shall be limited to all or any part of the same property or assets or equity interests or Debt that secured the Lien extended, renewed, substituted or replaced (plus improvements on such property, and plus any other property or assets not then constituting a Principal Property) and (2) in the case of subdivisions (a) through (c) above, the Debt secured by such Lien at such time is not increased.

For the purposes of this Section 1006 and Section 1007, the giving of a guarantee which is secured by a Lien on a Principal Property, and the creation of a Lien on a Principal Property or equity interests or Debt to secure Debt which existed prior to the creation of such Lien, will be deemed to involve the creation of Debt in an amount equal to the principal amount guaranteed or secured by the Lien; however, the amount of Debt secured by Liens on Principal Properties and equity interests and Debt will be computed without cumulating the underlying indebtedness with any guarantee thereof or Lien securing the same.

For purposes of this Section 1006 and Section 1007, the following will not be deemed to be Liens securing Debt, and, accordingly, nothing contained in this Section or Section 1007 will prevent, restrict or apply to: (a) any acquisition by the Company or any Wholly-Owned Domestic Manufacturing Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in oil, gas and/or any other mineral and/or the process thereof, (b) any conveyance or assignment under the terms of which the Company or any Wholly-Owned Domestic Manufacturing Subsidiary conveys or assigns to any Person or Persons an interest in oil, gas and/or any other mineral and/or the proceeds thereof, or (c) any Lien upon any property or assets owned or leased by the Company or any Wholly-Owned Domestic Manufacturing Subsidiary or in which the Company or any Wholly-Owned Domestic Manufacturing Subsidiary owns an interest to secure to the Person or Persons paying the expenses of developing and/or conducting operations for the recovery, storage, transportation and/or sale of the mineral resources of the said property (or property with which it is utilized) the payment to such Person or Persons of the Company's or the Wholly-Owned Domestic Manufacturing Subsidiary's proportionate part of such development and/or operating expense.

SECTION 1007. Limitations upon Sales and Leasebacks. The Company will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, enter into any arrangement on or after the date the Securities of the applicable series are first issued with any bank, insurance company or other lender or investor (other than the Company or another Wholly-Owned Domestic Manufacturing Subsidiary) providing for the leasing by the Company or any Wholly-Owned Domestic Manufacturing Subsidiary of any Principal Property (except a lease for a temporary period not to exceed three years by the end of which it is intended that the use of such Principal Property by the lessee will be discontinued), which was or is owned by the Company or a Wholly-Owned Domestic Manufacturing Subsidiary and which has been or is to be sold or transferred, more than 365 days after the completion of construction and commencement of full operation thereof by the Company

or such Wholly-Owned Domestic Manufacturing Subsidiary, to such bank, insurance company, lender or investor or to any Person to whom funds have been or are to be advanced by such bank, insurance company, lender or investor on the security of such Principal Property (herein referred to as a “sale and leaseback transaction”) unless, either:

(a) the Attributable Debt of the Company and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of such sale and leaseback transaction and all other sale and leaseback transactions entered into after the date the Securities of the applicable series are first issued (other than such sale and leaseback transactions as are permitted by Section 1007(b)), plus the aggregate principal amount of Debt secured by Liens on Principal Properties then outstanding (excluding any such Debt secured by Liens covered in subdivisions (a) through (i) of the first paragraph of Section 1006) without equally and ratably securing the Securities, would not exceed 10% of Consolidated Net Total Assets, or

(b) the Company, within 365 days after the sale or transfer, applies or causes a Wholly-Owned Domestic Manufacturing Subsidiary to apply an amount equal to the greater of the net proceeds of such sale or transfer or fair market value of the Principal Property so sold and leased back at the time of entering into such sale and leaseback transaction (in either case as determined by any two of the following: the Chairman, Chief Executive Officer, Chief Financial Officer, the President, any Vice President, the Treasurer and the Controller of the Company) to the retirement of Securities of any series Outstanding or other indebtedness of the Company (other than indebtedness subordinated in right of payment to the Securities) or indebtedness of a Wholly-Owned Domestic Manufacturing Subsidiary, for money borrowed, having a stated maturity more than 12 months from the date of such application or which is extendible at the option of the obligor thereon to a date more than 12 months from the date of such application (and, unless otherwise expressly provided with respect to any one or more series of Securities Outstanding, any redemption of Securities pursuant to this provision shall not be deemed to constitute a refunding operation or anticipated refunding operation for the purposes of any provision limiting the Company’s right to redeem Securities of any one or more such series when such redemption involves a refunding operation or anticipated refunding operation); provided that the amount to be so applied will be reduced by (i) the principal amount of Outstanding Securities delivered within 120 days after such sale or transfer to the Trustee for retirement and cancellation, and (ii) the principal amount of any such indebtedness of the Company or a Wholly-Owned Domestic Manufacturing Subsidiary, other than such Securities, voluntarily retired by the Company or a Wholly-Owned Domestic Manufacturing Subsidiary within 120 days after such sale or transfer. Notwithstanding the foregoing, no retirement referred to in this subdivision (b) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Notwithstanding the foregoing, where the Company or any Wholly-Owned Domestic Manufacturing Subsidiary is the lessee in any sale and leaseback transaction, Attributable Debt will not include any Debt resulting from the guarantee by the Company or any other Wholly-Owned Domestic Manufacturing Subsidiary of the lessee's obligation thereunder.

SECTION 1008. Waiver of Certain Covenants. The Company may omit, in respect of one or more series of affected Securities, in any particular instance to comply with any covenant or condition applicable to such Securities, if before or after the time for such compliance the Holders of at least a majority in principal amount of the then Outstanding Securities of all series affected (voting as one class) will, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver will extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver will become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition will remain in full force and effect.

SECTION 1009. Offer to Purchase Upon Change of Control Triggering Event. Upon the occurrence of a Change of Control Triggering Event with respect to a series of Securities, unless the Company has exercised its right to redeem the Securities of such series by giving irrevocable notice on or prior to the 30<sup>th</sup> day after the Change of Control Triggering Event in accordance with this Indenture, each Holder of the Securities of such series will have the right to require the Company to purchase all or a portion of such Holder's Securities of such series pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to, but excluding, the Change of Control Payment Date (as defined below) (the "Change of Control Payment"). If the Change of Control Payment Date is (a) on a day that is not a Business Day, the related payment of the Change of Control Payment will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day and/or (b) on or after a Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest, if any, will be paid to the person in whose name the Security is registered at the close of business on such Record Date, and no additional interest will be payable to Holders whose Securities are subject to purchase by the Company.

Within 30 days following the date upon which the Change of Control Triggering Event occurs or, at the Company's option, prior to any Change of Control but after the public announcement of the pending Change of Control, the Company will be required to mail or otherwise deliver in accordance with the applicable procedures of DTC a notice to each Holder of Securities of the applicable series, which notice will govern the terms of the Change of Control Offer. Such notice will state the purchase date, which must be no earlier than 15 days nor later than 60 days from the date such notice is mailed or otherwise delivered in accordance with the applicable procedures of DTC (or, in the case of a notice mailed or otherwise delivered in accordance with the applicable procedures of DTC prior to the date of consummation of a Change of Control, no earlier than 15 days nor later than 60 days from the date of the Change of Control Triggering Event), other than as may be required by law (the "Change of Control Payment Date"). The notice, if mailed or otherwise delivered in accordance with the applicable procedures of DTC prior to the date of consummation of the Change of Control, will state that

the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, the Company will, to the extent lawful:

- (1) Accept or cause a third party to accept for payment all the Securities of the applicable series properly tendered pursuant to the Change of Control Offer;
- (2) Deposit or cause a third party to deposit with the applicable Paying Agent an amount equal to the Change of Control Payment in respect of all the Securities of the applicable series properly tendered; and
- (3) Deliver or cause to be delivered to the Trustee the Securities of the applicable series properly accepted together with an Officer's Certificate stating the aggregate principal amount of the Securities of each series being purchased.

The Company will not be required to make a Change of Control Offer with respect to the Securities of the applicable series if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by the Company and such third party purchases all the Securities of the applicable series properly tendered and not withdrawn under its offer. In addition, the Company will not purchase any Securities of the applicable series if there has occurred and is continuing on the Change of Control Payment Date an Event of Default, other than an Event of Default in the payment of the Change of Control Payment on the Change of Control Payment Date.

In connection with any Change of Control Offer for any series of Securities, if Holders of not less than 90% in aggregate principal amount of the outstanding Securities of such series validly tender and do not withdraw such Securities in the Change of Control Offer and the Company, or any third party making the Change of Control Offer in lieu of the Company as described above, purchases all of those Securities validly tendered and not withdrawn by the holders, the Company or such third party will have the right, upon not less than 15 but not more than 60 days' notice mailed or otherwise delivered in accordance with the applicable procedures of DTC by the Company to each holder of such Securities (provided, that the notice is given not more than 30 days following the purchase date in respect of such Change of Control Offer), to redeem all the Securities of such series that remain outstanding following such purchase at a price in cash equal to 101% of the outstanding principal amount of the Securities plus accrued and unpaid interest, if any, to, but excluding, the applicable purchase date (it being agreed that if the purchase date is (a) on a day that is not a Business Day, the related payment will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day and/or (b) on or after a Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest, if any, will be paid to the person in whose name the Security is registered at the close of business on such Record Date, and no additional interest will be payable to holders whose Securities are subject to purchase by the Company).

The Company must comply in all material respects with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, and any other securities laws and

regulations thereunder to the extent those laws and regulations are applicable in connection with the purchase of the Securities of the applicable series as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Securities of the applicable series, the Company will be required to comply with those securities laws and regulations and will not be deemed to have breached its obligations under this Indenture with respect to the Securities of such series by virtue of any such conflict.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the assets of the Company and its subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise, established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that the Company offer to purchase the Securities as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its subsidiaries taken as a whole to another “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) may be uncertain.

## ARTICLE ELEVEN

### REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article. Securities of any series which are redeemable before their Stated Maturity will be redeemable in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee. The election of the Company to redeem any Securities will be evidenced by an Officer’s Certificate or a Board Resolution. The Company will, at least 20 days prior to the Redemption Date fixed by the Company (unless a shorter notice will be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company will furnish the Trustee with an Officer’s Certificate evidencing compliance with such restriction.

SECTION 1103. Selection by Trustee of Securities to Be Redeemed. Except as otherwise provided in the terms of a particular series of Securities, if less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed will be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee will deem fair and appropriate.

The Trustee will promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities will relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities that has been or is to be redeemed. If the Company will so direct, Securities registered in the name of the Company, any Affiliate or any Subsidiary thereof will not be included in the Securities selected for redemption.

SECTION 1104. Notice of Redemption. Notice of redemption will be mailed or otherwise delivered in accordance with the applicable procedures of the Depository (or delivered electronically if held by DTC in accordance with DTC's customary procedures) not less than 10 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, in the case of any notice of redemption mailed to Holders, at such Holder's address appearing in the Security Register.

All notices of redemption will identify the Securities to redeemed (including CUSIP number if any) and will state:

- (1) the Redemption Date,
- (2) the Redemption Price,
- (3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and the principal amounts) of the particular Securities to be redeemed,
- (4) that on the Redemption Date the Redemption Price (together with accrued interest to, but excluding, the Redemption Date payable as provided in Section 1106) will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,
- (5) the place or places where such Securities are to be surrendered for payment of the Redemption Price and
- (6) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company will be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company. Any notice of redemption of any series of Securities may, at the Company's discretion, be subject to one or more conditions precedent with respect to completion of a corporate transaction (including, but not limited to, any merger, acquisition, disposition, asset sale or corporate restructuring or reorganization) or financing (including, but not limited to, any incurrence of indebtedness (or entering into a commitment with respect thereto), sale and leaseback transaction, issuance of securities, equity offering or contribution, liability management transaction or other capital raise) and may be given prior to the completion thereof. If a redemption or purchase is subject to satisfaction of one or more conditions precedent, the notice will describe each condition, and the notice may be rescinded in the event that any or all of the conditions will not have been satisfied by the Redemption Date. Any notice of redemption may provide that payment of the Redemption Price and the Company's obligations with respect to such redemption may be performed by another person. The notice if mailed or delivered in

the manner herein provided will be conclusively presumed to have been duly given, whether or not the Holder receives such notice. In any case, a failure to give such notice by mail or any defect in the notice to the Holder of any Security designated for redemption as a whole or in part will not affect the validity of the proceedings for the redemption of any other Security.

SECTION 1105. Deposit of Redemption Price. On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, the Company shall segregate and hold in trust as provided in Section 1003) an amount of money in the currency, currencies or currency units in which the Securities of such series are payable (except as otherwise specified pursuant to for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay the Redemption Price of, and any accrued interest on, all the Securities that are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Securities so to be redeemed will, on the Redemption Date, become due and payable at the Redemption Price therein specified in the currency, currencies or currency units in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) (together with accrued interest, if any, to, but excluding, the Redemption Date), and from and after such date (unless the Company will default in the payment of the Redemption Price and accrued interest) such Securities will cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security will be paid by the Company at the Redemption Price, together with accrued interest to, but excluding, the Redemption Date; provided that installments of interest on Securities whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption will not be so paid upon surrender thereof for redemption, the principal (and premium, if any) will, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 1107. Securities Redeemed in Part. If any Security (including any Security in global form) which is to be redeemed only in part will be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his or her attorney duly authorized in writing), then the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered; provided that if a global security is so surrendered, the new global security will be in a denomination equal to the unredeemed portion of the principal of the global security so surrendered.

## SINKING FUNDS

SECTION 1201. Applicability of Article. Retirements of Securities of any series pursuant to any sinking fund will be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a “mandatory sinking fund payment”, and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an “optional sinking fund payment”. If provided for by the terms of Securities of any series, the cash amount of any mandatory sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment will be applied to the redemption (or purchase by tender or otherwise) of Securities of any series as provided for by the terms of Securities of such series.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities. The Company may (1) deliver to the Trustee Outstanding Securities of a series (other than any previously called for redemption), and (2) receive credit for Securities of a series which have been previously delivered to the Trustee by the Company or for Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of the same series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided that such Securities have not been previously so credited. Such Securities will be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment will be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officer’s Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash in the currency, currencies or currency units in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) and the portion thereof, if any, which is to be satisfied by delivering or crediting Securities of that series pursuant to Section 1202 (which Securities will, if not previously delivered, accompany such certificate) and whether the Company intends to exercise its right to make a permitted optional sinking fund payment with respect to such series. Such certificate will be irrevocable and upon its delivery the Company will be obligated to make the cash payment or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. In the case of the failure of the Company to deliver such certificate, the sinking fund payment due on the next succeeding sinking fund payment date for that series will be paid entirely in cash

and will be sufficient to redeem the principal amount of such Securities subject to a mandatory sinking fund payment without the option to deliver or credit Securities as provided in Section 1202 and without the right to make any optional sinking fund payment, if any, with respect to such series.

Not more than 60 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities will be made upon the terms and in the manner stated in Sections 1106 and 1107.

Prior to any sinking fund payment date, the Company shall pay to the Trustee in cash a sum equal to any interest accrued to, but excluding, the date fixed for redemption of Securities or portions thereof to be redeemed on such sinking fund payment date pursuant to this Section 1203.

Notwithstanding the foregoing, with respect to a sinking fund for any series of Securities, if at any time the amount of cash to be paid into such sinking fund on the next succeeding sinking fund payment date, together with any unused balance of any preceding sinking fund payment or payments for such series, will not exceed in the aggregate \$100,000, the Trustee, unless requested by the Company, shall not give the next succeeding notice of the redemption of Securities of such series through the operation of the sinking fund. Such unused balance of moneys deposited in such sinking fund will be added to the sinking fund payment for such series to be made in cash in the next succeeding year or, at the request of the Company, will be applied at any time or from time to time to the purchase of Securities of such series, by public or private purchase, in the open market or otherwise, at not in excess of (excluding accrued interest and brokerage commissions, for which the Trustee or any paying agent will be reimbursed by the Company) the principal amount thereof.

## ARTICLE THIRTEEN

### REPAYMENT AT OPTION OF HOLDERS

SECTION 1301. Applicability of Article. Except as set forth in Section 1009, repayment of Securities of any series before their Stated Maturity at the option of Holders thereof will be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1302. Repayment of Securities. Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest thereon accrued to, but excluding, the Repayment Date specified in the terms of such Securities. The Company covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in the

currency, currencies or currency units in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such Series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of, and (except if the Repayment Date will be an Interest Payment Date) accrued interest to, but excluding, the Repayment Date, on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

SECTION 1303. Exercise of Option. Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder, must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places or which the Company shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such security, the principal amount of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder will be irrevocable unless waived by the Company.

SECTION 1304. When Securities Presented for Repayment Become Due and Payable. If Securities of any series providing for repayment at the option of the Holders thereof will have been surrendered as provided in this Article and as provided by the terms of such Securities, such securities or the portions thereof, as the case may be, to be repaid will become due and payable and will be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company will default in the payment of such Securities on such Repayment Date) interest on such securities or the portions thereof, as the case may be, will cease to accrue.

SECTION 1305. Securities Repaid in Part. Upon surrender of any Security which is to be repaid in part only, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Company, a new Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

## DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1401. Applicability of Article; Company's Option to Effect Defeasance or Covenant Defeasance. If pursuant to Section 301 provision is made for either or both of (a) defeasance of the Securities of or within a series under Section 1402 or (b) covenant defeasance of the Securities of or within a series under Section 1403, then the provisions of such Section or Sections, as the case may be, together with the other provisions of this Article Fourteen (with such modifications thereto as may be specified pursuant to Section 301 with respect to any Securities), will be applicable to such Securities, and the Company may at its option, at any time, with respect to such Securities, elect to have either Section 1402 (if applicable) or Section 1403 (if applicable) be applied to such Outstanding Securities upon compliance with the conditions set forth below in this Article Fourteen.

SECTION 1402. Defeasance. Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of or within a series, the Company will be deemed to have been discharged from its obligations with respect to such Outstanding Securities on the date the conditions set forth below are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Securities, which will thereafter be deemed to be "Outstanding" only for the purposes of Section 1405 and the other Sections of this Indenture referred to in (A) and (B) below, and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following, which will survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of such Outstanding Securities to receive, solely from the trust fund described in Section 1404 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest on such Securities when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 304, 305, 306, 1002 and 1003 Securities, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (D) this Article Fourteen. Subject to compliance with this Article Fourteen, the Company may exercise its option under this Section 1402 notwithstanding the prior exercise of its option under Section 1403 with respect to such Securities.

SECTION 1403. Covenant Defeasance. Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of or within a series, the Company will be released from its obligations under Sections 801, 1005, 1006 and 1007, and, if specified pursuant to Section 301, its obligations under any other covenant, with respect to such Outstanding Securities on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"), and such Securities will thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with Sections 801, 1005, 1006 and 1007, or such other covenant, but will continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Outstanding Securities, the Company may omit to comply with and will have no liability in

respect of any term, condition or limitation set forth in any such Section or such other covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or such other covenant or by reason of reference in any such Section or such other covenant to any other provision herein or in any other document and such omission to comply will not constitute a default or an Event of Default under Section 501(3) or Section 501(6) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Securities will be unaffected thereby.

SECTION 1404. Conditions to Defeasance or Covenant Defeasance. The following will be the conditions to application of either Section 1402 or Section 1403 to any Outstanding Securities:

(1) the Company must deposit or cause to be deposited with the Trustee (or another trustee satisfying the requirements of Section 609 who shall agree to comply with the provisions of this Article Fourteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) an amount of cash (in such currency, currencies or currency units in which the applicable Securities are then specified as payable at Stated Maturity), (B) Government Obligations applicable to the applicable Securities (determined on the basis of the currency, currencies or currency units in which the applicable Securities are then specified as payable at Stated Maturity), which through the payment of principal and interest in respect thereof in accordance with their terms will provide money in an amount, or (C) a combination thereof, sufficient, in the case of clauses (B) and (C) in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (i) the principal of (and premium, if any) and interest on the applicable Outstanding Securities on the Stated Maturity of such principal or installment of principal or interest and (ii) any mandatory sinking fund payments or analogous payments applicable to such Outstanding Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities.

(2) no Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to such Securities shall have occurred and be continuing on the date of such deposit.

(3) such defeasance or covenant defeasance shall not cause the Trustee for such Securities to have a conflicting interest as defined in Section 608 and (to the extent that the Trust Indenture Act applies to this Indenture or any Securities) for purposes of the Trust Indenture Act with respect to any securities of the Company.

(4) in the case of an election under Section 1402, the Company shall have delivered to the Trustee an Opinion of Counsel stating that either (x) the Internal Revenue Service has published a ruling or the Company has received a ruling from the Internal Revenue Service, or (y) since the date of this Indenture there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such

opinion shall confirm that, the Holders of such Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(5) in the case of an election under Section 1403, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Outstanding Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(6) Such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations in connection therewith pursuant to Section 301.

(7) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 1402 or the covenant defeasance under Section 1403 (as the case may be) have been complied with.

**SECTION 1405. Deposited Money and Government Obligations to be Held in Trust; Other Miscellaneous Provisions.** Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (or other property as may be provided pursuant to Section 301) (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee collectively for purposes of this Section 1405, the "Trustee") pursuant to Section 1404(1) in respect of any Outstanding Securities of such series will be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law.

Unless otherwise specified with respect to any Security pursuant to Section 301, if, after a deposit referred to in Section 1404(1) has been made, (a) the Holder of a Security in respect of which such deposit was made is entitled to, and does, elect pursuant to Section 312(b) or the terms of such Security to receive payment in a currency or currency unit other than that in which the deposit pursuant to Section 1404(1) has been made in respect of such Security, or (b) a Conversion Event occurs as contemplated in Section 312(d) or 312(e) or by the terms of any Security in respect of which the deposit pursuant to Section 1404(1) has been made, the indebtedness represented by such Security will be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (premium, if any, on), and interest, if any, on such Security as they become due out of the proceeds yielded by converting (from time to time as specified below in the case of any such election) the amount or other property deposited in respect of such Security into the currency or currency unit in which such Security becomes payable as a result of such election or Conversion Event based on the applicable Market Exchange Rate for such currency or currency unit in effect on the second

Business Day prior to each payment date, except, with respect to a Conversion Event, for such currency or currency unit in effect (as nearly as feasible) at the time of the Conversion Event.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 1404(1) or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of such outstanding Securities.

Anything in this Article Fourteen to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Obligations (or other property and any proceeds therefrom) held by it as provided in Section 1404(1) which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

CARRIER GLOBAL CORPORATION

By: /s/ Christopher Witzky

Name: Christopher Witzky

Title: Vice President, Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ Robert W. Hardy

Name: Robert W. Hardy

Title: Vice President

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## SUPPLEMENTAL INDENTURE NO. 1

SUPPLEMENTAL INDENTURE No. 1, dated as of February 27, 2020 (the "Supplemental Indenture"), between CARRIER GLOBAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee (the "Trustee").

## RECITALS:

WHEREAS, the Company and the Trustee are parties to an Indenture, dated as of February 27, 2020 (the "Base Indenture") and, as supplemented by this Supplemental Indenture, the "Indenture"), relating to the issuance from time to time by the Company of its Securities on terms to be specified at the time of issuance;

WHEREAS, Section 901(6) of the Base Indenture provides that the Company may enter into a supplemental indenture to establish the terms and provisions of Securities of any series issued pursuant to the Base Indenture;

WHEREAS, the Company desires to issue six separate series of Securities, and has duly authorized the creation and issuance of such Securities and the execution and delivery of this Supplemental Indenture to modify the Base Indenture and provide certain additional provisions as hereinafter described;

WHEREAS, the parties hereto deem it advisable to enter into this Supplemental Indenture for the purpose of establishing the terms of such Securities and providing for the rights, obligations and duties of the Trustee with respect to such Securities; and

WHEREAS, all conditions and requirements of the Base Indenture necessary to make this Supplemental Indenture a valid, binding and legal instrument in accordance with its terms have been performed and fulfilled by the parties hereto.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged by the parties hereto, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01 Definitions.

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Note or beneficial interest therein, the rules and procedures of DTC, Euroclear and Clearstream, in each case to the extent applicable to such transaction and as in effect from time to time.

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“Clearstream” means Clearstream Banking, S.A., or the successor to its securities clearance and settlement operations.

“Definitive Note” means a certificated Note containing, if required, the appropriate Restricted Notes Legend set forth in Section 2.12(e)(ii).

“Euroclear” means Euroclear S.A./N.V., a company organized under the laws of Belgium, as operator of the Euroclear System, or its successor in such capacity.

“Exchange Notes” has the meaning specified in the Registration Rights Agreement.

“Global Notes Legend” means the legend set forth in Section 2.12(e)(i).

“Guarantee Agreement” means the Guarantee Agreement, dated February 27, 2020, between the Guarantor and the Trustee.

“Guarantee Release Date” means the date upon which the Parent Guarantee is terminated and released in accordance with the terms of the Guarantee Agreement.

“Guarantor” means United Technologies Corporation, a Delaware corporation.

“Initial Notes” means the Notes issued pursuant to this Supplemental Indenture on the date hereof.

“Interest Payment Date” when used with respect to any Fixed Rate Notes, means the date specified in such Notes as the fixed date on which an installment of interest is due and payable.

“Notes Custodian” means the custodian with respect to a Global Note (as appointed by DTC), or any successor Person thereto and will initially be the Trustee.

“Parent Guarantee” means the Guarantor’s guarantee of each series of the Notes provided under the Guarantee Agreement.

“Purchase Agreement” means the Purchase Agreement dated as of February 13, 2020 among the Company and the Representatives.

“Qualified Institutional Buyer” or “QIB” has the meaning specified in Rule 144A promulgated under the Securities Act.

“Record Date” means the close of business on the date that is fifteen (15) calendar days prior to the date on which interest is scheduled to be paid, regardless of whether such date is a Business Day; *provided* that if any of the Notes are held by a securities depository in book-entry form, the Record Date for such Notes will be the close of business on the Business Day immediately preceding the date on which interest is scheduled to be paid.

“Registered Exchange Offer” means the offer by the Company, pursuant to the Registration Rights Agreement, to certain Holders of Initial Notes, to issue and deliver to such

Holder, in exchange for their Initial Notes, a like aggregate principal amount of Exchange Notes registered under the Securities Act.

“Registration Rights Agreement” means the Registration Rights Agreement dated as of February 27, 2020, among the Company, the Guarantor and the Representatives.

“Regulation S” means Regulation S promulgated under the Securities Act.

“Regulation S Notes” means all Notes offered and sold to a non-U.S. Person in an offshore transaction in reliance on Regulation S.

“Representatives” means Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, as representatives of the initial purchasers named in Schedule I to the Purchase Agreement.

“Restricted Notes Legend” means the legend set forth in Section 2.12(e)(ii).

“Restricted Period” means with respect to any Notes the period that is 40 days after the later of (i) the original issue date of the Notes and (ii) the date when the Notes or any predecessor of the Notes are first offered to Persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S.

“Rule 144” means Rule 144 promulgated under the Securities Act.

“Rule 144A” means Rule 144A promulgated under the Securities Act.

“Rule 144A Notes” means all Notes offered and sold to purchasers reasonably believed to be QIBs in reliance on Rule 144A.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Transfer Restricted Note” means any Note that contains or is required to contain a Restricted Notes Legend.

(b) The terms defined in this Section have the meanings assigned to them in this Section and include the plural as well as the singular.

(c) Terms used herein without definition will have the meanings specified in the Base Indenture.

(d) All references to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture.

(e) The terms “herein,” “hereof,” “hereunder” and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) All references to “interest” on the Notes will be deemed to include any additional interest thereof pursuant to the Registration Rights Agreement.

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## ARTICLE II

### THE NOTES

Section 2.01      Title of Securities. There will be:

- (a) a series of Securities designated the “1.923% Notes due 2023” of the Company (the “3-Year Fixed Rate Notes”);
- (b) a series of Securities designated the “2.242% Notes due 2025” of the Company (the “5-Year Fixed Rate Notes”);
- (c) a series of Securities designated the “2.493% Notes due 2027” of the Company (the “7-Year Fixed Rate Notes”);
- (d) a series of Securities designated the “2.722% Notes due 2030” of the Company (the “10-Year Fixed Rate Notes”);
- (e) a series of Securities designated the “3.377% Notes due 2040” of the Company (the “20-Year Fixed Rate Notes”);
- (f) a series of Securities designated the “3.577% Notes due 2050” of the Company (the “30-Year Fixed Rate Notes” and, together with the 3-Year Fixed Rate Notes, the 5-Year Fixed Rate Notes, the 7-Year Fixed Rate Notes, the 10-Year Fixed Rate Notes and the 20-Year Fixed Rate Notes, the “Fixed Rate Notes” or the “Notes”).

Section 2.02      Limitation of Aggregate Principal Amount.

- (a)      The aggregate principal amount of the 3-Year Fixed Rate Notes will initially be limited to \$500,000,000.
- (b)      The aggregate principal amount of the 5-Year Fixed Rate Notes will initially be limited to \$2,000,000,000.
- (c)      The aggregate principal amount of the 7-Year Fixed Rate Notes will initially be limited to \$1,250,000,000.
- (d)      The aggregate principal amount of the 10-Year Fixed Rate Notes will initially be limited to \$2,000,000,000.
- (e)      The aggregate principal amount of the 20-Year Fixed Rate Notes will initially be limited to \$1,500,000,000.
- (f)      The aggregate principal amount of the 30-Year Fixed Rate Notes will initially be limited to \$2,000,000,000.

(g)      In the case of each series of Notes, the aggregate principal amount specified in this Section will be subject to the amount of such series that is authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, such series pursuant to Section 304, 305, 306, 906 or 1107 of the Base Indenture and the amount of such series which, pursuant to Section 303 of the Base Indenture, is deemed never to have been authenticated and delivered thereunder.

(h)      The Company may from time to time, without notice to or the consent of the Holders of any series of Notes, create and issue further Notes of any such series (“Additional Notes”) ranking equally with the Notes of such series (and being treated as a single class with the Notes of such series already Outstanding) in all respects and having the same terms as the Notes of such series already Outstanding except for issue date, issue price and, under some circumstances, the first Interest Payment Date thereof. If any Additional Notes are not fungible with the initial Notes of such series for U.S. federal income tax purposes, then those Additional Notes will have a separate CUSIP number. The Notes of each series and any Additional Notes of such series, together with any Exchange Notes issued with respect to such series in accordance with the Registration Rights Agreement, will be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments and redemptions.

Section 2.03      Principal Payment Date.

(a)      The principal amount of the 3-Year Fixed Rate Notes Outstanding (together with any accrued and unpaid interest) will be payable in a single installment on February 15, 2023, which date will be the Stated Maturity of the 3-Year Fixed Rate Notes.

(b)      The principal amount of the 5-Year Fixed Rate Notes Outstanding (together with any accrued and unpaid interest) will be payable in a single installment on February 15, 2025, which date will be the Stated Maturity of the 5-Year Fixed Rate Notes.

(c) The principal amount of the 7-Year Fixed Rate Notes Outstanding (together with any accrued and unpaid interest) will be payable in a single installment on February 15, 2027, which date will be the Stated Maturity of the 7-Year Fixed Rate Notes.

(d) The principal amount of the 10-Year Fixed Rate Notes Outstanding (together with any accrued and unpaid interest) will be payable in a single installment on February 15, 2030, which date will be the Stated Maturity of the 10-Year Fixed Rate Notes.

(e) The principal amount of the 20-Year Fixed Rate Notes Outstanding (together with any accrued and unpaid interest) will be payable in a single installment on April 5, 2040, which date will be the Stated Maturity of the 20-Year Fixed Rate Notes.

(f) The principal amount of the 30-Year Fixed Rate Notes Outstanding (together with any accrued and unpaid interest) will be payable in a single installment on April 5, 2050, which date will be the Stated Maturity of the 30-Year Fixed Rate Notes.

Section 2.04 Interest on the Fixed Rate Notes.

(a) The rate of interest on each 3-Year Fixed Rate Note will be 1.923% per annum, accruing from the date of original issuance or from the most recent date to which interest has been paid or duly provided for, to, but excluding, the applicable Interest Payment Date, and interest on each 3-Year Fixed Rate Note will be payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2020, and on the Maturity of such series.

(b) The rate of interest on each 5-Year Fixed Rate Note will be 2.242% per annum, accruing from the date of original issuance or from the most recent date to which interest has been paid or duly provided for, to, but excluding, the applicable Interest Payment Date, and interest on each 5-Year Fixed Rate Note will be payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2020, and on the Maturity of such series.

(c) The rate of interest on each 7-Year Fixed Rate Note will be 2.493% per annum, accruing from the date of original issuance or from the most recent date to which interest has been paid or duly provided for, to, but excluding, the applicable Interest Payment Date, and interest on each 7-Year Fixed Rate Note will be payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2020, and on the Maturity of such series.

(d) The rate of interest on each 10-Year Fixed Rate Note will be 2.722% per annum, accruing from the date of original issuance or from the most recent date to which interest has been paid or duly provided for, to, but excluding, the applicable Interest Payment Date, and interest on each 10-Year Fixed Rate Note will be payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2020, and on the Maturity of such series.

(e) The rate of interest on each 20-Year Fixed Rate Note will be 3.377% per annum, accruing from the date of original issuance or from the most recent date to which interest has been paid or duly provided for, to, but excluding, the applicable Interest Payment Date, and interest on each 20-Year Fixed Rate Note will be payable semi-annually in arrears on April 5 and October 5 of each year, beginning on October 5, 2020, and on the Maturity of such series.

(f) The rate of interest on each 30-Year Fixed Rate Note will be 3.577% per annum, accruing from the date of original issuance or from the most recent date to which interest has been paid or duly provided for, to, but excluding, the applicable Interest Payment Date, and interest on each 30-Year Fixed Rate Note will be payable semi-annually in arrears on April 5 and October 5 of each year, beginning on October 5, 2020, and on the Maturity of such series.

(g) Interest with respect to the Fixed Rate Notes will accrue on the basis of a 360-day year consisting of twelve 30-day months. The amount of interest payable for any period shorter than a full monthly period will be computed on the basis of the actual number of calendar days elapsed in such a period.

(h) If the date on which a payment of interest or principal on the Fixed Rate Notes is scheduled to be paid is not a Business Day, then the interest or principal payable on that date will be paid on the next succeeding Business Day, and no further interest will accrue as a result of such delay.

(i) Interest will be payable to the Persons in whose names such Fixed Rate Notes (or one or more Predecessor Securities) are registered on the relevant Record Date; provided, that interest payable at the relevant Maturity will be payable to the Persons to whom the principal of the Fixed Rate Notes is payable.

Section 2.05 [Reserved].

Section 2.06 Place of Payment. The Place of Payment for the Notes, and the place where notices and demand to or upon the Company in respect of the Notes and the Indenture may be served, shall be the Corporate Trust Office of the Trustee or the Paying Agent's office maintained for that purpose in the Borough of Manhattan, City of New York.

Section 2.07 Sinking Fund Obligations. The Company has no obligation to redeem or purchase any Notes pursuant to any sinking fund or analogous requirement.

Section 2.08 Denomination. The Notes will be issued only in fully registered form, without coupons, in minimum denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof.

Section 2.09 Currency. Principal and interest on the Notes shall be payable in such coin or currency of the United States of America that at the time of payment is legal tender for payment of public and private debts.

Section 2.10 Security Registrar and Paying Agent. The Trustee shall serve initially as the Security Registrar and the Paying Agent for the Notes.

Section 2.11 Form of Notes; Book Entry Provisions.

(a) Each series of the Notes shall be substantially in the form of the corresponding Annex attached hereto (other than, with respect to (x) any Additional Notes of any series of the Notes, changes related to issue date, issue price and, under some circumstances, the first Interest Payment Date of such Additional Notes and (y) any Exchange Notes of any series of

the Notes, changes related to legends, transfer restrictions, CUSIP/ISIN numbers and other changes customary for notes registered pursuant to the Securities Act). The Notes may have notations, legends or endorsements required by law, rule or usage to which the Company is subject. Each Note shall be dated the date of its authentication.

(b) (i) The Initial Notes shall be offered and sold by the Company pursuant to the Purchase Agreement. The Notes shall be resold initially only (A) to persons reasonably believed to be QIBs in reliance on Rule 144A under the Securities Act or (B) outside the United States, to persons other than “U.S. persons” as defined in Rule 902 under the Securities Act in compliance with Regulation S. Notes may thereafter be transferred to, among others, purchasers reasonably believed to be QIBs, purchasers in reliance on Regulation S, and otherwise, subject to the restrictions on transfer set forth herein. Notes initially resold pursuant to Rule 144A shall be initially issued in the form of one or more permanent global securities in fully registered form (collectively, the “Rule 144A Global Note”) and Notes initially resold pursuant to Regulation S shall be initially issued in the form of one or more permanent global securities in fully registered form (collectively, the “Regulation S Global Note”), in each case without interest coupons and with the Global Notes Legend and the applicable Restricted Notes Legend set forth in Section 2.12(e) hereof. Such global securities shall be deposited on behalf of the purchasers of the Notes represented thereby with the Notes Custodian and registered in the name of DTC or a nominee of DTC, duly executed by the Company and authenticated by the Trustee as provided in this Indenture.

(ii) The Rule 144A Global Notes and the Regulation S Global Notes are collectively referred to herein as “Global Notes”. The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee and DTC or its nominee as hereinafter provided.

(c) This Section 2.11(c) shall apply only to a Global Note deposited with or on behalf of DTC.

(i) The Company shall execute and the Trustee shall, in accordance with this Section 2.11(c), authenticate and deliver initially one or more Global Notes that (A) shall be registered in the name of DTC and (B) shall be delivered by the Trustee to DTC or pursuant to DTC’s instructions or held by the Trustee as Notes Custodian for DTC.

(ii) Members of, or participants in, DTC (“Agent Members”) shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC (or by the Trustee as the Notes Custodian for DTC) or under such Global Note, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat DTC as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of a Holder of a beneficial interest in any Global Note.

(d) Except as provided in Section 2.12 or 2.13, owners of beneficial interests in Global Notes shall not be entitled to receive physical delivery of Definitive Notes.

(e) The terms and provisions contained in the Notes shall constitute, and are expressly made, a part of this Supplemental Indenture and, to the extent applicable, the Company, the Guarantor and the Trustee, by their execution and delivery of this Supplemental Indenture, expressly agree to such terms and provisions and agree to be bound thereby. If there is any conflict between the terms of the Notes and this Supplemental Indenture, the terms of this Supplemental Indenture shall govern.

(f) The Notes may be presented for registration of transfer and exchange at the offices of the Security Registrar.

Section 2.12 Special Transfer Provisions.

(a) Transfer and Exchange of Definitive Notes. When Definitive Notes are presented to the Security Registrar with a request:

(i) to register the transfer of such Definitive Notes; or

(ii) to exchange such Definitive Notes for an equal principal amount of Definitive Notes of other authorized denominations,

the Security Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Notes surrendered for transfer or exchange:

(A) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or its attorney duly authorized in writing; and

(B) are accompanied by the following additional information and documents, as applicable: (x) if such Definitive Notes are being delivered to the Security Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect; or (y) if such Definitive Notes are being transferred to the Company, a certification to that effect (in each case in the form set forth on the reverse side of the Initial Note); or

(C) if such Definitive Notes are being transferred pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act or in reliance upon another exemption from the registration requirements of the Securities Act, (i) a certification to that effect (in the form set forth on the reverse side of the Initial Note) and (ii) if the Company or Security Registrar so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the legend set forth in Section 2.12(e)(ii).

(b) Restrictions on Transfer of a Definitive Note for a Beneficial Interest in a Global Note. A Definitive Note may not be exchanged for a beneficial interest in a Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a

Definitive Note, duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Security Registrar, together with:

(i) certification (in the form set forth on the reverse side of the Initial Note) that such Definitive Note is being transferred (A) to a QIB in accordance with Rule 144A or (B) to a non-U.S. Person outside the United States in an offshore transaction within the meaning of Regulation S and in compliance with Rule 903 or Rule 904 under the Securities Act; and

(ii) written instructions directing the Trustee to make, or to direct the Notes Custodian to make, an adjustment on its books and records with respect to such Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note, such instructions to contain information regarding the DTC account to be credited with such increase,

then the Trustee shall cancel such Definitive Note and cause, or direct the Notes Custodian to cause, in accordance with the standing instructions and procedures existing between DTC and the Notes Custodian, the aggregate principal amount of Notes represented by the Global Note to be increased by the aggregate principal amount of the Definitive Note to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Note equal to the principal amount of the Definitive Note so canceled. If no Global Notes are then outstanding and the Global Note has not been previously exchanged for Definitive Notes pursuant to Section 2.13, the Company shall issue and the Trustee shall authenticate, upon receipt of a Company Order, a new Global Note in the appropriate principal amount.

(c) Transfer and Exchange of Global Notes.

(i) The transfer and exchange of Global Notes or beneficial interests therein shall be effected through DTC, in accordance with this Supplemental Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of DTC (including, if applicable the Applicable Procedures) therefor. A transferor of a beneficial interest in a Global Note shall deliver a written or electronic order given in accordance with DTC's procedures (including, if applicable the Applicable Procedures) containing information regarding the participant account of DTC to be credited with a beneficial interest in such Global Note or another Global Note and such account shall be credited in accordance with such order with a beneficial interest in the applicable Global Note and the account of the Person making the transfer shall be debited by an amount equal to the beneficial interest in the Global Note being transferred.

(ii) Transfers by an owner of a beneficial interest in a Rule 144A Global Note to a transferee who takes delivery of such interest through a Regulation S Global Note of the same series, whether before or after the expiration of the Restricted Period, shall be made in accordance with the procedures of DTC and only upon receipt by the Trustee of a written certification (in the form set forth on the reverse side of the Initial Note) from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or (if available) Rule 144 under the Securities Act and, if such

transfer is being made prior to the expiration of the Restricted Period, the interest transferred shall be held immediately thereafter through Euroclear or Clearstream.

(iii) Beneficial interests in Regulation S Global Notes may be exchanged for interests in Rule 144A Global Notes of the same series in accordance with the procedures of DTC and if (1) such exchange occurs in connection with a transfer of Notes in compliance with Rule 144A and (2) the transferor of the beneficial interest in the Regulation S Global Note first delivers to the Trustee a written certificate (in the form set forth on the reverse side of the Initial Note) to the effect that the beneficial interest in the Regulation S Global Note, is being transferred to a Person (A) who the transferor reasonably believes to be a QIB, (B) purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A, and (C) in accordance with all applicable securities laws of the States of the United States and other jurisdictions.

(iv) If the proposed transfer is a transfer of a beneficial interest in one Global Note to a beneficial interest in another Global Note, the Security Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Note to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Security Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of the Global Note from which such interest is being transferred.

(v) Notwithstanding any other provisions of this Supplemental Indenture (other than the provisions set forth in Section 2.13), a Global Note may not be transferred as a whole except by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor to DTC or a nominee of such successor to DTC.

(vi) In the event that a Global Note is exchanged for Definitive Notes pursuant to Section 2.13 prior to the consummation of the Registered Exchange Offer or the effectiveness of a Shelf Registration Statement (as defined in the Registration Rights Agreement) with respect to such Notes, such Notes may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section (including the certification requirements set forth on the reverse of the Initial Notes intended to ensure that such transfers comply with Rule 144, Rule 144A, Regulation S or such other applicable exemption from registration under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(d) Restrictions on Transfer of Regulation S Global Notes.

(i) Prior to the expiration of the Restricted Period, interests in a Regulation S Global Note may only be held through Euroclear or Clearstream. During the Restricted Period, beneficial ownership interests in a Regulation S Global Note may only be sold, pledged or transferred through Euroclear or Clearstream in accordance with the Applicable Procedures and only (a) to the Company or any Subsidiary thereof, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) for so long as such security is eligible for resale pursuant to Rule 144A, to a Person whom the

selling holder reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales to non-U.S. Persons that occur outside the United States (within the meaning of Regulation S under the Securities Act), or (e) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States, subject to the Company's and the Trustee's right prior to any such offer, sale or transfer pursuant to clause (d) or (e) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them. Prior to the expiration of the Restricted Period, transfers by an owner of a beneficial interest in a Regulation S Global Note to a transferee who takes delivery of such interest through a Rule 144A Global Note shall be made only in accordance with the Applicable Procedures, pursuant to Rule 144 or 144A of the Securities Act and upon receipt by the Trustee of a written certification (in the form on the reverse side of the Initial Note).

(ii) Upon the expiration of the Restricted Period, beneficial ownership interests in a Regulation S Global Note shall be transferable in accordance with applicable law and the other terms of the Indenture.

(e) Legend.

(i) Each Note certificate evidencing the Global Notes (and all Notes that are Global Notes issued in exchange therefor or in substitution thereof) will contain a legend substantially to the following effect (each defined term in the legend being defined as such for purposes of the legend only):

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

(ii) Except as permitted by the following paragraphs (iii), (iv), (v) or (vi), each Note certificate evidencing the Global Notes and the Definitive Notes (and all Notes issued in exchange therefor or in substitution thereof) will contain a legend substantially to the following effect (each defined term in the legend being defined as such for purposes of the legend only):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER REPRESENTS THAT

(1) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR

(2) IT IS NOT A “U.S. PERSON” AND IS OUTSIDE OF THE UNITED STATES (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT).

NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR][IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY), ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

Each Note evidencing a Global Note offered and sold to a QIB pursuant to Rule 144A will contain a legend substantially to the following effect:

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

(iii) Upon any sale or transfer of a Transfer Restricted Note that is a Definitive Note, the Security Registrar shall permit the Holder thereof to exchange such Transfer Restricted Note for a Definitive Note that does not bear the legends set forth above and rescind any restriction on the transfer of such Transfer Restricted Note if the Holder certifies in writing to the Security Registrar that its request for such exchange was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Initial Note).

(iv) After a transfer of any Initial Notes during the period of the effectiveness of a Shelf Registration Statement (as defined in the Registration Rights Agreement) with respect to such Initial Notes, as the case may be, all requirements pertaining to the Restricted Notes Legend on such Initial Notes shall cease to apply and the requirements that any such Initial Notes be issued in global form shall continue to apply.

(v) Upon the consummation of a Registered Exchange Offer with respect to the Initial Notes pursuant to which Holders of such Initial Notes are offered Exchange Notes in exchange for their Initial Notes, all requirements pertaining to Initial Notes that Initial Notes be issued in global form shall continue to apply, and Exchange Notes in global form without the Restricted Notes Legend will be deposited with the Notes Custodian and the Initial Notes cancelled.

(vi) Upon a sale or transfer after the expiration of the Restricted Period of any Initial Note acquired pursuant to Regulation S, all requirements that such Initial Note bear the Restricted Notes Legend shall cease to apply and the requirements requiring any such Initial Note be issued in global form shall continue to apply.

(f) Cancellation or Adjustment of Global Note. At such time as all beneficial interests in a Global Note have either been exchanged for Definitive Notes, transferred, redeemed, repurchased or canceled, such Global Note shall be returned by DTC to the Trustee for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Definitive Notes, transferred in exchange for an interest in another Global Note, redeemed, repurchased or canceled, the principal amount of Notes

represented by such Global Note shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Notes Custodian for such Global Note) with respect to such Global Note, by the Trustee or the Notes Custodian, to reflect such reduction.

(g) Prior to the due presentation for registration of transfer of any Note, the Company, the Trustee, the Paying Agent and the Security Registrar may deem and treat the person in whose name a Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of the Company, the Trustee, the Paying Agent or the Security Registrar shall be affected by notice to the contrary.

(h) All Notes issued upon any transfer or exchange pursuant to the terms of this Supplemental Indenture shall evidence the same debt and shall be entitled to the same benefits under the Indenture as the Notes surrendered upon such transfer or exchange.

(i) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, Agent Member or any other Person with respect to the accuracy of the records of DTC or its nominee or of any Agent Member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any Agent Member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption or repurchase) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders under the Notes shall be given or made only to the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its Agent Members and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Supplemental Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Agent Members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Supplemental Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.13 Definitive Notes.

(a) A Global Note deposited with DTC or with the Trustee as Notes Custodian for DTC pursuant to Section 2.11 hereof shall be transferred to the beneficial owners thereof in the form of Definitive Notes in an aggregate principal amount equal to the principal amount of such Global Note, in exchange for such Global Note, only if such transfer complies with Section 2.12 hereof and if (x) DTC notifies the Company at any time that it is unwilling or unable

to continue as Depositary for the series of Notes of which such Global Note is a part or at any time ceases to be a clearing agency registered as such under the Securities Exchange Act of 1934, as amended, and, in each case, a successor Depositary is not appointed by the Company within 90 days, (y) the Company, at its option, executes and delivers to the Trustee a Company Order that such Global Note shall be so exchangeable or (z) there shall have occurred and be continuing an Event of Default with respect to the Notes of which such Global Note is a part and DTC notifies the Trustee of its decision to exchange any Global Note of such series for Definitive Notes registered in the names of Persons other than DTC.

(b) Any Global Note that is transferable to the beneficial owners thereof pursuant to this Section shall be surrendered by DTC to the Trustee at the Corporate Trust Office of the Trustee, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Note, an equal aggregate principal amount of Definitive Notes of authorized denominations. Any portion of a Global Note transferred pursuant to this Section shall be executed, authenticated and delivered only in minimum denominations of \$2,000 principal amount or any integral multiple of \$1,000 in excess thereof and registered in such names as DTC shall direct. Any Definitive Note delivered in exchange for an interest in the Transfer Restricted Note shall, except as otherwise provided by Section 2.12(e) hereof, contain the applicable Restricted Notes Legend set forth in Section 2.12(e)(ii) hereof.

(c) Subject to the provisions of Section 2.13(b) hereof, the registered Holder of a Global Note shall be entitled to grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

(d) In the event of the occurrence of one of the events specified in Section 2.13(a) hereof, the Company shall promptly make available to the Trustee a reasonable supply of Definitive Notes in definitive, fully registered form without interest coupons.

(e) By its acceptance of any Note containing any legend in Section 2.12(e), each Holder of such Note acknowledges the restrictions on transfer of such Note set forth in this Indenture and in such legend in Section 2.12(e) and agrees that it shall transfer such Note only as provided in this Indenture.

(f) The Security Registrar shall retain for a period of two years copies of all letters, notices and other written communications received pursuant to Section 2.12 or this Section 2.13. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable notice to the Security Registrar.

#### Section 2.14 Optional Redemption.

(a) At any time, and from time to time, prior to the Par Call Date in respect of a series of Fixed Rate Notes, the Company may redeem Fixed Rate Notes of such series, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the Fixed Rate Notes to be redeemed, and (ii) the sum of the Remaining Scheduled Payments of the

Fixed Rate Notes to be redeemed from the Redemption Date to the Par Call Date of such series of Fixed Rate Notes discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus the Make-Whole Basis Points applicable to such series of Fixed Rate Notes, plus, in each case, accrued and unpaid interest, if any, on the principal amount of the Fixed Rate Notes being redeemed to, but excluding, the Redemption Date (the “Make-Whole Redemption Price”).

(b) At any time on or after the Par Call Date in respect of a series of Fixed Rate Notes, the Company may redeem the Fixed Rate Notes of such series, in whole or in part, at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes being redeemed, plus accrued and unpaid interest, if any, on the principal amount of the Fixed Rate Notes being redeemed to, but excluding, the Redemption Date.

(c) [Reserved].

(d) Notice of redemption shall be mailed or otherwise delivered in accordance with the applicable procedures of DTC in accordance with Section 1104 of the Base Indenture not less than 10 days nor more than 60 days prior to the Redemption Date to each Holder of the Notes to be redeemed. If less than all of the Notes then Outstanding of any series are to be redeemed, the Trustee will select the particular Notes or portions thereof in accordance with Section 1104 of the Base Indenture. If the Redemption Date is on or after a Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such Record Date, and no additional interest will be payable to Holders whose Notes are subject to redemption by the Company. Unless the Company defaults in payment of the Redemption Price, interest will cease to accrue on the Notes or portion of the Notes called for redemption on and after the applicable Redemption Date. On or before a Redemption Date, the Company will deposit with a Paying Agent (or the Trustee) money sufficient to pay the Redemption Price of the Notes to be redeemed on that date.

(e) For the purposes of this Section, the terms below are defined as follows:

“Calculation Date” means, with respect to any Redemption Date, two Business Days prior to the date of the notice of redemption relating to such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Fixed Rate Notes to be redeemed (assuming, for this purpose, that such Fixed Rate Notes mature on the Par Call Date applicable thereto) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Fixed Rate Notes to be redeemed (assuming, for this purpose, that such Fixed Rate Notes mature on the Par Call Date applicable thereto).

“Comparable Treasury Price” means, with respect to any Redemption Date for any Fixed Rate Notes, the average of all Reference Treasury Dealer Quotations obtained by the Company.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company from time to time.

“Make-Whole Basis Points” in respect of a series of Fixed Rate Notes means the number of basis points set forth below under the heading “Make-Whole Basis Points” across from the name of such series of Fixed Rate Notes.

<b>Series of Fixed Rate Notes</b>	<b>Make-Whole Basis Points</b>
3-Year Fixed Rate Notes	7.5 basis points
5-Year Fixed Rate Notes	12.5 basis points
7-Year Fixed Rate Notes	15 basis points
10-Year Fixed Rate Notes	20 basis points
20-Year Fixed Rate Notes	20 basis points
30-Year Fixed Rate Notes	25 basis points

“Par Call Date” in respect of a series of Fixed Rate Notes means the date set forth under the heading “Par Call Date” below across from the name of such series of Fixed Rate Notes.

<b>Series of Notes</b>	<b>Par Call Date</b>
3-Year Fixed Rate Notes	January 15, 2023 (1 month prior to the Stated Maturity of such Notes)
5-Year Fixed Rate Notes	January 15, 2025 (1 month prior to the Stated Maturity of such Notes)
7-Year Fixed Rate Notes	December 15, 2026 (2 months prior to the Stated Maturity of such Notes)
10-Year Fixed Rate Notes	November 15, 2029 (3 months prior to the Stated Maturity of such Notes)
20-Year Fixed Rate Notes	October 5, 2039 (6 months prior to the Stated Maturity of such Notes)
30-Year Fixed Rate Notes	October 5, 2049 (6 months prior to the Stated Maturity of such Notes)

“Primary Treasury Dealer” means a primary U.S. government securities dealer in the United States.

“Reference Treasury Dealer” means one or more of Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC and their respective successors. If any Reference Treasury Dealer ceases to be a Primary Treasury Dealer, the Company will substitute another Primary Treasury Dealer for that dealer.

“Reference Treasury Dealer Quotations” means, with respect to one or more Reference Treasury Dealers and any Redemption Date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the Calculation Date with respect to the Redemption Date.

“Remaining Scheduled Payments” means, with respect to each Fixed Rate Note being redeemed, the remaining scheduled payments of principal and interest (excluding interest accrued to, but excluding, the Redemption Date) of such Fixed Rate Note that would be due after the related Redemption Date but for the redemption.

“Treasury Rate” means, with respect to any Redemption Date, as of the Calculation Date, (a) the arithmetic average of the yields in the statistical release for the immediately preceding week designated “H.15” or any successor publication which is published by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under “U.S. government securities—Treasury constant maturities—nominal,” for the maturity corresponding to the Comparable Treasury Issue (or, if no maturity is within three months before or after the remaining term of the Fixed Rate Notes to be redeemed (assuming, for this purpose, that such Fixed Rate Notes mature on the Par Call Date applicable thereto), yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month) or (b) if the release referred to in clause (a) (or any successor release) is not published on the Calculation Date or does not contain the yields referred to above, the rate per annum equal to the semi-annual equivalent yield-to-maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

Section 2.15 Purchase Right. The Company may at any time and from time to time purchase Notes in the open market, by tender offer, through privately negotiated transactions or otherwise.

Section 2.16 Parent Guarantee. Each series of Notes initially will be guaranteed on an unsecured, unsubordinated basis by the Guarantor, pursuant to the Parent Guarantee and on the terms provided in the Guarantee Agreement. Each Parent Guarantee will continue in full force and effect for the benefit of the Holders of the Notes and the Trustee until such Parent Guarantee is terminated and released in accordance with the terms of the Guarantee Agreement.

Section 2.17 Defeasance and Covenant Defeasance. Section 14.02 and Section 14.03 of the Base Indenture will be applicable to such Notes.

### ARTICLE III

#### AMENDMENTS TO BASE INDENTURE

Section 3.01 Amendment to Section 501 of the Base Indenture.

Solely as it relates to the Notes, Section 501 of the Base Indenture is hereby amended by deleting clause (6) thereof and replacing it with the following:

(6) Except as permitted by the Guarantee Agreement (as defined in the Supplemental Indenture No. 1, dated as of February 27, 2020 (the “Supplemental Indenture”, between Carrier Global Corporation and the Trustee), the Parent Guarantee (as defined in the Supplemental Indenture) being held in any judicial proceeding to be unenforceable or invalid or ceasing for any reason to be in full force and effect, in each case, relating to the Notes (as

defined in the Supplemental Indenture) of any series, or the Guarantor (as defined in the Supplemental Indenture) denying or disaffirming in writing its obligation under the Parent Guarantee relating to the Notes of any series, and such Parent Guarantee not being issued or returned to full force and effect within, or such denial or disaffirmation not being rescinded, by the date that is 10 days after receipt of a specified written notice to the Company from the Trustee or a Holder of Notes of the relevant series.

Section 3.02        Amendment to Section 704 of the Base Indenture. Solely as it relates to the Notes, Section 704(a) of the Base Indenture is hereby amended by replacing it with the following:

(a) From and after the date on which the Parent Guarantee is terminated, the Company shall file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended. The Company will be deemed to have complied with the obligations described in the immediately previous sentence to the extent that the information, documents and reports are filed with the Commission via EDGAR (or any successor electronic delivery procedure) and posted on the Company's website or otherwise publicly available. Delivery of the reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Section 3.03        Amendment to Section 1006 of the Base Indenture. Solely as it relates to the Notes, Section 1006(e) of the Base Indenture is hereby amended by replacing it with the following:

(e) Liens which secure Debt owing by a Subsidiary to the Company or to a Wholly-Owned Domestic Manufacturing Subsidiary (or, if prior to the Guarantee Release Date (as defined in the Supplemental Indenture), to the Guarantor or any Subsidiary of the Guarantor);

#### **ARTICLE IV**

#### **MISCELLANEOUS**

Section 4.01        Integral Part; Effect of Supplement on Indenture. This Supplemental Indenture constitutes an integral part of the Indenture. Except for the amendments and supplements made by this Supplemental Indenture (which only apply to the Notes), the Base Indenture will remain in full force and effect as executed.

Section 4.02 Adoption, Ratification and Confirmation. The Indenture, as supplemented by this Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed.

Section 4.03 Trustee Not Responsible for Recitals. The recitals in this Supplemental Indenture are made by the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture, except that the Trustee represents that it is duly authorized to execute and deliver this Supplemental Indenture and perform its obligations hereunder.

Section 4.04 Counterparts. This Supplemental Indenture may be executed in multiple counterparts, each of which will be regarded for all purposes as an original and all of which will constitute but one and the same instrument. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission will constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture and signature pages for all purposes.

Section 4.05 Governing Law. This Supplemental Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

*[signature page follows]*

IN WITNESS WHEREOF, the Company and the Trustee have executed this Supplemental Indenture as of the date first above written.

CARRIER GLOBAL CORPORATION

By: /s/ Christopher Witzky

Name: Christopher Witzky

Title: Vice President, Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ Robert W. Hardy

Name: Robert W. Hardy

Title: Vice President

*[Signature Page to Carrier Supplemental Indenture]*

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**ANNEX 1**

**FORM OF 3-YEAR FIXED RATE NOTES**

Annex 1-1

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**ANNEX 2**

**FORM OF 5-YEAR FIXED RATE NOTES**

Annex 2-1

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**ANNEX 3**

**FORM OF 7-YEAR FIXED RATE NOTES**

Annex 3-1

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**ANNEX 4**

**FORM OF 10-YEAR FIXED RATE NOTES**

Annex 4-1

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**ANNEX 5**

**FORM OF 20-YEAR FIXED RATE NOTES**

Annex 5-1

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**ANNEX 6**

**FORM OF 30-YEAR FIXED RATE NOTES**

Annex 6-1

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## REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT dated February 27, 2020 (this “**Agreement**”) is entered into by and among Carrier Global Corporation, a Delaware corporation (the “**Company**”), United Technologies Corporation, a Delaware Corporation (the “**Guarantor**”), and Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC as representatives (collectively, the “**Representatives**”) of the initial purchasers listed in Schedule I to the Purchase Agreement (as defined below) (the “**Initial Purchasers**”).

The Company, the Guarantor and the Representatives are parties to the Purchase Agreement dated February 13, 2020 (the “**Purchase Agreement**”), which provides for the sale by the Company to the Initial Purchasers of six series of fixed rate notes consisting of \$500,000,000 aggregate principal amount of its 1.923% notes due 2023 (the “**3-Year Fixed Rate Notes**”), \$2,000,000,000 aggregate principal amount of its 2.242% notes due 2025 (the “**5-Year Fixed Rate Notes**”), \$1,250,000,000 aggregate principal amount of its 2.493% notes due 2027 (the “**7-Year Fixed Rate Notes**”), \$2,000,000,000 aggregate principal amount of its 2.722% notes due 2030 (the “**10-Year Fixed Rate Notes**”), \$1,500,000,000 aggregate principal amount of its 3.377% notes due 2040 (the “**20-Year Fixed Rate Notes**”) and \$2,000,000,000 aggregate principal amount of its 3.577% notes due 2050 (the “**30-Year Fixed Rate Notes**”, and together with the 3-Year Fixed Rate Notes, the 5-Year Fixed Rate Notes, the 7-Year Fixed Rate Notes, the 10-Year Fixed Rate Notes and the 20-Year Fixed Rate Notes, the “**Fixed Rate Notes**”). The Notes will initially be guaranteed on an unsecured, unsubordinated basis by the Guarantor pursuant to the terms of the Guarantee Agreement (as defined below) until terminated and released in accordance with the terms thereof. As an inducement to the Initial Purchasers to enter into the Purchase Agreement, the Company and the Guarantor have agreed to provide to the Initial Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms shall have the following meanings:

“**Agreement**” shall have the meaning set forth in the Preamble.

“**Business Day**” shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which commercial banking institutions in New York, New York are authorized or obligated by law or required by executive order to close.

“**Company**” shall have the meaning set forth in the Preamble.

“**Distribution**” means the *pro rata* distribution of all of the Company’s issued and outstanding shares of common stock to the Guarantor’s shareowners as of the close of business on the record date for the distribution, as determined by the board of directors of Guarantor.

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“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time.

“**Exchange Dates**” shall have the meaning set forth in Section 2(a)(ii) hereof.

“**Exchange Notes**” shall mean senior notes of a series issued by the Company under the Indenture and, if applicable, guaranteed by the Guarantor under the Guarantee Agreement, containing terms substantially identical in all material respects to the applicable series of Notes (except that the Exchange Notes will not be subject to restrictions on transfer or to any increase in annual interest rate for failure to comply with this Agreement) and to be offered to Holders in exchange for Registrable Securities of such series pursuant to the Exchange Offer for such series.

“**Exchange Offer**” shall mean the exchange offer by the Company and, unless its obligations under this Agreement have been terminated pursuant to the provisions of Section 7 hereof, the Guarantor of Exchange Securities of each series for Registrable Securities of such series pursuant to Section 2(a) hereof.

“**Exchange Offer Registration Statement**” shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form) and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein or deemed a part thereof, all exhibits thereto and any document incorporated by reference therein.

“**Exchange Securities**” shall mean the Exchange Notes and, unless and until the Guarantees are terminated in accordance with the Guarantee Agreement, the Guarantees, collectively.

“**FINRA**” shall mean the Financial Industry Regulatory Authority, Inc.

“**Fixed Rate Notes**” shall have the meaning set forth in the Preamble.

“**Free Writing Prospectus**” shall mean each free writing prospectus (as defined in Rule 405 under the Securities Act) prepared by or on behalf of the Company and used by the Company in connection with the sale of the Securities or the Exchange Securities.

“**Guarantee Agreement**” shall mean the Guarantee Agreement of the Guarantor in favor of the holders of the Notes and, if applicable, the Exchange Notes, dated as of February 27, 2020, and as the same may be amended from time to time in accordance with the terms thereof.

“**Guarantees**” shall mean the guarantees of the Notes by the Guarantor pursuant to the terms of the Guarantee Agreement and, if such guarantees are still in effect pursuant to the terms of the Guarantee Agreement at the time of issuance of any Exchange Notes, the guarantees of the Exchange Notes by the Guarantor pursuant to the terms of the Guarantee Agreement, in each case until such time as such guarantee is no longer in effect.

“**Guarantor**” shall have the meaning set forth in the Preamble.

“**Holders**” shall mean the Initial Purchasers, for so long as they own any Registrable Securities, and each of their successors, assigns and direct and indirect transferees who become owners of Registrable Securities under the Indenture; *provided* that, for purposes of Section 4 and Section 5 hereof, the term “**Holders**” shall include Participating Broker-Dealers.

“**Indenture**” shall mean the Indenture dated as of February 27, 2020 between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee, as the same may be amended and supplemented from time to time in accordance with the terms thereof with applicability to the Notes and the Exchange Notes.

“**Initial Purchasers**” shall have the meaning set forth in the Preamble.

“**Inspector**” shall have the meaning set forth in Section 3(a)(xiv) hereof.

“**Issuer Information**” shall have the meaning set forth in Section 5(a) hereof.

“**Notes**” shall have the meaning set forth in the Preamble.

“**Notice and Questionnaire**” shall mean a notice of registration statement and selling security holder questionnaire distributed to a Holder by the Company upon receipt of a Shelf Request from such Holder.

“**Participating Broker-Dealers**” shall have the meaning set forth in Section 4(a) hereof.

“**Participating Holder**” shall mean any Holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to the Company in accordance with Section 2(b) hereof.

“**Person**” shall mean an individual, partnership, limited liability company, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

“**Prospectus**” shall mean the prospectus included in, or, pursuant to the rules and regulations of the Securities Act, deemed a part of, a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to such prospectus, and in each case including any document incorporated by reference therein.

“**Purchase Agreement**” shall have the meaning set forth in the Preamble.

“**Registrable Securities**” shall mean the Securities; *provided* that the Securities shall cease to be Registrable Securities upon the earliest to occur of the following: (i) when a Registration Statement with respect to such Securities has become effective under the Securities Act and such Securities have been exchanged or disposed of pursuant to such Registration Statement, (ii) when such Securities cease to be outstanding, (iii) when such Securities have been resold pursuant to Rule 144 (or any successor provision) under the Securities Act (but not Rule 144A) without regard to volume restrictions, provided that the Company shall have removed or caused to be removed any restrictive legend on the Securities or (iv) the date that is three years after the date of this Agreement.

**“Registration Default”** shall mean the occurrence of any of the following: (i) the Registration Statement referenced in Section 2(a)(x) is not deemed effective on or prior to the Target Registration Date or (ii) if the Exchange Offer is not consummated prior to the Target Registration Date and, if a shelf registration statement is required pursuant to Section 2(b), such Shelf Registration Statement is not declared effective on or prior to the later of (x) the Target Registration Date and (y) 60 days after delivery of the applicable Shelf Request, or (iii) if a shelf registration statement is required pursuant to Section 2(b) and after being declared effective, such Shelf Registration Statement ceases to be effective or the Prospectus contained therein ceases to be usable for resales of Registrable Securities (a) on more than two occasions of at least 30 consecutive days during the Shelf Effectiveness Period or (b) at any time in any 12-month period during the required effectiveness period and such failure to remain effective or useable for resales of Registrable Securities exists for more than 90 days (whether or not consecutive) in any 12-month period.

**“Registration Expenses”** shall mean any and all expenses incident to performance of or compliance by the Company and the Guarantor with this Agreement, including without limitation: (i) all SEC or FINRA registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of one counsel for any Underwriters or Holders in connection with blue sky qualification of any Exchange Securities or Registrable Securities), (iii) all expenses of the Company and the Guarantor in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any Free Writing Prospectus and any amendments or supplements thereto, any underwriting agreements, securities sales agreements or other similar agreements and any other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees incurred by the Company or the Guarantor (including with respect to maintaining ratings of the Securities), (v) all fees and disbursements relating to the qualification of the Indenture under applicable securities laws, (vi) the reasonable fees and disbursements of the Trustee and one counsel, (vii) the fees and disbursements of counsel for the Company and the Guarantor and, in the case of a Shelf Registration Statement, the reasonable fees and disbursements of one counsel for the Participating Holders (which counsel shall be selected or replaced by the Participating Holders holding a majority of the aggregate principal amount of Registrable Securities held by such Participating Holders and which counsel may also be counsel for the Initial Purchasers) and (viii) the fees and disbursements of the independent registered public accountants of the Company and the Guarantor, including the expenses of any special audits or “comfort” letters required by or incident to the performance of and compliance with this Agreement, but excluding fees and expenses of counsel to the Underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

**“Registration Statement”** shall mean any registration statement of the Company and, unless its obligations under this Agreement have been terminated pursuant to the provisions of Section 7 hereof, the Guarantor that covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement and all amendments and supplements to any such registration statement, including post-effective amendments, in each case including the Prospectus contained therein or deemed a part thereof, all exhibits thereto and any document incorporated by reference therein.

**“Representatives”** shall have the meaning set forth in the Preamble.

**“SEC”** shall mean the United States Securities and Exchange Commission.

**“Securities”** shall mean the Notes and, unless and until the Guarantees are terminated in accordance with the Guarantee Agreement, the Guarantees, collectively.

**“Securities Act”** shall mean the Securities Act of 1933, as amended from time to time.

**“Shelf Effectiveness Period”** shall have the meaning set forth in Section 2(b) hereof.

**“Shelf Registration”** shall mean a registration effected pursuant to Section 2(b) hereof.

**“Shelf Registration Statement”** shall mean a “shelf” registration statement of the Company and, unless its obligations under this Agreement have been terminated pursuant to the provisions of Section 7 hereof, the Guarantor that covers all or a portion of the Registrable Securities on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein or deemed a part thereof, all exhibits thereto and any document incorporated by reference therein.

**“Shelf Request”** shall have the meaning set forth in Section 2(b) hereof.

**“Staff”** shall mean the staff of the SEC.

**“Suspension Actions”** shall have the meaning set forth in Section 2(e) hereof.

**“Target Registration Date”** shall mean February 21, 2021.

**“Trust Indenture Act”** shall mean the Trust Indenture Act of 1939, as amended from time to time.

**“Trustee”** shall mean the trustee with respect to the Securities under the Indenture.

**“Underwriter”** shall have the meaning set forth in Section 3(f) hereof.

**“Underwritten Offering”** shall mean an offering in which Registrable Securities are sold to an Underwriter for reoffering to the public.

2. **Registration Under the Securities Act.**

(a) To the extent not prohibited by any applicable law or applicable interpretations of the Staff, the Company and the Guarantor shall use their commercially reasonable efforts to (x) cause to be filed an Exchange Offer Registration Statement on the appropriate form under the Securities Act, as selected by the Company, covering an offer to the Holders to exchange all the Registrable Securities for Exchange Securities and (y) have such Registration Statement become effective on or before the Target Registration Date, and, if requested by one or more Participating Broker-Dealers, remain effective until 180 days after the last Exchange Date for use by such Participating Broker-Dealers. The Company and the Guarantor shall commence the Exchange Offer for each series of Notes promptly after (but in no event later than 30 days after) the Exchange Offer Registration Statement is declared effective by the SEC, and use their commercially reasonable efforts to complete the Exchange Offer for such series not later than 60 days after such effective date.

The Company and the Guarantor shall commence the Exchange Offer for each series by mailing and/or electronically delivering, or by causing the mailing and/or electronic delivery of, the related Prospectus, appropriate letters of transmittal and other accompanying documents to each Holder stating, in addition to such other disclosures as are required by applicable law, substantially the following:

(i) that such Exchange Offer is being made pursuant to this Agreement and that all Registrable Securities of such series validly tendered and not properly withdrawn will be accepted for exchange;

(ii) the dates of acceptance for exchange (which shall be a period of at least 20 Business Days from the date such notice is mailed and/or electronically delivered) (each, an “**Exchange Date**”);

(iii) that any Registrable Security not tendered will remain outstanding and continue to accrue interest but will not retain any rights under this Agreement, except as otherwise specified herein;

(iv) that any Holder electing to have a Registrable Security of a series exchanged pursuant to the Exchange Offer for such series will be required to (A) surrender such Registrable Security, together with the appropriate letters of transmittal, to the institution and at the address and in the manner specified in the notice, or (B) effect such exchange otherwise in compliance with the applicable procedures of the depository for such Registrable Security, in each case prior to the close of business on the last Exchange Date with respect to such Exchange Offer; and

(v) that any Holder of Registrable Securities of a series will be entitled to withdraw its election, not later than the close of business on the last Exchange Date with respect to the Exchange Offer for such series, by (A) sending to the institution and at the address specified in the notice, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange and a statement that such Holder is withdrawing its election to have such Securities exchanged or (B) effecting such withdrawal in compliance with the applicable procedures of the depository for the Registrable Securities.

As a condition to participating in an Exchange Offer, a Holder will be required to represent to the Company and the Guarantor that (1) any Exchange Securities to be received by it will be acquired in the ordinary course of its business, (2) at the time of the commencement of such Exchange Offer it has no arrangement or understanding with any Person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Securities in violation of the provisions of the Securities Act, (3) it is not an "affiliate" (within the meaning of Rule 405 under the Securities Act) of the Company or the Guarantor, (4) if such Holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of the Exchange Securities and (5) if such Holder is a broker-dealer that will receive Exchange Securities for its own account in exchange for Registrable Securities that were acquired as a result of market-making or other trading activities, then such Holder will deliver a Prospectus (or, to the extent permitted by law, make available a Prospectus to purchasers) in connection with any resale of such Exchange Securities.

As soon as practicable after the last Exchange Date with respect to an Exchange Offer for Registrable Securities of a series, the Company and the Guarantor shall:

(i) accept for exchange Registrable Securities of such series or portions thereof validly tendered and not properly withdrawn pursuant to such Exchange Offer; and

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities of such series or portions thereof so accepted for exchange by the Company and issue, and cause the Trustee to promptly authenticate and deliver to each Holder, Exchange Securities of such series equal in principal amount to the principal amount of the Registrable Securities of such series tendered by such Holder; *provided* that if any of the Registrable Securities are in book-entry form, the Company shall, in cooperation with the Trustee, effect the exchange of Registrable Securities in accordance with applicable book-entry procedures.

The Company and the Guarantor shall use their commercially reasonable efforts to complete each Exchange Offer as provided above and shall use reasonable best efforts to comply with the applicable requirements of the Securities Act, the Exchange Act and other applicable laws and regulations in connection with each Exchange Offer. No Exchange Offer shall be subject to any conditions, other than that the Exchange Offer does not violate any applicable law or applicable interpretations of the Staff and that no action or proceeding has been instituted or threatened in any court or by or before any governmental agency relating to the Exchange Offer which, in the Company's judgment, could reasonably be expected to impair the Company's ability to proceed with the Exchange Offer.

(b) In the event that the Company and the Guarantor determine that the Exchange Offer Registration provided for in Section 2(a) hereof is not available under applicable law or if applicable interpretations of the Staff do not permit the Company and the Guarantor to effect the Exchange Offer for Registrable Securities of a series, or, if for any reason the Company and the Guarantor do not consummate the Exchange Offer for Registrable Securities of a series by the later of the Target Registration Date and the date the Company receives a written request (a “**Shelf Request**”) from any Initial Purchaser representing that it holds Registrable Securities of the applicable series that are or were ineligible to be exchanged in any such Exchange Offer, the Company and the Guarantor shall use their commercially reasonable efforts to cause to be filed and become effective, as soon as practicable after such determination, date or Shelf Request, as the case may be, a Shelf Registration Statement on the appropriate form under the Securities Act, as selected by the Company, providing for the sale of all the Registrable Securities of such series by the Holders thereof and to have such Shelf Registration Statement become effective; *provided that* (a) no Holder will be entitled to have any Registrable Securities included in any Shelf Registration Statement, or entitled to use the prospectus forming a part of such Shelf Registration Statement, until such Holder shall have delivered a completed and signed Notice and Questionnaire and provided such other information regarding such Holder to the Company as is contemplated by Section 3(c) hereof and, if necessary, the Shelf Registration Statement has been amended to reflect such information, and (b) the Company and the Guarantor shall be under no obligation to file or cause to become effective any such Shelf Registration Statement before they are obligated to file or cause to become effective an Exchange Offer Registration Statement pursuant to Section 2(a) hereof.

The Company and the Guarantor agree to use their commercially reasonable efforts to keep the Shelf Registration Statement continuously effective until the date on which the Securities covered thereby cease to be Registrable Securities (the “**Shelf Effectiveness Period**”). The Company and the Guarantor further agree to use their commercially reasonable efforts to supplement or amend the Shelf Registration Statement, the related Prospectus and any Free Writing Prospectus if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or by any other rules and regulations thereunder or if reasonably requested by a Participating Holder of Registrable Securities with respect to information relating to such Holder, and to use their commercially reasonable efforts to cause any such amendment to become effective, if required, and such Shelf Registration Statement, Prospectus or Free Writing Prospectus, as the case may be, to become usable as soon as thereafter practicable. The Company and the Guarantor agree to furnish to the Participating Holders copies of any such supplement or amendment promptly after its being used or filed with the SEC, as reasonably requested by the Participating Holders.

(c) The Company shall pay all Registration Expenses in connection with any registration pursuant to Section 2(a) or Section 2(b) hereof. Each Holder shall pay all underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, relating to the sale or disposition of such Holder’s Registrable Securities pursuant to the Shelf Registration Statement.

(d) An Exchange Offer Registration Statement pursuant to Section 2(a) hereof will not be deemed to have become effective unless it has been declared effective by the SEC. A Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC or is automatically effective upon filing with the SEC as provided by Rule 462 under the Securities Act.

If a Registration Default occurs with respect to a series of Registrable Securities, the interest rate on the Registrable Securities (and only the Registrable Securities) of such series will be increased by (i) 0.25% per annum for the first 90 day period beginning on the day immediately following such Registration Default and (ii) an additional 0.25% per annum with respect to each subsequent 90 day period, in each case until and including the date such Registration Default ends, up to a maximum increase of 1.00% per annum. A Registration Default ends with respect to any Security when such Security ceases to be a Registrable Security or, if earlier, (1) in the case of a Registration Default under clause (i) or (ii) of the definition thereof, when the Exchange Offer for such series is completed or when the Shelf Registration Statement covering such Registrable Securities becomes effective or (2) in the case of a Registration Default under clause (iii) of the definition thereof, when the Registration Statement becomes effective or the Prospectus again becomes usable. If at any time more than one Registration Default has occurred and is continuing, then, until the next date that there is no Registration Default, the increase in interest rate provided for by this paragraph shall apply as if there occurred a single Registration Default that begins on the date that the earliest such Registration Default occurred and ends on the next date that there is no Registration Default.

Notwithstanding anything to the contrary in this Agreement, if the applicable Exchange Offer with respect to a series of Registrable Securities is consummated, any Holder who was, at the time such Exchange Offer was pending and consummated, eligible to exchange, and did not validly tender, or withdrew, its Securities for Exchange Securities in such Exchange Offer will not be entitled to receive any additional interest pursuant to the preceding paragraph, and upon the completion of such Exchange Offer, such Securities will no longer constitute Registrable Securities hereunder.

Any amounts of additional interest due under this clause (d) will be payable in cash on the regular interest payment dates of the Notes. The additional interest will be determined by multiplying the applicable additional interest rate by the principal amount of the Notes, multiplied by a fraction, the numerator of which is the number of days such additional interest rate was applicable during such period (determined on the basis of a 360 day year composed of twelve 30-day months, but it being understood that if the regular interest payment date of the Notes is not a Business Day and the payment is made on the next succeeding Business Day, no further interest will accrue as a result of such delay), and the denominator of which is 360.

(e) The Company and the Guarantor shall be entitled to suspend their obligation to file any amendment to a Shelf Registration Statement, furnish any supplement or amendment to a Prospectus included in a Shelf Registration Statement or any Free Writing Prospectus, make any other filing with the SEC that would be incorporated by reference into a Shelf Registration Statement, cause a Shelf Registration Statement to remain effective or the Prospectus or any Free Writing Prospectus usable or take any similar action (collectively, “**Suspension Actions**”) if there is a possible acquisition, disposition or business combination or other transaction, business development or event involving the Company, the Guarantor or either of their subsidiaries that may require disclosure in the Shelf Registration Statement or Prospectus and the Company or the Guarantor determines that such disclosure is not in the best interest of the Company, the Guarantor and their stockholders or obtaining any financial statements relating to any such acquisition or business combination required to be included in the Shelf Registration Statement or Prospectus would be impracticable. Upon the occurrence of any of the conditions described in the foregoing sentence, the Company shall give prompt notice of the delay or suspension (but not the basis thereof) to the Participating Holders. Upon the termination of such condition, the Company shall promptly proceed with all Suspension Actions that were delayed or suspended and, if required, shall give prompt notice to the Participating Holders of the cessation of the delay or suspension (but not the basis thereof).

(f) Without limiting the remedies available to the Initial Purchasers and the Holders, the Company and the Guarantor acknowledge that any failure by the Company or the Guarantor to comply with their obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may seek to specifically enforce the Company's and the Guarantor's obligations under Section 2(a) and Section 2(b) hereof.

3. **Registration Procedures.**

(a) In connection with their obligations pursuant to Section 2(a) and Section 2(b) hereof, the Company and the Guarantor shall use commercially reasonable efforts to:

(i) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period in accordance with Section 2 hereof and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act; and keep each Prospectus current during the period described in Section 4(3) of, and Rule 174 under, the Securities Act that is applicable to transactions by brokers or dealers with respect to the Registrable Securities or Exchange Securities;

(ii) to the extent any Free Writing Prospectus is used, file with the SEC any Free Writing Prospectus that is required to be filed by the Company or the Guarantor with the SEC in accordance with the Securities Act and to retain a copy of any Free Writing Prospectus not required to be filed;

(iii) in the case of a Shelf Registration, furnish to each Participating Holder, to counsel for the Initial Purchasers, to counsel for such Participating Holders and to each Underwriter of an Underwritten Offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, preliminary prospectus or Free Writing Prospectus, and any amendment or supplement thereto (other than any document that amends and supplements any Prospectus, preliminary prospectus or Free Writing Prospectus because it is incorporated by reference therein), as such Participating Holder, counsel or Underwriter may reasonably request in writing in order to facilitate the sale or other disposition of the Registrable Securities thereunder; and, subject to Section 3(d) hereof, the Company and the Guarantor consent to the use of such Prospectus, preliminary prospectus or such Free Writing Prospectus and any amendment or supplement thereto in accordance with applicable law by each of the Participating Holders and any such Underwriters in connection with the offering and sale of the Registrable Securities covered by and in the manner described in such Prospectus, preliminary prospectus or such Free Writing Prospectus or any amendment or supplement thereto in accordance with applicable law;

(iv) register or qualify the Registrable Securities under all applicable state securities or blue sky laws of such jurisdictions of the United States as any Participating Holder shall reasonably request in writing by the time the applicable Registration Statement becomes effective; cooperate with such Participating Holders in connection with any filings required to be made with FINRA; and do any and all other acts and things within the Company's and the Guarantor's reasonable control that may be reasonably necessary to enable each Participating Holder to remove any legal impediments to completing the disposition in each such jurisdiction of the Registrable Securities owned by such Participating Holder; *provided* that neither the Company nor the Guarantor shall be required to (1) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (2) execute or file any general consent to service of process in any such jurisdiction or (3) subject itself to taxation or service of process in any such jurisdiction if it is not already so subject;

(v) notify counsel for the Initial Purchasers (it being understood that for purposes of this Agreement, such references to such counsel shall mean counsel on the date of this Agreement unless the Initial Purchasers notify the Company and the Guarantor in writing otherwise) and, in the case of a Shelf Registration, notify each Participating Holder and counsel for such Participating Holders (it being understood that for purposes of this Agreement, references to such counsel shall only be applicable to the extent that the Company and the Guarantor have been provided with contact information for such counsel) promptly and, if requested by any such Participating Holder or counsel, confirm such advice in writing (1) when a Registration Statement has become effective, when any post-effective amendment thereto has been filed and becomes effective, when any Free Writing Prospectus has been filed or any amendment or supplement to the Prospectus or any Free Writing Prospectus has been filed, (2) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, including the receipt by the Company of any notice of objection of the SEC to the use of a Shelf Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act, (3) if, between the applicable effective date of a Shelf Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company or the Guarantor contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to such offering of such Registrable Securities cease to be true and correct in all material respects or if the Company or the Guarantor receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any U.S. jurisdiction or the initiation of any proceeding for such purpose, (4) of the happening of any event during the period a Registration Statement is effective that makes any statement made in such Registration Statement or the related Prospectus or any Free Writing Prospectus untrue in any material respect or that requires the making of any changes in such Registration Statement or Prospectus or any Free Writing Prospectus in order to make the statements therein not misleading and (5) of any determination by the Company or the Guarantor that a post-effective amendment to a Registration Statement or any amendment or supplement to the Prospectus or any Free Writing Prospectus would be appropriate;

(vi) notify counsel for the Initial Purchasers or, in the case of a Shelf Registration, notify each Participating Holder and counsel for such Participating Holders, of any request by the SEC or any state securities authority for amendments and supplements to a Registration Statement, Prospectus or any Free Writing Prospectus or for additional information after the Registration Statement has become effective;

(vii) obtain the withdrawal of any order suspending the effectiveness of a Registration Statement or, in the case of a Shelf Registration, the resolution of any objection of the SEC pursuant to Rule 401(g)(2) under the Securities Act, including by filing an amendment to such Registration Statement on the proper form, as soon as reasonably practicable and provide prompt notice to each Holder or Participating Holder of the withdrawal of any such order or such resolution;

(viii) in the case of a Shelf Registration, furnish to each Participating Holder, without charge, upon request, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without any documents incorporated therein by reference or exhibits thereto, unless requested), if such documents are not available via EDGAR;

(ix) in the case of a Shelf Registration, cooperate with the Participating Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be issued in such denominations and, in the case of certificated securities, registered in such names (consistent with the provisions of the Indenture) as such Participating Holders may reasonably request at least one Business Day prior to the closing of any sale of Registrable Securities;

(x) upon the occurrence of any event contemplated by Section 3(a)(v)(4) hereof, prepare and file with the SEC a supplement or post-effective amendment to the applicable Exchange Offer Registration Statement or Shelf Registration Statement or the related Prospectus or any Free Writing Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered (or, to the extent permitted by law, made available) to purchasers of the Registrable Securities, such Prospectus or Free Writing Prospectus, as the case may be, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company and the Guarantor shall notify the Participating Holders (in the case of a Shelf Registration Statement) and the Initial Purchasers and any Participating Broker-Dealers known to the Company (in the case of an Exchange Offer Registration Statement) to suspend use of the Prospectus or any Free Writing Prospectus as promptly as practicable after the occurrence of such an event, and such Participating Holders, such Participating Broker-Dealers and the Initial Purchasers, as applicable, hereby agree to suspend use of the Prospectus or any Free Writing Prospectus, as the case may be, until the Company and the Guarantor have amended or supplemented the Prospectus or the Free Writing Prospectus, as the case may be, to correct such misstatement or omission; provided that neither the Company nor the Guarantor shall be required to take any action pursuant to this Section 3(a)(x) during any suspension period pursuant to Sections 2(e) or 3(d) hereof;

(xi) a reasonable time prior to the filing of any Registration Statement, any Prospectus, any Free Writing Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus or a Free Writing Prospectus, provide copies of such document to the Representatives and their counsel (and, in the case of a Shelf Registration Statement, to the Participating Holders and their counsel) and make such of the representatives of the Company and the Guarantor as shall be reasonably requested by the Representatives or their counsel (and, in the case of a Shelf Registration Statement, the Participating Holders or their counsel) available for discussion of such document at reasonable times and upon reasonable notice; and the Company and the Guarantor shall not, at any time after initial filing of a Registration Statement, use or file any Prospectus, any Free Writing Prospectus, any amendment of or supplement to a Registration Statement or a Prospectus or a Free Writing Prospectus, of which the Representatives and their counsel (and, in the case of a Shelf Registration Statement, the Participating Holders and their counsel) shall not have previously been advised and furnished a copy or to which the Representatives or their counsel (and, in the case of a Shelf Registration Statement, the Participating Holders or their counsel) shall reasonably object in writing within two Business Days after the receipt thereof, unless the Company believes that use or filing of such Prospectus, Free Writing Prospectus, or any amendment of or supplement thereto is required by applicable law;

(xii) obtain a CUSIP number for all Exchange Securities of each series or Registrable Securities of each series that are registered on a Shelf Registration Statement, as the case may be, not later than the initial effective date of a Registration Statement;

(xiii) cause the Indenture to be qualified under the Trust Indenture Act in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be; cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the Trust Indenture Act; and execute, cause the Trustee to execute, all documents as may be required to effect such changes and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(xiv) in the case of a Shelf Registration, make available for inspection by a representative of the Participating Holders (an “**Inspector**”), any Underwriters participating in the applicable disposition pursuant to such Shelf Registration Statement, one firm of attorneys and one firm of accountants designated by a majority in aggregate principal amount of the Registrable Securities held by the Participating Holders and one firm of attorneys and one firm of accountants designated by such Underwriters, at reasonable times and in a reasonable manner, all pertinent financial and other records, documents and properties of the Company and its subsidiaries reasonably requested by any such Inspector, Underwriter, attorney or accountant, and cause the respective officers, directors and employees of the Company and the Guarantor to supply all information reasonably requested by any such Inspector, Underwriter, attorney or accountant in connection with customary due diligence related to the offering and sale of Registrable Securities under a Shelf Registration Statement, subject to such parties conducting such investigation entering into confidentiality agreements as the Company and the Guarantor may reasonably require and to any applicable privilege or pre-existing contractual confidentiality obligations;

(xv) if reasonably requested by any Participating Holder, promptly include or incorporate by reference in a Prospectus supplement or post-effective amendment such information with respect to such Participating Holder as such Participating Holder reasonably requests to be included therein, based upon a reasonable belief that such information is required to be included therein or is necessary to make the information about such Participating Holder not misleading, and make all required filings of such Prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received notification of the matters to be so included in such filing; and

(xvi) in the case of a Shelf Registration, enter into such customary agreements and take all such other actions in connection therewith (including those requested by the Participating Holders of a majority in principal amount of the Registrable Securities covered by the Shelf Registration Statement) in order to expedite or facilitate the disposition of such Registrable Securities including, but not limited to, in connection with an Underwritten Offering, (1) to the extent possible, making such representations and warranties to the Participating Holders and any Underwriters of such Registrable Securities with respect to the business of the Company and its subsidiaries and the Registration Statement, Prospectus, any Free Writing Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and consistent with the applicable representations and warranties in the Purchase Agreement and confirm the same if and when requested, (2) obtain opinions of counsel to the Company and the Guarantor (which counsel and opinions, in form, scope and substance, shall be reasonably satisfactory to the Participating Holders and such Underwriters and their respective counsel) addressed to the Underwriter of Registrable Securities, covering the matters customarily covered in opinions requested in underwritten offerings and consistent with the opinions delivered pursuant to the Purchase Agreement, *provided* that, if required by the Underwriter, counsel for the Participating Holders shall provide an opinion to the Underwriter covering the matters customarily covered in opinions requested from selling securityholders by underwriters in underwritten offerings, in connection with an Underwritten Offering (3) in connection with an Underwritten Offering, obtain “comfort” letters from the independent registered public accountants of the Company and the Guarantor (and, if necessary, any other registered public accountant of any subsidiary of the Company or the Guarantor, or of any business acquired by the Company or the Guarantor for which financial statements and financial data are or are required to be included in the Registration Statement) addressed to the Underwriter of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in “comfort” letters in connection with underwritten offerings, including but not limited to financial information contained in any preliminary prospectus, Prospectus or Free Writing Prospectus and (4) in connection with an Underwritten Offering, deliver such documents and certificates as may be reasonably requested by the Underwriters, and which are customarily delivered in underwritten offerings, to evidence the continued validity of the representations and warranties made pursuant to clause (1) above and to evidence compliance with any customary conditions contained in an underwriting agreement.

(b) The Company will comply in all material respects with all rules and regulations of the SEC to the extent and so long as they are applicable to the Exchange Offer or the Shelf Registration.

(c) In the case of a Shelf Registration Statement, the Company may require, as a condition to including such Holder's Registrable Securities in such Shelf Registration Statement, each Holder of Registrable Securities to furnish to the Company a Notice and Questionnaire and such other information regarding such Holder and the proposed disposition by such Holder of such Registrable Securities and other documentation necessary to effectuate the proposed disposition as the Company and the Guarantor may from time to time reasonably request in writing and require such Holder to agree in writing to be bound by all provisions of this Agreement applicable to such Holder. Each Holder of Registrable Securities as to which any Shelf Registration is being effected agrees to furnish promptly to the Company all information required to be disclosed so that the information previously furnished to the Company by such Holder is not materially misleading and does not omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made.

(d) Each Participating Holder agrees that, upon receipt of any notice from the Company and the Guarantor of the happening of any event of the kind described in Section 3(a)(v)(2) or Section 3(a)(v)(4) hereof, such Participating Holder will forthwith discontinue disposition of Registrable Securities pursuant to the Shelf Registration Statement until such Participating Holder's receipt of the copies of the supplemented or amended Prospectus and any Free Writing Prospectus contemplated by Section 3(a)(x) hereof and, if so directed by the Company and the Guarantor, such Participating Holder will deliver to the Company and the Guarantor all copies in its possession, other than permanent file copies then in such Participating Holder's possession, of the Prospectus and any Free Writing Prospectus covering such Registrable Securities that is current at the time of receipt of such notice.

(e) If the Company and the Guarantor shall give any notice to suspend the disposition of Registrable Securities pursuant to a Registration Statement, the Company and the Guarantor shall not be required to maintain the effectiveness thereof during the period of such suspension, and the Company and the Guarantor shall extend the period during which such Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders of such Registrable Securities shall have received copies of the supplemented or amended Prospectus or any Free Writing Prospectus necessary to resume such dispositions or notice that such amendment or supplement is not necessary; *provided, however*, that no such extension shall be made in the case where such suspension is solely a result the Company's compliance with Section 3(c) or any other suspension at the request of a Holder.

(f) The Participating Holders who desire to do so may sell such Registrable Securities in an Underwritten Offering. In any such Underwritten Offering, the investment bank or investment banks and manager or managers (each an "**Underwriter**") that will administer the offering will be selected by the Holders of a majority in principal amount of the Registrable Securities included in such offering, subject in each case to consent by the Company (which shall not be unreasonably withheld or delayed so long as such bank or manager is internationally recognized as an underwriter of debt securities offerings). All fees, costs and expenses of the Underwriters, except for Registration Expenses, shall be borne solely by the Participating Holders.

(g) No Holder of Registrable Securities may participate in any Underwritten Offering hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

#### 4. **Participation of Broker-Dealers in Exchange Offer.**

(a) The Staff has taken the position that any broker-dealer that receives Exchange Securities for its own account in an Exchange Offer in exchange for Securities that were acquired by such broker-dealer as a result of market-making or other trading activities (a "**Participating Broker-Dealer**") may be deemed to be an "underwriter" within the meaning of the Securities Act and must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Securities.

The Company and the Guarantor understand that it is the Staff's position that if the Prospectus contained in an Exchange Offer Registration Statement includes a plan of distribution containing a statement to the above effect and the means by which Participating Broker-Dealers may resell the Exchange Securities, without naming the Participating Broker-Dealers or specifying the amount of Exchange Securities owned by them, such Prospectus may be delivered by Participating Broker-Dealers (or, to the extent permitted by law, made available to purchasers) to satisfy their prospectus delivery obligation under the Securities Act in connection with resales of Exchange Securities for their own accounts, so long as the Prospectus otherwise meets the requirements of the Securities Act.

(b) In light of the above, and notwithstanding the other provisions of this Agreement, the Company and the Guarantor agree to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement for a period of up to 180 days after the last Exchange Date (as such period may be extended pursuant to Section 3(e) hereof), if requested by one or more Participating Broker-Dealers, in order to expedite or facilitate the disposition of any Exchange Securities by Participating Broker-Dealers consistent with the positions of the Staff recited in Section 4(a) above. The Company and the Guarantor further agree that, subject to Section 3(c), Participating Broker-Dealers shall be authorized to deliver such Prospectus (or, to the extent permitted by law, make available) during such period in connection with the resales contemplated by this Section 4.

(c) The Initial Purchasers shall have no liability to the Company, the Guarantor or any Holder with respect to any request that they may make pursuant to Section 4(b) hereof.

#### 5. **Indemnification and Contribution.**

(a) The Company and, if the Guarantees are registered under any effective Registration Statement, the Guarantor each will, jointly and severally, indemnify and hold harmless each Initial Purchaser and each Holder, their respective directors, officers and employees, each person, if any, who controls any Initial Purchaser or any Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, and each affiliate of any Initial Purchaser within the meaning of Rule 405 under the Securities Act, from and against any and all losses, claims, damages and liabilities, joint or several, to which such Initial Purchaser, Holder, director, officer, employee, controlling person or affiliate may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus as amended or supplemented, any Free Writing Prospectus or any "issuer information" ("**Issuer Information**") filed or required to be filed pursuant to Rule 433(d) under the Securities Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein in the light of the circumstances under which they were made not misleading, and will reimburse each such Initial Purchaser, Holder, director, officer, employee, controlling person or affiliate for any legal or other out-of-pocket expenses reasonably incurred by such Initial Purchaser, Holder, director, officer, employee, controlling person or affiliate in connection with investigating or defending any such loss, damage, liability, action or claim as such expenses are incurred; provided, however, that the Company and the Guarantor shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Registration Statement, any Prospectus as amended or supplemented, any Free Writing Prospectus or any Issuer Information in reliance upon and in conformity with information relating to any Initial Purchaser or any Holder furnished to the Company and the Guarantor in writing by such Initial Purchaser or by such Holder expressly for use therein.

(b) Each Holder will, severally and not jointly, indemnify and hold harmless the Company, the Guarantor, the Initial Purchasers and the other selling Holders, the directors, officers and employees of the Company, the Guarantor, and the Initial Purchasers, each Person, if any, who controls the Company, the Guarantor, any Initial Purchaser and any other selling Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and each affiliate of any Initial Purchaser within the meaning of Rule 405 under the Securities Act against any losses, claims, damages or liabilities to which the Company, the Guarantor, or such Initial Purchaser, other selling Holder, director, officer, employee, controlling person or affiliate may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) that arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus as amended or supplemented or any Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Registration Statement, any Prospectus as amended or supplemented or any Free Writing Prospectus in reliance upon and in conformity with written information relating to such Holder furnished to the Company or the Guarantor by such Holder; and each Holder will reimburse the Company, the Guarantor, and such Initial Purchaser, other selling Holder, director, officer, employee, controlling person and affiliate for any legal or other out-of-pocket expenses reasonably incurred by the Company, the Guarantor, Initial Purchaser, other selling Holder, director, officer, employee, controlling person or affiliate in connection with investigating, or defending any such loss, damage, liability, action or claim as such expenses are incurred, but only with reference to information relating to such Holder furnished to the Company in writing by such Holder expressly for use in any Registration Statement, any Prospectus or any Free Writing Prospectus.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission to so notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party except to the extent such omission materially prejudices the indemnifying party. In case any such action shall be brought against any indemnified party, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation, and shall not be liable for any settlement of any proceeding effected without its written consent, such consent not to be unreasonably withheld, delayed or conditioned.

(d) To the extent the indemnification provided for in paragraph (a) or (b) of this Section 5 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein (or actions in respect thereof), then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantor from the offering of the Securities or Exchange Securities, on the one hand, and the Holders from receiving Securities or Exchange Securities registered under the Securities Act, on the other. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only the relative benefits but also the relative fault of the Company and the Guarantor on the one hand and the Holders on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of the Company and the Guarantor on the one hand and the Holders on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Guarantor on the one hand or such Holder on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The Company, the Guarantor and the Holders agree that it would not be just or equitable if contribution pursuant to this Section 5 were determined by *pro rata* allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, no Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Securities or Exchange Securities sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 5 are several and not joint.

(f) The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies that may otherwise be available to any indemnified party at law or in equity.

(g) The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Initial Purchasers or any Holder, any Person controlling any Initial Purchaser or any Holder or any affiliate of any Initial Purchaser, or by or on behalf of the Company, the Guarantor, their officers or directors or any Person controlling the Company or the Guarantor, (iii) acceptance of any of the Exchange Securities and (iv) any sale of Registrable Securities pursuant to a Shelf Registration Statement. Notwithstanding anything in this Section 5 to the contrary, the Guarantor shall have no liability under this Section 5 to any indemnified party if the Guarantees have been terminated in accordance with the terms of the Guarantee Agreement prior to the time any applicable Registration Statement has become effective.

6. **General.**

(a) *No Inconsistent Agreements.* The Company and the Guarantor represent, warrant and agree that neither the Company nor the Guarantor has entered into, or on or after the date of this Agreement will enter into, any agreement that is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof.

(b) *Amendments and Waivers.* The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or consent; *provided* that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder. Any amendments, modifications, supplements, waivers or consents pursuant to this Section 6(b) shall be by a writing executed by each of the parties hereto. Each Holder of Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 6(b), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder. Notwithstanding the foregoing, each Holder may waive compliance with respect to any obligation of the Company or the Guarantor under this Agreement as it may apply or be enforced by such particular Holder.

(c) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(c), which address initially is, with respect to the Initial Purchasers, the address set forth in the Purchase Agreement; (ii) if to the Company or the Guarantor, initially at the applicable addresses set forth in the Purchase Agreement and thereafter at such other address(es), notice of which is given in accordance with the provisions of this Section 6(c); and (iii) to such other persons at their respective addresses as provided in the Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c). All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged, if telecopied; and on the next Business Day if timely delivered to an air courier guaranteeing overnight delivery.

(d) *Majority of Holders.* Whenever an action or determination under this Agreement requires a majority of the aggregate principal amount of the applicable holders, in determining such majority, if the Company shall issue any additional Securities under the Indenture prior to consummation of the Exchange Offer or, if applicable, the effectiveness of any Shelf Registration Statement, then such additional Securities and the Registrable Securities to which this Agreement relates shall be treated together as one class for purposes of determining whether the consent or approval of Holders of a specified percentage of Registrable Securities has been obtained.

(e) *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; *provided* that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof. The Initial Purchasers (in their capacity as Initial Purchasers) shall have no liability or obligation to the Company or the Guarantor with respect to any failure by a Holder to comply with, or any breach by any Holder of, any of the obligations of such Holder under this Agreement.

(f) *Third Party Beneficiaries.* Each Holder shall be a third party beneficiary to the agreements made hereunder between the Company and the Guarantor, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of other Holders hereunder.

(g) *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by telecopy, electronic delivery or otherwise) to the other parties. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

(h) *Headings.* The headings in this Agreement are for convenience of reference only, are not a part of this Agreement and shall not limit or otherwise affect the meaning hereof.

(i) *Governing Law.* This Agreement, and any claim, controversy or dispute arising under or related to this Agreement, shall be governed by and construed in accordance with the laws of the State of New York.

(j) *Entire Agreement; Severability.* This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable or against public policy, the remainder of the terms, provisions, covenants and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The Company, the Guarantor and the Initial Purchasers shall endeavor in good faith negotiations to replace the invalid, void or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, void or unenforceable provisions.

7. **Termination of Obligations of Guarantor.** Notwithstanding any other provisions of this Agreement, it is acknowledged that the Guarantee will automatically and unconditionally terminate and be released upon the earlier to occur of (i) the Distribution or (ii) with respect to any series of Notes, the consummation of a satisfaction and discharge, a legal defeasance or a covenant defeasance related to such series in accordance with the provisions of the Indenture and, accordingly, it is agreed that, concurrently with the termination of the Guarantee with respect to any series of Notes or Exchange Notes, all obligations of the Guarantor under this Agreement shall automatically terminate and all references to the Guarantor in this Agreement shall be deemed to be eliminated with respect to such series of Notes or Exchange Notes, and concurrently with the termination of the last of the Guarantees to terminate, all obligations of the Guarantor under this Agreement shall automatically terminate and all references to the Guarantor in this Agreement shall be deemed to be eliminated.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**CARRIER GLOBAL CORPORATION**

By: /s/ Christopher Witzky

Name: Christopher Witzky

Title: Vice President, Treasurer

**UNITED TECHNOLOGIES CORPORATION, as Guarantor**

By: /s/ David R. Whitehouse

Name: David R. Whitehouse

Title: Corporate Vice President, Treasurer

*[Signature Page to Registration Rights Agreements (Carrier)]*

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Confirmed and accepted as of the date first above written:

GOLDMAN SACHS & CO. LLC,  
J.P. MORGAN SECURITIES LLC, AND  
MORGAN STANLEY & CO. LLC

For themselves and on behalf of the  
several Initial Purchasers

**GOLDMAN SACHS & CO. LLC**

By: /s/ Sam Chaffin

Name: Sam Chaffin

Title: Vice President

**J.P. MORGAN SECURITIES LLC**

By: /s/ Som Bhattacharyya

Name: Som Bhattacharyya

Title: Executive Director

**MORGAN STANLEY & CO. LLC**

By: /s/ Ian Drewe

Name: Ian Drewe

Title: Executive Director

*[Signature Page to Registration Rights Agreements (Carrier)]*

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**CARRIER GLOBAL CORPORATION  
AMENDED AND RESTATED**

**SAVINGS RESTORATION PLAN  
(Effective March 11, 2020)**

**ARTICLE I – PREAMBLE**

**Section 1.1 – Purpose of the Plan**

The Carrier Global Corporation Savings Restoration Plan (“SRP” or the “Plan”) is hereby established effective January 1, 2020 (the “Effective Date”) and later amended and restated as of March 11, 2020 for the benefit of eligible Carrier employees seeking additional deferral and matching contribution opportunity for compensation above the IRS Compensation Limit.

**Section 1.2 – Spin-off from UTC**

On November 26, 2018, United Technologies Corporation (“UTC”) announced its intention to separate into three independent companies, UTC, Carrier Global Corporation (the “Corporation”) and Otis Worldwide Corporation (“Otis”), through spin-off transactions expected to be completed by mid-year 2020. The transaction by which the Corporation ceases to be a Subsidiary of UTC is referred to herein as the “Spin-off.” In connection with the Spin-off, and pursuant to the terms of the Employee Matters Agreement to be entered into by and among the Corporation, UTC, and Carrier (the “Employee Matters Agreement”), the Corporation and the Plan shall assume all obligations and liabilities of UTC and its Subsidiaries under the UTC SRP with respect to “Carrier Group Employees” and “Former Carrier Group Employees” (as such terms are defined in the Employee Matters Agreement, and collectively referred to as “Carrier Employees”). Any benefits due under the UTC SRP with respect to Carrier Employees or Beneficiaries of Carrier Employees will now be the responsibility of the Corporation and this Plan, and any such benefits accrued but not yet paid under the UTC SRP immediately prior to the Effective Date, will be administered and paid under the terms of this Plan. All investment and distribution elections and designations of Beneficiary made under the UTC SRP by a Carrier Employee or Beneficiary of a Carrier Employee and in effect immediately prior to the Effective Date will continue to apply and shall be administered under this Plan, until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the Plan. All valid domestic relations orders filed with the UTC SRP as of immediately prior to the Effective Date with respect to the benefit of a Carrier Employee shall continue to apply under this Plan to the extent provided under Section 9.2.

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## ARTICLE II – DEFINITIONS

Unless otherwise indicated, capitalized terms herein shall have the same meaning ascribed under the Qualified Savings Plan.

- (a) *Beneficiary* means the person, persons or entity designated on an electronic or written form by the Participant to receive the value of his or her Plan Accounts in the event of the Participant's death in accordance with the terms of this Plan. If the Participant fails to designate a Beneficiary, or the Beneficiary (and any contingent Beneficiary) does not survive the Participant, the value of the Participant's Plan Accounts will be paid to the Participant's estate.
- (b) *Benefit Restoration Contribution* means an amount credited on behalf of the Participant to the DCP that would have been credited to the Participant's Carrier Contribution Account under this Plan but for the reduction of such Participant's Eligible Compensation due to an elective deferral of compensation by the Participant under the DCP.
- (c) *Carrier* means Carrier Global Corporation.
- (d) *Carrier Company* means (i) prior to the Spin-off, UTC or any entity controlled by or under common control with UTC within the meaning of Section 414(b) or (c) of the Code and (ii) from and after the Spin-off, the Corporation and any entity controlled by or under common control with the Corporation within the meaning of Section 414(b) or (c) of the Code (but under both (i) and (ii) substituting "at least 20 percent" for "at least 80 percent" as the control threshold used in applying Sections 414(b) and (c)).
- (e) *Carrier Contribution* means the amount credited to a Participant's Carrier Contribution Account in accordance with the formula set forth in Article V.

- (f) *Carrier Contribution Account* means a Plan account maintained on behalf of a Participant for the purpose of crediting Carrier Contributions.
- (g) *Code* means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto. Reference to any Section of the Internal Revenue Code shall include any final regulations or other applicable guidance. References to “Section 409A” shall include Section 409A of the Code and any final regulations or other applicable guidance issued thereunder by the Internal Revenue Service from time to time in effect.
- (h) *Committee* means the Carrier Employee Benefit Committee, which is responsible for the administration of the Plan. The Committee may delegate administrative responsibilities to individuals and entities as it shall determine.
- (i) *Common Stock* means the common stock of United Technologies Corporation until the Spin-off and means the common stock of Carrier Global Corporation from and after such date.
- (j) *Corporation* means Carrier Global Corporation.
- (k) *DCP* means the Carrier Global Corporation Deferred Compensation Plan.
- (l) *Default Investment Option* means the Investment Fund designated by the Plan or selected by the Committee on behalf of all Participants at the time they first become eligible to participate in the Plan. Unless otherwise determined in the sole discretion of the Committee, the Default Investment Option shall be the income fund until the date of the Spin-off and thereafter shall be the stable value fund (or its closest equivalent).
- (m) *Deferred Stock Units* means, until the Spin-off, hypothetical shares of UTC Common Stock, and from and after the Spin-off, hypothetical shares of the Corporation’s Common Stock.
- (n) *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.

- (o) *Election Form* means the enrollment form provided by the Committee to Participants electronically or in paper form for the purpose of deferring Eligible Compensation under the Plan. Each Participant's Election Form must contain such information as the Committee may require, including: the percentage of Eligible Compensation to be deferred with respect to the following calendar year; the percentage allocation among the Investment Funds with respect to the Participant Contribution Account; and if not previously elected for the Plan Accounts, the method of distribution.
- (p) *Eligible Compensation* means the total compensation paid with respect to a Plan Year to a Participant meeting the definition of "Compensation" as set forth in the Qualified Savings Plan, but (a) modified by disregarding the IRS Compensation Limit in such definition and (b) including a Participant's contributions to this Plan.
- (q) *Employee* means an employee of the Corporation and its Subsidiaries, but excluding any employee who is not eligible to participate in the Qualified Savings Plan and any Represented Employee (as defined in the Qualified Savings Plan). For the period from January 1, 2020, until the Spin-off date, "Corporation" as used in this definition shall mean Carrier Global Corporation and "Employee" shall exclude any employee of UTC and its Subsidiaries and affiliates who is not deemed to be within the Carrier business unit of UTC.
- (r) *Investment Fund* means a hypothetical fund that tracks the value of an investment option offered under the Qualified Savings Plan or the DCP, as determined by the Committee. Investment Funds offered under the SRP may be changed from time to time by the Committee and shall be valued in the manner set forth in Section 6.3. The value of Participants' Plan Accounts shall be adjusted to replicate the performance of the applicable Investment Funds. Amounts credited to any Investment Fund do not result in the investment in actual assets corresponding to the Investment Fund.
- (s) *IRS Compensation Limit* means the limitation imposed by Section 401(a)(17) of the Code.

- (t) A *Participant* eligible to contribute under the Plan for a Plan Year means an eligible Employee: (i) who is a participant in the Qualified Savings Plan; (ii) whose Eligible Compensation is in excess of the IRS Compensation Limit; (iii) who elects to defer Eligible Compensation under the Plan; and (iv) who is not an active participant in the UTC SRP or the Carrier Savings Restoration Plan. A Participant who has previously contributed to the Plan but who ceases to be eligible under the preceding sentence shall not be eligible to make or receive a contribution under Article IV or V but shall remain a Participant under the Plan with respect to his or her Plan Accounts until they are distributed or forfeited in accordance with the terms of the Plan.
- (u) *Participant Contribution Account* means a Plan account maintained on behalf of a Participant who defers Eligible Compensation under this Plan.
- (v) *Performance-Based Compensation* means performance-based compensation as defined in Treas. Reg. § 1.409A-1(e).
- (w) *Plan* means the Carrier Global Corporation Savings Restoration Plan, as amended from time to time.
- (x) *Plan Accounts* means the Participant Contribution Account and the Carrier Contribution Account maintained on behalf of a Participant.
- (y) *Plan Year* means the calendar year.
- (z) *Qualified Saving Plan* means the United Technologies Corporation Employee Savings Plan until the Spin-off date and means the Carrier Retirement Savings Plan from and after the Spin-off date.
- (aa) *Separation from Service* means a Participant's termination of employment with all Carrier Companies, other than by reason of death. A Separation from Service will be deemed to occur when the Participant and the Carrier Company that employs the Participant reasonably anticipate that the bona fide level of services the Participant will perform (whether as an Employee or as an independent contractor) for Carrier Companies will be permanently reduced to a level that is less than thirty-seven and one-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 Carrier Companies for less than 36 months). A Participant shall not be considered to have had a Separation from Service as a result of a transfer from one Carrier Company to another Carrier Company. For avoidance of doubt, a transfer of employment from an entity that constitutes a Carrier Company prior to the Spin-off to an entity that constitutes a Carrier Company following the Spin-off shall not constitute a Separation from Service under this Plan or with respect to benefits accrued under the UTC SRP and transferred to this Plan if such transfer is made in connection with the Spin-off, but a transfer from a Carrier Company to UTC or Otis (or one of their affiliates) after the Spin-off (and that otherwise satisfies the definition of a Separation from Service) shall constitute a Separation from Service.

- (bb) *Specified Employee* means for the period (1) until the Corporation's first specified employee effective date following the Spin-off, those officers and executives of the Corporation and its Subsidiaries who were identified as a specified employee of UTC on the "specified employee identification date" preceding such specified employee effective date (as such terms are defined by Treas. Reg. § 1.409A-1(i)(3) and (4)); and (2) from and after the Corporation's first specified employee effective date following the Spin-off, each of the fifty (50) highest-paid officers and other executives of the Corporation and its affiliates (determined for this purpose under Treas. Reg. § 1.409A-1(g)), effective annually as of April 1st, based on compensation reported in Box 1 of Form W-2, but including amounts that are excluded from taxable income as a result of elective deferrals to qualified plans and pre-tax contributions. Foreign compensation earned by a nonresident alien that is not effectively connected with the conduct of a trade or business in the United States will not be used to determine Specified Employees following the Spin-off.
- (cc) *Spin-off* has the meaning set forth in Section 1.2.

- (dd) *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.
- (ee) *UTC* means United Technologies Corporation.
- (ff) *UTC SRP* means the United Technologies Corporation Savings Restoration Plan.

**ARTICLE III – ELIGIBILITY AND PARTICIPATION**

**Section 3.1 – Eligibility**

- (a) *Eligibility to Make Employee Contributions.* Each Employee who meets the definition of Participant shall be eligible to make contributions in accordance with Article IV of the Plan if and to the extent such Employee's Eligible Compensation is in excess of the IRS Compensation Limit.
- (b) *Eligibility for Carrier Contributions.* Each Employee who is eligible under Section 3.1(a) above and has completed one year of Continuous Service (as defined in the Qualified Savings Plan) shall be eligible to receive Carrier Contributions in accordance with Article V of the Plan.

**Section 3.2 – Participation**

With respect to any calendar year for which the Committee offers the opportunity to defer Eligible Compensation, each eligible Participant may elect to participate in the Plan by timely filing an Election Form, properly completed in accordance with Section 4.1. Participation in the Plan is voluntary.

**ARTICLE IV – PARTICIPANT ELECTIONS AND DESIGNATIONS**

**Section 4.1 – Election**

An eligible Participant may, on or before the election deadline established by the Committee, make an electronic or written election on the Election Form to defer Eligible Compensation.

#### **Section 4.2 – Election Amount**

An eligible Participant must designate in the Election Form the percentage of Eligible Compensation that will be deferred under the Plan, in a whole percentage between one and six percent.

#### **Section 4.3 – Election Date**

- (a) To defer Eligible Compensation under the Plan, an electronic or written Election Form must be completed and submitted to the Committee within such period as the Committee may specify. To the extent an election is made to defer Eligible Compensation that includes an incentive compensation payment that qualifies as Performance-Based Compensation with respect to services to be performed in the current calendar year and otherwise payable in the immediately following calendar year, such election must be submitted to the Committee no later than the June 30 of the current calendar year, or such earlier date as the Committee may specify. In all other cases, the deferral election must be submitted by December 31 preceding the calendar year in which the Eligible Compensation is earned or such earlier date as the Committee may specify.
- (b) A deferral election shall be effective only if the individual making the election is still an eligible Participant at the election deadline. Except as provided below in Section 4.6 (Change in Distribution Election), the choices reflected on the Participant's Election Form shall be irrevocable on the election deadline. An eligible Employee must timely submit an election by the election deadline to be eligible to participate in the Plan. Once an election is made to defer Eligible Compensation, the election will be deemed an evergreen election and will be applied to future Plan Years, unless the election is revised or canceled during a subsequent annual enrollment period.

#### **Section 4.4 – Distribution Election**

At the time the Participant first elects to defer Eligible Compensation under this Plan, the Participant may elect on the Election Form to have the Participant's Plan Accounts distributed in a lump sum or in two to fifteen annual installments. If no distribution election is made with respect to a Participant's Plan Accounts, the distribution will be made in a lump sum at the time set forth in Section 7.1.

#### **Section 4.5 – Investment Fund Allocations**

When completing the Election Form, the Participant must allocate the amount to be deferred, in whole percentages, among the available Investment Funds. To the extent that the Participant fails to make an effective allocation among the available Investment Funds, the deferral shall be allocated entirely to the Default Investment Option. Participants may change the asset allocation of their existing Participant Contribution Accounts, and Carrier Contribution Account balances (effective as of or after the Spin-off), or future deferrals, as permitted by the Committee. Prior to the date of the Spin-off, Deferred Stock Units may not be exchanged for any other Investment Funds. From and after the Spin-off, Deferred Stock Units may be exchanged for other Investment Funds, but no exchanges may be from other Investment Funds into Deferred Stock Units and no new allocations may be directed to Deferred Stock Units.

#### **Section 4.6 – Change in Distribution Election**

A Participant may make an irrevocable election to change the time or form of distribution, either by changing the number of installments (including changing to or from a lump sum), the commencement date, or both, for his or her Plan Accounts. A change to the time or form of distribution must meet all of the following requirements:

- (a) The new election must be made at least twelve months prior to the earlier of the date on which payments will commence under the current election and/or the date of a Separation from Service following attainment of age 50; and the new election shall be ineffective if the Participant incurs a Separation from Service within twelve months after the date of the new election;
- (b) The new election will not take effect until at least twelve months after the date when the new election is submitted in a manner acceptable to the Committee; and
- (c) The new payment commencement date must be at least five years later than the date on which payments would commence under the current election.

A maximum of three change elections are allowed under the Plan.

#### **Section 4.7 – Designation of Beneficiary**

Each Participant shall designate a Beneficiary for his or her Plan Accounts on an electronic or written form provided by the Committee. A Participant may change such designation on an electronic or written form acceptable to the Committee, and any change will be effective on the date received by the Committee. Designations received after the date of the Participant's death will not be effective. If a Beneficiary designation is not filed with the Committee before the Participant's death, or if the Beneficiary (and any contingent Beneficiary) does not survive the Participant, the value of the Participant's Plan Accounts will be paid to the Participant's estate. If a Participant designates the Participant's spouse as the Participant's Beneficiary, that designation shall not be revoked or otherwise altered or affected by any: (a) change in the marital status of the Participant; (b) agreement between the Participant and such spouse; or (c) judicial decree (such as a divorce decree) affecting any rights that the Participant and such spouse might have as a result of their marriage, separation, or divorce; it being the intent of the Plan that any change in the designation of a Beneficiary hereunder may be made by the Participant only in accordance with the procedures set forth in this Section 4.7. In the event of the death of a Participant, distributions shall be made in accordance with Section 7.6.

#### **ARTICLE V – CARRIER CONTRIBUTIONS**

##### **Section 5.1 – Contribution Amount**

The Corporation will credit a sixty percent (60%) matching contribution to the Plan on up to six percent (6%) of each Participant's Eligible Compensation deferred under the Plan during the Plan Year. If the matching contribution formula in the Qualified Savings Plan is amended, the matching contribution formula under the Plan will mirror such amendment.

##### **Section 5.2 – Eligibility for Contribution**

A Participant shall not receive a Carrier Contribution with respect to any Participant deferrals that would otherwise have been paid to the Participant prior to the Participant's meeting the participation requirements of Section 3.1(b) of the Plan.

### **Section 5.3 – Form of Carrier Contribution**

Except as provided in Section 5.6, any Carrier Contribution made prior to the date of the Spin-off shall be in the form of Deferred Stock Units. From and after the date of the Spin-off, the Carrier Contribution will not be in the form of Deferred Stock Units and instead will be in the form of other Investment Funds that will be allocated in accordance with the Participant's investment allocations as in effect from time to time. Effective as of the Spin-off, Participants may exchange Deferred Stock Units credited to their Carrier Contribution Account for other Investment Funds and elect to have future Carrier Contributions directed to any Investment Fund as provided in Section 4.5.

### **Section 5.4 – Timing of Contribution**

Allocation of Carrier Contributions and Participant deferrals shall generally be made to each Participant's Carrier Contribution Account on or immediately following each pay period, but no less frequently than once with respect to each Plan Year. The Corporation may in its sole discretion credit additional amounts to Participants' Carrier Contribution Accounts, may specify vesting requirements applicable to such additional amounts and need not treat all Participants uniformly.

### **Section 5.5 – Vesting of Contributions**

A Participant is always 100% vested in his or her Participant Contribution Account. A Participant shall be vested in the value of his or her Carrier Contribution Account upon the first to occur of the following: participation in the Plan for two years (including the UTC SRP prior to the Spin-off); completion of three years of Continuous Service (as defined in the Qualified Savings Plan), attainment of age 65; the death or Disability of the Participant while employed by a Carrier Company; the layoff of a Participant from a Carrier Company due to lack of work; or the Participant's entrance into United States military service before completing two years of Plan participation.

### **Section 5.6 – Benefit Restoration Contribution**

At the end of each Plan Year, the Committee will determine whether a Participant is eligible to receive a Benefit Restoration Contribution and will credit any applicable Benefit Restoration Contribution to the affected Participant's account under the DCP in the same manner as provided for Benefit Restoration Contributions with respect to the Qualified Savings Plan under the terms of the DCP.

## **ARTICLE VI – PLAN ACCOUNTS**

### **Section 6.1 – Accounts**

A Participant Contribution Account and a Carrier Contribution Account will be established for each Participant.

- (a) *Participant Contribution Accounts.* Participant Contribution Accounts shall be allocated or reallocated among Investment Funds in accordance with the Plan terms and each Participant’s instructions in the manner set forth in Section 4.5.
- (b) *Carrier Contribution Accounts.* Carrier Contribution Accounts shall be credited with Deferred Stock Units until the date of the Spin-off and thereafter shall be credited with other available Investment Funds in accordance with a Participant’s Investment Fund allocations. Carrier Contribution Accounts denominated in Deferred Stock Units shall be maintained in Deferred Stock Units, unless allocated or reallocated among Investment Funds in accordance with the Plan terms and each Participant’s instructions in the manner set forth in Section 4.5. Carrier Contribution Accounts will be credited daily with investment earnings and losses, including dividends and capital gains, where applicable, in accordance with the Plan terms and a Participant’s investment elections.

### **Section 6.2 – Valuation of Stock Unit Funds**

Until the Spin-off, deferred compensation allocated to the UTC Stock Unit Fund will be converted to UTC Deferred Stock Units, including fractional UTC Deferred Stock Units. Upon the Spin-off, UTC Deferred Stock Units will be converted into Carrier Deferred Stock Units, including fractional Carrier Deferred Stock Units, in accordance with the Employee Matters Agreement. A UTC or Carrier Deferred Stock Unit, as the case may be, shall have a value equal to the closing price of one share of the underlying Common Stock as reported on the composite tape of the New York Stock Exchange. The number of Deferred Stock Units will be calculated by dividing the amount of Eligible Compensation deferred by the closing price of the applicable Common Stock on the date when the deferred amount is credited to the Participant’s UTC or Carrier Stock Unit Fund, as applicable. Deferred Stock Units will be credited with dividend equivalent payments equal to the declared dividend on the underlying Common Stock (if any). Such dividend equivalent payments will be converted to additional Deferred Stock Units and fractional units using the closing price of the underlying Common Stock as of the date such dividends are credited to the Participant’s UTC stock unit fund or Carrier stock unit fund.

### **Section 6.3 – Valuation of Investment Funds**

Deferred compensation allocated to Investment Funds will be converted to the applicable Investment Fund units based on the closing share price of that Investment Fund as of the date the deferred amount is credited to the Participant's applicable Investment Fund. The value of the units of an Investment Fund will fluctuate on each business day based on the performance of the applicable Investment Fund.

### **Section 6.4 – Allocation to Accounts**

During the year of deferral, Participant deferred amounts will be allocated to the Participant's Contribution Account and Investment Funds as of or as soon as administratively practicable after the date the deferred amounts would otherwise have been paid to the Participant. Carrier Contributions will be allocated to the Participant's Carrier Contribution Account and Investment Funds on or as soon as administratively practicable following each pay period, but no less frequently than once with respect to each Plan Year.

### **Section 6.5 – Reports to Participants**

The Committee will provide or make available detailed information to Participants regarding the credited value of Plan Accounts, distribution elections, Beneficiary designations, and Investment Fund allocations. Such information may be provided via electronic media as determined by the Committee. No Carrier Company, no director, officer or employee of a Carrier Company, and no entity retained by a Carrier Company to provide Plan services shall have any liability to any Participant or Beneficiary for any failure or delay in providing such information or for the results of any error (including any failure to implement any Investment Fund allocation) disclosed in such information.

## **ARTICLE VII – DISTRIBUTION OF ACCOUNTS**

### **Section 7.1 – Timing of Plan Distributions**

Except as provided in Section 4.6 (Change in Distribution Election), Section 7.4 (Separation from Service before Attaining Age Fifty), Section 7.5 (Separation from Service of Specified Employees), and Section 7.6 (Death), the value of a Participant's Plan Accounts will be distributed (or begin to be distributed) to the Participant in April of the calendar year following the calendar year of the Participant's Separation from Service.

### **Section 7.2 – Method of Distribution**

Except as provided in Section 7.4 (Separation from Service before Attaining Age Fifty) and Section 7.6 (Death), Plan Accounts will be distributed to the Participant in a single lump-sum payment, or in a series of annual installment payments, in accordance with the Participant's election on file. Annual installment distributions shall be payable to the Participant beginning as of the payment commencement date and continuing as of each anniversary of the payment commencement date thereafter until all installments have been paid. To determine the amount of each installment, the value of the Participant's Plan Accounts on the payment date will be multiplied by a fraction, the numerator of which is one and the denominator of which is the remaining number of scheduled installments.

### **Section 7.3 – Form of Distribution**

- (a) *Pre-Spin-off.* Until the Spin-off, Participant Contribution Account distributions will be made in cash, and Carrier Contribution Account distributions will be made in UTC Common Stock (with fractional shares settled in cash)
- (b) *Post-Spin-off.* Effective as of the Spin-off, Participant Contribution Account distributions and Carrier Contribution Account distributions will be made in cash.

### **Section 7.4 – Separation from Service before Attaining Age Fifty**

If a Participant's Separation from Service occurs before the Participant attains age fifty (50), the full value of the Participant's Plan Accounts will be distributed to the Participant in a lump-sum payment in April of the calendar year following the calendar year of the Participant's Separation from Service (or, if the Participant is a Specified Employee at the time of his or her Separation from Service, on the date provided in Section 7.5, below, if later) regardless of the distribution option elected and regardless of any change in the distribution election.

### **Section 7.5 – Separation from Service of Specified Employees**

Distributions to Specified Employees on account of a Separation from Service will not be made or commence earlier than the first day of the seventh month following the date of Separation from Service. All Plan Accounts shall continue to accrue hypothetical investment gains and losses as provided in Article VI until the distribution date. In the case of a distribution in installments, the date of any subsequent installments shall not be affected by the delay of any installment hereunder.

### **Section 7.6 – Death**

In the event of the death of a Participant before the Participant's Plan Accounts have been fully distributed, the full remaining value of the Participant's Plan Accounts will be distributed to the designated Beneficiary or the Participant's estate in a lump sum no later than December 31st of the year immediately following the year in which the death occurred. Upon notification of death, pending distribution, the value of the Participant's Plan Accounts will be allocated to the Default Investment Option.

### **Section 7.7 – Accelerated Distribution in the Case of an Unforeseeable Emergency**

- (a) The Committee may, upon a Participant's written application, agree to an accelerated distribution of some or all of the value of a Participant's Plan Accounts upon the occurrence of an Unforeseeable Emergency. An "Unforeseeable Emergency" is a severe financial hardship to the Participant resulting from (1) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2), and (d)(1)(B)); (2) loss of the Participant's property due to casualty; or (3) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Whether a Participant is faced with an unforeseeable emergency permitting a distribution is to be determined based on the relevant facts and circumstances of each case. Acceleration will not be granted if the emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not cause severe financial hardship), or by cessation of deferrals under the Plan.

- (b) Distributions on account of an Unforeseeable Emergency shall be limited to the amount reasonably necessary to satisfy the emergency need. Such amount may include amounts necessary to pay any federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution.
- (c) The Committee will determine from which Investment Funds hardship distributions will be made. Any Participant who is an officer or director of the Corporation within the meaning of Section 16 of the Securities Exchange Act of 1934 is not eligible for distributions on account of Unforeseeable Emergency.

**Section 7.8 – Disability**

In the event of the Disability of a Participant that qualifies as a “Separation from Service” for purposes of Section 409A, the Participant’s Plan Accounts will be distributed in accordance with the Participant’s elections on file.

**Section 7.9 – Administrative Adjustments in Payment Date**

A payment is treated as being made on the date when it is due under the Plan if the payment is made on the due date specified by the Plan, or on a later date that is either (a) in the same calendar year (for a payment whose specified due date is on or before September 30), or (b) by the 15th day of the third calendar month following the date specified by the Plan (for a payment whose specified due date is on or after October 1). A payment also is treated as being made on the date when it is due under the Plan if the payment is made not more than 30 days before the due date specified by the Plan. In no event will a payment to a Specified Employee on account of a Separation from Service be made or commence earlier than the first day of the seventh month following the date of Separation from Service. A Participant may not, directly or indirectly, designate the taxable year of a payment made in reliance on the administrative rules in this Section 7.9.

### **Section 7.10 – Minimum Balance Payout Provision**

If a Participant's Plan Accounts balance under this Plan (and under all other nonqualified deferred compensation plans of the Corporation that are required to be aggregated with this Plan under Section 409A), determined at the time of the Participant's Separation from Service, is less than the amount set as the limit on elective deferrals under Section 402(g)(1)(B) of the Code in effect for the year in which the Participant's Separation from Service occurs, the Committee retains discretion to distribute the Participant's entire Plan Accounts (and the Participant's entire interest in any other nonqualified deferred compensation plan that is required to be aggregated with this Plan) in a lump sum in the month of April following the Participant's Separation from Service, even if the Participant has elected to receive a different form of distribution. Any exercise of the Committee's discretion taken pursuant to this Section 7.10 shall be evidenced in writing, no later than the payment date.

## **ARTICLE VIII – AMENDMENT AND TERMINATION OF PLAN**

### **Section 8.1 – Amendment**

The Corporation may, at any time, amend the Plan in whole or in part, provided that no amendment may decrease the value of any Plan Accounts as of the date of such amendment. In the event of any change in law or regulation relating to the Plan or the tax treatment of Plan Accounts, the Plan shall, without further action by the Committee, be deemed to be amended to comply with any such change in law or regulation effective as of the first date necessary to prevent the taxation, constructive receipt or deemed distribution of Plan Accounts prior to the date Plan Accounts would be distributed under the provisions of Article VII. To the extent any rule or procedure adopted by the Committee is inconsistent with a provision of the Plan that is administrative, technical or ministerial in nature, the Plan shall be deemed amended to the extent of the inconsistency.

### **Section 8.2 – Plan Suspension and Termination**

- (a) The Committee may, at any time, suspend or terminate the Plan with respect to new or existing Election Forms if, in its sole judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments thereunder would not be in the best interest of the Corporation or for any other reason.

- (b) In the event of the suspension of the Plan, no additional deferrals or Carrier Contributions shall be made under the Plan. All previous deferrals and Carrier Contributions shall accumulate and be distributed in accordance with the otherwise applicable provisions of the Plan and the applicable elections on file.
- (c) Upon the termination of the Plan with respect to all Participants, and the termination of all arrangements sponsored by the Corporation or its affiliates that would be aggregated with the Plan under Section 409A, the Corporation shall have the right, in its sole discretion, and notwithstanding any elections made by the Participant, to pay the Participant's Plan Accounts in a lump sum, to the extent permitted under Section 409A. All payments that may be made pursuant to this Section 8.2(c) shall be made no earlier than the 13th month and no later than the 24th month after the termination of the Plan. The Corporation may not accelerate payments pursuant to this Section 8.2(c) if the termination of the Plan is proximate to a downturn in the Corporation's financial health within the meaning of Treas. Reg. § 1.409A-3(j)(4)(ix)(C)(1). If the Corporation exercises its discretion to accelerate payments under this Section 8.2(c), it shall not adopt any new arrangement that would have been aggregated with the Plan under Section 409A within three years following the date of the Plan's termination. The Committee may also provide for distribution of Plan Accounts following a termination of the Plan under any other circumstances permitted by Section 409A.

### **Section 8.3 – No Consent Required**

The consent of any Participant, Beneficiary, or other person shall not be required with respect to any amendment, suspension, or termination of the Plan.

## **ARTICLE IX – GENERAL PROVISIONS**

### **Section 9.1 – Unsecured General Creditor**

The Corporation's obligations under the Plan constitute an unfunded and unsecured promise to pay money in the future. Participants' and Beneficiaries' rights under the Plan are solely those of a general unsecured creditor of the Corporation. No assets will be placed in trust, set aside or otherwise segregated to fund or offset liabilities in respect of the Plan or Participants' Plan Accounts.

## **Section 9.2 – Nonassignability**

- (a) Except as provided in subsection (b) or (c) below, no Participant or Beneficiary or any other person shall have the right to sell, assign, transfer, pledge, or otherwise encumber any interest in the Plan, and all Plan Accounts and the rights to all payments are unassignable and non-transferable. Plan Accounts or payment hereunder, prior to actual payment, will not be subject to attachment or seizure for the payment of any debts, judgments or other obligations. Plan Accounts or other Plan benefits? will not be transferred by operation of law in the event of a Participant's or any Beneficiary's bankruptcy or insolvency.
- (b) The Plan shall comply with the terms of any valid domestic relations order submitted to the Committee. Any payment of a Participant's Plan Accounts to a party other than the Participant pursuant to the terms of a domestic relations order shall be charged against and reduce the Participant's Plan Accounts. Neither the Plan, the Corporation, the Committee, nor any other party shall be liable in any manner to any person, including but not limited to any Participant or Beneficiary, for complying with the terms of a domestic relations order.
- (c) To the extent that any Participant, Beneficiary or other person receives an excess or erroneous payment under the Plan, the amount of such excess or erroneous payment shall be held in a constructive trust for the benefit of the Corporation and the Plan, and shall be repaid by such person upon demand. The Committee may reduce any other benefit payable to such person, or may pursue any remedy available at law or equity to recover the amount of such excess or erroneous payment or the proceeds thereof. Notwithstanding the foregoing, the amount payable to a Participant or Beneficiary may be offset by any amount owed to any Carrier Company to the extent permitted by Section 409A.

## **Section 9.3 – No Contract of Employment**

Participation in the Plan shall not be construed to constitute a direct or indirect contract of employment between any Carrier Company and any Participant. Participants and Beneficiaries will have no rights against any Carrier Company resulting from participation in the Plan other than as specifically provided herein. Nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of any Carrier Company for any length of time or to interfere with the right of any Carrier Company to terminate a Participant's employment.

#### **Section 9.4 – Governing Law**

The provisions of the Plan will be construed and interpreted according to the laws of the State of Delaware, to the extent not preempted by federal law.

#### **Section 9.5 – Validity**

If any provision of the Plan is held to be illegal or invalid for any reason, the remaining provisions of the Plan will be construed and enforced as if such illegal and invalid provision had never been inserted herein.

#### **Section 9.6 – Notice**

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if sent by first-class mail to the Carrier Global Corporation, 13995 Pasteur Boulevard, Palm Beach Gardens, FL 33418, Attn: Carrier Employee Benefit Plan Committee. Any notice or filing required or permitted to be given to any Participant or Beneficiary under the Plan shall be sufficient if provided electronically, hand-delivered, or mailed to the address (or email address, as the case may be) of the Participant or Beneficiary then listed on the records of the Corporation. Any such notice will be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or email system.

#### **Section 9.7 – Successors**

The provisions of the Plan shall bind and inure to the benefit of the Corporation and its successors and assigns. The term successors as used herein shall include any corporate or other business entity that by merger, consolidation, purchase or otherwise acquires all or substantially all of the business and assets of the Corporation, and successors of any such corporation or other business entity.

### **Section 9.8 – Incompetence**

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a benefit is payable under the Plan is unable to care for his or her affairs because of illness or accident, any payment due (unless prior claim therefore shall have been made by a duly authorized guardian or other legal representative) may be paid, upon appropriate indemnification of the Committee and the Corporation, to the spouse of the Participant or other person deemed by the Committee to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such payment from a Participant's Plan Accounts shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

### **Section 9.9 – Section 409A Compliance**

To the extent that rights or payments under this Plan are subject to Section 409A, the Plan shall be construed and administered in compliance with the conditions of Section 409A and regulations and other guidance issued pursuant to Section 409A for deferral of income taxation until the time the compensation is paid. Any distribution election that would not comply with Section 409A shall not be effective for purposes of this Plan. To the extent that a provision of this Plan does not comply with Section 409A, such provision shall be void and without effect. The Corporation does not warrant that the Plan will comply with Section 409A with respect to any Participant or with respect to any payment. In no event shall any Carrier Company; any director, officer, or employee of a Carrier Company (other than the Participant); or any member of the Committee be liable for any additional tax, interest, or penalty incurred by a Participant or Beneficiary as a result of the Plan's failure to satisfy the requirements of Section 409A, or as a result of the Plan's failure to satisfy any other requirements of applicable tax laws.

### **Section 9.10 – Withholding Taxes**

The Committee may make any appropriate arrangements to deduct from all deferrals, contributions, vested Plan Accounts, and distributions under the Plan any taxes that the Committee reasonably determines to be required by law to be withheld from such credits and payments.

## **ARTICLE X – ADMINISTRATION AND CLAIMS**

### **Section 10.1 – Plan Administration**

The Committee shall be solely responsible for the administration and operation of the Plan and shall be the administrator for purposes of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Committee shall have full and exclusive authority and discretion to interpret the provisions of the Plan and to establish such administrative procedures as it deems necessary and appropriate to carry out the purposes of the Plan. All decision and interpretations of the Committee shall be final and binding on all parties.

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee at Carrier Global Corporation, 13995 Pasteur Boulevard, Palm Beach Gardens FL 33418, Attn: Benefit Plan Committee. The Committee shall respond in writing as soon as practicable.

### **Section 10.2 – Claim Procedures**

A Participant or Beneficiary who believes that he or she has been denied a benefit to which he or she is entitled under the Plan (referred to in this Section 10.2 as a “Claimant”) may file a written request with the Committee setting forth the claim. The Committee shall consider and resolve the claim as set forth below.

- (a) Upon receipt of a claim, the Committee shall advise the Claimant that a response will be forthcoming within 90 days. The Committee may, however, extend the response period for up to an additional 90 days for reasonable cause and shall notify the Claimant of the reason for the extension and the expected response date. The Committee shall respond to the claim within the specified period.
- (b) If the claim is denied in whole or part, the Committee shall provide the Claimant with a written decision, using language calculated to be understood by the Claimant, setting forth: (1) the specific reason or reasons for such denial; (2) the specific reference to relevant provisions of this Plan on which such denial is based; (3) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation why such material or such information is necessary; (4) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; (5) the time limits for requesting a review of the claim; and (6) the Claimant’s right to bring an action for benefits under Section 502(a) of ERISA.

- (c) Within 60 days after the Claimant's receipt of the written decision denying the claim in whole or in part, the Claimant may request in writing that the Committee review the determination. The Claimant or his or her duly authorized representative may, but need not, review the relevant documents and submit issues and comment in writing for consideration by the Committee. If the Claimant does not request a review of the initial determination within such 60-day period, the Claimant shall be barred from challenging the determination.
- (d) Within 60 days after the Committee receives a request for review, it will review the initial determination. If special circumstances require that the 60-day time period be extended, the Committee will so notify the Claimant and will render the decision as soon as possible, but no later than 120 days after receipt of the request for review.
- (e) All decisions on review shall be final and binding with respect to all concerned parties. The decision on review shall set forth, in a manner calculated to be understood by the Claimant: (1) the specific reasons for the decision, including references to the relevant Plan provisions upon which the decision is based; (2) the Claimant's right to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to his or her benefits; and (3) the Claimant's right to bring an action for benefits under Section 502(a) of ERISA.

#### **CERTAIN REGULATORY MATTERS**

The Plan is subject to ERISA. However, because the Plan is an unfunded plan maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, the Plan is exempt from most of ERISA's requirements. Although the Plan is subject to Part 1 (Reporting and Disclosure) and Part 5 (Administration and Enforcement) of Title I, Subtitle B of ERISA, the Department of Labor has issued a regulation that exempts the Plan from most of ERISA's reporting and disclosure requirements.

**TO WHOM SHOULD QUESTIONS CONCERNING THE PLAN BE DIRECTED?**

All questions concerning the operation of the Plan (including information concerning the administrators of the Plan) should be directed to:

Carrier Global Corporation  
13995 Pasteur Boulevard  
Palm Beach Gardens, FL 33418  
Attn: Benefit Plan Committee  
Telephone: 561-365-2000

REVOLVING CREDIT AGREEMENT

dated as of February 10, 2020,

among

CARRIER GLOBAL CORPORATION,

the SUBSIDIARY BORROWERS party hereto,

the LENDERS party hereto

and

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

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JPMORGAN CHASE BANK, N.A.,  
BOFA SECURITIES, INC.,  
CITIBANK, N.A.

and

HSBC SECURITIES (USA) INC.,  
as Joint Lead Arrangers and Joint Bookrunners

BANK OF AMERICA, N.A.,  
CITIBANK, N.A.

and

HSBC BANK USA, NATIONAL ASSOCIATION,  
as Syndication Agents

GOLDMAN SACHS BANK USA  
and

MORGAN STANLEY BANK, N.A.,  
as Documentation Agents

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Exhibit G-1 — Form of U.S. Tax Certificate (For Foreign Lenders that are not Partnerships for U.S. Federal Income Tax Purposes and Foreign Lenders that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is not a Partnership)

Exhibit G-2 — Form of U.S. Tax Certificate (For Foreign Participants that are not Partnerships for U.S. Federal Income Tax Purposes and Participants that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is not a Partnership)

Exhibit G-3 — Form of U.S. Tax Certificate (For Foreign Participants that are Partnerships for U.S. Federal Income Tax Purposes and Participants that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is a Partnership)

Exhibit G-4 — Form of U.S. Tax Certificate (For Foreign Lenders that are Partnerships for U.S. Federal Income Tax Purposes and Foreign Lenders that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is a Partnership)

Exhibit H — Form of Incremental Facility Agreement

REVOLVING CREDIT AGREEMENT dated as of February 10, 2020, among CARRIER GLOBAL CORPORATION, a Delaware corporation, CARRIER INTERCOMPANY LENDING DESIGNATED ACTIVITY COMPANY, a designated activity company organized under the laws of Ireland, each other SUBSIDIARY BORROWER party hereto, the LENDERS party hereto and JPMORGAN CHASE BANK, N.A., as administrative agent.

The Company (such term and each other capitalized term used and not otherwise defined herein having the meaning assigned to it in Article I) has requested the Lenders to extend Commitments in the amount of US\$2,000,000,000, as such amount may be increased as set forth herein, under which the Borrowers may obtain Loans in US Dollars or in Alternative Currencies. The Lenders are willing to extend such credit to the Borrowers on the terms and subject to the conditions set forth herein.

Accordingly, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

“2020 Term Credit Agreement” means the Term Loan Credit Agreement dated as of February 10, 2020, among UTC (prior to the UTC Release Date, as defined therein), the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, as amended, extended, restated or otherwise modified from time to time, or as refinanced or replaced with any other credit agreement.

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Adjusted LIBO Rate” means, with respect to any LIBOR Borrowing denominated in US Dollars for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for US Dollars for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent hereunder, and its successors in such capacity as provided in Article VII. Unless the context otherwise requires, the term “Administrative Agent” shall include any Affiliate of JPMorgan Chase Bank, N.A. through which it shall perform any of its obligations in such capacity hereunder.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

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“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affected Tranche” has the meaning assigned to that term in Section 8.01(b)(iii).

“Affiliate” means, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent” means any of the Administrative Agent, the Syndication Agents or the Documentation Agents.

“Agent Parties” has the meaning assigned to that term in Section 8.02(c).

“Aggregate Commitment” means, at any time, the sum of the Commitments of all the Lenders at such time.

“Aggregate Revolving Credit Exposure” means, at any time, the sum of the US Dollar Equivalents of the principal amounts of the Loans outstanding at such time.

“Agreement” means this Revolving Credit Agreement, as amended, supplemented or otherwise modified from time to time, including by any Incremental Facility Agreement, any Subsidiary Borrower Agreement or any Ineligible Subsidiary Designation Notice.

“Agreement Currency” has the meaning assigned to that term in Section 8.17(b).

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate on such day (or, if such day is not a Business Day, the immediately preceding Business Day) for a deposit in US Dollars with a maturity of one month plus 1%. For purposes of clause (c) above, the Adjusted LIBO Rate on any day shall be based on the Screen Rate at approximately 11:00 a.m., London time, on such day for deposits in US Dollars with a maturity of one month; provided that if the Screen Rate shall not be available at such time for a maturity of one month with respect to US Dollars but the Screen Rate shall be available for maturities both longer and shorter than one month, then the Adjusted LIBO Rate shall be the Interpolated Screen Rate as of such time. Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate, respectively. If the Alternate Base Rate is being used as an alternate rate pursuant to Section 2.17 (for the avoidance of doubt, only until an amendment hereto has become effective pursuant to Section 2.17(b)), then, for purposes of clause (c) above, the Adjusted LIBO Rate shall be deemed to be zero.

“Alternative Currency” means Euro, Sterling and any other currency, other than US Dollars, (a) that is freely available, freely transferable and freely convertible into US Dollars, (b) in which dealings in deposits are carried on in the London interbank market and (c) that has been designated by the Company as an “Alternative Currency” and approved in writing as an “Alternate

Currency” by each Lender; provided that if any Lender shall have failed to approve any such designated currency, then (i) the Company shall have the right to terminate the Commitment of such Lender in accordance with Section 2.06(b) or require such Lender to assign its interest in accordance with Section 2.18(b) or (ii) the Company may establish a New Tranche in accordance with Section 8.01(c) for those Lenders wishing to make loans in such designated currency.

“Anti-Corruption Laws” means all laws, rules and regulations of the United States applicable to the Company or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Creditor” has the meaning assigned to that term in Section 8.17(b).

“Applicable Rate” means, for any day, with respect to any Eurocurrency Loan, any ABR Loan or any Commitment Fee, as the case may be, the applicable rate per annum set forth below under the caption “Eurocurrency Spread”, “ABR Spread” or “Commitment Fee Rate”, as the case may be, in each case based upon the Ratings applicable on such date:

<u>Level</u>	<u>Ratings (S&amp;P / Moody's)</u>	<u>Eurocurrency Spread (basis points per annum)</u>	<u>ABR Spread (basis points per annum)</u>	<u>Commitment Fee Rate (basis points per annum)</u>
1	A- / A3 or higher	100.0	0.0	9.0
2	BBB+ / Baa1	112.5	12.5	10.0
3	BBB/Baa2	125.0	25.0	12.5
4	BBB-/Baa3	137.5	37.5	17.5
5	Lower than BBB-/Baa3	150.0	50.0	22.5

For purposes of the foregoing, (a) if either Moody’s or S&P shall not have in effect a Rating (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a Rating in Level 5; (b) if the Ratings established or deemed to have been established by Moody’s and S&P shall fall within different Levels, the Applicable Rate shall be based upon the higher Rating unless the Ratings differ by two or more Levels, in which case the Applicable Rate will be based upon the Level one below that corresponding to the higher Rating; and (c) if the Ratings established or deemed to have been established by Moody’s and S&P shall be changed (other than as a result of a change in the rating system of Moody’s or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody’s or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Administrative Agent shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency (it being understood that, in the discretion of the Administrative Agent, any such negotiation on the part of the Administrative Agent may be subject to prior consultation with one or more Lenders and any consent by the Administrative Agent to any such amendment may be subject to the Administrative Agent having obtained consent thereto from the Required Lenders), and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

Notwithstanding the foregoing, prior to the Availability Date each of Moody's and S&P shall be deemed to have established a Rating in Level 2.

“Arrangers” means JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A. and HSBC Securities (USA) Inc., in their capacities as the joint lead arrangers and joint bookrunners for the credit facility provided for herein.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee, with the consent of any Person whose consent is required by Section 8.06, and accepted by the Administrative Agent, substantially in the form of Exhibit A or any other form approved by the Administrative Agent and the Company.

“Attributable Debt” means, as to any particular lease under which any Person is at the time liable for a term of more than 12 months, at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining term thereof (excluding any subsequent renewal or other extension options held by the lessee), discounted at the interest rate implicit in the terms of the relevant lease in accordance with GAAP. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of the rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges and contingent rents (such as those based on sales). In the case of any lease which is terminable by the lessee upon the payment of a penalty in an amount which is less than the total discounted net amount of rent required to be paid from the later of the first date upon which such lease may be so terminated or the date of the determination of such net amount of rent, as the case may be, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

“Availability Date” means the date on which the conditions specified in Section 3.02 are satisfied (or waived in accordance with Section 8.01).

“Availability Period” means the period from and including the Availability Date to but excluding the Commitment Termination Date.

“Average COF Rate” has the meaning assigned to that term in Section 2.17(a).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of any Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time that is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial

institutions or their Affiliates (other than through liquidation, administration or other insolvency proceedings).

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate (which may be a SOFR-Based Rate) that has been selected by the Administrative Agent and the Company giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body and/or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the applicable Screen Rate for syndicated credit facilities denominated in US Dollars or the applicable Alternative Currency and (b) the Benchmark Replacement Adjustment; provided that if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for all purposes of this Agreement; provided further that any such Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its reasonable discretion.

“Benchmark Replacement Adjustment” means the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected by the Administrative Agent and the Company giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the applicable Screen Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body and/or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the applicable Screen Rate with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in US Dollars or the applicable Alternative Currency at such time (for the avoidance of doubt, such Benchmark Replacement Adjustment shall not be in the form of a reduction to the Applicable Rate).

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate”, the definition of “Interest Period”, timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to the LIBO Rate or the EURIBO Rate:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event”, the later of (i) the date of the public statement or publication of information referenced

therein and (ii) the date on which the administrator of the applicable Screen Rate permanently or indefinitely ceases to provide the applicable Screen Rate; or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the LIBO Rate or the EURIBO Rate:

(a) a public statement or publication of information by or on behalf of the administrator of the applicable Screen Rate announcing that such administrator has ceased or will cease to provide the applicable Screen Rate, permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the applicable Screen Rate;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the applicable Screen Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the applicable Screen Rate, a resolution authority with jurisdiction over the administrator for the applicable Screen Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the applicable Screen Rate, in each case which states that the administrator of the applicable Screen Rate has ceased or will cease to provide the applicable Screen Rate permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the applicable Screen Rate; and/or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the applicable Screen Rate announcing that the applicable Screen Rate is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Company, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBO Rate or the EURIBO Rate and solely to the extent that the applicable Screen Rate has not been replaced with a Benchmark Replacement, the period (a) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the applicable Screen Rate for all purposes hereunder in accordance with Section 2.17 and (b) ending at the time that a Benchmark Replacement has replaced the applicable Screen Rate for all purposes hereunder pursuant to Section 2.17.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Board of Governors” means the Board of Governors of the Federal Reserve System of the United States.

“Borrower” means the Company or any Subsidiary Borrower.

“Borrower Materials” has the meaning assigned to that term in Section 5.01.

“Borrowing” means Loans of the same Type and currency and to the same Borrower made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Minimum” means (a) in the case of a Borrowing denominated in US Dollars, US\$25,000,000 and (b) in the case of a Borrowing denominated in an Alternative Currency, the smallest amount of such Alternative Currency that is a multiple of 1,000,000 units of such currency and that has a US Dollar Equivalent of US\$25,000,000 or more.

“Borrowing Multiple” means (a) in the case of a Borrowing denominated in US Dollars, US\$5,000,000 and (b) in the case of a Borrowing denominated in an Alternative Currency, the smallest amount of such Alternative Currency that is a multiple of 1,000,000 units of such currency and that has a US Dollar Equivalent of US\$5,000,000 or more.

“Borrowing Request” means a request by a Borrower (or the Company on behalf of a Subsidiary Borrower) for a Borrowing in accordance with Section 2.02, which shall be substantially in the form of Exhibit B or any other form approved by the Administrative Agent and the Company.

“Business Day” means any day that is not a Saturday, a Sunday or any other day on which commercial banks in New York City are authorized or required by law to remain closed under the laws of, or do in fact remain closed in, the State of New York; provided that (a) when used in connection with a LIBOR Loan denominated in any currency, the term “Business Day” shall also exclude any day that is not a London Banking Day and (b) when used in connection with a EURIBOR Loan, the term “Business Day” shall also exclude any day that is not a TARGET Day.

“Capitalized Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP

(subject to Section 1.04); and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP (subject to Section 1.04).

“Carrier Business” means, 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 consummation of the Carrier Distribution by UTC or by any of its 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.

“Carrier Distribution” means the pro rata distribution to the stockholders of UTC of the common stock of the Company, which, at the time of the making of such distribution, will, directly or indirectly through its Subsidiaries, hold the Carrier Business.

“Carrier Distribution Condition” means the requirement that:

(a) the “effective time of the distribution” (or an equivalent term, in each case, as such term is used in the Carrier Form 10) occurs and the Carrier Distribution is consummated in a manner consistent in all material respects with the Carrier Form 10; and

(b) the Carrier Distribution is consummated in a manner consistent in all material respects with the Draft Carrier Form 10, except any failure or failures to be so consistent (i) to the extent relating to (A) any updates to the financial statements, other financial information, notes thereto and other information contained or to be contained therein in respect of subsequent periods in accordance with the rules and regulations of the SEC or otherwise relating to the passage of time, (B) information previously omitted, in whole or in part, in the Draft Carrier Form 10 that is added in connection with the completion of the disclosures contained in the Carrier Form 10 or (C) information required to be included therein by applicable law or regulation or included therein in response to any comment issued by the SEC or (ii) that, in the aggregate, are not material and adverse to the interests of the Lenders (in their capacity as such) under this Agreement.

“Carrier Form 10” means the Form 10 filed (whether or not publicly filed) by the Company with the SEC pursuant to the Exchange Act (including the information statement and the other exhibits filed therewith) relating to the Carrier Distribution, as it may be amended or supplemented from time to time after the original filing thereof and prior to the Carrier Distribution.

“Change in Control” means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any “person” or “group” (as such terms are defined in Section 13(d)(3) of the Exchange Act), other than (i) the Company or its Subsidiaries, (ii) the New Holding Company pursuant to the Permitted Reorganization or (iii) any employee benefit plan of the Company or its Subsidiaries, and any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan, of equity interests in the Company representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding equity interests in the Company or (b) the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who are not Continuing Directors.

Notwithstanding the foregoing, a “person” or “group” shall not be deemed to beneficially own equity interests subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the applicable equity interests in connection with the transactions contemplated by such agreement.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption of any rule, regulation, treaty or other law, (b) any change in any rule, regulation, treaty or other law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law, but if not having the force of law, one which applies generally to the class or category of financial institutions of which any Lender or the Administrative Agent forms a part and compliance with which is in accordance with the general practice of those financial institutions) of any Governmental Authority; provided that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, promulgated or issued.

“Charges” has the meaning assigned to that term in Section 8.13.

“Closing Date” means the date on which the conditions specified in Section 3.01 are satisfied (or waived in accordance with Section 8.01).

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“COF Rate” has the meaning assigned to that term in Section 2.17(a).

“Commitment” means, with respect to each Lender, the commitment of such Lender to make Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender’s Revolving Credit Exposure hereunder, as such commitment may be reduced or increased from time to time pursuant to Section 2.06 or 8.06. The amount of each Lender’s Commitment on the Closing Date is set forth on Schedule 2.01, and the aggregate amount of the Commitments on the Closing Date is US\$2,000,000,000.

“Commitment Fee” has the meaning assigned to that term in Section 2.05(a).

“Commitment Termination Date” means the earliest of (a) the first date on which UTC shall have publicly announced the termination or abandonment of the Carrier Distribution, (b) unless the Availability Date shall have occurred on or prior to such date, the Outside Date and (c) the Scheduled Maturity Date, or the earlier date of termination in whole of the Commitments pursuant to Section 2.06(b) or 6.02.

“Company” means Carrier Global Corporation, a Delaware corporation and, prior to the consummation of the Carrier Distribution, a wholly-owned Subsidiary of UTC.

“Company Guarantee” has the meaning assigned to that term in Section 9.01.

“Compliance Certificate” means a Compliance Certificate substantially in the form of Exhibit C or any other form approved by the Administrative Agent and the Company.

“Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which may include compounding in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Administrative Agent in accordance with:

(a) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; or

(b) if, and to the extent that, the Administrative Agent determines that Compounded SOFR cannot be determined in accordance with clause (a) above, then the rate, or methodology for this rate, and conventions for this rate that the Administrative Agent determines in its reasonable discretion are substantially consistent with any evolving or then-prevailing market convention for determining compounded SOFR for US Dollar-denominated syndicated credit facilities at such time;

provided that if the Administrative Agent decides that any such rate, methodology or convention determined in accordance with clause (a) or (b) above is not administratively feasible for the Administrative Agent, then Compounded SOFR will be deemed unable to be determined for purposes of the definition of “Benchmark Replacement”.

“Consolidated” refers to the consolidation of the accounts of a Person and its Subsidiaries in accordance with GAAP.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period, plus

(a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum for such period of:

- (i) Consolidated interest expense (including imputed interest expense in respect of Capitalized Lease Obligations);
- (ii) Consolidated income tax expense;
- (iii) depreciation and amortization expense;

(iv) non-cash charges or losses, including non-cash compensation expense, impairment charges and any write-offs or write-downs of assets, but excluding (A) any non-cash charge that results from an accrual of a reserve for cash charges to be taken in any future period,

(B) an amortization of a prepaid cash expense that was paid and not expensed in a prior period or (C) write-down or write-off with respect to accounts receivable (including any addition to bad debt reserves or bad debt expense);

(v) extraordinary, unusual or non-recurring charges or losses, including transaction fees, costs and expenses (including financing fees, financial and other advisory fees, accounting and consulting fees and legal fees) incurred in connection with Material Acquisitions and Material Dispositions;

(vi) transaction fees, costs and expenses incurred in connection with the Transactions; provided that (i) no amounts may be added back pursuant to this clause (vi) for any such fees, costs and expenses incurred or accrued after the last day of the eighth full fiscal quarter ending after the Availability Date and (ii) the amounts added back pursuant to this clause (vi) may not exceed (A) with respect to any period of four consecutive fiscal quarters, US\$150,000,000 and (B) with respect to all periods, US\$300,000,000;

(vii) any unrealized losses attributable to the application of “mark to market” accounting in respect of Hedge Agreements;

(viii) any net after-tax loss attributable to the early extinguishment of Debt or obligations under Hedge Agreements;

(ix) the cumulative effect for such period of a change in accounting principles; minus

(b) without duplication and to the extent included in determining such Consolidated Net Income, the sum for such period of:

(i) any non-cash gains or items of income (other than the accrual of revenue), but excluding any such items in respect of which cash was received in a prior period or will be received in a future period;

(ii) extraordinary, unusual or nonrecurring gains or items of income;

(iii) any unrealized gains attributable to the application of “mark to market” accounting in respect of Hedge Agreements;

(iv) any net after-tax gain attributable to the early extinguishment of Debt or obligations under Hedge Agreements; and

(v) the cumulative effect for such period of a change in accounting principles;

provided that Consolidated EBITDA shall be calculated so as to exclude the effect of any gain or loss that represents after-tax gains or losses attributable to any sale, transfer or other disposition (other than sales, transfers or other dispositions in the ordinary course of business). Notwithstanding anything to the contrary contained herein, but subject to the next sentence, Consolidated EBITDA shall be deemed to be (A) for the period of four consecutive fiscal quarters of the Company ended prior to the last day of the first fiscal quarter that shall have commenced on

or after the Availability Date, pro forma Consolidated EBITDA for the period of four consecutive fiscal quarters of the Company ended December 31, 2019, determined by reference to the Pro Forma Company Financial Statements, (B) for the period of four consecutive fiscal quarters of the Company ended on the last day of the first fiscal quarter that shall have commenced on or after the Availability Date, Consolidated EBITDA for such first fiscal quarter multiplied by four, (C) for the period of four consecutive fiscal quarters of the Company ended on the last day of the second fiscal quarter that shall have commenced on or after the Availability Date, Consolidated EBITDA for the two fiscal quarter period then ended multiplied by two, and (D) for the period of four consecutive fiscal quarters of the Company ended on the last day of the third fiscal quarter that shall have commenced on or after the Availability Date, Consolidated EBITDA for the three fiscal quarter period then ended multiplied by 4/3. For the purposes of calculating Consolidated EBITDA for any period, if at any time during such period the Company or any Subsidiary shall have consummated a Material Acquisition or a Material Disposition, Consolidated EBITDA for such period shall be determined giving pro forma effect thereto in accordance with Section 1.04(b); provided that the Company shall not be required to calculate Consolidated EBITDA on a pro forma basis with respect to any Material Acquisition or any Material Disposition if the Company determines in its reasonable discretion that it does not have reasonably and readily identifiable information to make such pro forma calculation.

“Consolidated Leverage Ratio” means, as of any date, the ratio of (a) Consolidated Total Net Debt as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters of the Company most recently ended on or prior to such date.

“Consolidated Net Income” means, for any period, the net income (or loss) of the Company and its Consolidated Subsidiaries for such period determined in conformity with GAAP.

“Consolidated Net Tangible Assets” means the total amount of assets of the Company and its Consolidated Subsidiaries (less applicable reserves and other properly deductible items) after deducting therefrom (a) all current liabilities (excluding any thereof which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the most recent Consolidated balance sheet of the Company and its Consolidated Subsidiaries and computed in accordance with GAAP (which calculation shall give pro forma effect to any Material Acquisition or Material Disposition consummated by the Company or its Consolidated Subsidiaries since the date of such Consolidated balance sheet and on or prior to the date of determination, as if such Material Acquisition or Material Disposition had occurred on the date of such Consolidated balance sheet). Until the first delivery of the Consolidated financial statements of the Company and its Consolidated Subsidiaries pursuant to Section 5.01(a)(i) or 5.01(a)(ii), Consolidated Net Tangible Assets shall be determined by reference to the pro forma combined balance sheet described in the definition of “Pro Forma Company Financial Statements”.

“Consolidated Total Net Debt” means, as of any date, (a) the sum, without duplication, of (i) the aggregate principal amount of Debt of the Company and its Consolidated Subsidiaries outstanding as of such date, (ii) the aggregate amount of Capitalized Lease Obligations of the Company and its Consolidated Subsidiaries as of such date and (iii) the aggregate principal amount of the purchase money indebtedness of the Company and its

Consolidated Subsidiaries outstanding as of such date, minus (b) the aggregate amount of Unrestricted Cash as of such date.

“Continuing Director” means a director who (a) was a member of the Company’s board of directors on the Availability Date after giving effect to the Carrier Distribution, (b) becomes a member of the Company’s board of directors subsequent to the Availability Date and whose appointment, election or nomination for election by the Company’s stockholders is duly approved by a majority of the directors referred to in clause (a) above constituting at the time of such appointment, election or nomination at least a majority of that board or (c) becomes a member of the Company’s board of directors subsequent to the Availability Date and whose appointment, election or nomination for election by the Company’s stockholders is duly approved by a majority of the directors referred to in clauses (a) and (b) above constituting at the time of such appointment, election or nomination at least a majority of that board.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Conversion Minimum” means (a) in the case of a Borrowing denominated in US Dollars, US\$10,000,000, and (b) in the case of a Borrowing denominated in an Alternative Currency, the smallest amount of such Alternative Currency that is a multiple of 1,000,000 units of such currency and that has a US Dollar Equivalent of US\$10,000,000 or more.

“Conversion Multiple” means (a) in the case of a Borrowing denominated in US Dollars, US\$1,000,000, and (b) in the case of a Borrowing denominated in an Alternative Currency, the smallest amount of such Alternative Currency that is a multiple of 1,000,000 units of such currency and that has a US Dollar Equivalent of US\$1,000,000 or more.

“Converted Tranche” has the meaning assigned to that term in Section 8.01(c).

“Corresponding Tenor” means, with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding any business day adjustment) as the applicable tenor for the applicable Interest Period with respect to the applicable Screen Rate.

“Debt” has the meaning assigned to that term in Section 5.02(a).

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, Irish law examinership, reorganization or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes, or upon notice, lapse of time or both would constitute, an Event of Default.

“Defaulting Lender” means, subject to Section 2.16(b), any Lender that (a) has failed, within three Business Days of the date required to be funded or paid, (i) to fund any portion of its Loans or (ii) to pay to the Administrative Agent or any Lender any other amount required to be paid by it hereunder (unless, in the case of an obligation to fund a Loan, such Lender notifies the Company and the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified in such writing, including, if applicable, by reference to a specific Event of Default) has not been satisfied); (b) has notified the Company, the Administrative Agent or any Lender in writing that it does not intend to comply with its funding obligations hereunder or has made a public statement to that effect with respect to its funding obligations hereunder (unless such notice or public statement relates to such Lender’s obligation to fund a Loan hereunder and indicates that such position is based on such Lender’s good faith determination that a condition precedent to funding (specifically identified in such writing, including, if applicable, by reference to a specific Event of Default) has not been satisfied) or generally under other agreements in which it commits to extend credit; (c) has failed, within three Business Days after request by the Administrative Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations as of the date of certification) to fund prospective Loans, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written certification by the Administrative Agent; (d) has, or has a direct or indirect parent company that has, become the subject of a Bail-In Action; or (e) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in such Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

“Documentation Agents” means Goldman Sachs Bank USA and Morgan Stanley Bank, N.A., in their capacities as documentation agents for the credit facility provided for herein.

“Domestic Subsidiary” means, with respect to any Person, any Subsidiary of such Person incorporated or organized under the laws of any State of the United States or the District of Columbia.

“Draft Carrier Form 10” means the Carrier Form 10 (including the information statement and the other exhibits contemplated thereby) in the form delivered, or deemed to be delivered, to the Lenders pursuant to Section 3.01(d).

“Early Opt-in Election” means the occurrence of:

(a) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Company) that the Required Lenders have determined that syndicated credit facilities denominated in US Dollars or in the applicable Alternative Currency being executed at such time, or that include language similar to that contained in Section 2.17(b), are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBO Rate or the EURIBO Rate, as applicable, and

(b) (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Company and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) above or (c) any financial institution established in an EEA Member Country that is a Subsidiary of an institution described in clause (a) or (b) above and is subject to consolidated supervision with its parent.

“EEA Member Country” means any member state of the European Union, Iceland, Liechtenstein and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Signature” means an electronic signature, sound, symbol or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Eligible Assignee” means any Person, other than (a) a natural person, (b) a holding company, investment vehicle or trust for, or owned and operated by or for the primary benefit of, a natural person, (c) the Company, (d) any Subsidiary of the Company, (e) any Affiliate of the Company or (f) any Defaulting Lender.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, directives, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any toxic or hazardous substance or waste, or health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, attorneys’ and consultants’ fees, fines, penalties or indemnities), directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or

threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and all rules, regulations, rulings and official interpretations promulgated or issued thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) which is a member of a group of which the Company is a member and which is under common control within the meaning of Section 414 of the Code.

“ERISA Event” means (a) any “reportable event” under 4043 of ERISA (other than an event for which the 30-day notice period is waived or a safe harbor is available) with respect to a Plan, (b) any failure by any Plan to satisfy the minimum funding standard under Section 412 of the Code, (c) the filing of an application for a waiver of the minimum funding standard with respect to any Plan under Section 412(c) of the Code, (d) the incurrence of any liability under Title IV of ERISA with respect to the involuntary or distress termination of any Plan under Sections 4041(c) or Section 4042 of ERISA, (e) the receipt from the PBGC or a plan administrator by the Company or any ERISA Affiliate of the Company of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan under Section 4041(c) or Section 4042 of ERISA, (f) the incurrence of any liability with respect to the withdrawal or partial withdrawal from any Plan (within the meaning of Section 4063 of ERISA) or Multiemployer Plan (within the meaning of Sections 4203 or 4205 of ERISA) or (g) the receipt of any notice by the Company or an ERISA Affiliate of the Company from any Multiemployer Plan, concerning the imposition of withdrawal liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent within the meaning of Section 4245 of ERISA, or in endangered, critical and declining, or critical status within the meaning of Section 305 of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“EURIBO Rate” means, with respect to any EURIBOR Loan for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day.

“EURIBOR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the EURIBO Rate.

“Euro” or “€” means the single currency of the participating member states of the European Union.

“Eurocurrency”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate, the LIBO Rate or the EURIBO Rate.

“Events of Default” has the meaning assigned to that term in Section 6.01.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended from time to time.

“Exchange Rate” means, as of any date of determination, for purposes of determining the US Dollar Equivalent of any currency other than US Dollars, the rate at which such currency may be exchanged into US Dollars at the time of determination on such day as last provided (either by publication or as may otherwise be provided to the Administrative Agent) by the applicable Reuters source on the Business Day (determined based on New York City time) immediately preceding such day of determination. In the event that Reuters ceases to provide such rate of exchange or such rate does not appear on the applicable Reuters source, the Exchange Rate shall be determined by reference to such other publicly available information service for displaying such rate of exchange at such time as shall be selected by the Administrative Agent from time to time in its reasonable discretion after consultation with the Company.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office in, or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, withholding Taxes (including backup withholding Taxes) imposed by the United States on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to laws in effect on the date on which (i) such Lender acquires such interest in such Loan or Commitment (other than pursuant to an assignment request by the Company under Section 2.18(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender acquired the applicable interest in such Loan or Commitment or to such Lender immediately before it changed its lending office, (c) in the case of a Lender, any withholding Taxes imposed by Ireland on a payment under this Agreement, if on the date on which such payment falls due, such payment could have been made to such Lender without such withholding tax if such Lender was an Irish Qualifying Lender, but on that date such Lender is not or has ceased to be an Irish Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or treaty, or any published practice or concession of any relevant taxing authority, (d) Taxes attributable to such Recipient’s failure to comply with Section 2.14(f) and (e) any U.S. Federal withholding Taxes imposed under FATCA; provided that, for the avoidance of doubt, for purposes of clause (b)(i), in the case of an interest in a Loan acquired by a Lender pursuant to the funding of a Commitment, such Lender shall be treated as acquiring such interest on the date such Lender acquired an interest in the Commitment pursuant to which such Loan was funded.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantially comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code,

as of the date of this Agreement (or any amended or successor version described above), and any fiscal or regulatory legislation, rules, guidance notes or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities implementing the foregoing.

“Federal Funds Effective Rate” means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions, as determined in such manner as shall be set forth on the NYFRB Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; provided that if such rate shall be less than zero, such rate shall be deemed to be zero for all purposes.

“Financial Officer” means, with respect to any Person, the chief financial officer, principal accounting officer, treasurer, assistant treasurer or controller of such Person.

“Foreign Lender” means a Lender that (a) is not a U.S. Person or (b) is an entity disregarded as separate from its owner for U.S. federal income tax purposes and is owned, for U.S. federal income tax purposes, by a Person that is not U.S. Person.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“GAAP” means generally accepted accounting principles in the United States as in effect, subject to Section 1.04, from time to time.

“Governmental Authority” means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedge Agreement” means any agreement with respect to any swap, forward, future or derivative transaction, or any option or similar agreement, involving, or settled by reference to, one or more rates, currencies, commodities, prices of equity or debt securities or instruments, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or any similar transaction or combination of the foregoing transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Company or the Subsidiaries shall be a Hedge Agreement.

“Historical Company Financial Statements” means the combined balance sheet of the Company and its Subsidiaries as of December 31, 2019 and the combined statements of

operations, of comprehensive income, of changes in equity and of cash flows of the Company and its Subsidiaries for the year then ended, in each case, included in the Draft Carrier Form 10.

“IBA” has the meaning assigned to that term in Section 1.05.

“Increase Effective Date” has the meaning assigned to such term in Section 2.06(a).

“Increasing Lender” has the meaning assigned to that term in Section 2.06(a).

“Incremental Facility Agreement” has the meaning assigned to that term in Section 2.06(a).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Borrower under this Agreement and (b) to the extent not otherwise described in clause (a) of this definition, Other Taxes.

“Indemnitee” has the meaning assigned to that term in Section 8.04(b).

“Industrial Development Bonds” means obligations issued by a State, a Commonwealth, a Territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof pursuant to the provisions of Section 103(a)(1) of the Code (or any similar provision of the Code), as in effect on the date of the issuance of such obligations.

“Ineligible Subsidiary” means any Subsidiary Borrower designated as such pursuant to Section 2.19(c).

“Ineligible Subsidiary Designation Notice” means an Ineligible Subsidiary Designation Notice substantially in the form of Exhibit D hereto, duly executed by the Company.

“Information” has the meaning assigned to that term in Section 8.07.

“Interest Election Request” means a request by a Borrower (or the Company on behalf of a Subsidiary Borrower) to convert or continue a Borrowing in accordance with Section 2.09, which shall be substantially in the form of Exhibit E or any other form approved by the Administrative Agent and the Company.

“Interest Period” means, with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two (other than in the case of a EURIBOR Borrowing), three, six or, if available, 12 months thereafter, as the applicable Borrower (or the Company on behalf of the applicable Subsidiary Borrower) may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end

on the last Business Day of the last calendar month of such Interest Period and (c) no Borrower may elect an Interest Period ending after the Scheduled Maturity Date. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made, and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Interpolated Screen Rate” means, with respect to any Eurocurrency Borrowing for any Interest Period or for purposes of clause (c) of the definition of the term “Alternate Base Rate”, a rate per annum that results from interpolating on a linear basis between (a) the applicable Screen Rate for the longest maturity for which a Screen Rate is available that is shorter than the applicable period and (b) the applicable Screen Rate for the shortest maturity for which a Screen Rate is available that is longer than the applicable period, in each case as of the time the Interpolated Screen Rate is required to be determined in accordance with the other provisions hereof; provided that the Interpolated Screen Rate shall in no event be less than zero.

“Irish Companies Act” means the Companies Act of 2014 of Ireland, as amended.

“Irish Qualifying Lender” means a Lender that at the time the payment is made, is, beneficially entitled to the interest payable to such Lender in respect of an advance under this Agreement, and that:

(a) is a company (within the meaning of section 4 of the TCA);

(i) which, by virtue of the law of a Relevant Territory, is resident in the Relevant Territory for the purposes of tax and that jurisdiction imposes a tax that generally applies to interest receivable in that jurisdiction by companies from sources outside that jurisdiction; or

(ii) in receipt of interest under this Agreement which:

(A) is exempted from the charge to Irish income tax pursuant to the terms of a double taxation treaty entered into between Ireland and another jurisdiction that is in force on the date the relevant interest is paid; or

(B) would be exempted from the charge to Irish income tax pursuant to the terms of a double taxation treaty entered into between Ireland and another jurisdiction signed on or before the date on which the relevant interest is paid but not in force on that date, assuming that treaty had the force of law on that date;

provided that, in the case of both (A) and (B) above, such company does not provide its commitment in connection with a trade or business which is carried on by it in Ireland through a branch or agency; or

(b) is a U.S. corporation that is incorporated in the United States and is subject to U.S. Federal income tax on its worldwide income, provided that such U.S. corporation does not provide its commitment in connection with a trade or business which is carried on by it in Ireland through a branch or agency; or

(c) is a U.S. limited liability company, where the ultimate recipients of the interest payable to that limited liability company satisfy the requirements set out in (a) or (b) above and the business conducted through the limited liability company is so structured for market reasons and not for tax avoidance purposes, provided that such limited liability company does not provide its commitment in connection with a trade or business which is carried on by it in Ireland through a branch or agency; or

(d) is an Irish Treaty Lender.

“Irish Subsidiary Borrower” means Carrier Intercompany Lending Designated Activity Company, a designated activity company organized under the laws of Ireland and a Subsidiary of the Company.

“Irish Treaty Lender” means a Lender other than a Lender falling within clause (a), (b) or (c) of the definition of Irish Qualifying Lender, which is on the date any relevant payment is made entitled under a double taxation agreement in force on that date (subject to the completion of any procedural formalities) to that payment without any deduction or withholding of Tax imposed by any governmental or other taxing authority of or in Ireland.

“IRS” means the United States Internal Revenue Service, or any other Governmental Authority that shall have succeeded to the functions thereof.

“Judgment Currency” has the meaning assigned to that term in Section 8.17(b).

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or an Incremental Facility Agreement, other than any such Person that shall have ceased to be a party hereto pursuant to Section 2.06 or 8.06.

“LIBO Rate” means, with respect to any LIBOR Loan denominated in any currency for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day.

“LIBOR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate or the LIBO Rate.

“Liens” has the meaning assigned to that term in Section 5.02(a).

“Loan” means a loan by a Lender to a Borrower pursuant to this Agreement.

“Loan Documents” means this Agreement, each Incremental Facility Agreement, each Subsidiary Borrower Agreement and each Ineligible Subsidiary Designation Notice.

“Local Time” means (a) with respect to a Loan or Borrowing denominated in US Dollars or with respect to any payment hereunder to be made in US Dollars, New York City time and (b) with respect to a Loan or Borrowing denominated in an Alternative Currency or with respect to any payment hereunder to be made in an Alternative Currency, London time.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

“Material Acquisition” means any acquisition by the Company or any of its Subsidiaries of (a) equity interests in any Person if, after giving effect thereto, such Person will become a Subsidiary of the Company or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person (in the case of clauses (a) and (b), including as a result of a merger or consolidation); provided that, in the case of clauses (a) and (b), the aggregate consideration therefor exceeds US\$50,000,000.

“Material Adverse Effect” means a material adverse effect on (a) the financial condition, operations or business of the Company and its Subsidiaries, taken as a whole, or (b) the rights of or benefits available to the Administrative Agent or the Lenders under this Agreement, taken as a whole.

“Material Debt” means Debt in the principal amount in excess of US\$100,000,000.

“Material Disposition” means any sale, transfer or other disposition by the Company or any of its Subsidiaries of (a) all or substantially all the issued and outstanding equity interests in any Person that are owned by the Company or any of its Subsidiaries or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; provided that, in the case of clauses (a) and (b), such sale, transfer or other disposition yields net proceeds to the Company or any of its Subsidiaries in excess of US\$50,000,000 in the aggregate.

“Maximum Rate” has the meaning assigned to that term in Section 8.13.

“Merger Agreement” means the Agreement and Plan of Merger, dated as of June 9, 2019, by and among UTC, Light Merger Sub Corp. and Raytheon Company, as amended, amended and restated, supplemented or otherwise modified from time to time.

“MNPI” means material information concerning the Company, its Subsidiaries or the respective securities of any of the foregoing that has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD under the Securities Act and the Exchange Act.

“Moody’s” means Moody’s Investors Service, Inc., and any successor to its rating agency business.

“Multiemployer Plan” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“New Holding Company” has the meaning assigned to that term in Section 8.18.

“New Subsidiary Borrower” has the meaning assigned to that term in Section 8.01(c).

“New Tranche” has the meaning assigned to that term in Section 8.01(c).

“Notice of Objection” has the meaning assigned to that term in Section 2.19(a).

“NYFRB” means the Federal Reserve Bank of New York.

“NYFRB Rate” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day; provided that if both such rates are not published for any such day that is a Business Day, the “NYFRB Rate” shall be the rate quoted for such day for a Federal funds transaction at 11:00 a.m., New York City time, on such day received by the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided further that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for all purposes.

“NYFRB Website” means the website of the NYFRB at <http://www.newyorkfed.org>, or any successor source.

“Objecting Lender” has the meaning assigned to that term in Section 2.19(a).

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Taxes (other than connections arising solely from such Recipient having taken any of the following actions: executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement, or sold or assigned pursuant to Section 2.18(b) an interest in any Loan or other interest under this Agreement).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18(b)).

“Outside Date” means the “Outside Date” as defined in the Merger Agreement, as in effect on the Closing Date, and subject to extension thereof as provided in Sections 6.16(c) and 8.1(b)(i) of the Merger Agreement, as in effect on the Closing Date, but in any event no later than April 1, 2021.

“Overnight Bank Funding Rate” means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on

the NYFRB Website from time to time, and published on the next succeeding Business Day by the NYFRB as an Overnight Bank Funding Rate.

“Participant” has the meaning assigned to that term in Section 8.06(c).

“Participant Register” has the meaning assigned to that term in Section 8.06(c).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA, or any other Governmental Authority that shall have succeeded to the functions thereof.

“Permitted Reorganization” means a transaction described in Section 8.18 pursuant to which the Company becomes a wholly-owned Domestic Subsidiary of the New Holding Company, but only if all the requirements set forth in Section 8.18 shall have been satisfied.

“Permitted Reorganization Merger Subsidiary” has the meaning assigned to that term in Section 8.18.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or any other entity.

“Plan” means an employee benefit plan, other than a Multiemployer Plan, which is (or, in the event that any such plan has been terminated within five years after a transaction described in Section 4069 of ERISA, was) maintained for employees of the Company or any ERISA Affiliate and subject to Title IV of ERISA.

“Platform” means Debt Domain, IntraLinks™, SyndTrak or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system.

“Prepayment Minimum” means (a) in the case of a Borrowing denominated in US Dollars, US\$20,000,000 and (b) in the case of a Borrowing denominated in an Alternative Currency, the smallest amount of such Alternative Currency that is a multiple of 1,000,000 units of such currency and that has a US Dollar Equivalent of US\$20,000,000 or more.

“Prepayment Multiple” means (a) in the case of a Borrowing denominated in US Dollars, US\$1,000,000 and (b) in the case of a Borrowing denominated in an Alternative Currency, the smallest amount of such Alternative Currency that is a multiple of 1,000,000 units of such currency and that has a US Dollar Equivalent of US\$1,000,000 or more.

“Prime Rate” means the rate of interest per annum last quoted by *The Wall Street Journal* as the “prime rate” in the United States or, if *The Wall Street Journal* ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent in its reasonable discretion). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Principal Property” means any manufacturing plant or warehouse, together with the land upon which it is erected and fixtures comprising a part thereof, owned by the Company or any Wholly-Owned Domestic Manufacturing Subsidiary and located in the United States the gross book value (without deduction of any reserve for depreciation) of which on the date as of which the determination is being made is an amount which exceeds 1% of Consolidated Net Tangible Assets, other than any such manufacturing plant or warehouse or any portion thereof or any such fixture (together with the land upon which it is erected and fixtures comprising a part thereof) (a) which is financed by Industrial Development Bonds or (b) which, in the opinion of the board of directors of the Company, or of any duly authorized committee of that board, is not of material importance to the total business conducted by the Company and its Subsidiaries taken as a whole.

“Pro Forma Company Financial Statements” means the unaudited pro forma combined balance sheet of the Company and its Subsidiaries as of December 31, 2019 and the unaudited pro forma combined statement of operations of the Company and its Subsidiaries for the year then ended, in each case, included in the Draft Carrier Form 10 and prepared giving pro forma effect to the Transactions as set forth in the Draft Carrier Form 10.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Lender” has the meaning assigned to that term in Section 5.01.

“Public Side Lender Representatives” means, with respect to any Lender, representatives of such Lender that do not wish to receive MNPI.

“Qualifying Material Acquisition” means any acquisition by the Company or any of its Subsidiaries of (a) equity interests in any Person if, after giving effect thereto, such Person will become a Subsidiary of the Company or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person (in the case of both clauses (a) and (b), including as a result of a merger or consolidation); provided that the aggregate cash consideration therefor (including Debt of such acquired Person (or such business unit, division, product line or line of business) assumed in connection therewith or that is refinanced in connection therewith, all obligations in respect of deferred purchase price and all other cash consideration payable in connection therewith) exceeds US\$1,000,000,000.

“Quotation Day” means (a) in respect of the determination of the Adjusted LIBO Rate or LIBO Rate for any Interest Period for Loans denominated in any currency (other than Sterling), the day that is two Business Days prior to the first day of such Interest Period, (b) in respect of the determination of the LIBO Rate for any Interest Period for Loans denominated in Sterling, the first day of such Interest Period and (c) in respect of the determination of the EURIBO Rate for any Interest Period for Loans denominated in Euro, the day that is two TARGET Days prior to the first day of such Interest Period, in each case unless market practice differs for loans in the applicable currency priced by reference to rates quoted in the Relevant Interbank Market, in which case the Quotation Day for such currency shall be determined by the Administrative Agent in accordance with market practice for such loans priced by reference to rates quoted in the

Relevant Interbank Market (and if quotations would normally be given by leading banks for such loans priced by reference to rates quoted in the Relevant Interbank Market on more than one day, the Quotation Day shall be the last of those days).

“Ratings” means the ratings by Moody’s and S&P of the Company’s senior, unsecured, non-credit-enhanced, long-term debt.

“Recipient” means the Administrative Agent or any Lender.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the directors, officers, partners, trustees, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the Board of Governors and/or the NYFRB, or a committee officially endorsed or convened by the Board of Governors and/or the NYFRB or, in each case, any successor thereto.

“Relevant Interbank Market” means (a) with respect to any currency (other than Euro), the London interbank market and (b) with respect to Euro, the European interbank market.

“Relevant Territory” means:

- (a) a member state of the European Communities (other than Ireland); or
- (b) to the extent not a member state of the European Communities, a jurisdiction with which Ireland has entered into a double taxation treaty that either has the force of law by virtue of section 826(1) of the TCA or which will have the force of law on completion of the procedures set out in section 826(1) of the TCA.

“Required Lenders” means, at any time, Lenders having Undrawn Commitments and Revolving Credit Exposures representing more than 50% of the sum of the aggregate amount of all the Undrawn Commitments and the Aggregate Revolving Credit Exposure at such time; provided that the Undrawn Commitments and Revolving Credit Exposure of any Defaulting Lender shall be excluded for the purposes of making a determination of Required Lenders.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Reuters” means Thomson Reuters Corporation, a corporation incorporated under and governed by the Business Corporations Act (Ontario), Canada, Refinitiv and any successor thereto.

“Revolving Credit Exposure” means, with respect to any Lender at any time, the sum of the US Dollar Equivalents of the principal amounts of such Lender’s Loans outstanding at such time.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., and any successor to its rating agency business.

“Sale and Leaseback Transaction” has the meaning assigned to that term in Section 5.02(c).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State or (b) any Person majority-owned or controlled by any such Person or Persons described in the foregoing clause (a).

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by OFAC or the U.S. Department of State.

“Scheduled Maturity Date” means the earlier of (a) the date that is five years after the Availability Date and (b) April 3, 2025; provided that, in each case, if such day is not a Business Day, the Scheduled Maturity Date shall be the immediately following Business Day.

“Screen Rate” means (a) in respect of the LIBO Rate for any Interest Period, or in respect of any determination of the Alternate Base Rate pursuant to clause (c) of the definition thereof, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for deposits in the applicable currency (for delivery on the first day of such Interest Period) with a term equivalent to the relevant period as displayed on the Reuters screen page that displays such rate (currently page LIBOR01 or LIBOR02) (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion), and (b) in respect of the EURIBO Rate for any Interest Period, the rate per annum determined by the European Money Market Institute (or any other Person that takes over the administration of such rate) as the rate at which interbank deposits in Euro are being offered by one prime bank to another within the EMU zone for such Interest Period, as set forth on the Reuters screen page that displays such rate (currently EURIBOR01) (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion); provided that (i) if, as to any currency, no Screen Rate shall be available for a particular period at such time but Screen Rates shall be available for maturities both longer and shorter than such period at such time, then the Screen Rate for such period shall be the Interpolated Screen Rate as of such time and (ii) if the Screen Rate, determined as provided above, would be less than zero, the Screen Rate shall be deemed to be zero for all purposes of this Agreement.

“SEC” means the United States Securities and Exchange Commission, or any other Governmental Authority that shall have succeeded to the functions thereof.

“Securities Act” means the United States Securities Act of 1933, as amended from time to time.

“SOFR” means, with respect to any day, the secured overnight financing rate published for such day by the NYFRB, as the administrator of the benchmark (or a successor administrator), on the NYFRB Website.

“SOFR-Based Rate” means SOFR, Compounded SOFR or Term SOFR.

“Specified Time” means (a) with respect to the LIBO Rate, 11:00 a.m., London time, and (b) with respect to the EURIBO Rate, 11:00 a.m., Brussels time.

“Statutory Reserve Rate” means a fraction (expressed as a decimal, carried out to five decimal places), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors to which the Administrative Agent is subject for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board of Governors). Such reserve percentages shall include those imposed pursuant to such Regulation D. LIBOR Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Sterling” or “£” means the lawful currency of the United Kingdom.

“Subject Party” has the meaning assigned to that term in Section 2.14(h)(ii).

“Subsidiary” means, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall or might have voting power upon the occurrence of any contingency) is at the time of any determination directly or indirectly owned or Controlled by such Person, by such Person and one or more other Subsidiaries of such Person or by one or more other Subsidiaries of such Person. Unless otherwise specified, all references herein to Subsidiaries shall be deemed to refer to Subsidiaries of the Company.

“Subsidiary Borrower” means each of (a) the Irish Subsidiary Borrower and (b) any other Subsidiary of the Company that has been designated as, and became, a “Subsidiary Borrower” pursuant to Section 2.19(a), in each case, other than any Subsidiary Borrower that shall have ceased to be such as provided in Section 2.19(c).

“Subsidiary Borrower Agreement” means a Subsidiary Borrower Agreement substantially in the form of Exhibit F hereto, duly executed by the Company and the applicable Subsidiary.

“Subsidiary Borrower Termination Event” means, with respect to such Subsidiary Borrower, the occurrence of any of the following events:

- (a) such Subsidiary Borrower shall be liquidated or dissolved;

(b) such Subsidiary Borrower (i) shall cease to be a Subsidiary of the Company or (ii) shall merge or consolidate with or into another Person and such Subsidiary Borrower shall not be the surviving entity (except that a Subsidiary Borrower may merge or consolidate with or into another Borrower that expressly assumes in writing all of such Subsidiary Borrower's obligations hereunder);

(c) such Subsidiary Borrower shall fail to pay (i) any principal of any Loan when the same becomes due and payable, (ii) any interest on any Loan when the same becomes due and payable, and such failure shall continue for a period of five Business Days or (iii) any other amount owing by such Subsidiary Borrower when the same becomes due and payable, and such failure shall continue for a period of 15 Business Days after receipt by such Subsidiary Borrower and the Company of written notice from the Administrative Agent of such amount being due, together with a statement in reasonable detail of the calculation thereof;

(d) any representation or warranty made (or deemed made pursuant to Article III hereof) by such Subsidiary Borrower herein or in any Borrowing Request or other document delivered by such Subsidiary Borrower pursuant to Section 2.19 or Article III shall prove to have been incorrect in any material respect when made or deemed made;

(e) such Subsidiary Borrower (i) shall fail to perform or observe any term, covenant or agreement set forth in Section 2.19(d)(i) or (ii) shall fail to perform or observe any term, covenant or agreement (other than those specified in clause (a), (b), (c) or (e)(i) above) contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 calendar days after written notice thereof shall have been given to such Subsidiary Borrower and the Company by the Administrative Agent or any Lender;

(f) such Subsidiary Borrower (i) shall admit in writing its inability to pay its debts generally, (ii) shall make a general assignment for the benefit of creditors or shall institute any proceeding or voluntary case seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, Irish law examinership or reorganization or relief or protection of debtors, or seeking the entry of any order for relief or the appointment of a receiver, trustee, Irish law examiner or other similar official for it or for any substantial part of its property or (iii) shall take any corporate action to authorize any of the actions set forth above in this clause (f); or

(g) any proceeding shall be instituted against such Subsidiary Borrower seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, Irish law examinership or reorganization or relief or protection of debtors, or seeking the entry of any order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and such proceeding shall remain undismissed or unstayed for a period of 60 days.

“Syndication Agents” means Bank of America, N.A., Citibank N.A. and HSBC Bank USA, National Association, in their capacities as syndication agents for the credit facility provided for herein.

“TARGET” means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement for purposes hereof).

“TARGET Day” means any day on which both (a) banks in London are open for general business and (b) the TARGET is open for the settlement of payments in Euro.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges in the nature of a tax imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“TCA” means the Taxes Consolidation Act 1997 of Ireland.

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Test Period” means, on any date of determination, the period of four consecutive fiscal quarters of the Company most recently ended on or prior to such date for which financial statements have been delivered, or are required to have been delivered, pursuant to Section 5.01(a)(i) or 5.01(a)(ii).

“Tranche Conversion” has the meaning assigned to that term in Section 8.01(c).

“Transactions” means (a) the execution, delivery and performance by the Borrowers of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof, (b) the consummation of the Carrier Distribution and (c) the payment of fees and expenses incurred in connection with the foregoing.

“Transferee” has the meaning assigned to that term in Section 2.18(b).

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the LIBO Rate, the EURIBO Rate or the Alternate Base Rate.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain Affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment; provided that, if the Unadjusted Benchmark Replacement as so determined would be less than zero, the Unadjusted Benchmark Replacement will be deemed to be zero for all purposes of this Agreement.

“Undrawn Commitment” means, on any date with respect to each Lender, (a) the Commitment of such Lender at such time minus (b) the Revolving Credit Exposure of such Lender at such time.

“United States” means the United States of America (including the constituent States thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

“Unrestricted Cash” means, on any date, cash and cash equivalents owned on such date by the Company and its Consolidated Subsidiaries, as would be reflected on a Consolidated balance sheet of the Company and its Consolidated Subsidiaries prepared as of such date in conformity with GAAP, provided that such cash and cash equivalents do not appear (and would not be required to appear) as “restricted” on a Consolidated balance sheet of the Company and its Consolidated Subsidiaries prepared in conformity with GAAP.

“U.S. Borrower” means any Borrower that is a U.S. Person (or, if such Borrower is disregarded as an entity separate from its owner for U.S. federal income tax purposes, is owned for U.S. federal income tax purposes by a U.S. Person).

“US Dollar Equivalent” means, on any date of determination, (a) with respect to any amount in US Dollars, such amount, and (b) with respect to any amount in any Alternative Currency, the equivalent in US Dollars of such amount, determined by the Administrative Agent pursuant to Section 1.08 using the Exchange Rate with respect to such Alternative Currency at the time in effect under the provisions of Section 1.08.

“US Dollars” and the sign “US\$” each mean the lawful money of the United States.

“U.S. Person” means a Person who is a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 2.14(f)(ii)(B)(3).

“USA PATRIOT Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended from time to time, and the rules and regulations promulgated or issued thereunder.

“UTC” means United Technologies Corporation, a Delaware corporation.

“UTC 2019 Credit Agreements” means the UTC 2019 Revolving Credit Agreement and the UTC 2019 Term Credit Agreement.

“UTC 2019 Credit Agreements Refinancing” means the repayment of all principal, interest, fees and other amounts (other than contingent obligations as to which no claim has been made) outstanding or due under the UTC 2019 Credit Agreements and the termination of all commitments to extend credit thereunder.

“UTC 2019 Revolving Credit Agreement” means the Revolving Credit Agreement dated as of March 15, 2019, among UTC, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“UTC 2019 Term Credit Agreement” means the Term Loan Credit Agreement dated as of March 15, 2019, among UTC, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“VAT” means any tax imposed in accordance with the council directive of 28 November 2006 on the common system of the value added tax (EC Directive 2006/112) or any other tax of a similar nature, whether imposed in a member state of the European Union or elsewhere.

“VAT Recipient” has the meaning assigned to that term in Section 2.14(h)(ii).

“VAT Supplier” has the meaning assigned to that term in Section 2.14(h)(ii).

“Wholly-Owned Domestic Manufacturing Subsidiary” means any Subsidiary of the Company of which, at the time of determination, all of the outstanding capital stock (other than directors’ qualifying shares) is owned by the Company directly and/or indirectly and which, at the time of determination, is primarily engaged in manufacturing; provided, however, that “Wholly-Owned Domestic Manufacturing Subsidiary” shall not include any Subsidiary of the Company that (a) neither transacts any substantial portion of its business nor regularly maintains any substantial portion of its fixed assets within the United States, (b) is engaged primarily in the finance business, including financing the operations of, or the purchase of products that are products of or incorporate products of, the Company and/or its Subsidiaries or (c) is primarily engaged in ownership and development of real estate, construction of buildings or related activities, or a combination of the foregoing. In the event that there shall at any time be a question as to whether a Subsidiary of the Company is primarily engaged in manufacturing or is described in the foregoing clause (a), (b) or (c), such matter shall be determined for all purposes of this Agreement by resolution of the board of directors of the Company.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide

that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Type (e.g., a “Eurocurrency Loan” or an “ABR Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all real and personal, tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Unless the context requires otherwise or except as otherwise expressly provided herein, (a) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (b) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (c) any definition of or reference to any agreement, instrument or other document (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (but disregarding any amendment, supplement or other modification made in breach of this Agreement), (d) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws) and (e) “inability to pay its debts” includes the Irish Subsidiary Borrower being unable to pay its debts within the meaning of Section 509 of the Irish Companies Act and/or Section 570 of the Irish Companies Act (excluding, for the avoidance of doubt, any deemed inability to pay debts as they fall due under Section 509(3)(b) of the Irish Companies Act).

SECTION 1.04. Accounting Terms; GAAP; Pro Forma Calculations. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature used herein shall be construed in accordance with GAAP; provided that if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding the foregoing, for purposes of this Agreement all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (i) any change as a result of the adoption of any of the provisions set forth in the *Accounting Standards Update 2016-02, Leases (Topic 842)*, issued by the Financial Accounting Standards Board in February 2016, or any other amendments to the Accounting

Standards Codifications issued by the Financial Accounting Standards Board in connection therewith, in each case if such change would require the recognition of right-of-use assets and lease liabilities for leases or similar agreements that would not be classified as capital leases under GAAP as in effect prior to January 1, 2019, (ii) any election under *Accounting Standards Codification 825, Financial Instruments*, or any successor thereto (including pursuant to the Accounting Standards Codification), to value any Debt or other indebtedness of the Company or any of its Subsidiaries at “fair value”, as defined therein, (iii) any treatment of indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such indebtedness in a reduced or bifurcated manner as described therein, and such indebtedness shall at all times be valued at the full stated principal amount thereof, or (iv) any valuation of Debt or other indebtedness below its full stated principal amount as a result of the application of *Accounting Standards Update 2015-03, Interest*, issued by the Financial Accounting Standards Board, it being agreed that Debt and other indebtedness shall at all times be valued at the full stated principal amount thereof.

(b) All pro forma computations required to be made hereunder giving effect to any Material Acquisition or Material Disposition shall be calculated after giving pro forma effect thereto (and to other transactions, including the repayment or incurrence of Debt, related thereto) as if such transactions had occurred on the first day of the applicable Test Period and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Debt, all in accordance with Article 11 of Regulation S-X under the Securities Act. If any Debt bears a floating rate of interest and is being given pro forma effect, the interest on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedge Agreement applicable to such Debt if such Hedge Agreement has a remaining term in excess of 12 months). Notwithstanding anything to the contrary in this Agreement or any classification under GAAP as “discontinued operations” of any Person, business, assets or operations in respect of which a definitive agreement for the disposition thereof has been entered into, no pro forma effect shall be given to any such discontinued operations (and the Consolidated EBITDA attributable to any such Person, business, assets or operations shall not be excluded for any purposes hereunder) until such disposition shall have been consummated.

SECTION 1.05. Interest Rates; LIBOR or EURIBOR Notification. The interest rate on Loans denominated in US Dollars or an Alternative Currency may be derived from an interest rate benchmark that is, or may in the future become, the subject of regulatory reform. Regulators have signaled the need to use alternative benchmark reference rates for some of these interest rate benchmarks and, as a result, such interest rate benchmarks may cease to comply with applicable laws and regulations, may be permanently discontinued, and/or the basis on which they are calculated may change. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the “IBA”) for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer

be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on LIBOR Loans. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. Upon the occurrence of a Benchmark Transition Event or an Early Opt-In Election, Section 2.17(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or the "EURIBO Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof (including (a) any such alternative, successor or replacement rate implemented pursuant to Section 2.17(b), whether upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, and (b) the implementation of any Benchmark Replacement Conforming Changes pursuant to Section 2.17(b)), including whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the LIBO Rate or have the same volume or liquidity as did the applicable Screen Rate prior to its discontinuance or unavailability.

SECTION 1.06. Divisions. For all purposes under this Agreement, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its equity interests at such time.

SECTION 1.07. Effectuation of the Transactions. Notwithstanding anything herein to the contrary, on the Availability Date, all the representations and warranties of the Borrowers contained in this Agreement shall be deemed made after giving effect to the Carrier Distribution and the other Transactions.

SECTION 1.08. Currency Translation. The Administrative Agent shall determine the US Dollar Equivalent of any Borrowing denominated in an Alternative Currency as of the date of commencement of the initial Interest Period therefor and as of the date of the commencement of each subsequent Interest Period therefor, in each case using the Exchange Rate for such currency in relation to US Dollars, and each such amount shall be the US Dollar Equivalent of such Borrowing until the next required calculation thereof pursuant to this sentence. The Administrative Agent shall notify the Company and the Lenders of each determination of the US Dollar Equivalent of each Borrowing denominated in an Alternative Currency.

For purposes of any determination under Sections 5.02(a), 5.02(c) and 6.01(i), all amounts incurred, outstanding or proposed to be incurred or outstanding in currencies other than US Dollars shall be translated into US Dollars at the Exchange Rate in effect on the date of such determination; provided that no Default or Event of Default shall arise as a result of any limitation set forth in US Dollars in Sections 5.02(a) or 5.02(c) being exceeded solely as a result of changes in the exchange rate from those rates applicable at the time or times Debt, Liens or Sale and Leaseback Transactions were initially consummated in reliance on the exceptions under such Sections. For purposes of Section 5.02(d), and the related definitions, amounts in currencies other

than US Dollars shall be translated into US Dollars at the exchange rate then most recently used in preparing the Company's Consolidated financial statements.

## ARTICLE II

### AMOUNTS AND TERMS OF THE LOANS

SECTION 2.01. Loans. (a) Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Loans in US Dollars or Alternative Currencies to any Borrower from time to time on any Business Day during the Availability Period; provided that, immediately after the making of each Loan, (i) the Aggregate Revolving Credit Exposure will not exceed the Aggregate Commitment and (ii) the Revolving Credit Exposure of any Lender will not exceed such Lender's Commitment. Each Borrowing shall be in an aggregate amount not less than the applicable Borrowing Minimum or an integral multiple of the applicable Borrowing Multiple in excess thereof and shall (except as provided herein) consist of Loans of the same Type and currency made to the same Borrower on the same day by the Lenders ratably according to their respective Commitments. Within the limits of this Section 2.01, the Borrowers may borrow under this Section 2.01, prepay pursuant to Section 2.06(b) or 2.10(b) and reborrow under this Section 2.01.

(b) Subject to Section 2.17, (i) each Borrowing denominated in US Dollars shall be comprised entirely of LIBOR Loans or ABR Loans, in each case, as the applicable Borrower (or, in the case of any Subsidiary Borrower, the Company on its behalf) may elect in accordance herewith, (ii) each Borrowing denominated in Euro shall be comprised entirely of EURIBOR Loans and (iii) each Borrowing denominated in any Alternative Currency other than Euro shall be comprised entirely of LIBOR Loans. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.11, 2.12, 2.14 or 8.04 solely in respect of increased costs or Taxes resulting from such exercise and existing at the time of such exercise (and that would not have been incurred but for such exercise).

SECTION 2.02. Notice of Borrowings. (a) Each Borrowing shall be made on notice by the applicable Borrower (or, in the case of any Subsidiary Borrower, by the Company on its behalf) to the Administrative Agent given not later than (a) 11:00 a.m., Local Time, on the date of the proposed Borrowing if it consists of ABR Loans and (b) 11:00 a.m., Local Time, three Business Days prior to the date of the proposed Borrowing if it consists of Eurocurrency Loans. Each such notice shall be made by delivery to the Administrative Agent of a written Borrowing Request duly completed and executed by an authorized officer of the applicable Borrower (or of the Company, as the case may be), specifying therein (i) the requested date of such Borrowing (which shall be a Business Day), (ii) the Borrower requesting such Borrowing (or on whose behalf the Company is requesting such Borrowing), (iii) Type of Loans comprising such Borrowing, (iv) aggregate amount and currency of such Borrowing, (v) if such Borrowing is comprised of Eurocurrency Loans, the initial Interest Period thereof, which shall be a period contemplated by the definition of the term "Interest Period", (vi) the location and number of the account of the

applicable Borrower to which funds are to be disbursed and (vii) if the requested Borrowing is conditioned on the occurrence of one or more events, such event or events.

(b) Each Borrowing Request shall be revocable by the applicable Borrower (or, in the case of any Subsidiary Borrower, by the Company on its behalf) at any time prior to the making of the Borrowing requested in such Borrowing Request by notice to the Administrative Agent; provided, however, that, if the Administrative Agent receives such notice after the latest time by which the applicable Borrower (or the Company on its behalf) is permitted to give notice of such Borrowing pursuant to this Section 2.02 and if the Administrative Agent has already given notice of such Borrowing to the Lenders, the applicable Borrower shall indemnify each Lender against any loss or expense incurred by such Lender in connection therewith in accordance with Section 2.12.

SECTION 2.03. [Reserved].

SECTION 2.04. Notice to Lenders; Funding of Loans. (a) Upon receipt of a Borrowing Request, the Administrative Agent shall promptly notify each Lender in writing of the contents thereof and of such Lender's share of the requested Borrowing.

(b) Each Lender shall, before 11:00 a.m., Local Time, on the date of each Borrowing comprised of Eurocurrency Loans and before 1:00 p.m., Local Time, on the date of each Borrowing comprised of ABR Loans, make available to the Administrative Agent, in immediately available funds to the account most recently designated by the Administrative Agent for such purpose by written notice to the Lenders, such Lender's portion of such Borrowing in the applicable currency. After the Administrative Agent's receipt of such funds, the Administrative Agent will make such funds so received available to the applicable Borrower by wire transfer or credit in immediately available funds to the applicable Borrower's account specified in the applicable Borrowing Request, no later than 12:00 p.m., Local Time, on the date of each Borrowing comprised of Eurocurrency Loans and no later than 2:00 p.m., Local Time, on the date of each Borrowing comprised of ABR Loans. Promptly after each Borrowing, the Administrative Agent shall record each Loan comprising such Borrowing and the terms related thereto.

(c) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance herewith and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such portion available to the Administrative Agent, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender (or, if such Lender fails to pay such corresponding amount forthwith upon such demand, from the applicable Borrower, which, if such Lender has wrongfully refused to make such corresponding amount available, shall, without limiting any other right of such Borrower against such Lender, in turn be entitled to recover such corresponding amount from such Lender to the extent such Borrower has paid such amount to the Administrative Agent) together with interest thereon, for each day from the date such amount is made available by the Administrative Agent until the date such amount is repaid to the Administrative Agent, at (i) in the case of a

payment to be made by such Lender, (A) if denominated in US Dollars, the greater of (x) the NYFRB Rate and (y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) if denominated in any other currency, the greater of (x) the interest rate reasonably determined by the Administrative Agent to reflect its cost of funds for the amount advanced by such Administrative Agent on behalf of such Lender (which determination shall be conclusive absent manifest error) and (y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of a payment to be made by such Borrower, the interest rate applicable at the time to such Borrowing. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement. The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation hereunder to make its Loan on the date of such Borrowing; provided, however, that the Commitments of the Lenders are several and no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

(d) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

SECTION 2.05. Commitment Fee and Other Fees. (a) Subject to adjustment as provided in Section 2.16, the Company agrees to pay to the Administrative Agent, for the account of each Lender, a fee (a "Commitment Fee") in respect of the period commencing on the Closing Date and ending on the date on which the Commitment of such Lender terminates, which shall accrue at the Applicable Rate on the actual daily Undrawn Commitment of such Lender in effect from time to time. Accrued Commitment Fees shall be payable (i) in arrears quarterly on the last Business Day of March, June, September and December of each year, commencing with June 30, 2020, (ii) on the Commitment Termination Date and (iii) in the event of the termination in whole of the Commitment of any Lender and with respect to such Commitment, on the date of such termination.

(b) The Company agrees to pay to the Administrative Agent, for its own account, each administrative agency fee payable after the Closing Date by UTC as consideration for JPMorgan Chase Bank, N.A.'s agreement to act as Administrative Agent hereunder pursuant to the fee letter entered into between UTC and the Administrative Agent prior to the Closing Date in connection with the credit facility provided for herein.

SECTION 2.06. Increase in Commitments; Termination or Reduction of Commitments. (a) The Company may, at any time and from time to time after the Availability Date, without any requirement of consent of the Administrative Agent and without any adjustment in the Administrative Agent's fee described in Section 2.05(b), by delivery to the Administrative Agent of an incremental facility agreement substantially in the form of Exhibit H or any other form reasonably satisfactory to the Company and the Administrative Agent (each, an "Incremental Facility Agreement") executed by the Company and one or more Persons that are (i) Lenders or (ii) Eligible Assignees (any such Person being referred to as an "Increasing Lender"), which shall specify the amount of the increase in the Commitment of each Increasing Lender (or, in the case

of any Increasing Lender that is not already a Lender, the amount of the new Commitment extended by such Increasing Lender) and the effective date of such increase (the “Increase Effective Date”); provided that (i) no Lender shall have any obligation to increase its Commitment pursuant to this Section 2.06(a), (ii) after giving effect to any increase in the Commitments pursuant to this Section 2.06(a), the Aggregate Commitment shall not exceed US\$2,500,000,000, (iii) the Company shall have delivered to the Administrative Agent a certificate of the Company, dated the applicable Increase Effective Date and signed by an officer of the Company, to the effect that as of the applicable Increase Effective Date, no Default or Event of Default shall have occurred and be continuing and (iv) if any Increasing Lender is not already a Lender, such Increasing Lender shall be subject to the prior written consent of the Administrative Agent (not to be unreasonably withheld, delayed or conditioned). From and after the Increase Effective Date specified in any Incremental Facility Agreement to which any Increasing Lender that is not already a Lender is a party, such Increasing Lender shall be deemed to be a party to this Agreement and shall be entitled to all rights, benefits and privileges accorded a Lender hereunder and subject to all obligations of a Lender hereunder. The Administrative Agent shall provide to the Lenders a copy of each Incremental Facility Agreement promptly after its receipt thereof. In the event any Loans shall be outstanding on the Increase Effective Date with respect to any increase in the Commitments pursuant to this Section 2.06(a), such Loans shall continue to be outstanding and held by Lenders in the manner held prior to the effectiveness of such increase, but any new Borrowing shall be made by Lenders pursuant to Section 2.01 ratably in accordance with their respective Commitments as in effect after giving effect to such increase.

(b) The Company may, upon at least one Business Day’s notice to the Administrative Agent and with or without cause, (i) terminate in whole or reduce in part the unused portion of the Commitments of all Lenders on a pro rata basis or (ii) terminate in whole or reduce in part the Commitment of any Lender (including any Defaulting Lender) and prepay the corresponding pro rata portion of the outstanding principal amount of any Loans of such Lender, together with accrued interest thereon and all accrued Commitment Fees payable for the account of such Lender (and, if any such Loan is a Eurocurrency Loan and such prepayment is not made on the last day of the applicable Interest Period, any payment required pursuant to Section 2.12); provided that each partial reduction with respect to one or more Lenders shall be in the aggregate amount of at least US\$25,000,000 or an integral multiple of US\$1,000,000 in excess thereof. If the Company terminates in whole the Commitment of any Lender as permitted by this Agreement at a time when no Loan of such Lender is outstanding hereunder (after giving effect to any prepayment of the Loans of such Lender in connection with such termination), then such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.11, 2.12 and 2.14 (to the extent accrued for periods prior to it ceasing to be a party hereto) and Section 8.04), and its rights and obligations hereunder shall cease, on and after the effective date of such termination.

(c) Unless previously terminated or reduced to zero, the Commitments shall terminate in whole on the Commitment Termination Date.

SECTION 2.07. Repayment of Loans. Each Borrower shall repay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan owing by such Borrower to such Lender on the Scheduled Maturity Date.

SECTION 2.08. Interest on Loans. Each Borrower shall pay interest on the unpaid principal amount of each Loan owing by such Borrower to the Administrative Agent for the account of each Lender, from the date of such Loan until such principal amount shall be paid in full, at the interest rate borne by such Loan from time to time. The Loans included in any Borrowing shall bear interest based upon its Type, as specified initially in the Borrowing Request relating thereto and thereafter, as provided in Section 2.09, as follows:

(a) ABR Loans. Each ABR Loan shall bear interest at a rate per annum equal at all times to the sum of the Alternate Base Rate in effect from time to time plus the Applicable Rate, payable on the last day of March, June, September and December of each year, on the Commitment Termination Date and, after the Commitment Termination Date, on any date the principal of such ABR Loan is prepaid or paid.

(b) LIBOR Loans. Each LIBOR Loan shall bear interest during any Interest Period applicable thereto at a rate per annum equal at all times during such Interest Period to the sum of the Adjusted LIBO Rate (in the case of LIBOR Loans denominated in US Dollars) or the LIBO Rate (in the case of LIBOR Loans denominated in Alternative Currencies) for such Interest Period plus the Applicable Rate, payable on the last day of the Interest Period for such Loan, at intervals of three months from the first day thereof in the case of Interest Periods in excess of three months and, in any event, on the date the principal of such LIBOR Loan is prepaid or paid.

(c) EURIBOR Loans. Each EURIBOR Loan shall bear interest during any Interest Period applicable thereto at a rate per annum equal at all times during such Interest Period to the sum of the EURIBO Rate for such Interest Period plus the Applicable Rate, payable on the last day of the Interest Period for such Loan, at intervals of three months from the first day thereof in the case of Interest Periods in excess of three months and, in any event, on the date the principal of such EURIBOR Loan is prepaid or paid.

(d) [Reserved].

(e) Interest on Overdue Principal. Any amount of principal of any Loan that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to 1% per annum plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section 2.08.

SECTION 2.09. Conversion and Subsequent Interest Period Elections for Loans. (a) Each Borrower may, upon written notice to the Administrative Agent:

(i) elect, in the case of a Borrowing made to such Borrower consisting of ABR Loans, to convert such Borrowing (or to convert any part thereof in an amount not less than the applicable Conversion Minimum or an integral multiple of the applicable Conversion Multiple in excess thereof) into a Borrowing consisting of LIBOR Loans as of any Business Day;

(ii) elect, in the case of a Borrowing made to such Borrower consisting of LIBOR Loans denominated in US Dollars, to convert such Borrowing to a Borrowing

consisting of ABR Loans (or to convert any part thereof in an amount not less than the applicable Conversion Minimum or an integral multiple of the applicable Conversion Multiple in excess thereof), effective on the last day of the then current Interest Period applicable thereto; or

(iii) elect, in the case of a Borrowing made to such Borrower consisting of (x) LIBOR Loans denominated in any currency or (y) EURIBOR Loans, to continue such Borrowing as a Borrowing consisting of LIBOR Loans denominated in such currency or EURIBOR Loans, respectively (or to continue any part thereof in an amount not less than the applicable Conversion Minimum or an integral multiple of the applicable Conversion Multiple in excess thereof), in each case effective on the last day of the then current Interest Period applicable thereto;

provided that (A) if at any time the aggregate amount of LIBOR Loans denominated in US Dollars in respect of any Borrowing is reduced, by prepayment or conversion of part thereof, to be less than US\$10,000,000, then such Borrowing of LIBOR Loans shall automatically convert into a Borrowing of ABR Loans as of the end of the Interest Period applicable thereto, (B) after giving effect to any conversion or continuation of Loans (including any part thereof) described in clauses (i), (ii) and (iii) above, there shall not be more than 10 (or such greater number as may be agreed to by the Administrative Agent) different Interest Periods applicable to outstanding Borrowings consisting of Eurocurrency Loans and (C) each conversion and continuation of any Borrowing (including of any part thereof) described in clauses (i), (ii) and (iii) above shall be made ratably according to the outstanding principal amount of the Loans that are to be converted or continued (in whole or in part) held by each Lender immediately prior to giving effect to such conversion or continuation.

(b) To effect a conversion or continuation, the applicable Borrower (or, in the case of any Subsidiary Borrower, the Company on its behalf) shall deliver to the Administrative Agent a written Interest Election Request, duly completed and executed by an authorized officer of the applicable Borrower (or of the Company, as the case may be), not later than 11:00 a.m., Local Time, (i) at least three Business Days in advance of the effective date thereof, if the Borrowing described therein is to be converted into or continued as a LIBOR Borrowing or continued as a EURIBOR Borrowing and (ii) on the effective date thereof, if the Borrowing described therein is to be converted into an ABR Borrowing, specifying:

(A) the Borrowing to which such proposed conversion or continuation applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (C) and (D) below shall be specified for each resulting Borrowing);

(B) the proposed effective date of the conversion or continuation (which shall be a Business Day);

(C) the Type(s) of Borrowing resulting from the proposed conversion or continuation; and

(D) for a Borrowing converted into or continued as a Eurocurrency Borrowing, the duration of the next requested Interest Period to be applicable thereto after giving effect to such conversion or continuation, as the case may be, which shall be a period contemplated by the definition of the term "Interest Period".

(c) Each Interest Election Request shall be revocable by the applicable Borrower (or, in the case of any Subsidiary Borrower, by the Company on its behalf) at any time prior to the effective date of the conversion or continuation specified in such Interest Election Request by notice to the Administrative Agent; provided, however, that in the event that the Borrowing specified in such Interest Election Request is to be converted into or continued as a Eurocurrency Borrowing, if the Administrative Agent receives such notice of revocation after the latest time by which the applicable Borrower (or the Company on its behalf) is permitted to give an Interest Election Request with respect to such Borrowing pursuant to Section 2.09(b) and if the Administrative Agent has already given notice of such conversion or continuation to the Lenders, the applicable Borrower shall indemnify each Lender against any loss or expense incurred by such Lender in connection therewith in accordance with Section 2.12.

(d) If upon the expiration of any Interest Period applicable to a Eurocurrency Borrowing, neither the applicable Borrower nor, in the case of any Subsidiary Borrower, the Company on its behalf has timely delivered an Interest Election Request with respect to such Eurocurrency Borrowing, such Borrower shall be deemed to have elected to continue such Eurocurrency Borrowing as a Eurocurrency Borrowing of the same Type with an Interest Period of one month effective as of the expiration date of such Interest Period.

(e) The Administrative Agent will promptly notify each Lender of its receipt of an Interest Election Request or, if no timely notice is provided by the applicable Borrower (or, in the case of any Subsidiary Borrower, the Company on its behalf), the Administrative Agent will promptly notify each Lender of the details of any automatic continuation. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans held by each Lender comprising the Borrowing with respect to which the applicable Interest Election Request was given.

SECTION 2.10. Prepayments of Loans. (a) No Borrower shall have the right to prepay any principal amount of any Loans other than as provided in this Section 2.10 or in Section 2.06(b).

(b) Any Borrower, may, upon notice to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment (and, if such notice is given, such Borrower shall), prepay, in whole or in part, the outstanding principal amounts of the Loans comprising part of the same Borrowing made to such Borrower.

(c) If, on any date, the Aggregate Revolving Credit Exposure shall exceed an amount equal to 110% of the Aggregate Commitment, the Administrative Agent shall notify the Company of such excess and one or more Borrowers (as determined by the Company) shall, as soon as practicable and in any event within five Business Days, prepay Loans owing by such Borrowers in an aggregate amount equal to the amount necessary to eliminate such excess.

(d) The applicable Borrower (or, in the case of any Subsidiary Borrower, the Company on its behalf) shall notify the Administrative Agent in writing of any prepayment of a Borrowing hereunder (i) no later than 11:00 a.m., New York City time, on the Business Day on which ABR Loans are to be prepaid and (ii) no later than 11:00 a.m., New York City time, one Business Day prior to the date on which Eurocurrency Loans are to be prepaid, which notice shall specify the prepayment date, the Borrowing or Borrowings to be prepaid and the principal amount of each such Borrowing or portion thereof to be prepaid. Any partial prepayment of a Borrowing shall be in an aggregate principal amount of not less than the applicable Prepayment Minimum or an integral multiple of the Prepayment Multiple in excess thereof. In the event of any such prepayment of a Eurocurrency Loan, the applicable Borrower shall be obligated to reimburse the Lenders in respect thereof to the extent specified in Section 2.12. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.08.

SECTION 2.11. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate);

(ii) impose on any Lender or the Relevant Interbank Market any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurocurrency Loans made by such Lender; or

(iii) subject any Lender to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then, from time to time upon written request of such Lender to the Company, the Company will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs or expenses incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital or liquidity requirements (except any such reserve requirement reflected in the Adjusted LIBO Rate) has had or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitment of or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company would have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy or liquidity), then, from time to time upon written request of such Lender to the Company, the Company will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) If the cost to any Lender of making or maintaining any Loan to a Subsidiary Borrower (or of maintaining its obligation to make any Loan to a Subsidiary Borrower) is increased (or the amount of any sum received or receivable by any Lender is reduced) by an amount deemed in good faith by such Lender to be material by reason of the fact that such Subsidiary Borrower is organized in, or conducts business in, a jurisdiction outside of the United States or the Republic of Ireland, then, from time to time upon written request of such Lender to the applicable Subsidiary Borrower (with a copy to the Administrative Agent and the Company), such Subsidiary Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(d) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company as specified in Section 2.11(a) or 2.11(b) delivered to the Company or as specified in Section 2.11(c) delivered to the applicable Subsidiary Borrower and the Company shall be prima facie evidence of the amount claimed in the absence of manifest error; provided that it is accompanied by a statement in reasonable detail of the calculation on which such amount was based. The Company or the applicable Subsidiary Borrower shall pay such Lender the amount shown as due on any such certificate within 15 days after receipt thereof. If the Company or any Subsidiary Borrower receives any such certificate from a Lender, the Company shall have the right to terminate the commitment of such Lender in accordance with Section 2.06(b) or require such Lender to assign its interest in accordance with Section 2.18(b).

(e) Promptly after any Lender has determined that it will make a request for increased compensation pursuant to this Section 2.11, such Lender shall notify the Company or, in the case of Section 2.11(c), the Company and the applicable Subsidiary Borrower thereof. Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.11 shall not constitute a waiver of such Lender's right to demand such compensation; provided that (i) the Company shall not be required to compensate a Lender pursuant to Section 2.11(a) or 2.11(b) for any increased costs or expenses incurred or reductions suffered more than 180 days prior to the date that such Lender notifies the Company of the Change in Law giving rise to such increased costs or expenses or reductions and of such Lender's intention to claim compensation therefor; provided that, if the Change in Law giving rise to such increased costs or expenses or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof and (ii) no Subsidiary Borrower shall be required to compensate a Lender pursuant to Section 2.11(c) for any increased costs or expenses incurred or reductions suffered as to which such Lender became aware and failed to notify such Subsidiary Borrower promptly if and to the extent that prompt notice could have avoided or lessened payment by such Subsidiary Borrower under such Section.

(f) If any Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any amount (i) as to which it has been indemnified by the Company or any Subsidiary Borrower or (ii) which has been paid to such Lender by the Company or any Subsidiary Borrower, in each case pursuant to this Section 2.11, it shall pay over such refund to the Company or such Subsidiary Borrower (but only to the extent of payments made by the Company or such Subsidiary Borrower under this Section 2.11 with respect to the events giving rise to such refund), net of all reasonable out-of-pocket expenses of such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such

refund); provided that the Company or such Subsidiary Borrower agrees, upon the written request of such Lender to the Company and, if applicable, such Subsidiary Borrower, to repay the amount paid over to the Company or such Subsidiary Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require any Lender to make available its accounting records (or any other information which it deems confidential) to the Company, any Subsidiary Borrower or any other Person.

SECTION 2.12. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or a Subsidiary Borrower Termination Event or pursuant to Section 2.06(b)), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert or continue any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (whether or not such notice may be revoked in accordance with the terms hereof), (d) the failure to prepay any Eurocurrency Loan on a date specified therefor in any notice of prepayment delivered pursuant hereto (whether or not such notice may be revoked in accordance with the terms hereof) or (e) the assignment (other than as a result of a default by the applicable Lender in the performance of its agreements set forth herein) of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.18(b), then, in any such event, the applicable Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred at the Adjusted LIBO Rate, the LIBO Rate or the EURIBO Rate, as the case may be, that would have been applicable to such Loan (but not including the Applicable Rate applicable thereto), for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the applicable currency of a comparable amount and period from other banks in the Relevant Interbank Market. A certificate of any Lender delivered to the Company and setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.12 shall be prima facie evidence of such amount; provided that it is accompanied by a statement in reasonable detail of the calculation on which such amount was based. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.13. Payments and Computations. (a) Each Borrower shall make each payment required to be made by it hereunder not later than 12:00 noon, Local Time, on the day when due, in each case without setoff or counterclaim, to the Administrative Agent in immediately available funds at the account most recently designated by the Administrative Agent for such purpose by written notice to the Company. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or Commitment Fees ratably (other than amounts payable pursuant to Section 2.06(b)) to the Lenders, subject to Section 2.16, and like funds relating to the payment of any other amount payable to the

Administrative Agent for the account of any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement. All payments hereunder of principal or interest in respect of any Loan shall be made in the currency of such Loan; all other payments hereunder shall be made in US Dollars. Any payment by any Borrower credited in the required funds to the Administrative Agent at its account most recently designated by the Administrative Agent for such purpose by written notice to the Company shall discharge the obligation of such Borrower to make such payment at the time such credit is so effected, irrespective of the time of any distribution of such payment by the Administrative Agent to any Lender.

(b) All computations of interest based on the Alternate Base Rate (if the Alternate Base Rate is based on the Prime Rate) or the LIBO Rate (in the case of Borrowings denominated in Sterling) and all computations of Commitment Fees shall, in each case, be made by the Administrative Agent on the basis of a year of 365 or, other than in the case of Borrowings denominated in Sterling, 366 days, as the case may be, and all other computations of interest hereunder shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or any Commitment Fee, as the case may be.

(d) Unless the Administrative Agent shall have received notice from the applicable Borrower (or, in the case of any Subsidiary Borrower, the Company on its behalf) prior to the date on which any payment is due to the Lenders hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the applicable Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the greater of (i) if denominated in US Dollars, the greater of (A) the NYFRB Rate and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) if denominated in any other currency, the greater of (A) the interest rate reasonably determined by the Administrative Agent to reflect its cost of funds for the amount distributed by the Administrative Agent to such Lender (which determination shall be conclusive absent manifest error) and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

SECTION 2.14. Taxes. (a) Payments Free of Taxes. Any and all payments by or on account of any obligation of a Borrower under this Agreement shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as

determined in the good faith discretion of the applicable Borrower or an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by such Borrower or such withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by such Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.14) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrowers. The applicable Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law or, at the option of the Administrative Agent, timely reimburse it for Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by any Borrower to a Governmental Authority pursuant to this Section 2.14, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrowers. The applicable Borrower shall indemnify each applicable Recipient, within 20 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.14) payable or paid by such Recipient or required to be withheld or deducted from a payment by such Borrower to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the applicable Borrower(s) have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of such Borrower(s) to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 8.06(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with this Agreement, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Each Lender shall severally indemnify each applicable Borrower for any Taxes paid or payable by such Borrower (and not deducted or withheld by such Borrower from any payment otherwise due hereunder to such Lender) as a result of the failure of such Lender to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender to the Company pursuant to Section 2.14(f), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A

certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent and the applicable Borrower(s) to set off and apply any and all amounts at any time owing by the Administrative Agent or such Borrower(s) (as applicable) to such Lender under this Agreement or otherwise payable by the Administrative Agent or such Borrower(s) (as applicable) to the Lender from any other source against any amount due to the Administrative Agent or the Borrower(s) (as applicable) under this paragraph.

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under this Agreement shall deliver to the Company and the Administrative Agent, at the time or times prescribed by applicable law or reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent as will enable the applicable Borrower(s) or the Administrative Agent to determine whether or not such Lender is subject to any withholding (including backup withholding) or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.14(f)(ii)(A), 2.14(f)(ii)(B) and 2.14(f)(ii)(D)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, with respect to any U.S. Borrower:

(A) any Lender that is a U.S. Person (or, if such Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, is owned, for U.S. federal income tax purposes, by a U.S. Person) shall deliver to such U.S. Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such U.S. Borrower or the Administrative Agent), duly completed and executed originals of IRS Form W-9 certifying that such Lender (or such U.S. Person, as applicable) is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such U.S. Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such U.S. Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender (or, if a Foreign Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, such owner) entitled to the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under this Agreement, duly completed and executed originals of IRS Form W-8BEN or W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under this Agreement, duly completed and executed originals of IRS Form W-8BEN or W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) duly completed and executed originals of IRS Form W-8ECI with respect to such Foreign Lender (or, if a Foreign Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, such owner);

(3) in the case of a Foreign Lender (or, if a Foreign Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, such owner) entitled to the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a duly completed and executed certificate substantially in the form of Exhibit G-1 to the effect that such Foreign Lender (or such owner, as applicable) is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of such U.S. Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) duly completed and executed originals of IRS Form W-8BEN or W-8BEN-E, as applicable; or

(4) to the extent a Foreign Lender (or, if a Foreign Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, such owner) is not the beneficial owner, duly completed and executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable (and including any other information required to be provided by IRS Form W-8IMY); provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such direct or indirect partner;

(C) any Lender (or, if such Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, the Person treated as its owner for U.S. federal income tax purposes) shall, to the extent it is legally entitled to do so, deliver to such U.S. Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such U.S. Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit such U.S. Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under this Agreement would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to such U.S. Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by such U.S. Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by such U.S. Borrower or the Administrative Agent as may be necessary for such U.S. Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Without limiting the generality of the foregoing, with respect to any Irish Subsidiary Borrower, or any other Borrower that is resident in Ireland for the purposes of tax:

(A) each Lender represents and warrants that it is an Irish Qualifying Lender at the date of this Agreement or at the date that it becomes a party to this Agreement, as applicable, and that it undertakes to notify the relevant Borrower in the event that it becomes aware that it has ceased to be an Irish Qualifying Lender; and

(B) any Lender, following a request from such Borrower, shall (i) provide details of its name, address and country of tax residence to such Borrower to enable it to comply with its reporting obligations under section 891A of the TCA, and (ii) provide such Borrower with any correct, complete and accurate information that may be required for such Borrower to comply with its obligations under section 891E of the TCA and all regulations made pursuant to that section.

Upon the reasonable request of the Company or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.14(f). Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) (x) update such form or certification or (y) notify the Company and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund or credit of any Taxes as to which it has been indemnified pursuant to this Section 2.14 (including by the payment of additional amounts pursuant to this Section 2.14), it shall pay to the indemnifying party an amount equal to such refund or credit (but only to the extent of indemnity payments made under this Section 2.14 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to

this paragraph (plus any penalties, interest (but solely with respect to the period during which the indemnifying party held such refund) or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph, in no event will any indemnified party be required to pay any amount to any indemnifying party pursuant to this paragraph the payment of which would place such indemnified party in a less favorable net after-Tax position than such indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Value Added Tax. (i) All amounts set out or expressed in this Agreement to be payable by any party to any Recipient that (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT that is chargeable on such supply or supplies, and accordingly, subject to paragraph (h)(ii) below, if VAT is or becomes chargeable on any supply made by any Recipient to any party under this Agreement, such party shall pay to such Recipient (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of such VAT (and such Recipient shall promptly provide an appropriate VAT invoice to such party), unless the VAT reverse charge mechanism is applicable.

(ii) If VAT is or becomes chargeable on any supply made by any Recipient (the "VAT Supplier") to any other Recipient (the "VAT Recipient") under this Agreement, and any party other than the VAT Recipient (the "Subject Party") is required by the terms of this Agreement to pay an amount equal to the consideration for such supply to the VAT Supplier (rather than being required to reimburse the VAT Recipient in respect of that consideration), such party shall also pay to the VAT Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. The VAT Recipient will promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the VAT Recipient from the relevant tax authority which the VAT Recipient reasonably determines is in respect of such VAT.

(iii) Where this Agreement requires any party to reimburse or indemnify a Recipient for any cost or expense, that party shall reimburse or indemnify (as the case may be) such Recipient for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Recipient reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(i) Survival. Each party's obligations under this Section 2.14 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under this Agreement.

(j) Defined Terms. For purposes of this Section 2.14, the term "applicable law" includes FATCA.

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off or otherwise) on account of the principal of or interest on any of the Loans made by it in excess of its ratable share of payments on account of the principal of and accrued interest on the Loans obtained by the other Lenders, such Lender shall forthwith purchase for cash at par from the other Lenders such participations in the Loans owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that (a) if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each selling Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery, without interest, and (b) the provisions of this Section 2.15 shall not be construed to apply to any payment made by or on behalf of any Borrower pursuant to and in accordance with the express terms of this Agreement (for the avoidance of doubt, as in effect from time to time), including Section 2.06(b), or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Company or any Subsidiary or Affiliate thereof (as to which the provisions of this Section 2.15 shall apply). Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation.

SECTION 2.16. Defaulting Lenders. (a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender:

(i) Waivers and Amendments. The Undrawn Commitment and Revolving Credit Exposure of each Defaulting Lender shall be disregarded in determining whether the Required Lenders or any other requisite Lenders shall have taken or may take any action hereunder (including any consent to any waiver, amendment or other modification pursuant to Section 8.01); provided that any waiver, amendment or other modification that requires the consent of all Lenders or of all Lenders affected thereby shall, except as provided in Section 8.01, require the consent of such Defaulting Lender in accordance with the terms hereof.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of any Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VI or otherwise) shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Company may request (so long as no Default or Event of Default has occurred and is continuing), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, or to reimburse the Company for any amounts paid by it in satisfaction of such Defaulting Lender's liabilities under this Agreement in connection with a written agreement between the Company and an assignee of such Defaulting Lender's interests, rights and obligations in accordance with Section 2.18(b); *third*, if so determined by the Administrative Agent and the Company, to

be held in a non-interest bearing deposit account and released in order to satisfy future obligations of such Defaulting Lender to fund Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default has occurred and is continuing, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share and (y) such Loans were made at a time when the conditions set forth in Section 3.03 were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by such Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. Commitment Fees shall cease to accrue on the Undrawn Commitment of such Defaulting Lender for any period during which such Lender is a Defaulting Lender, and such Defaulting Lender shall not be entitled to receive such Commitment Fees.

(b) Defaulting Lender Cure. If the Company and the Administrative Agent agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, such Defaulting Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans to be held on a pro rata basis by the Lenders in accordance with their respective Commitments, whereupon such Defaulting Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while that Lender was a Defaulting Lender; provided, further, that all amendments, waivers or other modifications effected without its consent in accordance with the provisions of Section 8.01 and this Section 2.16 during such period shall be binding on it; and provided further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

SECTION 2.17. Alternate Rate of Interest. (a) If prior to the commencement of any Interest Period for a Eurocurrency Borrowing of any Type:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the LIBO Rate or the EURIBO Rate, as the case may

be, for the applicable Interest Period (including because the applicable Screen Rate is not available or published on a current basis); provided that no Benchmark Transition Event shall have occurred at such time; or

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate, the LIBO Rate or the EURIBO Rate, as the case may be, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Eurocurrency Borrowing for such Interest Period;

then the Administrative Agent shall give notice (which may be telephonic) thereof to the Company and the Lenders as promptly as practicable thereafter. If such notice is given, until the Administrative Agent notifies the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (A) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing of such Type for such Interest Period shall be ineffective, (B) the affected Eurocurrency Borrowing that was requested to be converted or continued shall (1) if denominated in US Dollars, on the last day of the then current Interest Period applicable thereto, unless repaid, be continued as or converted to an ABR Borrowing or (2) otherwise, from and after the last day of the then current Interest Period applicable thereto, unless repaid, bear interest at a rate equal to the Applicable Rate for Eurocurrency Loans plus a rate that adequately and fairly reflects the weighted average of the cost to each Lender to fund its pro rata share of such Borrowing (from whatever source and using whatever methodologies such Lender may select in its reasonable discretion) (with respect to a Lender, the "COF Rate" and with respect to the weighted average of the COF Rate applicable to each Lender for any Borrowing, the "Average COF Rate"), it being agreed by each Lender that, promptly upon request therefor by the Administrative Agent, such Lender shall notify the Administrative Agent of the COF Rate of such Lender with respect to the applicable Borrowing, and (C) any Borrowing Request for a Eurocurrency Borrowing of such Type for such Interest Period shall (1) in the case of a Borrowing denominated in US Dollars, be treated as a request for an ABR Borrowing or (2) in all other cases, be treated as a request for a Borrowing that bears (and such Borrowing will bear) interest at a rate equal to the Applicable Rate for Eurocurrency Loans plus the Average COF Rate, it being agreed by each Lender that, promptly upon request therefor by the Administrative Agent, such Lender shall notify the Administrative Agent of the COF Rate of such Lender with respect to the applicable Borrowing.

(b) Notwithstanding anything to the contrary herein, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Company may amend this Agreement to replace the LIBO Rate or the EURIBO Rate, as applicable, with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m., New York City time, on the fifth Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Company, so long as the Administrative Agent has not received, by such time, written notice of objection to such proposed amendment from Lenders comprising the Required Lenders; provided that, with respect to any proposed amendment containing any SOFR-Based Rate, the Lenders shall be entitled to object only to the Benchmark Replacement Adjustment contained therein. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Lenders consent to such amendment. No replacement of the LIBO Rate or the EURIBO Rate

with a Benchmark Replacement will occur prior to the applicable Benchmark Transition Start Date.

(i) In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(ii) The Administrative Agent will promptly notify the Company and the Lenders of (A) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, (B) the implementation of any Benchmark Replacement, (C) the effectiveness of any Benchmark Replacement Conforming Changes and (D) the commencement or conclusion of any Benchmark Unavailability Period.

(iii) Upon the Company's receipt of notice of the commencement of a Benchmark Unavailability Period, (A) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing of the applicable Type shall be ineffective, and, on the last day of the then current Interest Period applicable thereto, unless repaid, such Borrowing shall (1) if denominated in US Dollars, be continued as or converted to an ABR Borrowing or (2) otherwise, from and after the last day of the then current Interest Period applicable thereto, unless repaid, bear interest at a rate equal to the Applicable Rate for Eurocurrency Loans plus the Average COF Rate, it being agreed by each Lender that, promptly upon request therefor by the Administrative Agent, such Lender shall notify the Administrative Agent of the COF Rate of such Lender with respect to the applicable Borrowing and (B) any Borrowing Request for a Eurocurrency Borrowing of the applicable Type (1) if denominated in US Dollars, shall be treated as a request for an ABR Borrowing or (2) otherwise, be treated as a request for a Borrowing that bears (and such Borrowing will bear) interest at a rate equal to the Applicable Rate for Eurocurrency Loans plus the Average COF Rate, it being agreed by each Lender that, promptly upon request therefor by the Administrative Agent, such Lender shall notify the Administrative Agent of the COF Rate of such Lender with respect to the applicable Borrowing.

(iv) Any determination, decision or election that may be made by the Administrative Agent or the Lenders pursuant to this Section 2.17, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.17.

SECTION 2.18. Mitigation Obligations; Replacement of Lenders . (a) Each Lender shall (i) if it determines that it is specifically entitled to compensation under Section 2.14, use its reasonable efforts to designate a different lending office, if any, for funding or booking its Loans hereunder or to assign and delegate its rights and obligations hereunder to another of its

offices, branches or Affiliates, if any, if such designation or assignment and delegation would avoid, or minimize the amount of, any payment by the Borrowers of additional amounts under Section 2.14 in respect of such Lender and (ii) if it determines that it is specifically entitled to compensation under Section 2.11, use its reasonable efforts (including using reasonable efforts to designate a different lending office, if any, for funding or booking its Loans hereunder or to assign and delegate its rights and obligations hereunder to another of its offices, branches or Affiliates, if any), but only if it shall not incur any disadvantage as a result thereof, to avoid, or to minimize the amount of, any payment by the Borrowers of additional amounts under Section 2.11 in respect of such Lender.

(b) The Company may, upon notice to the Administrative Agent delivered at any time and with or without cause, require any Lender (including any Defaulting Lender) to assign all of its rights and obligations hereunder in respect of all or a portion of its Commitment and the corresponding pro rata portion of any Loans then owing to such Lender to one or more Transferees. Such Transferee or Transferees shall on the effective date of such assignment (as specified in the Assignment and Assumption with respect thereto) pay to such Lender (i) the accrued Commitment Fee with respect to the assigned portion of such Commitment and (ii) if a Loan is assigned, the principal amount of such Loan so assigned, together with accrued interest thereon. If such assigned Loan is a Eurocurrency Loan, the Company shall be obligated to reimburse such Lender on such effective date if such assignment is not made on the last day of the applicable Interest Period in accordance with Section 2.12. The term “Transferee” means any Eligible Assignee, selected by the Company in its sole discretion, that is willing to undertake all or part of a Lender’s Commitment and to purchase all or part of any Loans under this Section 2.18(b). In each such event, the assigning Lender and the Transferee shall execute and deliver to the Company, for its acceptance, an Assignment and Assumption and the Company shall accept and deliver the same to the Administrative Agent for recording in accordance with Section 8.08. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Assumption, which effective date shall be not less than five Business Days nor more than 10 Business Days after execution and shall be coordinated by the parties thereto with the Administrative Agent to be the same date as the date of such recording, (A) the Transferee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Assumption, have the rights and obligations of a Lender hereunder and (B) the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the remaining portion of an assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.11, 2.12 and 2.14 (to the extent accrued for periods prior to it ceasing to be a party hereto) and Section 8.04)). The provisions of clauses (i), (iv) and (v) of the third proviso to Section 8.06(a) and the provisions of Section 8.07 shall apply to all Assignments and Assumptions executed and delivered pursuant to this Section 2.18(b).

SECTION 2.19. Subsidiary Borrowers. (a) Subsidiary Borrower Designation. The Company may, at any time and from time to time on and after the Availability Date, designate any of its Subsidiaries as a Subsidiary Borrower by delivery to the Administrative Agent of a Subsidiary Borrower Agreement executed by such Subsidiary and the Company. Promptly after

its receipt thereof, the Administrative Agent will provide a copy of such Subsidiary Borrower Agreement to the Lenders. Each such Subsidiary Borrower Agreement shall become effective on the date eight Business Days after it shall have been delivered to the Administrative Agent, provided that (i) the Administrative Agent and each Lender shall have received, at least one Business Day prior to the date of the effectiveness thereof, all documentation and other information required by bank regulatory authorities with respect to such Subsidiary under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation, that has been reasonably requested by the Administrative Agent or such Lender in writing not later than the fifth Business Day after such Subsidiary Borrower Agreement has been delivered to the Administrative Agent and (ii) in the case of a designation of a Foreign Subsidiary, the Administrative Agent shall not have received written notice from any Lender (an “Objecting Lender”) that (A) such Objecting Lender is unable to make Loans or otherwise extend credit to such Foreign Subsidiary due to applicable legal or regulatory restrictions or (B) such Objecting Lender is prevented by its generally applicable internal policies from extending credit to such Foreign Subsidiary (a “Notice of Objection”), in which case such Subsidiary Borrower Agreement shall not become effective unless, within the period of eight Business Days referred to above, (x) such Objecting Lender withdraws such Notice of Objection, (y) such Objecting Lender ceases to be a Lender hereunder, including pursuant to Section 2.06(b) or Section 2.18(b), or (z) a New Tranche is created in accordance with Section 8.01(c). Upon the effectiveness of a Subsidiary Borrower Agreement as provided above, the applicable Subsidiary shall for all purposes of this Agreement be a party hereto and a Subsidiary Borrower hereunder.

(b) Subsidiary Borrowers’ Obligations Several. Each of the Subsidiary Borrowers shall be severally liable for its liabilities and obligations under this Agreement, and no Subsidiary Borrower shall be liable for any Borrowing or any other obligation of any other Borrower under this Agreement. Each Subsidiary Borrower shall be severally liable for all payments of the principal of and interest on Loans to such Subsidiary Borrower, and any other amounts due hereunder that are specifically allocable to such Subsidiary Borrower or the Loans to such Subsidiary Borrower. No Subsidiary Borrower shall be liable for any fees due hereunder, for which the Company shall be exclusively liable.

(c) Designation of Ineligible Subsidiaries. The Company may at any time, and from time to time, by delivery to the Administrative Agent of an Ineligible Subsidiary Designation Notice, designate any Subsidiary Borrower as an Ineligible Subsidiary. Upon such designation, the obligation of each Lender to make Loans to such Subsidiary Borrower shall immediately terminate, and such Ineligible Subsidiary shall no longer be entitled to request or borrow Borrowings hereunder. The designation of a Subsidiary Borrower as an Ineligible Subsidiary shall have no effect on (i) the outstanding Loans, if any, of such Subsidiary Borrower, (ii) the obligations of such Subsidiary Borrower to repay principal of and interest on any outstanding Loans of such Subsidiary Borrower when such amounts become due in accordance with this Agreement or any other payment obligations of such Subsidiary Borrower under this Agreement or (iii) the right of such Subsidiary Borrower to deliver any Interest Election Request or select any future Interest Periods with respect to outstanding Loans of such Subsidiary Borrower in accordance with this Agreement; provided that at such time as no principal of or interest on any Loan of such Ineligible Subsidiary, and no other amounts payable by such Ineligible Subsidiary, shall be outstanding, such

Ineligible Subsidiary shall cease to be a Subsidiary Borrower and a party to this Agreement. Promptly after its receipt thereof, the Administrative Agent will provide a copy of each Ineligible Subsidiary Designation Notice to the Lenders.

(d) Subsidiary Borrower Termination Events. (i) Each Subsidiary Borrower will furnish to the Administrative Agent, as promptly as possible and in any event within five Business Days after the occurrence of any Subsidiary Borrower Termination Event with respect to such Subsidiary Borrower that is continuing on the date of such statement, the statement of an officer of the Subsidiary Borrower (or of the Company on its behalf) setting forth the details of such Subsidiary Borrower Termination Event and the action that such Subsidiary Borrower proposes to take with respect thereto.

(ii) If a Subsidiary Borrower Termination Event occurs and is continuing with respect to any Subsidiary Borrower, then, and in any such event, the Administrative Agent (A) shall at the request, or may with the consent, of the Required Lenders, by notice to such Subsidiary Borrower and the Company, declare the obligation of each Lender to make Loans to such Subsidiary Borrower terminated, whereupon the same shall forthwith terminate and such Subsidiary Borrower shall no longer be entitled to request or borrow Borrowings hereunder and (B) shall at the request, or may with the consent, of the Required Lenders, by notice to such Subsidiary Borrower and the Company, declare the Loans of such Subsidiary Borrower, all interest thereon and all other amounts payable under this Agreement by such Subsidiary Borrower to be forthwith due and payable, whereupon the Loans of such Subsidiary Borrower, all such interest thereon and all such other amounts payable by such Subsidiary Borrower shall become and be forthwith due and payable by such Subsidiary Borrower, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Subsidiary Borrower; provided, however, that in the case of a Subsidiary Borrower Termination Event specified in clause (c) of the definition of such term, neither the Administrative Agent nor any Lender may declare any Loan of such Subsidiary Borrower to be due and payable unless the Company fails to pay under the Company Guarantee the overdue amount owed by such Subsidiary Borrower within three Business Days after written demand therefor shall have been received by the Company from the Administrative Agent; provided, further, however, that in the case of a Subsidiary Borrower Termination Event specified in clause (a), (b), (f) or (g) of the definition of such term, (1) the obligation of each Lender to make Loans to such Subsidiary Borrower shall automatically terminate and (2) the Loans of such Subsidiary Borrower, all interest thereon and all other amounts payable under this Agreement by such Subsidiary Borrower shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Subsidiary Borrower.

(e) Appointment of Company as Agent. Each Subsidiary Borrower hereby irrevocably appoints the Company as its agent for all purposes of this Agreement, including (i) the giving and receipt of notices (including any Borrowing Request or any Interest Election Request) and (ii) the execution and delivery of all documents, instruments and certificates contemplated herein. Each Subsidiary Borrower hereby acknowledges that any amendment, waiver or other modification to this Agreement or any other Loan Document may be effected as set forth in Section 8.01, that no consent of such Subsidiary Borrower shall be required to effect any such amendment,

waiver or other modification and that such Subsidiary Borrower shall be bound by this Agreement or such other Loan Document as so amended, waived or otherwise modified.

### ARTICLE III

#### CONDITIONS OF LENDING

SECTION 3.01. Closing Date. The obligations of the Lenders to make Loans shall not become effective until the first date on which each of the following conditions shall be satisfied (or such condition shall have been waived in accordance with Section 8.01):

(a) The Administrative Agent shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) evidence satisfactory to the Administrative Agent (which may include a facsimile or electronic transmission of a signed counterpart of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received (i) an officer's certificate of each of the Company and the Irish Subsidiary Borrower, dated the Closing Date and signed by the Secretary or Assistant Secretary of such Person (or, in the case of the Irish Subsidiary Borrower, an appropriate substitute therefor under the applicable law of the jurisdiction of organization of the Irish Subsidiary Borrower), in form and substance reasonably satisfactory to the Administrative Agent and substantially consistent with UTC's past practice, together with all attachments contemplated thereby, and (ii) a certificate of the Company, dated the Closing Date and signed by an officer of the Company, confirming, as of the Closing Date, that (A) the representations and warranties contained in Article IV are true and correct (x) in the case of the representations and warranties qualified by materiality or Material Adverse Effect in the text thereof, in all respects and (y) in the case of the representations and warranties other than those referenced in the foregoing clause (x), in all material respects and (B) no Default or Event of Default has occurred and is continuing.

(c) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Closing Date) of the general counsel, in-house counsel and/or outside counsel of each of UTC and the Irish Subsidiary Borrower, in each case in form and substance reasonably satisfactory to the Administrative Agent and substantially consistent with UTC's past practice.

(d) The Lenders shall have received the Carrier Form 10 (including the information statement and the other exhibits contemplated thereby, in each case, in the form and to the extent so filed) in the form most recently filed (whether or not publicly) with the SEC prior to the Closing Date, provided that (i) if the Carrier Form 10 shall not have been publicly filed with the SEC prior to the Closing Date, then the Company shall deliver to the Administrative Agent a certificate of the Company, dated as of the Closing Date and signed by an officer of the Company, confirming that the Company has delivered to the Administrative Agent the Carrier Form 10 most recently filed with the SEC prior to the Closing Date and (ii) if the Carrier Form 10 shall have been publicly filed with the SEC prior to the Closing Date, the Carrier Form 10, in the form most recently publicly filed with the SEC prior to the Closing Date, shall be deemed to have been

delivered to the Lenders for purposes of this clause (d) and the condition specified in this Section 3.01(d) shall be deemed to be satisfied.

(e) The Administrative Agent shall have received all fees due and payable on or prior to the Closing Date, and, to the extent invoiced at least three Business Days prior to the Closing Date, other amounts due and payable on or prior to the Closing Date (including reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP) required to be paid or reimbursed by the Company or UTC pursuant to any commitment letter or fee letter entered into in connection with the credit facility provided for herein.

(f) The Administrative Agent and the Lenders shall have received all documentation and other information required by bank regulatory authorities with respect to the Company and the Irish Subsidiary Borrower under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation, that has been reasonably requested by the Administrative Agent or any Lender in writing at least 10 Business Days prior to the Closing Date.

Without limiting the generality of the provisions of Article VII, for purposes of determining compliance with the conditions specified in this Section 3.01, each Lender, by becoming a party to this Agreement, shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the date hereof specifying its objection thereto.

SECTION 3.02. Conditions Precedent to Availability. The obligation of each Lender to make its initial Loan shall be subject to the occurrence of the Closing Date and the satisfaction (or waiver in accordance with Section 8.01) of the following conditions; provided that the obligations of the Lenders to make Loans are subject to the satisfaction (or waiver in accordance with Section 8.01) of each of the conditions set forth in Sections 3.03 and, if applicable, 3.04.

(a) The Carrier Distribution Condition shall have been, or substantially concurrently with the occurrence of the Availability Date shall be, satisfied.

(b) The Administrative Agent shall have received a certificate of the Company, dated the Availability Date and signed by an officer of the Company, confirming, as of the Availability Date, that (i) the condition set forth in Section 3.02(a) has been satisfied, (ii) the representations and warranties contained in Section 4.01 (other than Sections 4.01(e)(ii) and 4.01(f)) are true and correct (x) in the case of the representations and warranties qualified by materiality or Material Adverse Effect in the text thereof, in all respects and (y) in the case of the representations and warranties other than those referenced in the foregoing clause (x), in all material respects, and (iii) no Default or Event of Default has occurred and is continuing.

(c) The UTC 2019 Credit Agreements Refinancing shall have been, or substantially concurrently with the occurrence of the Availability Date shall be, consummated.

(d) The Administrative Agent shall have received all fees due and payable on or prior to the Availability Date, and, to the extent invoiced at least 10 Business Days prior to the Availability Date, all expenses due and payable on or prior to the Availability Date (including reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP) required to be paid or reimbursed by the Company.

SECTION 3.03. Conditions Precedent to Each Borrowing. The obligation of each Lender to make a Loan on the occasion of each Borrowing (other than any conversion or continuation of a Loan) shall be subject to receipt by the Administrative Agent of a Borrowing Request with respect thereto in accordance with Section 2.02, and to the satisfaction (or waiver in accordance with Section 8.01) of the following conditions:

(a) (i) The representations and warranties contained in Section 4.01 (other than Sections 4.01(e)(ii) and 4.01(f)) shall be true and correct and (ii) in the case of a Borrowing by a Subsidiary Borrower, the representations and warranties contained in Section 4.02 with respect to such Subsidiary Borrower shall be true and correct, in each case, (x) in the case of the representations and warranties qualified by materiality or Material Adverse Effect in the text thereof, in all respects and (y) in the case of the representations and warranties other than those referenced in the foregoing clause (x), in all material respects, in each case on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date.

(b) (i) No Default or Event of Default has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom and (ii) in the case of a Borrowing by a Subsidiary Borrower, no Subsidiary Borrower Termination Event (or any event that, with the giving of notice or the passage of time or both, would constitute a Subsidiary Borrower Termination Event) with respect to such Subsidiary Borrower has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom.

Each Borrowing (other than any conversion or continuation of any Loan) shall constitute a representation and warranty made by the Company on the date thereof that the conditions specified in clauses (a)(i) and (b)(i) above have been satisfied, and each Borrowing (other than any conversion or continuation of any Loan) by a Subsidiary Borrower shall constitute a representation and warranty made by such Subsidiary Borrower on the date thereof that the conditions specified in clauses (a)(ii) and (b)(ii) above have been satisfied.

SECTION 3.04. Conditions to Initial Borrowing by Each Designated Subsidiary Borrower. The obligations of the Lenders to make Loans to any Subsidiary Borrower designated as such pursuant to Section 2.19 shall not become effective until the first date on which each of the following additional conditions shall be satisfied (or waived in accordance with Section 8.01):

(a) The Administrative Agent shall have received an officer's certificate of such Subsidiary Borrower, signed by the Secretary or Assistant Secretary of such Subsidiary Borrower (or an appropriate substitute therefor under the applicable law of the jurisdiction of organization of such Subsidiary Borrower), in form and substance reasonably satisfactory to the Administrative Agent, attaching (i) a copy of each organizational document of such Subsidiary

Borrower, (ii) signature and incumbency certificates of the officers of such Subsidiary Borrower executing its Subsidiary Borrower Agreement or any document relating thereto, (iii) resolutions of the Board of Directors or similar governing body of such Subsidiary Borrower (and/or, if applicable, of the shareholders or other authorized Persons of such Subsidiary Borrower, if required under the applicable law of the jurisdiction of organization of such Subsidiary Borrower or its organizational documents) approving and authorizing the execution, delivery and performance by such Subsidiary Borrower of its Subsidiary Borrower Agreement, this Agreement and any documents to be delivered by such Subsidiary Borrower hereunder, certified by such Secretary or Assistant Secretary (or such appropriate substitute therefor) as being in full force and effect without modification or amendment, and (iv) a good standing certificate from the applicable Governmental Authority of the jurisdiction of organization of such Subsidiary Borrower, dated as of a recent date (if applicable and customary under the applicable law of the jurisdiction of organization of such Subsidiary Borrower).

(b) The Administrative Agent shall have received a favorable written opinion of the general counsel, in-house counsel and/or outside counsel of such Subsidiary Borrower, addressed to the Administrative Agent and the Lenders, in form and substance reasonably satisfactory to the Administrative Agent (it being understood that any opinion substantially consistent with the opinion delivered pursuant to Section 3.01(c), with any modifications to reflect requirements under the applicable law of the jurisdiction of organization of such Subsidiary Borrower or its organizational documents shall be reasonably satisfactory to the Administrative Agent).

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Company. The Company represents and warrants, as of the Closing Date, as of the Availability Date and as of each date required by Section 3.03, as follows; provided that, prior to the Availability Date, the only representations and warranties made by the Company shall be the representations and warranties set forth in Sections 4.01(a), 4.01(b), 4.01(c), 4.01(d), 4.01(e)(ii), 4.01(f), 4.01(g), 4.01(j) and 4.01(k) (it being agreed that, in the case of Sections 4.01(e)(ii) and 4.01(f), such representations and warranties will cover the Company and its Subsidiaries after giving pro forma effect to the Transactions):

(a) Organization; Powers. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and in good standing as a foreign corporation in all other jurisdictions in which the conduct of its operations or the ownership of its properties requires such qualification, except where the failure to so qualify would not reasonably be expected to have a Material Adverse Effect. The Company has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under, this Agreement.

(b) Authorization; Absence of Conflicts. The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary

corporate action and do not contravene (i) the Company's certificate of incorporation or by-laws or (ii) except where such contravention would not reasonably be expected to have a Material Adverse Effect, any law or contractual restriction binding on the Company.

(c) Governmental Consents. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body in the United States, or to the Company's knowledge, in any other jurisdiction, is required for the due execution, delivery and performance by the Company of this Agreement, other than routine requirements which, to the Company's knowledge, have (to the extent that compliance is required on or prior to the date hereof) been complied with in all material respects.

(d) Enforceability. This Agreement is a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) Financial Statements; No Material Adverse Effect. (i) The Historical Company Financial Statements present fairly, in all material respects, the combined financial position of the Company and its Subsidiaries as of December 31, 2019 and the combined results of operations and cash flows of the Company and its Subsidiaries for the fiscal year then ended, all in conformity with GAAP. As of the Availability Date, the Pro Forma Company Financial Statements (A) have been prepared by the Company in good faith, based on the assumptions believed by the Company to be reasonable at the time made, and (B) to the knowledge of the Company, present fairly, in all material respects, the pro forma combined financial position and the pro forma combined results of operations of the Company and its Subsidiaries as of the date and for the period specified in the definition of the term "Pro Forma Company Financial Statements" as if the Transactions had occurred on such date or at the beginning of such period, as applicable.

(ii) Since December 31, 2019, there has been no material adverse change in the Consolidated financial condition or the Consolidated results of operations of the Company except as otherwise disclosed in any reports by UTC or the Company, as applicable, on Form 10-K, Form 10-Q or Form 8-K publicly filed or furnished under the Exchange Act prior to the date hereof or in the Draft Carrier Form 10.

(f) Litigation. There is no pending or, to the knowledge of the Company, threatened action or proceeding affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator that would reasonably be expected to have a Material Adverse Effect.

(g) Federal Reserve Regulations. Neither the Company nor any of its Subsidiaries is engaged or will engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation T, U or X of the Board of Governors as now and from time to time hereafter in effect.

(h) ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which such liability is reasonably expected to occur, would reasonably be expected to have a Material Adverse Effect.

(i) Environmental. Except as would not reasonably be expected to have a Material Adverse Effect, the Company and its Subsidiaries (i) are in compliance with Environmental Laws and any permit, license or approval required thereunder and (ii) have not become subject to any Environmental Liability.

(j) Investment Company Status. The Company is not required to register as an “investment company” under the Investment Company Act of 1940, as amended.

(k) Sanctions and Anti-Corruption Laws. (i) The Company has implemented and maintains in effect policies and procedures designed to promote compliance by the Company, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions.

(ii) None of (a) the Company or any of its Subsidiaries or (b) to the knowledge of the Company, any of their respective directors, officers or employees that will act in any capacity in connection with or directly benefit from the use of proceeds of the Loans is a Sanctioned Person.

(iii) No Borrowing or use of proceeds thereof will violate any Anti-Corruption Law or applicable Sanctions.

SECTION 4.02. Representations and Warranties of each Subsidiary Borrower. Each Subsidiary Borrower, severally and not jointly, represents and warrants (x) in the case of the Irish Subsidiary Borrower, as of the Closing Date, and (y) in the case of each Subsidiary Borrower, as of each date required by Section 3.03, as follows:

(a) Organization; Powers. Such Subsidiary Borrower is duly organized, validly existing and, if such qualification exists in the applicable jurisdiction, in good standing under the laws of the jurisdiction of its organization. Such Subsidiary Borrower has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under, this Agreement.

(b) Authorization; Absence of Conflicts. The execution, delivery and performance by such Subsidiary Borrower of this Agreement have been duly authorized by all necessary corporate action and do not contravene (i) such Subsidiary Borrower’s organizational documents or (ii) except where such contravention would not reasonably be expected to have a Material Adverse Effect, any law or contractual restriction binding on such Subsidiary Borrower.

(c) Governmental Consents. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body in the jurisdiction of organization of such Subsidiary Borrower, or to such Subsidiary Borrower’s knowledge, in any other jurisdiction, is required for the due execution, delivery and performance by such Subsidiary Borrower of this Agreement other than routine requirements which, to such Subsidiary Borrower’s

knowledge, have (to the extent that compliance is required on or prior to the date hereof) been complied with in all material respects.

(d) Enforceability. This Agreement is a legal, valid and binding obligation of such Subsidiary Borrower enforceable against such Subsidiary Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

## ARTICLE V

### COVENANTS OF THE COMPANY

SECTION 5.01. Affirmative Covenants. So long as any Loan shall remain unpaid or any Lender shall have any Commitment, the Company (i) from and after the Closing Date and prior to the Availability Date, solely with respect to the covenants set forth in Sections 5.01(a)(vi) and 5.01(b) and (ii) from and after the Availability Date, with respect to each covenant set forth in this Section 5.01, covenants and agrees with the Lenders that:

(a) Financial Statements and Other Information. The Company will furnish to the Administrative Agent, on behalf of the Lenders:

(i) within 90 days after the end of each fiscal year of the Company, the Consolidated balance sheet of the Company and its Consolidated Subsidiaries as of the end of such fiscal year and the Consolidated statements of operations, comprehensive income, changes in equity and cash flows of the Company and its Consolidated Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all audited by and accompanied by the opinion of PricewaterhouseCoopers LLP or other independent registered public accounting firm of recognized national standing to the effect that such Consolidated financial statements present fairly, in all material respects, the Consolidated financial position, results of operations and cash flows of the Company and its Consolidated Subsidiaries as of the end of and for such year, all in conformity with GAAP;

(ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, the Consolidated balance sheet of the Company and its Consolidated Subsidiaries as of the end of such fiscal quarter and the Consolidated statements of operations and comprehensive income of the Company and its Consolidated Subsidiaries for such fiscal quarter and the portion of the fiscal year then ended and the Consolidated statement of cash flows of the Company and its Consolidated Subsidiaries for the portion of the fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding period of periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer of the Company as presenting fairly, in all material respects, the Consolidated financial position, results of operations and cash flows of the Company and its Consolidated Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, all in

conformity with GAAP (subject to normal year-end adjustments and the absence of footnotes);

(iii) concurrently with each delivery of financial statements under Section 5.01(a)(i) or 5.01(a)(ii), a completed Compliance Certificate signed by a Financial Officer of the Company (A) certifying as to whether a Default or an Event of Default has occurred and, if a Default or an Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (B) setting forth reasonably detailed calculations of the ratio set forth in Section 5.02(d);

(iv) promptly after the sending or filing thereof, copies of all such regular, periodic and special reports and all registration statements (except those relating to employee benefit or stock option plans) that the Company or any of its Consolidated Subsidiaries that is an issuer of securities that are registered under Section 12 of the Exchange Act files with the SEC or with any national securities exchange and of all such proxy statements, financial statements and reports as the Company sends to its stockholders;

(v) promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities of the Company pursuant to the terms of any indenture or to the lenders under the 2020 Term Credit Agreement pursuant to the terms thereof and not otherwise required to be furnished pursuant to any other clause of this Section 5.01(a);

(vi) as promptly as possible and in any event within five Business Days after the occurrence of each Default or Event of Default that is continuing on the date of such statement, the statement of the chief financial officer of the Company setting forth details of such Default or Event of Default and the action that the Company proposes to take with respect thereto; and

(vii) such other publicly available information respecting the condition or operations, financial or otherwise, of the Company or any of its Subsidiaries as any Lender may from time to time reasonably request.

Information required to be delivered pursuant to Section 5.01(a)(i), 5.01(a)(ii), 5.01(a)(iv) and 5.01(a)(v) shall be deemed to have been delivered on the date on which such information or one or more annual quarterly reports containing such information have been posted on the “investors relations” portion of the website of the Company as identified to the Administrative Agent from time to time or if made publicly available on the SEC EDGAR system or posted by the Administrative Agent on the Platform. Each Borrower hereby acknowledges that (i) the Administrative Agent and/or the Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, the “Borrower Materials”) by posting the Borrower Materials on the Platform and (ii) certain of the Lenders (each, a “Public Lender”) may have personnel who are Public Side Lender Representatives. Each Borrower hereby agrees that (A) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC”, which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (B) by marking

Borrower Materials “PUBLIC”, the Borrowers shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any MNPI (provided, however, that to the extent such Borrower Materials constitute Information, treatment of such Borrower Materials shall be subject to Section 8.07 in all respects); (C) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Side Information”; and (D) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Side Information”. Notwithstanding the foregoing, no Borrower shall be under any obligation to mark any Borrower Materials “PUBLIC”.

(b) Existence of the Company. The Company will do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided that the foregoing shall not prohibit any merger or consolidation of the Company permitted under Section 5.02(b)(i).

(c) Use of Proceeds. The proceeds of Loans will be used for general corporate purposes of the Borrowers, and no part of the proceeds of any Loans hereunder will be used in a manner that would cause the Loans to be in violation of Regulation U of the Board of Governors.

SECTION 5.02. Negative Covenants. So long as any Loan shall remain unpaid or any Lender shall have any Commitment, the Company (i) from and after the Closing Date and prior to the Availability Date, solely with respect to the covenants set forth in Sections 5.02(b)(i) and 5.02(b)(ii) (in each case, solely with respect to any consolidation of the Company with or merger into any other Person) and (ii) from and after the Availability Date, with respect to each covenant set forth in this Section 5.02, covenants and agrees with the Lenders that:

(a) Liens. The Company will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, create, incur, issue or assume any loans, notes, bonds, debentures or other indebtedness for money borrowed (loans, notes, bonds, debentures or other indebtedness for money borrowed collectively called “Debt”) secured by any pledge of, or mortgage, lien, encumbrance or security interests on (such pledges, mortgages, liens, encumbrances and security interests collectively called “Liens”), any Principal Property owned by the Company or any Wholly-Owned Domestic Manufacturing Subsidiary, and will not itself, and will not permit any Subsidiary to, create, incur, issue or assume any Debt secured by any Lien on any equity interests in or Debt of any Wholly-Owned Domestic Manufacturing Subsidiary, without in any such case effectively providing that the Loans (together with, if the Company shall so determine, any other Debt of the Company then existing or thereafter created which is not subordinate in right of payment to indebtedness hereunder) shall be secured equally and ratably with (or prior to) such secured Debt, so long as such secured Debt shall be so secured, unless, after giving effect thereto, the aggregate principal amount of all such secured Debt then outstanding plus Attributable Debt of the Company and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of Sale and Leaseback Transactions involving Principal Properties entered into after the date hereof (other than such Sale and Leaseback Transactions as are permitted by clause (ii) or (iii) of Section 5.02(c)) would not exceed an amount equal to 10% of Consolidated Net Tangible Assets; provided that for purposes of this Section 5.02(a), any Debt so secured that is created, incurred, issued or assumed by the Company or any Wholly-Owned Domestic

Manufacturing Subsidiary on or after the Closing Date and prior to the Availability Date shall be deemed to have been created, incurred, issued or assumed on the Availability Date; provided, further, that nothing contained in this Section 5.02(a) shall prevent, restrict or apply to, and there shall be excluded from secured Debt in any computation under this Section 5.02(a), Debt secured by:

(i) Liens on any property or assets of the Company or any Subsidiary of the Company (including equity interests or Debt owned by the Company or any Subsidiary of the Company) existing as of the date hereof or set forth on Schedule 5.02(a) hereto;

(ii) Liens on any property or assets of, or on any equity interests in or Debt of, any Person existing at the time such Person becomes a Wholly-Owned Domestic Manufacturing Subsidiary (other than in connection with the Carrier Distribution as determined by the Company in good faith), or arising thereafter (A) otherwise than in connection with the borrowing of money arranged thereafter and (B) pursuant to contractual commitments entered into prior to and not in contemplation of such Person becoming a Wholly-Owned Domestic Manufacturing Subsidiary;

(iii) Liens on any property or assets or equity interests or Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation, but excluding any acquisition (whether through merger or consolidation or otherwise) in connection with the Carrier Distribution as determined by the Company in good faith) or securing the payment of all or any part of the purchase price or construction cost thereof or securing any Debt incurred prior to, at the time of or within 120 days after the acquisition of such property or assets or equity interests or Debt or the completion of any such construction, whichever is later, for the purpose of financing all or any part of the purchase price or construction cost thereof (provided that such Liens are limited to such equity interests or Debt or such other property or assets, improvements thereon and the land upon which such property, assets and improvements are located and any other property or assets not then constituting a Principal Property);

(iv) Liens on any property or assets to secure all or any part of the cost of development, operation, construction, alteration, repair or improvement of all or any part of such property or assets, or to secure Debt incurred prior to, at the time of or within 120 days after the completion of such development, operation, construction, alteration, repair or improvement, whichever is later, for the purpose of financing all or any part of such cost (provided that such Liens are limited to such property or assets, improvements thereon and the land upon which such property, assets and improvements are located and any other property or assets not then constituting a Principal Property);

(v) Liens which secure Debt owing by a Subsidiary of the Company to the Company or to a Wholly-Owned Domestic Manufacturing Subsidiary;

(vi) Liens arising from the assignment of moneys due and to become due under contracts between the Company or any Subsidiary of the Company and the United States, any State, Commonwealth, Territory or possession thereof or any agency, department, instrumentality or political subdivision of any thereof or Liens in favor of the United States,

any State, Commonwealth, Territory or possession thereof or any agency, department, instrumentality or political subdivision of any thereof, pursuant to the provisions of any contract not directly or indirectly in connection with securing Debt;

(vii) (A) any materialmen's, carriers', mechanics', workmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations which are not overdue or which are being contested in good faith by appropriate proceedings; (B) any deposit or pledge as security for the performance of any bid, tender, contract, lease or undertaking not directly or indirectly in connection with the securing of Debt; (C) any deposit or pledge with any governmental agency required or permitted to qualify the Company or any Subsidiary of the Company to conduct business, to maintain self-insurance or to obtain the benefits of any law pertaining to workmen's compensation, unemployment insurance, old age pensions, social security or similar matters, or to obtain any stay or discharge in any legal or administrative proceedings; (D) deposits or pledges to obtain the release of mechanics', workmen's, repairmen's, materialmen's or warehousemen's Liens or the release of property in the possession of a common carrier; (E) any security interest created in connection with the sale, discount or guarantee of notes, chattel mortgages, leases, accounts receivable, trade acceptances or other paper, or contingent repurchase obligations, arising out of sales of merchandise in the ordinary course of business; (F) Liens for Taxes levied or imposed upon the Company or any Wholly-Owned Domestic Manufacturing Subsidiary or upon the income, profits or property of the Company or any Wholly-Owned Domestic Manufacturing Subsidiary or Liens on any Principal Property of the Company or any Wholly-Owned Domestic Manufacturing Subsidiary arising from claims from labor, materials or supplies; provided that either such Tax is not overdue or that the amount, applicability or validity of such Tax or claim is being contested in good faith by appropriate proceedings; or (G) other deposits or pledges similar to those referred to in this clause (vii);

(viii) Liens arising by reason of any judgment, decree or order of any court, so long as any appropriate legal proceedings that may have been initiated for the review of such judgment, decree or order shall not have been finally terminated or so long as the period within which such proceedings may be initiated shall not have expired; any deposit or pledge with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal from any judgment or decree against the Company or any Subsidiary of the Company, or in connection with other proceedings or actions at law or in equity by or against the Company or any Subsidiary of the Company; and

(ix) any extension, renewal, substitution or replacement (or successive extensions, renewals, substitutions or replacements), as a whole or in part, of any of the Liens referred to in clauses (i) through (viii) above or the Debt secured thereby; provided that (A) such extension, renewal, substitution or replacement Lien shall be limited to all or any part of the same property or assets or equity interests or Debt that secured the Lien extended, renewed, substituted or replaced (plus improvements on such property and plus any other property or assets not then constituting a Principal Property) and (B) in the case of clauses (i) through (iv) above, the Debt secured by such Lien at such time is not increased.

For the purposes of this Section 5.02(a) and Section 5.02(c), the giving of a guarantee which is secured by a Lien on a Principal Property, and the creation of a Lien on a Principal Property or equity interests or Debt to secure Debt which existed prior to the creation of such Lien, shall be deemed to involve the creation of Debt in an amount equal to the principal amount guaranteed or secured by such Lien; but the amount of Debt secured by Liens on Principal Properties and equity interests and Debt shall be computed without cumulating the underlying indebtedness with any guarantee thereof or Lien securing the same.

(b) Fundamental Changes. (i) The Company will not consolidate with or merge into any other Person or convey, transfer or lease, or permit its Subsidiaries to convey, transfer or lease, to any Person all or substantially all of the properties and assets of the Company and its Subsidiaries, taken as a whole, unless: (A) the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, such properties and assets shall be a Person (other than a natural person) organized and existing under the laws of the United States, any State thereof or the District of Columbia and shall expressly assume, by writing approved by the Administrative Agent, which approval shall not be unreasonably withheld, delayed or conditioned, the Company's obligation for the due and punctual payment of the principal of and interest on all Loans and the performance of every covenant of this Agreement on the part of the Company to be performed; and (B) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing. This Section 5.02(b)(i) shall only apply to a merger or consolidation in which the Company is not the surviving Person and to conveyances, leases and transfers by the Company and its Subsidiaries as transferors or lessors.

(ii) Upon any consolidation by the Company with or merger by the Company into any other Person or any conveyance, transfer or lease of all or substantially all of the properties and assets of the Company and its Subsidiaries, taken as a whole, in accordance with Section 5.02(b)(i), the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement with the same effect as if such successor Person had been named as the Company herein, and in the event of any such conveyance or transfer, the Company (which term shall for this purpose mean the Person named as the "Company" in the definition of such term or any successor Person which shall theretofore become such in the manner described in Section 5.02(b)(i)), except in the case of a lease, shall be discharged of all obligations and covenants under this Agreement and may be dissolved and liquidated.

(iii) If, upon any such consolidation of the Company with or merger of the Company into any other Person, or upon any conveyance, lease or transfer of all or substantially all of the properties and assets of the Company and its Subsidiaries, taken as a whole, to any other Person, any Principal Property of the Company or of any Wholly-Owned Domestic Manufacturing Subsidiary (or any equity interests in or Debt of any Wholly-Owned Domestic Manufacturing Subsidiary) would thereupon become subject to any Lien, then unless such Lien could be created pursuant to Section 5.02(a) without equally and ratably securing the Loans, the Company, prior to or simultaneously with such consolidation, merger, conveyance, lease or transfer, will as to such Principal Property, equity interests or Debt, secure the Loans outstanding hereunder (together with, if the

Company shall so determine, any other Debt of the Company now existing or hereafter created which is not subordinate in right of payment to indebtedness hereunder) equally and ratably with (or prior to) the Debt which upon such consolidation, merger, conveyance, lease or transfer is to become secured as to such Principal Property, equity interests or Debt by such Lien, or will cause such Loans to be so secured

(c) Sale and Leaseback Transactions. The Company will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, enter into any arrangement on or after the Availability Date with any bank, insurance company or other lender or investor (other than the Company or another Wholly-Owned Domestic Manufacturing Subsidiary) providing for the leasing by the Company or any such Wholly-Owned Domestic Manufacturing Subsidiary of any Principal Property (except a lease for a temporary period not to exceed three years by the end of which it is intended that the use of such Principal Property by the lessee will be discontinued) that was or is owned by the Company or a Wholly-Owned Domestic Manufacturing Subsidiary and that has been or is to be sold or transferred, more than 120 days after the completion of construction and commencement of full operation thereof by the Company or such Wholly-Owned Domestic Manufacturing Subsidiary, to such bank, insurance company, lender or investor or to any Person to whom funds have been or are to be advanced by such bank, insurance company, lender or investor on the security of such Principal Property (herein referred to as a "Sale and Leaseback Transaction") unless (i) the Attributable Debt of the Company and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of such Sale and Leaseback Transaction and all other Sale and Leaseback Transactions entered into or, as set forth below, deemed entered into on or after the Availability Date (other than such Sale and Leaseback Transactions permitted by clause (ii) or (iii) below), plus the aggregate principal amount of Debt secured by Liens on Principal Properties then outstanding (excluding any such Debt secured by Liens covered in clauses (i) through (ix) of Section 5.02(a)) without equally and ratably securing the Loans would not exceed 10% of Consolidated Net Tangible Assets, (ii) the Company, within 120 days after the sale or transfer, applies, or causes a Wholly-Owned Domestic Manufacturing Subsidiary to apply, an amount equal to the greater of the net proceeds of such sale or transfer or fair market value of the Principal Property so sold and leased back at the time of entering into such Sale and Leaseback Transaction (in either case as determined by any two of the following: the Chairman, Chief Executive Officer, Chief Financial Officer, the President, any Vice President, the Treasurer and the Controller of the Company) to the prepayment (subject to the conditions of Section 2.10) of the Loans hereunder or the retirement of other indebtedness of the Company (other than indebtedness subordinated in right of payment to indebtedness hereunder), or indebtedness of a Wholly-Owned Domestic Manufacturing Subsidiary, for money borrowed, having a stated maturity more than 12 months from the date of such application or which is extendible at the option of the obligor thereon to a date more than 12 months from the date of such application or (iii) such Sale and Leaseback Transaction shall be set forth on Schedule 5.02(c) hereto; provided that for purposes of this Section 5.02(c), any Sale and Leaseback Transaction entered into on or after the Closing Date and prior to the Availability Date (other than any such Sale and Leaseback Transaction set forth on Schedule 5.02(c)) shall be deemed to have been entered into on the Availability Date. Notwithstanding the foregoing, (x) no prepayment or retirement referred to in clause (ii) above may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision and (y) where the Company or any Wholly-Owned Domestic Manufacturing Subsidiary is the lessee in any Sale and

Leaseback Transaction, Attributable Debt shall not include any Debt resulting from the guarantee by the Company or any other Wholly-Owned Domestic Manufacturing Subsidiary of the lessee's obligation thereunder.

(d) Consolidated Leverage Ratio. The Company will not permit, as of the last day of any Test Period, commencing with the Test Period ending with the first full fiscal quarter ending after the Availability Date, the Consolidated Leverage Ratio to exceed 4.00 to 1.00; provided that (i) from and after the last day of the Test Period ending on March 31, 2023, the Company will not permit, as of the last day of any Test Period, the Consolidated Leverage Ratio to exceed 3.50 to 1.00 and (ii) upon the consummation of a Qualifying Material Acquisition at any time after the end of the period referred to in clause (i), with respect to the Test Period ending with the fiscal quarter in which such Qualifying Material Acquisition is consummated and the Test Periods ending with the three subsequent consecutive fiscal quarters, the maximum permitted Consolidated Leverage Ratio shall, at the election of the Company by notice to the Administrative Agent delivered within 30 days of the consummation thereof, be increased to 4.00 to 1.00.

## ARTICLE VI

### EVENTS OF DEFAULT

SECTION 6.01. Events of Default. Each of the following shall constitute an event of default (collectively, the "Events of Default"); provided that (x) the events set forth in clauses (e), (f), (g), (h)(ii), (i) and (j) of this Section 6.01 shall constitute an Event of Default only from and after the Availability Date and (y) the events set forth in clause (h)(i) of this Section 6.01 shall cease to constitute an Event of Default from and after the Availability Date:

(a) the Company shall fail to pay (i) any principal of any Loan when the same becomes due and payable, (ii) any interest on any Loan or any properly invoiced Commitment Fees when the same becomes due and payable, and such failure shall continue for a period of five Business Days, (iii) any amount due under the Company Guarantee in respect of any Loan owing by a Subsidiary Borrower when due pursuant to Section 9.01, or (iv) any other amount owing by the Company when the same becomes due and payable, and such failure shall continue for a period of 15 Business Days after receipt by the Company of written notice from the Administrative Agent of such amount being due, together with a statement in reasonable detail of the calculation thereof;

(b) any representation or warranty made (or deemed made pursuant to Article III hereof) by the Company herein or in any Borrowing Request or other document delivered by the Company pursuant to Article III shall prove to have been incorrect in any material respect when made or deemed made;

(c) the Company shall fail to perform or observe any term, covenant or agreement set forth in Section 5.01(a) (vi), 5.01(b) or 5.01(c) on its part to be performed or observed;

(d) the Company shall fail to perform or observe any term, covenant or agreement contained in this Agreement (other than those specified in clause (a) or (c) of this Section 6.01 and, for the avoidance of doubt, excluding those to be performed or observed by any

Subsidiary Borrower) on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company and the Administrative Agent by any Lender;

(e) the Company or any Wholly-Owned Domestic Manufacturing Subsidiary (i) shall admit in writing its inability to pay its debts generally, (ii) shall make a general assignment for the benefit of creditors or shall institute any proceeding or voluntary case seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, Irish law examinership or reorganization or relief or protection of debtors, or seeking the entry of any order for relief or the appointment of a receiver, trustee, Irish law examiner or other similar official for it or for any substantial part of its property or (iii) shall take any corporate action to authorize any of the actions set forth above in this clause (e);

(f) any proceeding shall be instituted against the Company or any Wholly-Owned Domestic Manufacturing Subsidiary seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, Irish law examinership or reorganization or relief or protection of debtors, or seeking the entry of any order for relief or the appointment of a receiver, trustee, custodian, Irish law examiner or other similar official for it or for any substantial part of its property, and such proceeding shall remain undismissed or unstayed for a period of 60 days;

(g) an ERISA Event or ERISA Events shall occur that results or would reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect;

(h) (i) prior to the Availability Date, the Company shall cease to be a Subsidiary of UTC, except as part of the Carrier Distribution with respect to which the Carrier Distribution Condition shall have been satisfied or (ii) from and after the Availability Date, any Change in Control shall occur;

(i) any Material Debt of the Company or any of its Subsidiaries shall be declared to be due and payable prior to the stated maturity thereof or shall not be paid at the stated maturity thereof; or

(j) the Company Guarantee shall cease to be, or shall be asserted in writing by the Company not to be, in full force and effect with respect to any Subsidiary Borrower, except as a result of the release thereof as provided in Section 9.03.

SECTION 6.02. Lenders' Rights upon an Event of Default. (a) If an Event of Default (other than an Event of Default set forth in Section 6.01(j)) occurs and is continuing, then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Company, declare the obligation of each Lender to make Loans to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Company, declare the Loans, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Loans, all such interest and all such amounts shall become and be

forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower; provided, however, that in the case of an Event of Default set forth in Section 6.01(e) or 6.01(f) (in each case, with respect to the Company) constituting an entry of an order for relief under the United States federal bankruptcy laws, (A) the obligation of each Lender to make Loans shall automatically terminate and (B) the Loans, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Borrower.

(b) If an Event of Default set forth in Section 6.01(j) occurs and is continuing with respect to the Loans owing by any Subsidiary Borrower, then, and in any such event, (i) the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, by notice to the Company, declare the obligation of each Lender to make Loans to such Subsidiary Borrower to be terminated, whereupon the same shall forthwith terminate, (ii) if such Event of Default does not arise as a result of the Company's repudiation of the Company Guarantee with respect to the obligations of such Subsidiary Borrower in writing, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, by notice to the Company, declare the Loans owing by such Subsidiary Borrower, all interest thereon and all other amounts payable by such Subsidiary Borrower under this Agreement to be forthwith due and payable, whereupon the Loans owing by such Subsidiary Borrower, all such interest thereon and all such amounts payable by such Subsidiary Borrower shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by such Subsidiary Borrower, and (iii) if such Event of Default arises as a result of the Company's repudiation of the Company Guarantee with respect to the obligations of such Subsidiary Borrower in writing, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, by notice to the Company, declare any or all of the Loans of any or all Borrowers, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon such Loans, all other such interest and all other such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower.

## ARTICLE VII

### THE AGENTS

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Administrative Agent to take such action on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in Section 8.01), and such instructions shall be binding upon all Lenders; provided, however, that the Administrative Agent shall not be required to take any action

that, in its opinion, could expose the Administrative Agent to liability or be contrary to this Agreement or applicable law.

SECTION 7.02. Agents' Reliance, Etc. (a) No Agent or any of its Related Parties shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final and nonappealable judgment. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may treat the Lender to whom any Loan is owing as reflected in its records as the Person to whom all payments with respect to that Loan are to be made until the Administrative Agent receives and records an Assignment and Assumption (or an agreement incorporating by reference a form of Assignment and Assumption posted on the Platform) entered into by such Lender, as assignor, and an Eligible Assignee, as assignee; (ii) may consult with legal counsel (including counsel for the Borrowers), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for, or have any duty to ascertain or inquire into, any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document, or the contents of any certificate, report or other document delivered thereunder or in connection therewith; (iv) makes no warranty or representation to any Lender and shall not be responsible to any Lender for, or have any duty to ascertain or inquire into, the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Loan Document on the part of the Company or any Subsidiary Borrower or to inspect the property (including the books and records) of the Company or any Subsidiary Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency, effectiveness or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (vi) shall not be responsible to any Lender for the satisfaction of any condition set forth in Article III or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent; and (vii) shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, request, certificate or other instrument or writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and signed, sent or otherwise authenticated by the proper Person (whether or not such Person in fact meets the requirements set forth in this Agreement for being the signatory, sender or authenticator thereof). The Administrative Agent also shall be entitled to rely, and shall not incur any liability for relying, upon any statement made to it orally or by telephone (other than statements required to be in writing pursuant to the terms of this Agreement) and believed by it to be made by the proper Person (whether or not such Person in fact meets the requirements set forth in this Agreement for being the maker thereof), and may act upon any such statement prior to receipt of written confirmation thereof.

(b) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default, an Event of Default or a Subsidiary Borrower Termination Event has occurred and is continuing (and it is understood and agreed that the use of the term “agent” herein (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties);

(ii) shall not, except as expressly set forth herein, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity; and

(iii) shall be deemed not to have knowledge of any Default, Event of Default or Subsidiary Borrower Termination Event (or any event that, with the giving of notice or the passage of time or both, would constitute a Subsidiary Borrower Termination Event) unless and until written notice describing such Default, Event of Default, Subsidiary Borrower Termination Event or other event (stating that it is a “Notice of Default” or “Notice of a Subsidiary Borrower Termination Event”) is given to the Administrative Agent by the Company, a Subsidiary Borrower or a Lender.

SECTION 7.03. Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of their duties and exercise their rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facility provided for herein as well as activities as Administrative Agent.

SECTION 7.04. Agents and Affiliates. With respect to its Commitment and the Loans made by it, each Person acting as an Agent, and its Affiliates, shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an Agent, as the case may be, and it and its Affiliates may accept deposits from, lend money to, own securities of, act as trustee under indentures of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with, any Borrower, any of its Subsidiaries or other Affiliates and any Person who may do business with or own securities of any Borrower or any such Subsidiary or Affiliate, all as if such Person were not an Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 7.05. Lender Credit Decision. (a) Each Lender acknowledges that it has, independently and without reliance upon any Agent, any Arranger or any other Lender, or any of the Related Parties of any of the foregoing, and based on the financial information referred to in Section 4.01(e)(i) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and any other Loan Document to which such Lender is a party. Each Lender also acknowledges that it will, independently and

without reliance upon any Agent, any Arranger or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by becoming a party to this Agreement and any other Loan Document to which such Lender is a party, shall be deemed to have acknowledged receipt of, and consented to and approved, this Agreement and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on or prior to the Closing Date. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender sufficiently in advance to the making of such Loan.

SECTION 7.06. [Reserved.]

SECTION 7.07. Successor Administrative Agent. The Administrative Agent may resign at any time from its capacity as such by giving written notice thereof to the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with and, unless an Event of Default has occurred and is continuing, with the consent of the Company, to appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States or any State thereof, having a combined capital and surplus of at least US\$500,000,000 and a local office in New York. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth in the immediately preceding sentence; provided that if the Administrative Agent shall notify the Company and the Lenders that no qualifying Person has accepted such appointment, or no successor has been appointed, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and (b) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders, in consultation with and, unless an Event of Default has occurred and is continuing, with the consent of the Company, appoint a successor Administrative Agent as provided for above. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged (if not already discharged as set forth above) from its duties and obligations under this Agreement. Following the effectiveness of any retiring Administrative Agent's resignation hereunder from its capacity as such, the provisions of this Article VII and Section 8.04 shall inure to its benefit and for the benefit of its sub-agents and its

and their Related Parties as to any actions taken or omitted to be taken by any of them while it was Administrative Agent under this Agreement.

SECTION 7.08. Arrangers, Syndication Agents and Documentation Agents. None of the Arrangers, the Syndication Agents or the Documentation Agents shall have any obligation, liability, responsibility or duty under this Agreement except, solely in its capacity as a Lender, those applicable to all Lenders as such. Without limiting the foregoing, none of the Arrangers, the Syndication Agents or the Documentation Agents shall have, or be deemed to have, any fiduciary responsibility to any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Arrangers, the Syndication Agents or the Documentation Agents in deciding to enter this Agreement or in taking or refraining from any action hereunder.

SECTION 7.09. Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding with respect to any Borrower under any Debtor Relief Law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim under Sections 2.05, 2.11, 2.12, 2.14 and 8.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, hereunder (including under Section 8.04). Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the obligations or the rights of any Lender, or to vote in respect of the claim of any Lender in any such proceeding.

SECTION 7.10. Certain ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agents and the Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance

into, participation in, administration of and performance of the Loans, the Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) clause (i) in the immediately preceding paragraph (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding paragraph (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agents, the Arrangers and their respective Affiliates and not, for the avoidance of doubt, to or for the benefit of any Borrower, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement or any documents related hereto or thereto).

## ARTICLE VIII

### MISCELLANEOUS

SECTION 8.01. Amendments, Etc. (a) Except as provided in Sections 8.01(b) and 8.01(c), no amendment or waiver of any provision of this Agreement or any other Loan Document, nor consent to any departure by any Borrower therefrom, shall in any event be effective

unless the same shall be in writing and signed by the Required Lenders and the Company, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however that (i) any provision of this Agreement or any other Loan Document may be amended by an agreement in writing entered into by the Company and the Administrative Agent to cure any ambiguity, omission, defect or inconsistency so long as, in each case, the Lenders shall have received at least five Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment and (ii) no amendment, waiver or consent shall do any of the following: (A) increase the Commitment of any Lender or extend the scheduled date of expiration of the Commitment of any Lender (including any such extension as a result of any modification to the definition of the term "Commitment Termination Date" or "Scheduled Maturity Date" or to Section 2.06(c)), or change the currencies in which Loans are available under the Commitment of any Lender, in each case, without the written consent of such Lender, (B) reduce the principal of, or interest on, the Loans or the Commitment Fees payable hereunder, without the written consent of each Lender affected thereby, (C) postpone any date fixed for any payment of principal of, or interest on, the Loans or the Commitment Fees payable hereunder, or reduce the amount of, waive or excuse any such payment (in each case, including any such postponement, reduction, waiver or excuse as a result of any modification to the term "Commitment Termination Date" or "Scheduled Maturity Date"), without the written consent of each Lender affected thereby, (D) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder, without the written consent of each Lender, (E) change Section 2.15 in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender affected thereby, (F) release the Company Guarantee with respect to any Subsidiary Borrower, except as expressly provided by Section 9.03, without the written consent of each Lender, (G) amend this Section 8.01, without the written consent of each Lender or (H) waive or amend Section 3.02(c), without the written consent of each Lender; provided further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement.

(b) Notwithstanding anything to the contrary in Section 8.01(a):

(i) any amendment of the definition of the term "Applicable Rate" pursuant to the penultimate sentence of such definition shall require only the written consent of the Company and the Administrative Agent;

(ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent under this Agreement or any other Loan Document (and any amendment, waiver or consent which by its terms requires the consent of all Lenders may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except with respect to any amendment, waiver or consent referred to in clause (ii)(A), (ii)(B) or (ii)(C) of the first proviso of Section 8.01(a) and then only in the event such Defaulting Lender shall be affected by such amendment, waiver or consent;

(iii) notwithstanding anything herein to the contrary, any amendment, waiver or consent under this Agreement or any other Loan Document that by its terms affects the rights or duties under this Agreement or such other Loan Document of Lenders under one or more New Tranches (each, an “Affected Tranche”) (but not other Lenders) may be effected by an agreement or agreements in writing entered into by the Company, any applicable Subsidiary Borrower or New Subsidiary Borrower, the Administrative Agent and the requisite number or percentage in interest of Lenders of each Affected Tranche that would be required to consent thereto if the Lenders under such Affected Tranche were the only Lenders hereunder (and no consent of any other Lender shall be required for the effectiveness of such amendment); and

(iv) this Agreement may be amended as provided in Sections 2.06(a), 2.17(b), 2.19(a), 2.19(c), 8.01(c) and 8.18.

(c) The Company may on one or more occasions, by written notice to the Administrative Agent at any time and from time to time on and after the Availability Date, request that Lenders convert (each, a “Tranche Conversion”) all or a portion of their Commitments into a new tranche of Commitments (any such new tranche being referred to as a “New Tranche”, and the existing Commitments being referred to as the “Converted Tranche”), which (i) shall be available to the Borrowers in one or more currencies that were previously designated by the Company as an “Alternative Currency” but that shall have failed to be approved as such as required by the definition of the term Alternative Currencies (it being understood that Commitments under such New Tranche may also be available to the Borrowers in US Dollars and/or any Alternative Currency) and/or (ii) shall be available to any Subsidiary that shall have been previously designated by the Company as a “Subsidiary Borrower” but that shall have failed to become such as a result of the delivery of a Notice of Objection by any Lender (any such Subsidiary, a “New Subsidiary Borrower”) (it being understood that Commitments under such New Tranche may also be available to one or more of the other Borrowers); provided that (A) all Lenders must be given an opportunity, pursuant to procedures reasonably satisfactory to the Administrative Agent, to participate in such New Tranche on a ratable basis based on the amount of their respective Commitments under the Converted Tranche (immediately prior to giving effect to such Tranche Conversion), (B) no Lender shall be required to participate in such New Tranche and, with respect to any Lender that shall have agreed to participate in such New Tranche, the amount of such Lender’s Commitment under the Converted Tranche that is to be converted into a Commitment under such New Tranche shall be as agreed by such Lender, (C) the aggregate amount of the Commitments shall not increase as a result of such Tranche Conversion, (D) after giving effect to such Tranche Conversion, the aggregate amount of the Revolving Credit Exposure under the Converted Tranche shall not exceed the aggregate amount of the remaining Commitments under the Converted Tranche, (E) other than the availability of Loans under such New Tranche in any applicable new currencies (including, for the avoidance of doubt, any new pricing benchmarks applicable to such new currencies) or any applicable New Subsidiary Borrower (and, if so requested by the Company in the applicable notice, one or more other Borrowers), the terms and conditions of Commitments and Loans under such New Tranche shall be substantially identical to those under such Converted Tranche (including as to the Commitment Fees and the Applicable Rate), (F) the borrowing and repayment of Loans denominated in the same currency under such New Tranche and such Converted Tranche by any Borrower (other than the applicable New

Subsidiary Borrower and any other Borrower that was not a Borrower under the Converted Tranche at the time of the applicable Tranche Conversion) shall be made on a ratable basis as between the Commitments under such New Tranche and the remaining Commitments under such Converted Tranche and (G) no Commitment under such New Tranche may be terminated or reduced unless the remaining Commitments under such Converted Tranche are terminated or reduced on a ratable basis, as the case may be, substantially concurrently therewith. Each New Tranche shall be established pursuant to an amendment to this Agreement, in form and substance reasonably satisfactory to the Administrative Agent and the Company, among the Company, any applicable New Subsidiary Borrower (and any other Subsidiary Borrower that are to be borrowers under such New Tranche), the Administrative Agent and the Lenders under such New Tranche (and, notwithstanding anything to the contrary in Section 8.01(a), no consent of any other Lender shall be required for the effectiveness of such amendment), it being understood and agreed that such amendment may effect such amendments to this Agreement as may be necessary or appropriate, in the opinion of the Administrative Agent and the Company, to give effect to the provisions of this Section 8.01(c), including (x) any modifications necessary or appropriate to treat Commitments and Loans under such New Tranche as a new class of Commitments and Loans, (y) any modifications that shall have been agreed by the Lenders under such New Tranche (solely in respect of such New Tranche) to the Tax gross up provisions of this Agreement (including the possible inclusion of a "day one" carve out from the gross up for withholding Taxes imposed by the jurisdiction of organization (or other applicable jurisdiction) of any applicable New Subsidiary Borrower) and (z) any modifications necessary or appropriate to incorporate any applicable new currencies (including any new pricing benchmarks applicable to such new currencies). Upon the effectiveness of such amendment in accordance with its terms, any applicable New Subsidiary Borrower shall for all purposes of this Agreement be a party hereto and a Subsidiary Borrower hereunder in respect of the applicable New Tranche.

(d) The Administrative Agent may, but shall have no obligation to, with the concurrence of any Lender, execute amendments, waivers or other modifications on behalf of such Lender. Any amendment, waiver or other modification effected in accordance with this Section 8.01 shall be binding upon each Person that is at the time thereof a Lender and each Person that subsequently becomes a Lender.

SECTION 8.02. Notices, Etc. (a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to Section 8.02(b)), all notices and other communications provided for hereunder shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax or email, as follows:

(i) if to the Company, to it at Carrier Global Corporation, 13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418, Attention: Douglas Stenske, Treasurer, Fax No.: (319) 295-0020, Email Address: douglas.stenske@carrier.com;

(ii) if to any Subsidiary Borrower, to it in care of Carrier as provided in clause (i) above;

(iii) if to any Lender, to it at its address (or fax number or email) set forth in its Administrative Questionnaire;  
and

(iv) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 500 Stanton Christiana Road, Ops 2, 3rd Floor, Newark, Delaware 19713, Attention of: Nicole Reilly, Fax No.: (302) 634-4250, Email Address: nicole.c.reilly@jpmorgan.com, with a copy to JPMorgan Chase Bank, N.A., 383 Madison Avenue, New York, New York 10179, Attention of: Robert P. Kellas, Fax No. (212) 270-5100, Email Address: robert.kellas@jpmorgan.com.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient); and notices delivered through electronic communications to the extent provided in Section 8.02(b) shall be effective as provided in such Section. Any party hereto may change its address, telephone number, email address or fax number for notices and other communications hereunder by notice to the other parties hereto (or, in the case of any such change by a Lender, by notice to the Company and the Administrative Agent).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications (including email, intranet websites and the Platform) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices under Article II to any Lender if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. Any notices or other communications to the Administrative Agent, the Company or any Subsidiary Borrower may be delivered or furnished by electronic communications pursuant to procedures expressly approved by the recipient thereof (or, in the case of any Subsidiary Borrower, by the Company) prior thereto; provided that approval of such procedures may be limited or rescinded by the Administrative Agent by notice to each other such Person and by the Company and any Subsidiary Borrower by notice to the Administrative Agent. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to the Platform shall be deemed received upon the receipt by the intended recipient at its email address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER

MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrowers, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower’s or the Administrative Agent’s transmission of the Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrowers, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages). Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable law, including United States Federal and state securities laws, to make reference to the Borrower Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain MNPI. Each Lender agrees that any Agent or any Arranger may, but shall not be obligated to, store any Borrower Materials on the Platform in accordance with its customary document retention procedures and policies.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Expenses; Indemnity; Damage Waiver. (a) The Company shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Arrangers, the Syndication Agents, the Documentation Agents and their respective Affiliates, including the reasonable fees, charges and disbursements of one firm of outside counsel for the foregoing in the United States and one firm of outside counsel for the foregoing in Ireland (and, if deemed reasonably necessary by such Persons, one firm of regulatory counsel and/or one firm of local counsel in each other appropriate jurisdiction of a Subsidiary Borrower), in connection with the arrangement and syndication of the credit facility provided for herein, including the preparation, execution and delivery of the commitment letter and the fee letters entered into in connection with the credit facility provided for herein, as well as the preparation, execution, delivery and administration of this Agreement, any other Loan Documents or any amendments, modifications or waivers (to the extent such amendments, modifications or waivers are contemplated by Section 2.17(b) or requested by the Company) of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses of the Administrative Agent in connection with the administration (other than routine administrative procedures and excluding costs and expenses relating to assignments and participations of Lenders) of this Agreement and any other Loan Document and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Arranger or any Lender, including the fees, charges and disbursements of any counsel for any of the foregoing, in connection with the enforcement or protection of its rights in connection with this Agreement and

any other Loan Document, including its rights under this Section 8.04, or in connection with the Loans made hereunder, including all such reasonable out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Company shall indemnify the Administrative Agent, the Arrangers, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and expenses reasonably related thereto, including reasonable fees, charges and disbursements of one firm of outside counsel for Indemnitees (and, if deemed reasonably necessary by the Administrative Agent, one firm of regulatory counsel and/or one firm of local counsel in each appropriate jurisdiction, and, in the case of an actual or perceived conflict of interest for any Indemnitee, one firm of counsel (and, if deemed reasonably necessary by such Indemnitee, one firm of regulatory and/or one firm of local counsel in each appropriate jurisdiction) for such Indemnitee), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the preparation, execution, delivery and (in the case of the Administrative Agent and its Related Parties only) administration of this Agreement, any other Loan Document or any other agreement or instrument contemplated hereby or thereby or the consummation of the Transactions or any other transactions contemplated hereby or thereby or (ii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, and regardless of whether any Indemnitee is a party thereto (and regardless of whether such matter is initiated by any Borrower or any other Person); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or a material breach, including any such breach in bad faith, of the agreements by such Indemnitee set forth in this Agreement or (B) result from any claim, litigation, investigation or proceeding that does not involve an act or omission of the Company, a Subsidiary Borrower or any of their respective Affiliates and that is brought by an Indemnitee against any other Indemnitee (other than any claim, litigation, investigation or proceeding brought by an Indemnitee against the Administrative Agent or any Arranger in its capacity or in fulfilling its role as an agent or arranger or any other similar role hereunder). No Indemnitee shall be liable for any damages arising from the use of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence or willful misconduct of such Indemnitee, and no party hereto shall be liable for any special, indirect, consequential or punitive damages in connection with the Loans, this Agreement or its activities related thereto; provided that nothing contained in this sentence will limit the Company’s indemnity and reimbursement obligations set forth in this Section 8.04. This paragraph shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) To the extent that the Company fails to pay any amount required to be paid by it under Section 8.04(a) or 8.04(b) to the Administrative Agent or any of its Related Parties, each Lender severally agrees to pay to the Administrative Agent or such Related Party, as the case may be, such Lender’s pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed

expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such or against any Related Party acting for the Administrative Agent in connection with such capacity. For purposes of this paragraph, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Undrawn Commitments and the Aggregate Revolving Credit Exposure outstanding, in each case, at the time (or most recently in effect or outstanding, as the case may be).

(d) All amounts due under this Section 8.04 shall be payable promptly after written demand therefor.

SECTION 8.05. Binding Effect; Survival. On and after the Closing Date, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that neither the Company nor any Subsidiary Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the Lenders (and any attempted assignment without such consent shall be null and void), other than, in the case of the Company, pursuant to and in accordance with Section 5.02(b) or 8.18 or, in the case of any Subsidiary Borrower, pursuant to any merger or consolidation that would not result in a Subsidiary Borrower Termination Event under clause (b)(ii) of the definition of such term. The provisions of Sections 2.04(c), 2.11, 2.12, 2.13(d), 2.14, 2.18, 8.04, 8.17 and 9.03 and Article VII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement.

SECTION 8.06. Optional Assignments; Participations. (a) Each Lender may, but only with the prior written consent of the Administrative Agent and the Company (which consent shall not be unreasonably withheld, and provided that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 15 Business Days after having received written notice thereof), assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Loans owing to it); provided, however, that no consent of the Company shall be required for an assignment by a Lender to an Affiliate of such Lender or upon the occurrence and during the continuance of an Event of Default arising under Section 6.01(a), 6.01(e) or 6.01(f) (provided that, in each case, the Company shall have received a written notice of such assignment); provided further that (i) each such assignment shall be of a constant, and not a varying, percentage of all of the assigning Lender's rights and obligations under this Agreement, (ii) the amount of the Commitment or Loans of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Assumption with respect to such assignment) shall in no event be less than US\$10,000,000 and shall be an integral multiple of US\$1,000,000 in excess thereof or, in the case of an assignment of loans denominated in Alternative Currencies, the equivalent thereof (except in the case of (x) an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans or (y) an assignment to a Lender or an Affiliate of a Lender) unless otherwise agreed by the Company and the Administrative Agent, (iii) no such assignment shall result in any additional liability of the Company or any Subsidiary Borrower on account of United States Taxes or Ireland Taxes under Section 2.14 or for increased costs under Section 2.11 or violate any applicable provisions of the securities laws of the United States or any State thereof, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for

recording, an Assignment and Assumption (or an agreement incorporating by reference a form of Assignment and Assumption posted on the Platform) (bearing the consent of the Company, if its consent is required as set forth above) and a processing and recordation fee of US\$3,500 payable to the Administrative Agent (such fee to be paid by the parties to such assignment or, in the case of any assignment pursuant to Section 2.18(b), by the Company) and (v) the assignee shall deliver to the Administrative Agent a completed Administrative Questionnaire and any tax forms required by Section 2.14(f) (unless the assignee shall already be a Lender hereunder). Upon such execution, delivery and recording and, if applicable, delivery of written consent of the Company to such assignment, from and after the effective date specified in each Assignment and Assumption, which effective date shall be at least five Business Days after the execution thereof and shall be coordinated by the parties thereto with the Administrative Agent to be the same date as the date of such recording, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Assumption, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.11, 2.12 and 2.14 (to the extent accrued for periods prior to it ceasing to be a party hereto) and Section 8.04). Any assignment by a Lender of rights or obligations under this Agreement that does not comply with this Section 8.06(a) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 8.06(c), provided that the requirements of Section 8.06(c) are met. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Company and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(b) [Reserved.]

(c) Each Lender may sell participations to one or more Eligible Assignees (each, a "Participant") in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Loans owing to it); provided, however, that (i) such Lender's obligations under this Agreement (including, without

limitation, its Commitment hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (iv) no such participation shall restrict the right of the Lender to take or refrain from taking any action, including the consent or agreement to any waiver, amendment or modification of this Agreement or under documents related hereto, except with respect to any action described in clause (ii)(A), (ii)(B) or (ii)(C) of the first proviso of Section 8.01(a). The Borrowers agree that each Participant shall be entitled to the benefits of Sections 2.11, 2.12 and 2.14 (subject to the requirements and limitations therein, including the requirements under Section 2.14(f) (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 8.06(a); provided that such Participant (x) agrees to be subject to the provisions of Section 2.18 as if it were an assignee under Section 8.06(a) and (y) shall not be entitled to receive any greater payment under Section 2.11 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive (it being understood and agreed that such Participant shall not be entitled to the benefit of any other indemnity, expense reimbursement, yield protection or similar provision solely on account of becoming a Participant rather than being a party hereto). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other rights and obligations of such Lender under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans or other rights and obligations under this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other right and obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations and Proposed Treasury Regulations Section 1.163-5(b) (or any amended or successor version). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining any Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Lender, and this Section 8.06 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 8.07. Confidentiality. (a) Each Agent and each Lender agrees to maintain the confidentiality of the Information (as defined below) in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and

sound banking practices, except that Information may be disclosed (i) to its Related Parties, including accountants and legal counsel (it being understood that the Persons to whom such disclosure is made shall be informed of the confidential nature of such Information and instructed to keep such Information confidential); (ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners) (it being understood that the regulatory authority to which such disclosure is made shall be informed of the confidential nature of such Information and, except where such regulatory authority would be required to keep such Information confidential as a matter of law, requested to keep such Information confidential); (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (it being understood that the Persons to whom such disclosure is made shall be informed of the confidential nature of such Information and, except where such Person would be required to keep such Information confidential as a matter of law, requested to keep such Information confidential); (iv) to any other party to this Agreement; (v) in connection with the exercise of any remedies under this Agreement or under any agreement or instrument contemplated by this Agreement or any suit, action or proceeding relating to this Agreement or any other agreement or instrument contemplated by this Agreement or the enforcement of rights hereunder or thereunder (it being understood that the Persons to whom such disclosure is made shall be informed of the confidential nature of such Information and requested to keep such Information confidential); (vi) subject to execution by it of a written agreement containing provisions substantially the same as those of this Section 8.07, (A) to any Eligible Assignee of or participant in, or any prospective Eligible Assignee of or participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.06 or (B) to any actual or prospective counterparty to any swap or derivative transaction relating to the Company or any Subsidiary and its obligations or any actual or prospective insurance provider relating to any such obligations (or, in each case, their respective Related Parties); (vii) with the written consent of the Company; (viii) to rating agencies (on a confidential basis) and data service providers, including league table providers, that serve the lending industry, such information to consist of information customarily provided by arrangers to such data service providers; or (xi) to the extent that such Information (A) is or becomes publicly available other than as a result of a breach of this Section 8.07 or (B) is or becomes available to the Administrative Agent, any Syndication Agent, any Documentation Agent or any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than any Borrower. For the purposes of this Section 8.07, “Information” means all information received from the Company, any of its Affiliates or any of the Company’s or such Affiliates’ respective Related Parties, including accountants and legal counsel, relating to the Company, any of its Affiliates or any of the Company’s or such Affiliates’ respective Related Parties, other than any such information that is available to the Administrative Agent, any Syndication Agent, any Documentation Agent, any Lender or any of their respective Affiliates on a nonconfidential basis prior to disclosure by the Company, any of its Affiliates or any of the Company’s or such Affiliates’ respective Related Parties. Any Person required to maintain the confidentiality of Information as provided in this Section 8.07 shall be considered to have complied with its obligation to do so if such Person has exercised no less than reasonable care and at least the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(b) Each of the Administrative Agent, the Company and the Subsidiary Borrowers agree to keep each COF Rate (but not the Average COF Rate) confidential and not to disclose it to any other Person, and the Company further agrees to cause its Subsidiaries not to disclose any COF Rate to any other Person, except that (i) in the event a Eurocurrency Borrowing is to bear interest by reference to the Average COF Rate as provided in Section 2.17, the Administrative Agent shall promptly disclose the COF Rate of each Lender, as communicated by such Lender to the Administrative Agent, to the Company and the Subsidiary Borrowers, and (ii) each of the Administrative Agent, the Company, the Subsidiary Borrowers and the other Subsidiaries may disclose any COF Rate (i) to any of its Affiliates and any of its or their respective Related Parties or auditors; provided that any such Person to whom such COF Rate is to be disclosed is informed in writing of its confidential nature and that it may be price-sensitive information; provided further that there shall be no requirement to so inform such Person if, in the opinion of the disclosing party, it is not practicable to do so under the circumstances, (ii) to any Person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the Person to whom such COF Rate is to be disclosed is informed in writing of its confidential nature and that it may be price-sensitive information; provided that there shall be no requirement to so inform such Person if, in the opinion of the disclosing party, it is not practicable to do so under the circumstances, (iii) to the extent required by applicable Law or by any subpoena or similar legal process, and (iv) the Administrative Agent, the Company and any Subsidiary Borrower may disclose any COF Rate to any Person (x) with the consent of the relevant Lender, (y) pursuant to applicable law or compulsory legal process and (z) to the extent customary or required in any public or regulatory filing. The Administrative Agent, the Company and the Subsidiary Borrowers agree to, and the Company shall cause its Subsidiaries to, to the extent permitted by applicable Law, (x) inform each relevant Lender of the circumstances of any disclosure made pursuant to this paragraph and (y) notify each relevant Lender upon becoming aware that any information has been disclosed in breach of this paragraph. No Default or Event of Default shall arise under Section 6.01(d), and no Subsidiary Borrower Termination Event shall arise under clause (e) of the definition of such term, in each case, solely by reason of the failure of the Company, any Subsidiary Borrower or any other Subsidiary to comply with this paragraph.

(c) Each of the Administrative Agent, the Syndication Agents, the Documentation Agents and each Lender acknowledges that (i) the Information may include MNPI, (ii) it has developed compliance procedures regarding the use of MNPI and (iii) it will handle such MNPI in accordance with applicable law, including United States Federal and state securities laws.

SECTION 8.08. Records of Administrative Agent. (a) The Administrative Agent shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a copy of each Assignment and Assumption executed by an assigning Lender and an Eligible Assignee and delivered to it and shall record the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time. The Administrative Agent shall record in the loan accounts or other records maintained by it (i) the date and amount of each Borrowing made hereunder, the Type of Loans comprising such Borrowing and the Interest Period applicable thereto if comprised of Eurocurrency Loans, (ii) the terms of each Assignment and Assumption delivered to and accepted by the Company, (iii) the amount of any principal or interest due and payable or to become due and payable from any Borrower to each Lender

hereunder in connection with the Loans and (iv) the amount of any sum received by the Administrative Agent from any Borrower hereunder in connection with the Loans and each Lender's share thereof. The entries in the loan accounts or records maintained by the Administrative Agent shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded therein as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall record information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. Such loan accounts or records shall be available for inspection by the Company or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(b) Upon its receipt of an Assignment and Assumption (or an agreement incorporating by reference a form of Assignment and Assumption posted on the Platform) executed by an assigning Lender and by an assignee representing that it is an Eligible Assignee, such assignee's completed Administrative Questionnaire and any tax forms required by Section 2.14(f) (unless such assignee shall already be a Lender hereunder) and the processing and recordation fee referred to in Section 8.06(a), the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein; provided that the Administrative Agent shall not be required to accept such Assignment and Assumption or so record the information contained therein if the Administrative Agent reasonably believes that such Assignment and Assumption lacks any written consent required by Section 8.06(a) or is otherwise not in proper form, it being acknowledged that the Administrative Agent shall have no duty or obligation (and shall incur no liability) with respect to obtaining (or confirming the receipt) of any such written consent or with respect to the form of (or any defect in) such Assignment and Assumption, any such duty and obligation being solely with the assigning Lender and the assignee.

SECTION 8.09. Governing Law; Consent to Service of Process; Waiver of Jury Trial. (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. Each party hereto hereby irrevocably submits, for itself and for its property, to the exclusive jurisdiction of the United States District Court of the Southern District of New York and the Supreme Court of the State of New York sitting in New York County, and any appellate court from any thereof, over any suit, action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each party hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such suit, action or proceeding brought by it or its controlled Affiliates shall be brought, and shall be heard and determined, exclusively in such New York State court or, to the extent permitted by law, in such New York Federal court. Each of the parties hereto agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto hereby irrevocably consents to the service of any and all process in any such suit, action or proceeding by the mailing of copies of such process in the manner provided for notices in Section 8.02; provided, however, that nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law. Each of the parties hereto hereby irrevocably waives any objection to venue in any court referred to in this Section and any objection to a suit, action or proceeding in any such court on the basis of forum non conveniens. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT

IT MAY HAVE TO JURY TRIAL IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED BY THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). Each party hereto hereby (i) certifies that no representative, agent or attorney of any other person has represented, expressly or otherwise, that such other person would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other agreements and instruments contemplated by this Agreement by, among other things, the mutual waivers and certifications in this section.

(b) Each Subsidiary Borrower that is not a Domestic Subsidiary hereby irrevocably designates, appoints and empowers the Company, and the Company hereby accepts such appointment, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents that may be served in any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document. Such service may be made by mailing or delivering a copy of such process to any Subsidiary Borrower in care of the Company at the Company's address used for purposes of giving notice under Section 8.02, and each Subsidiary Borrower hereby irrevocably authorizes and directs the Company to accept, and the Company agrees to accept, such service on its behalf.

SECTION 8.10. Execution in Counterparts; Integration; Electronic Execution. (a) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof, including the commitments of the Lenders and, if applicable, their Affiliates under any commitment letter and any commitment advices submitted by them (but does not supersede any other provisions of any commitment letter or any fee letter referred to therein (or any separate letter agreements with respect to fees payable to the Administrative Agent) that do not by the terms of such documents terminate upon the effectiveness of this Agreement, all of which provisions shall remain in full force and effect).

(b) The words "execution", "signed", "signature", "delivery" and words of like import in or relating to any document to be signed in connection with this Agreement or any agreement or instrument contemplated by this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, electronic deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state laws based on the Uniform

Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

SECTION 8.11. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.12. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 8.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the NYFRB Rate to the date of repayment, shall have been received by such Lender.

SECTION 8.14. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other agreement or instrument in connection with this Agreement) and any communications in connection therewith, the Company and each Subsidiary Borrower acknowledges and agrees that: (i) (A) such transactions are arm's-length commercial transactions between the Company, the Subsidiary Borrowers and their respective Affiliates, on the one hand, and the Administrative Agent, the Lenders and the Arrangers, on the other hand, and such transactions and communications do not create, by implication or otherwise, any fiduciary duty on the part of the Administrative Agent, the Lenders, the Arrangers or their respective Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications, (B) the Company and the Subsidiary Borrowers have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate and (C) the Company and the Subsidiary Borrowers are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated hereby; (ii) (A) the Administrative Agent, the Lenders and the Arrangers each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary for the Company, any Subsidiary Borrower or any of their respective Affiliates or any other Person and (B) none of the Administrative Agent, any Lender or any Arranger has any obligation to the Company, any Subsidiary Borrower or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein; and (iii) the Administrative Agent, the Lenders and the

Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, the Subsidiary Borrowers and their respective Affiliates, and none of the Administrative Agent, the Lenders or the Arrangers has any obligation to disclose any of such interests to the Company, the Subsidiary Borrowers or such Affiliates. To the fullest extent permitted by law, the Company and each Subsidiary Borrower hereby agrees not to assert any claims against the Administrative Agent, the Lenders, the Arrangers or their respective Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 8.15. USA PATRIOT Act Notice and Beneficial Ownership Regulation. Each Lender that is subject to the USA PATRIOT Act or the Beneficial Ownership Regulation and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act and/or the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrowers in accordance with the USA PATRIOT Act and the Beneficial Ownership Regulation. The Borrowers shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests and that is required to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation.

SECTION 8.16. Acknowledgment and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in this Agreement or in any other agreement, arrangement or understanding among the parties hereto, each party hereto acknowledges that any liability of any Affected Financial Institution arising under this Agreement may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder that may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

SECTION 8.17. Conversion of Currencies. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto (including each Subsidiary Borrower) agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of each Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum is stated to be due hereunder (the "Agreement Currency"), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss.

SECTION 8.18. Permitted Reorganization. Notwithstanding any other provision of this Agreement, the Company may, after the Availability Date, become a wholly-owned Subsidiary of a corporation organized under the laws of the United States of America, any State thereof or the District of Columbia (the "New Holding Company") by means of a merger of the Company with or into a newly organized wholly owned Domestic Subsidiary of the New Holding Company (the "Permitted Reorganization Merger Subsidiary") or another transaction or series of transactions that result in the Company becoming a wholly owned Domestic Subsidiary of the New Holding Company, provided that:

(a) immediately after the consummation of the Permitted Reorganization, the identity of the holders of the equity interests in the New Holding Company, and the percentage of the ordinary voting power represented by the equity interests in the New Holding Company held by each of them, shall be identical to the identity of the holders of the equity interests in the Company, and the percentage of the ordinary voting power represented by the equity interests in the Company held by each of them, immediately prior to the consummation of the Permitted Reorganization;

(b) the New Holding Company and, if applicable, the Permitted Reorganization Merger Subsidiary, prior to the consummation of the Permitted Reorganization, shall not have been engaged in any business activities or conducted any operations other than in connection with or as contemplated by the Permitted Reorganization and shall not own any material assets;

(c) prior to the consummation of the Permitted Reorganization, the Company, the New Holding Company and the Administrative Agent shall enter into an agreement in writing pursuant to which this Agreement shall be amended as may be necessary or appropriate, in the opinion of the Company and the Administrative Agent, to reflect (i) the

Company becoming a wholly owned Subsidiary of the New Holding Company, (ii) subject to clause (iii) below, the New Holding Company becoming bound hereby and by the other Loan Documents as if it were the original “Company”, including for purposes of the definitions, the representations and warranties set forth in Article IV hereof, the covenants set forth in Article V hereof, the Events of Default set forth in Article VI hereof and the Company Guarantee set forth in Article IX hereof (and the related defined terms), and becoming a Borrower hereunder as if it were the original “Company” and (iii) notwithstanding anything to the contrary in clause (ii) above, the Company remaining the primary obligor in respect of the Loans owing by the Company and all the rights and obligations of the Company under this Agreement in its capacity as a Borrower remaining rights and obligations of the Company (it being understood and agreed, however, that from and after the consummation of the Permitted Reorganization provisions hereof applicable to the Company in its capacity as a Borrower shall be consistent with the provisions hereof applicable to the other Subsidiary Borrowers in such capacity), including any such amendments (consistent with clauses (i) through (iii) above) to provide that (A) references to the Company will be modified to be references to the New Holding Company, other than in Section 2.19(e), or to each of the Company and the New Holding Company (including in Section 2.19(e)), as the context of the original reference requires and (B) on the date of effectiveness of such agreement, the New Holding Company shall represent and warrant, after giving effect to such agreement and pro forma effect to the Permitted Reorganization, as to the matters set forth in Sections 4.01(a), 4.01(b), 4.01(c), 4.01(d), 4.01(j) and 4.01(k); provided that a copy of such agreement shall have been provided by the Administrative Agent to the Lenders and the Administrative Agent shall not have received, within five Business Days of the date a copy of such agreement is provided to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendments (it being understood that in the absence of such written notice from the Required Lenders, such amendments shall become effective at the end of such period, without any further action or consent of any other party to this Agreement);

(d) prior to or substantially concurrently with the consummation of the Permitted Reorganization, the New Holding Company shall deliver to the Administrative Agent documents, certificates and opinions relating to the New Holding Company consistent with those delivered pursuant to Sections 3.01(b) and 3.01(c); and

(e) the Administrative Agent and the Lenders shall have received, at least three Business Days prior to the date of the consummation of the Permitted Reorganization, all documentation and other information required by bank regulatory authorities with respect to the New Holding Company under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation, that has been reasonably requested by the Administrative Agent or any Lender in writing at least five Business Days prior to the date of the consummation of the Permitted Reorganization.

COMPANY GUARANTEE

SECTION 9.01. The Guarantee. The Company hereby unconditionally guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the principal of and interest on each Loan owing by any Subsidiary Borrower pursuant to this Agreement, and the full and punctual payment of all other amounts payable by any Subsidiary Borrower under this Agreement or any other Loan Document, in each case, within three Business Days after written demand therefor shall have been received by the Company from the Administrative Agent (such guarantee, including the obligations of the Company thereunder as set forth in this Article IX, the "Company Guarantee").

SECTION 9.02. Guarantee Unconditional. The obligations of the Company under the Company Guarantee shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of any Subsidiary Borrower under this Agreement or any other Loan Document, by operation of law or otherwise;

(b) any modification or amendment of or supplement to this Agreement or any other Loan Document;

(c) any change in the corporate existence, structure or ownership of any Subsidiary Borrower or any insolvency, bankruptcy, reorganization or other similar proceeding affecting such Subsidiary Borrower or its assets or any resulting release or discharge of any obligation of any Subsidiary Borrower contained in this Agreement or any other Loan Document;

(d) the existence of any claim, set-off or other rights that the Company may have at any time against any Subsidiary Borrower, the Administrative Agent, any Lender or any other Person, whether in connection herewith or any unrelated transactions; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(e) any invalidity or unenforceability relating to or against any Subsidiary Borrower for any reason of this Agreement or any other Loan Document, or any provision of applicable law or regulation purporting to prohibit the payment by any Subsidiary Borrower of the principal of or interest on any Loan or any other amount payable by it under this Agreement or any other Loan Document; or

(f) any other act or omission by any Subsidiary Borrower, the Administrative Agent, any Lender or any other Person which might, but for the provisions of this Section 9.02, constitute a legal or equitable discharge of the Company's obligations under the Company Guarantee (other than as set forth in Section 9.03).

SECTION 9.03. Discharge; Reinstatement in Certain Circumstances. The Company's obligations under the Company Guarantee with respect to the obligations of a

Subsidiary Borrower shall remain in full force and effect until the earlier of (a) the date on which the Commitments shall have terminated and the principal of and interest on the Loans owing by such Subsidiary Borrower and all other amounts payable by such Subsidiary Borrower under this Agreement shall have been paid in full, (b) the date on which, following a Subsidiary Borrower Termination Event with respect to such Subsidiary Borrower, the obligations of the Lenders to extend Loans to such Subsidiary Borrower shall have been terminated and the principal of and interest on the Loans of such Subsidiary Borrower and all other amounts payable by such Subsidiary Borrower under this Agreement shall have been paid in full and (c) the date on which, following the designation of such Subsidiary as an Ineligible Subsidiary pursuant to Section 2.19(c), the principal of and interest on the Loans owing by such Subsidiary Borrower, if any, and all other amounts payable by such Subsidiary Borrower under this Agreement shall have been paid in full; provided, however, that the Company may be released from any of its obligations under the Company Guarantee by the Administrative Agent with the written consent of all the Lenders as set forth in Section 8.01(a). If at any time any payment of the principal of or interest on any Loan or any other amount payable by any Subsidiary Borrower under this Agreement is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of such Subsidiary Borrower, or otherwise, the Company's obligations under the Company Guarantee with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time.

SECTION 9.04. Waiver by the Company. The Company irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action not provided for herein be taken by any Person against any Subsidiary Borrower or any other Person.

SECTION 9.05. Taxes. Section 2.14 shall apply mutatis mutandis to any payment made by the Company on behalf of a Subsidiary Borrower pursuant to the Company Guarantee.

*[Remainder of the page intentionally blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CARRIER GLOBAL CORPORATION,

By: /s/ Christopher Witzky

Name: Christopher Witzky

Title: Vice President, Treasurer

CARRIER INTERCOMPANY LENDING DESIGNATED ACTIVITY  
COMPANY,

By: /s/ Christian Idczak

Name: Christian Idczak

Title: Director

*[Signature Page to Carrier Revolving Credit Agreement]*

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JPMORGAN CHASE BANK, N.A., individually and as Administrative Agent,

By: /s/ Robert P. Kellas

---

Name: Robert P. Kellas

Title: Executive Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Bank of America, N.A.

By: /s/ Jason Yakabu

Name: Jason Yakabu

Title: Vice President

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Citibank, N.A.

By: /s/ Susan Olsen

Name: Susan Olsen

Title: Vice President

---

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Patrick D. Mueller

Name: Patrick D. Mueller

Title: Managing Director

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Morgan Stanley Bank, N.A.

By: /s/ Julie Lilienfeld

Name: Julie Lilienfeld

Title: Authorized Signatory

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

UNICREDIT BANK AG, NEW YORK BRANCH

By: /s/ Daniela Ferrari

Name: Daniela Ferrari

Title: Managing Director

By: /s/ Supriya Saxena

Name: Supriya Saxena

Title: Managing Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: GOLDMAN SACHS BANK USA

By: /s/ Ryan Durkin

Name: Ryan Durkin

Title: Authorized Signatory

---

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Bank of Montreal, Chicago Branch

By: /s/ Andrew Berryman

Name: Andrew Berryman

Title: Vice President

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

BNP PARIBAS, as a Lender

By: /s/ Richard Pace

Name: Richard Pace

Title: Managing Director

By: /s/ Nanette Baudon

Name: Nanette Baudon

Title: Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

DEUTSCHE BANK AG NEW YORK BRANCH

By: /s/ Annie Chung

Name: Annie Chung

Title: Director

By: s/ Marko Lukin

Name: Marko Lukin

Title: Vice President

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Intesa Sanpaolo S.p.A., New York Branch

By: /s/ Jordan Schweon

Name: Jordan Schweon

Title: Global Relationship Manager

For any Lender requiring a second signature block:

By: /s/ Anne Culver

Name: Anne Culver

Title: Relationship Manager

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Mizuho Bank, Ltd.

By: /s/ Donna DeMagistris

Name: Donna DeMagistris

Title: Executive Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: MUFG Bank, Ltd.

By: /s/ Oscar Cortez

Name: Oscar Cortez

Title: Director

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*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Michael Maguire

Name: Michael Maguire

Title: Managing Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Wells Fargo Bank, National Association

By: /s/ Kay Reedy

Name: Kay Reedy

Title: Managing Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Bank of China, New York Branch

By: /s/ Raymond Qiao

Name: Raymond Qiao

Title: Executive Vice President

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: BARCLAYS BANK PLC

By: /s/ Sean Duggan

Name: Sean Duggan

Title: Vice President

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: BAYERISCHE LANDESBANK, NEW YORK BRANCH

By: /s/ Matthew DeCarlo

Name: Matthew DeCarlo

Title: Senior Director

For any Lender requiring a second signature block:

By: /s/ Rolf Siebert

Name: Rolf Siebert

Title: Executive Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Commerzbank AG, New York Branch

By: /s/ Michael Ravelo

Name: Michael Ravelo

Title: Managing Director

For any Lender requiring a second signature block:

By: /s/ John W. Deegan

Name: John W. Deegan

Title: Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD, NEW  
YORK BRANCH

By: /s/ Gang Duan

Name: Gang Duan

Title: Executive Director

By: /s/ Brian Foley

Name: Brian Foley

Title: Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: ROYAL BANK OF CANADA

By: /s/ Brian Hueter

Name: Brian Hueter

Title: Authorized Signatory

---

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Societe Generale

By: /s/ Richard Bernal

Name: Richard Bernal

Title: Managing Director

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Standard Chartered Bank

By: /s/ James Beck

---

Name: James Beck

Title: Associate Director

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: The Bank of New York Mellon

By: /s/ Thomas J. Tarasovich, Jr.

Name: Thomas J. Tarasovich, Jr.

Title: Vice President

*[Signature Page to Carrier Revolving Credit Agreement]*

---

SIGNATURE PAGE TO  
THE REVOLVING CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Westpac Banking Corporation

By: /s/ Daniel Sutton

Name: Daniel Sutton

Title: Two Tier Attorney

*[Signature Page to Carrier Revolving Credit Agreement]*

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TERM LOAN CREDIT AGREEMENT

dated as of February 10, 2020,

among

CARRIER GLOBAL CORPORATION,

UNITED TECHNOLOGIES CORPORATION (prior to the UTC Release Date),

the LENDERS party hereto

and

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

---

JPMORGAN CHASE BANK, N.A.,  
BOFA SECURITIES, INC.,  
CITIBANK, N.A.

and

HSBC SECURITIES (USA) INC.,  
as Joint Lead Arrangers and Joint Bookrunners

BANK OF AMERICA, N.A.,  
CITIBANK, N.A.

and

HSBC BANK USA, NATIONAL ASSOCIATION,  
as Syndication Agents

GOLDMAN SACHS BANK USA

and

MORGAN STANLEY BANK, N.A.,  
as Documentation Agents

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Exhibit E-2	—	Form of U.S. Tax Certificate (For Foreign Participants that are not Partnerships for U.S. Federal Income Tax Purposes and Participants that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is not a Partnership)
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---

TERM LOAN CREDIT AGREEMENT dated as of February 10, 2020, among CARRIER GLOBAL CORPORATION, UNITED TECHNOLOGIES CORPORATION (prior to the UTC Release Date), the LENDERS party hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

The Borrower has requested the Lenders (such term and each other capitalized term used and not otherwise defined herein having the meaning assigned to it in Article I) to extend Commitments in the amount of \$1,750,000,000 under which the Borrower may obtain Loans in Dollars. The Lenders are willing to extend such credit to the Borrower on the terms and subject to the conditions set forth herein.

Accordingly, the parties hereto agree as follows:

## ARTICLE I

### Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“2020 Revolving Credit Agreement” means the Revolving Credit Agreement dated as of February 10, 2020, among the Borrower, the subsidiary borrowers party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, as amended, extended, restated or otherwise modified from time to time, or as refinanced or replaced with any other credit agreement.

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Adjusted LIBO Rate” means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent hereunder, and its successors in such capacity as provided in Article VIII.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to any Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

---

“Agent Parties” has the meaning set forth in Section 9.01(d).

“Agreement” means this Term Loan Credit Agreement.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate on such day (or, if such day is not a Business Day, the immediately preceding Business Day) for a deposit in Dollars with a maturity of one month plus 1%. For purposes of clause (c) above, the Adjusted LIBO Rate on any day shall be based on the Screen Rate at approximately 11:00 a.m., London time, on such day for deposits in Dollars with a maturity of one month; provided that if the Screen Rate shall not be available at such time for a maturity of one month with respect to Dollars but the Screen Rate shall be available for maturities both longer and shorter than one month, then the Adjusted LIBO Rate shall be the Interpolated Screen Rate as of such time. Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate, respectively. If the Alternate Base Rate is being used as an alternate rate pursuant to Section 2.11 (for the avoidance of doubt, only until an amendment hereto has become effective pursuant to Section 2.11(b)), then, for purposes of clause (c) above, the Adjusted LIBO Rate shall be deemed to be zero.

“Anti-Corruption Laws” means all laws, rules and regulations of the United States applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Rate” means, for any day, with respect to any Eurocurrency Loan, any ABR Loan or any Commitment Fee, as the case may be, the applicable rate per annum set forth below under the caption “Eurocurrency Spread”, “ABR Spread” or “Commitment Fee Rate”, as the case may be, in each case based upon the Ratings applicable on such date:

<u>Level</u>	<u>Ratings (S&amp;P / Moody's)</u>	<u>Eurocurrency Spread (basis points per annum)</u>	<u>ABR Spread (basis points per annum)</u>	<u>Commitment Fee Rate (basis points per annum)</u>
1	A- / A3 or higher	87.5	0.0	9.0
2	BBB+ / Baa1	100.0	0.0	10.0
3	BBB/Baa2	112.5	12.5	12.5
4	BBB-/Baa3	125.0	25.0	17.5
5	Lower than BBB-/Baa3	137.5	37.5	22.5

For purposes of the foregoing, (a) if either Moody's or S&P shall not have in effect a Rating (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a Rating in Level 5; (b) if the Ratings established or deemed to have been established by Moody's and S&P shall fall within different Levels, the Applicable Rate shall be based upon the higher Rating unless the Ratings differ by two or more Levels, in which case the Applicable Rate will be based upon the Level one below that corresponding to the higher Rating; and (c) if the Ratings established or deemed to have been established by Moody's and S&P shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date

on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Administrative Agent shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency (it being understood that, in the discretion of the Administrative Agent, any such negotiation on the part of the Administrative Agent may be subject to prior consultation with one or more Lenders and any consent by the Administrative Agent to any such amendment may be subject to the Administrative Agent having obtained consent thereto from the Required Lenders), and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

“Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” means JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A. and HSBC Securities (USA) Inc., in their capacities as the joint lead arrangers and joint bookrunners for the credit facility provided for herein.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee, with the consent of any Person whose consent is required by Section 9.04, and accepted by the Administrative Agent, substantially in the form of Exhibit A or any other form approved by the Administrative Agent and the Borrower.

“Attributable Debt” means, as to any particular lease under which any Person is at the time liable for a term of more than 12 months, at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining term thereof (excluding any subsequent renewal or other extension options held by the lessee), discounted at the interest rate implicit in the terms of the relevant lease in accordance with GAAP. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of the rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges and contingent rents (such as those based on sales). In the case of any lease which is terminable by the lessee upon the payment of a penalty in an amount which is less than the total discounted net amount of rent required to be paid from the later of the first date upon which such lease may be so terminated or the date of the determination of such net amount of rent, as the case may be, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

“Availability Period” means the period from and including the Closing Date to but excluding the Commitment Termination Date.

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“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of any Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time that is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their Affiliates (other than through liquidation, administration or other insolvency proceedings).

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate (which may be a SOFR-Based Rate) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body and/or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBO Rate for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for all purposes of this Agreement; provided further that any such Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its reasonable discretion.

“Benchmark Replacement Adjustment” means the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body and/or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time (for the avoidance of doubt, such Benchmark Replacement Adjustment shall not be in the form of a reduction to the Applicable Rate).

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate”, the definition of “Interest Period”, timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other

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manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to the LIBO Rate:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event”, the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the Screen Rate permanently or indefinitely ceases to provide the Screen Rate; or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the LIBO Rate:

(a) a public statement or publication of information by or on behalf of the administrator of the Screen Rate announcing that such administrator has ceased or will cease to provide the Screen Rate, permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Screen Rate;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Screen Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the Screen Rate, a resolution authority with jurisdiction over the administrator for the Screen Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Screen Rate, in each case which states that the administrator of the Screen Rate has ceased or will cease to provide the Screen Rate permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Screen Rate; and/or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the Screen Rate announcing that the Screen Rate is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBO Rate and solely to the extent that the LIBO Rate has not been replaced with a Benchmark Replacement, the

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period (a) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder in accordance with Section 2.11 and (b) ending at the time that a Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder pursuant to Section 2.11.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Board of Governors” means the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower” means Carrier Global Corporation, a Delaware corporation and, prior to the consummation of the Carrier Distribution, a wholly-owned Subsidiary of UTC.

“Borrower Materials” has the meaning set forth in Section 5.01.

“Borrowing” means Loans of the same Type made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.03, which shall be substantially in the form of Exhibit B or any other form approved by the Administrative Agent and the Borrower.

“Business Day” means any day that is not a Saturday, a Sunday or any other day on which commercial banks in New York City are authorized or required by law to remain closed under the laws of, or do in fact remain closed in, the State of New York; provided that when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day that is not a London Banking Day.

“Capitalized Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP (subject to Section 1.04); and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP (subject to Section 1.04).

“Carrier Business” means, 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 consummation of the Carrier Distribution by UTC or by any of its current or former Subsidiaries and (b) any terminated, divested, or discontinued businesses, operations and activities that, at the time of termination, divestiture or

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discontinuation, primarily related to the business, operations and activities described in clause (a) as then conducted.

“Carrier Distribution” means the pro rata distribution to the stockholders of UTC of the common stock of the Borrower, which, at the time of the making of such distribution, will, directly or indirectly through its Subsidiaries, hold the Carrier Business.

“Carrier Distribution Condition” means the requirement that:

(a) the “effective time of the distribution” (or an equivalent term, in each case, as such term is used in the Carrier Form 10) occurs and the Carrier Distribution is consummated in a manner consistent in all material respects with the Carrier Form 10; and

(b) the Carrier Distribution is consummated in a manner consistent in all material respects with the Draft Carrier Form 10, except any failure or failures to be so consistent (i) to the extent relating to (A) any updates to the financial statements, other financial information, notes thereto and other information contained or to be contained therein in respect of subsequent periods in accordance with the rules and regulations of the SEC or otherwise relating to the passage of time, (B) information previously omitted, in whole or in part, in the Draft Carrier Form 10 that is added in connection with the completion of the disclosures contained in the Carrier Form 10 or (C) information required to be included therein by applicable law or regulation or included therein in response to any comment issued by the SEC or (ii) that, in the aggregate, are not material and adverse to the interests of the Lenders (in their capacity as such) under this Agreement.

“Carrier Form 10” means the Form 10 filed (whether or not publicly filed) by the Borrower with the SEC pursuant to the Exchange Act (including the information statement and the other exhibits filed therewith) relating to the Carrier Distribution, as it may be amended or supplemented from time to time after the original filing thereof and prior to the Carrier Distribution.

“Change in Control” means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any “person” or “group” (as such terms are defined in Section 13(d)(3) of the Exchange Act), other than (i) the Borrower or its Subsidiaries, (ii) the New Holding Company pursuant to the Permitted Reorganization or (iii) any employee benefit plan of the Borrower or its Subsidiaries, and any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan, of equity interests in the Borrower representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding equity interests in the Borrower, (b) the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who are not Continuing Directors or (c) following the consummation of the Permitted Reorganization, the Borrower ceasing to be a wholly owned subsidiary of the New Holding Company.

Notwithstanding the foregoing, a “person” or “group” shall not be deemed to beneficially own equity interests subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or

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similar agreement related thereto) until the consummation of the acquisition of the applicable equity interests in connection with the transactions contemplated by such agreement.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption of any rule, regulation, treaty or other law, (b) any change in any rule, regulation, treaty or other law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law, but if not having the force of law, one which applies generally to the class or category of financial institutions of which any Lender or the Administrative Agent forms a part and compliance with which is in accordance with the general practice of those financial institutions) of any Governmental Authority; provided that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, promulgated or issued.

“Charges” has the meaning set forth in Section 9.13.

“Closing Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitment” means, with respect to each Lender, the commitment of such Lender to make Loans hereunder, expressed as an amount representing the maximum principal amount of the Loans to be made by such Lender hereunder, as such commitment may be reduced from time to time pursuant to Section 2.06 or increased or reduced from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The amount of each Lender’s Commitment on the Closing Date is set forth on Schedule 2.01, and the aggregate amount of the Commitments on the Closing Date is \$1,750,000,000.

“Commitment Fee” has the meaning set forth in Section 2.09(a).

“Commitment Termination Date” means the earliest of (a) the first date on which UTC shall have publicly announced the termination or abandonment of the Carrier Distribution, (b) the date on which the Carrier Distribution shall have been consummated and (c) the Outside Date.

“Compliance Certificate” means a Compliance Certificate substantially in the form of Exhibit C or any other form approved by the Administrative Agent and the Borrower.

“Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which may include compounding in arrears with a lookback and/or suspension period

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as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Administrative Agent in accordance with:

(a) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; or

(b) if, and to the extent that, the Administrative Agent determines that Compounded SOFR cannot be determined in accordance with clause (a) above, then the rate, or methodology for this rate, and conventions for this rate that the Administrative Agent determines in its reasonable discretion are substantially consistent with any evolving or then-prevailing market convention for determining compounded SOFR for U.S. dollar-denominated syndicated credit facilities at such time;

provided that if the Administrative Agent decides that any such rate, methodology or convention determined in accordance with clause (a) or (b) above is not administratively feasible for the Administrative Agent, then Compounded SOFR will be deemed unable to be determined for purposes of the definition of “Benchmark Replacement”.

“Consolidated” refers to the consolidation of the accounts of a Person and its Subsidiaries in accordance with GAAP.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period, plus

(a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum for such period of:

(i) Consolidated interest expense (including imputed interest expense in respect of Capitalized Lease Obligations);

(ii) Consolidated income tax expense;

(iii) depreciation and amortization expense;

(iv) non-cash charges or losses, including non-cash compensation expense, impairment charges and any write-offs or write-downs of assets, but excluding (A) any non-cash charge that results from an accrual of a reserve for cash charges to be taken in any future period, (B) an amortization of a prepaid cash expense that was paid and not expensed in a prior period or (C) write-down or write-off with respect to accounts receivable (including any addition to bad debt reserves or bad debt expense);

(v) extraordinary, unusual or non-recurring charges or losses, including transaction fees, costs and expenses (including financing fees, financial and other advisory fees, accounting and consulting fees and legal fees) incurred in connection with Material Acquisitions and Material Dispositions;

(vi) transaction fees, costs and expenses incurred in connection with the Transactions; provided that (i) no amounts may be added back pursuant to this clause (vi) for any

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such fees, costs and expenses incurred or accrued after the last day of the eighth full fiscal quarter ending after the UTC Release Date and (ii) the amounts added back pursuant to this clause (vi) may not exceed (A) with respect to any period of four consecutive fiscal quarters, US\$150,000,000 and (B) with respect to all periods, US\$300,000,000;

(vii) any unrealized losses attributable to the application of “mark to market” accounting in respect of Hedge Agreements;

(viii) any net after-tax loss attributable to the early extinguishment of Debt or obligations under Hedge Agreements;

(ix) the cumulative effect for such period of a change in accounting principles; minus

(b) without duplication and to the extent included in determining such Consolidated Net Income, the sum for such period of:

(i) any non-cash gains or items of income (other than the accrual of revenue), but excluding any such items in respect of which cash was received in a prior period or will be received in a future period;

(ii) extraordinary, unusual or nonrecurring gains or items of income;

(iii) any unrealized gains attributable to the application of “mark to market” accounting in respect of Hedge Agreements;

(iv) any net after-tax gain attributable to the early extinguishment of Debt or obligations under Hedge Agreements; and

(v) the cumulative effect for such period of a change in accounting principles;

provided that Consolidated EBITDA shall be calculated so as to exclude the effect of any gain or loss that represents after-tax gains or losses attributable to any sale, transfer or other disposition (other than sales, transfers or other dispositions in the ordinary course of business). Notwithstanding anything to the contrary contained herein, but subject to the next sentence, Consolidated EBITDA shall be deemed to be (A) for the period of four consecutive fiscal quarters of the Borrower ended prior to the last day of the first fiscal quarter that shall have commenced on or after the UTC Release Date, pro forma Consolidated EBITDA for the period of four consecutive fiscal quarters of the Borrower ended December 31, 2019, determined by reference to the Pro Forma Borrower Financial Statements, (B) for the period of four consecutive fiscal quarters of the Borrower ended on the last day of the first fiscal quarter that shall have commenced on or after the UTC Release Date, Consolidated EBITDA for such first fiscal quarter multiplied by four, (C) for the period of four consecutive fiscal quarters of the Borrower ended on the last day of the second fiscal quarter that shall have commenced on or after the UTC Release Date, Consolidated EBITDA for the two fiscal quarter period then ended multiplied by two, and (D) for the period of four consecutive fiscal quarters of the Borrower ended on the last day of the third fiscal quarter that shall have commenced on or after the UTC Release Date, Consolidated EBITDA for the three fiscal quarter period then ended multiplied by 4/3. For the

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purposes of calculating Consolidated EBITDA for any period, if at any time during such period the Borrower or any Subsidiary shall have consummated a Material Acquisition or a Material Disposition, Consolidated EBITDA for such period shall be determined giving pro forma effect thereto in accordance with Section 1.04(b); provided that Borrower shall not be required to calculate Consolidated EBITDA on a pro forma basis with respect to any Material Acquisition or any Material Disposition if the Borrower determines in its reasonable discretion that it does not have reasonably and readily identifiable information to make such pro forma calculation.

“Consolidated Leverage Ratio” means, as of any date, the ratio of (a) Consolidated Total Net Debt as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters of the Borrower most recently ended on or prior to such date.

“Consolidated Net Income” means, for any period, the net income (or loss) of the Borrower and its Consolidated Subsidiaries for such period determined in conformity with GAAP.

“Consolidated Net Tangible Assets” means the total amount of assets of the Borrower and its Consolidated Subsidiaries (less applicable reserves and other properly deductible items) after deducting therefrom (a) all current liabilities (excluding any thereof which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the most recent Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries and computed in accordance with GAAP (which calculation shall give pro forma effect to any Material Acquisition or Material Disposition consummated by the Borrower or its Consolidated Subsidiaries since the date of such Consolidated balance sheet and on or prior to the date of determination, as if such Material Acquisition or Material Disposition had occurred on the date of such Consolidated balance sheet). Until the first delivery of the Consolidated financial statements of the Borrower and its Consolidated Subsidiaries pursuant to Section 5.01(a) or 5.01(b), Consolidated Net Tangible Assets shall be determined by reference to the pro forma combined balance sheet described in the definition of “Pro Forma Borrower Financial Statements”.

“Consolidated Total Net Debt” means, as of any date, (a) the sum, without duplication, of (i) the aggregate principal amount of Debt of the Borrower and its Consolidated Subsidiaries outstanding as of such date, (ii) the aggregate amount of the Capitalized Lease Obligations of the Borrower and its Consolidated Subsidiaries as of such date and (iii) the aggregate principal amount of the purchase money indebtedness of the Borrower and its Consolidated Subsidiaries outstanding as of such date, minus (b) the aggregate amount of Unrestricted Cash as of such date.

“Continuing Director” means a director who (a) was a member of the Borrower’s board of directors on the UTC Release Date after giving effect to the Carrier Distribution, (b) becomes a member of the Borrower’s board of directors subsequent to the UTC Release Date and whose appointment, election or nomination for election by the Borrower’s stockholders is duly approved by a majority of the directors referred to in clause (a) above constituting at the time of such appointment, election or nomination at least a majority of that board or (c) becomes

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a member of the Borrower's board of directors subsequent to the UTC Release Date and whose appointment, election or nomination for election by the Borrower's stockholders is duly approved by a majority of the directors referred to in clauses (a) and (b) above constituting at the time of such appointment, election or nomination at least a majority of that board.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Corresponding Tenor” means, with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding any business day adjustment) as the applicable tenor for the applicable Interest Period with respect to the LIBO Rate.

“Debt” has the meaning set forth in Section 6.01.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes, or upon notice, lapse of time or both would constitute, an Event of Default.

“Defaulting Lender” means, subject to Section 2.17(b), any Lender that (a) has failed, within three Business Days of the date required to be funded or paid, (i) to fund any portion of its Loans or (ii) to pay to the Administrative Agent or any Lender any other amount required to be paid by it hereunder (unless, in the case of an obligation to fund a Loan, such Lender notifies the Borrower and the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified in such writing, including, if applicable, by reference to a specific Event of Default) has not been satisfied); (b) has notified the Borrower, the Administrative Agent or any Lender in writing that it does not intend to comply with its funding obligations hereunder or has made a public statement to that effect with respect to its funding obligations hereunder (unless such notice or public statement relates to such Lender's obligation to fund a Loan hereunder and indicates that such position is based on such Lender's good faith determination that a condition precedent to funding (specifically identified in such writing, including, if applicable, by reference to a specific Event of Default) has not been satisfied) or generally under other agreements in which it commits to extend credit; (c) has failed, within three Business Days after request by the Administrative Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations as of the date of certification) to fund prospective Loans, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written certification by the Administrative Agent; (d) has, or has a direct or indirect parent company that has, become the subject of a Bail-In Action; or (e) has, or has a

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direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in such Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

“Documentation Agents” means Goldman Sachs Bank USA and Morgan Stanley Bank, N.A., in their capacities as documentation agents for the credit facility provided for herein.

“Dollars” or “\$” means the lawful money of the United States of America.

“Domestic Subsidiary” means, with respect to any Person, any Subsidiary of such Person incorporated or organized under the laws of any State of the United States or the District of Columbia.

“Draft Carrier Form 10” means the Carrier Form 10 (including the information statement and the other exhibits contemplated thereby) in the form delivered, or deemed to be delivered, to the Lenders pursuant to Section 4.01(d).

“Early Opt-in Election” means the occurrence of:

(a) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 2.11(b), are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBO Rate, and

(b) (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) above or (c) any financial institution established in an EEA Member Country that is a Subsidiary of an institution described in clause (a) or (b) above and is subject to consolidated supervision with its parent.

“EEA Member Country” means any member state of the European Union, Iceland, Liechtenstein and Norway.

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“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Signature” means an electronic signature, sound, symbol or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Eligible Assignee” means any Person, other than (a) a natural person, (b) a holding company, investment vehicle or trust for, or owned and operated by or for the primary benefit of, a natural person, (c) the Borrower, (d) any Subsidiary of the Borrower, (e) any Affiliate of the Borrower or (f) any Defaulting Lender.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, directives, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any toxic or hazardous substance or waste, or health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, attorneys’ and consultants’ fees, fines, penalties or indemnities), directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and all rules, regulations, rulings and official interpretations promulgated or issued thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) which is a member of a group of which the Borrower is a member and which is under common control within the meaning of Section 414 of the Code.

“ERISA Event” means (a) any “reportable event” under 4043 of ERISA (other than an event for which the 30-day notice period is waived or a safe harbor is available) with respect to a Plan, (b) any failure by any Plan to satisfy the minimum funding standard under Section 412 of the Code, (c) the filing of an application for a waiver of the minimum funding standard with respect to any Plan under Section 412(c) of the Code, (d) the incurrence of any liability under Title IV of ERISA with respect to the involuntary or distress termination of any Plan under Sections 4041(c) or Section 4042 of ERISA, (e) the receipt from the PBGC or a plan administrator by the Borrower or any ERISA Affiliate of the Borrower of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan under Section 4041(c) or Section 4042 of ERISA, (f) the incurrence of any liability with respect to the withdrawal or partial withdrawal from any Plan (within the meaning of Section 4063 of ERISA)

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or Multiemployer Plan (within the meaning of Sections 4203 or 4205 of ERISA) or (g) the receipt of any notice by the Borrower or an ERISA Affiliate of the Borrower from any Multiemployer Plan, concerning the imposition of withdrawal liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent within the meaning of Section 4245 of ERISA, or in endangered, critical and declining, or critical status within the meaning of Section 305 of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurocurrency”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

“Events of Default” has the meaning set forth in Section 7.01.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended from time to time.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office in, or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. Federal withholding Taxes (including backup withholding Taxes) imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to laws in effect on the date on which (i) such Lender acquires such interest in such Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.16(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender acquired the applicable interest in such Loan or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.14(f) and (d) any U.S. Federal withholding Taxes imposed under FATCA; provided, that, for the avoidance of doubt, for purposes of clause (b)(i), in the case of an interest in a Loan acquired by a Lender pursuant to the funding of a Commitment, such Lender shall be treated as acquiring such interest on the date such Lender acquired an interest in the Commitment pursuant to which such Loan was funded.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantially comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, as of the date of this Agreement (or any amended or successor version described above), and any fiscal or regulatory legislation, rules, guidance notes or practices adopted pursuant to any

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intergovernmental agreement, treaty or convention among Governmental Authorities implementing the foregoing.

“Federal Funds Effective Rate” means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions, as determined in such manner as shall be set forth on the NYFRB Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; provided that if such rate shall be less than zero, such rate shall be deemed to be zero for all purposes.

“Financial Officer” means, with respect to any Person, the chief financial officer, principal accounting officer, treasurer, assistant treasurer or controller of such Person.

“Foreign Lender” means a Lender that (a) is not a U.S. Person or (b) is an entity disregarded as separate from its owner for U.S. federal income tax purposes and is owned, for U.S. federal income tax purposes, by a Person that is not U.S. Person.

“GAAP” means generally accepted accounting principles in the United States of America as in effect, subject to Section 1.04, from time to time.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

“Guaranteed Obligations” means the due and punctual payment by the Borrower of (a) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration or otherwise, and (b) all other monetary obligations of the Borrower hereunder, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding).

“Guaranteed Parties” means (a) each Lender, (b) the Administrative Agent, (c) each Arranger, (d) the beneficiaries of each indemnification obligation undertaken by the Borrower hereunder and (e) the successors and permitted assigns of each of the foregoing.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedge Agreement” means any agreement with respect to any swap, forward, future or derivative transaction, or any option or similar agreement, involving, or settled by

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reference to, one or more rates, currencies, commodities, prices of equity or debt securities or instruments, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or any similar transaction or combination of the foregoing transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Hedge Agreement.

“Historical Borrower Financial Statements” means the combined balance sheet of the Borrower and its Subsidiaries as of December 31, 2019 and the combined statements of operations of comprehensive income, of changes in equity and of cash flows of the Borrower and its Subsidiaries for the year then ended, in each case, included in the Draft Carrier Form 10.

“IBA” has the meaning set forth in Section 1.05.

“Incorporated UTC Affirmative Covenants” has the meaning set forth in Section 5.04.

“Incorporated UTC Event of Default” has the meaning set forth in Section 7.01(j).

“Incorporated UTC Negative Covenants” has the meaning set forth in Section 6.05.

“Incorporated UTC Representations” has the meaning set forth in Section 3.12.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under this Agreement and (b) to the extent not otherwise described in clause (a) of this definition, Other Taxes.

“Indemnitee” has the meaning set forth in Section 9.03(b).

“Industrial Development Bonds” means obligations issued by a State, a Commonwealth, a Territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof pursuant to the provisions of Section 103(a)(1) of the Code (or any similar provision of the Code), as in effect on the date of the issuance of such obligations.

“Information” has the meaning set forth in Section 9.12.

“Interest Election Request” means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05, which shall be substantially in the form of Exhibit D or any other form approved by the Administrative Agent and the Borrower.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Loan with an Interest Period of more than three months' duration,

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each day prior to the last day of such Interest Period that occurs at an interval of three months' duration after the first day of such Interest Period.

“Interest Period” means, with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three, six or, if available, 12 months thereafter, as the Borrower may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made, and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Interpolated Screen Rate” means, with respect to any Eurocurrency Borrowing for any Interest Period or for purposes of clause (c) of the definition of the term “Alternate Base Rate”, a rate per annum that results from interpolating on a linear basis between (a) the Screen Rate for the longest maturity for which a Screen Rate is available that is shorter than the applicable period and (b) the Screen Rate for the shortest maturity for which a Screen Rate is available that is longer than the applicable period, in each case as of the time the Interpolated Screen Rate is required to be determined in accordance with the other provisions hereof; provided that the Interpolated Screen Rate shall in no event be less than zero.

“IRS” means the United States Internal Revenue Service, or any other Governmental Authority that shall have succeeded to the functions thereof.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that shall have ceased to be a party hereto pursuant to an Assignment and Assumption.

“LIBO Rate” means, with respect to any Eurocurrency Loan for any Interest Period, the Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that (a) if no Screen Rate shall be available for such Interest Period at such time but Screen Rates shall be available for maturities both longer and shorter than such Interest Period at such time, then the LIBO Rate for such Interest Period shall be the Interpolated Screen Rate as of such time and (b) if the LIBO Rate, determined as provided above, would otherwise be less than zero, then the LIBO Rate shall be deemed to be zero for all purposes.

“Liens” has the meaning set forth in Section 6.01.

“Loans” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

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“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

“Material Acquisition” means any acquisition by the Borrower or any of its Subsidiaries of (a) equity interests in any Person if, after giving effect thereto, such Person will become a Subsidiary of the Borrower or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person (in the case of clauses (a) and (b), including as a result of a merger or consolidation); provided that, in the case of clauses (a) and (b), the aggregate consideration therefor exceeds \$50,000,000.

“Material Adverse Effect” means a material adverse effect on (a) the financial condition, operations or business of the Borrower and its Subsidiaries, taken as a whole, or (b) the rights of or benefits available to the Administrative Agent or the Lenders under this Agreement, taken as a whole.

“Material Debt” means Debt in the principal amount in excess of \$100,000,000.

“Material Disposition” means any sale, transfer or other disposition by the Borrower or any of its Subsidiaries of (a) all or substantially all the issued and outstanding equity interests in any Person that are owned by the Borrower or any of its Subsidiaries or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; provided that, in the case of clauses (a) and (b), such sale, transfer or other disposition yields net proceeds to the Borrower or any of its Subsidiaries in excess of \$50,000,000 in the aggregate.

“Maximum Rate” has the meaning set forth in Section 9.13.

“Merger Agreement” means the Agreement and Plan of Merger, dated as of June 9, 2019, by and among UTC, Light Merger Sub Corp. and Raytheon Company, as amended, amended and restated, supplemented or otherwise modified from time to time.

“MNPI” means material information concerning UTC (prior to the UTC Release Date), the Borrower, the Subsidiaries of any of the foregoing or the respective securities of any of the foregoing that has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD under the Securities Act and the Exchange Act.

“Moody’s” means Moody’s Investors Service, Inc., and any successor to its rating agency business.

“Multiemployer Plan” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“New Holding Company” has the meaning set forth in Section 9.18.

“New Holding Company Guarantee” has the meaning set forth in Section 9.18.

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“NYFRB” means the Federal Reserve Bank of New York.

“NYFRB Rate” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day; provided that, if both such rates are not published for any such day that is a Business Day, the “NYFRB Rate” shall be the rate quoted for such day for a Federal funds transaction at 11:00 a.m., New York City time, on such day received by the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided further that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for all purposes.

“NYFRB Website” means the website of the NYFRB at <http://www.newyorkfed.org>, or any successor source.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Taxes (other than connections arising solely from such Recipient having taken any of the following actions: executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement, or sold or assigned, pursuant to Section 2.16(b), an interest in any Loan or other interest under this Agreement).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.16(b)).

“Outside Date” means the “Outside Date” as defined in the Merger Agreement, as in effect on the Closing Date, and subject to extension thereof as provided in Sections 6.16(c) and 8.1(b)(i) of the Merger Agreement, as in effect on the Closing Date, but in any event no later than April 1, 2021.

“Overnight Bank Funding Rate” means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on the NYFRB Website from time to time, and published on the next succeeding Business Day by the NYFRB as an Overnight Bank Funding Rate.

“Participant” has the meaning set forth in Section 9.04(c)(i).

“Participant Register” has the meaning set forth in Section 9.04(c)(ii).

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“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA, or any other Governmental Authority that shall have succeeded to the functions thereof.

“Permitted Reorganization” means a transaction described in Section 9.18 pursuant to which the Borrower becomes a wholly-owned Domestic Subsidiary of the New Holding Company, but only if all the requirements set forth in Section 9.18 shall have been satisfied.

“Permitted Reorganization Merger Subsidiary” has the meaning set forth in Section 9.18.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or any other entity.

“Plan” means an employee benefit plan, other than a Multiemployer Plan, which is (or, in the event that any such plan has been terminated within five years after a transaction described in Section 4069 of ERISA, was) maintained for employees of the Borrower or any ERISA Affiliate and subject to Title IV of ERISA.

“Platform” means Debt Domain, IntraLinks™, SyndTrak or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system.

“Prime Rate” means the rate of interest per annum last quoted by *The Wall Street Journal* as the “prime rate” in the United States or, if *The Wall Street Journal* ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent in its reasonable discretion). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Principal Property” means any manufacturing plant or warehouse, together with the land upon which it is erected and fixtures comprising a part thereof, owned by the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary and located in the United States the gross book value (without deduction of any reserve for depreciation) of which on the date as of which the determination is being made is an amount which exceeds 1% of Consolidated Net Tangible Assets, other than any such manufacturing plant or warehouse or any portion thereof or any such fixture (together with the land upon which it is erected and fixtures comprising a part thereof) (a) which is financed by Industrial Development Bonds or (b) which, in the opinion of the board of directors of the Borrower, or of any duly authorized committee of that board, is not of material importance to the total business conducted by the Borrower and its Subsidiaries taken as a whole.

“Pro Forma Borrower Financial Statements” means the unaudited pro forma combined balance sheet of the Borrower and its Subsidiaries as of December 31, 2019 and the

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unaudited pro forma combined statement of operations of the Borrower and its Subsidiaries for the year then ended, in each case, included in the Draft Carrier Form 10 and prepared giving pro forma effect to the Transactions as set forth in the Draft Carrier Form 10.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Lender” has the meaning set forth in Section 5.01.

“Public Side Lender Representatives” means, with respect to any Lender, representatives of such Lender that do not wish to receive MNPI.

“Qualifying Material Acquisition” means any acquisition by the Borrower or any of its Subsidiaries of (a) equity interests in any Person if, after giving effect thereto, such Person will become a Subsidiary of the Borrower or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person (in the case of both clauses (a) and (b), including as a result of a merger or consolidation); provided that the aggregate cash consideration therefor (including Debt of such acquired Person (or such business unit, division, product line or line of business) assumed in connection therewith or that is refinanced in connection therewith, all obligations in respect of deferred purchase price and all other cash consideration payable in connection therewith) exceeds \$1,000,000,000.

“Ratings” means the ratings by Moody’s and S&P of the senior, unsecured, non-credit-enhanced, long-term debt of (a) prior to the UTC Release Date, UTC and (b) on and after the UTC Release Date, the Borrower.

“Recipient” means the Administrative Agent or any Lender.

“Register” has the meaning set forth in Section 9.04(b)(iv).

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the directors, officers, partners, trustees, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the Board of Governors and/or the NYFRB, or a committee officially endorsed or convened by the Board of Governors and/or the NYFRB or, in each case, any successor thereto.

“Required Lenders” means, at any time, Lenders having Commitments and Loans representing more than 50% of the sum of the aggregate amount of all the Commitments and the aggregate principal amount of all the Loans at such time.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

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“Reuters” means Thomson Reuters Corporation, a corporation incorporated under and governed by the Business Corporations Act (Ontario), Canada, Refinitiv and any successor thereto.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., and any successor to its rating agency business.

“Sale and Leaseback Transaction” has the meaning set forth in Section 6.03.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State or (b) any Person majority-owned or controlled by any such Person or Persons described in the foregoing clause (a).

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by OFAC or the U.S. Department of State.

“Scheduled Maturity Date” means the earlier of (a) February 10, 2023 and (b) in the event the UTC Release Date shall not have occurred on or prior to 11:59 p.m., New York City time, on the Commitment Termination Date, the one year anniversary of the Commitment Termination Date; provided that, in each case, if such day is not a Business Day, the Scheduled Maturity Date shall be the immediately following Business Day.

“Screen Rate” means, in respect of the LIBO Rate for any Interest Period, or in respect of any determination of the Alternate Base Rate pursuant to clause (c) of the definition thereof, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to the relevant period as displayed on the Reuters screen page that displays such rate (currently page LIBOR01 or LIBOR02) (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion).

“SEC” means the United States Securities and Exchange Commission, or any other Governmental Authority that shall have succeeded to the functions thereof.

“Securities Act” means the United States Securities Act of 1933, as amended from time to time.

“SOFR” means, with respect to any day, the secured overnight financing rate published for such day by the NYFRB, as the administrator of the benchmark (or a successor administrator), on the NYFRB Website.

“SOFR-Based Rate” means SOFR, Compounded SOFR or Term SOFR.

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“Statutory Reserve Rate” means a fraction (expressed as a decimal, carried out to five decimal places), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors to which the Administrative Agent is subject for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board of Governors). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subsidiary” means, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall or might have voting power upon the occurrence of any contingency) is at the time of any determination directly or indirectly owned or Controlled by such Person, by such Person and one or more other Subsidiaries of such Person or by one or more other Subsidiaries of such Person. Unless otherwise specified, all references herein to Subsidiaries shall be deemed to refer to Subsidiaries of the Borrower.

“Syndication Agents” means Bank of America, N.A., Citibank, N.A. and HSBC Bank USA, National Association, in their capacities as syndication agents for the credit facility provided for herein.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges in the nature of a tax imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Test Period” means, on any date of determination, the period of four consecutive fiscal quarters of the Borrower most recently ended on or prior to such date for which financial statements have been delivered, or are required to have been delivered, pursuant to Section 5.01(a) or 5.01(b).

“Titled Person” has the meaning set forth in Article VIII.

“Transactions” means (a) the execution, delivery and performance by the Borrower of this Agreement, the borrowing of Loans and the use of the proceeds thereof, (b) the consummation of the Carrier Distribution and (c) the payment of fees and expenses incurred in connection with the foregoing.

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“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain Affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment; provided that, if the Unadjusted Benchmark Replacement as so determined would be less than zero, the Unadjusted Benchmark Replacement will be deemed to be zero for all purposes of this Agreement.

“United States” means the United States of America (including the constituent States thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

“Unrestricted Cash” means, on any date, cash and cash equivalents owned on such date by the Borrower and its Consolidated Subsidiaries, as would be reflected on a Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries prepared as of such date in conformity with GAAP, provided that such cash and cash equivalents do not appear (and would not be required to appear) as “restricted” on a Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries prepared in conformity with GAAP.

“U.S. Person” means a Person who is a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 2.14(f).

“USA PATRIOT Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended from time to time, and the rules and regulations promulgated or issued thereunder.

“UTC” means United Technologies Corporation, a Delaware corporation.

“UTC 2019 Term Credit Agreement” means the Term Loan Credit Agreement dated as of March 15, 2019, among UTC, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, as in effect on the Closing Date.

“UTC Guarantee” has the meaning set forth in Section 10.01.

“UTC Release Condition” means the requirement that:

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(a) the Carrier Distribution Condition shall have been, or substantially concurrently with the release of the UTC Guarantee shall be, satisfied;

(b) on and as of the UTC Release Date (and after giving effect to the release of the UTC Guarantee), (i) the representations and warranties of the Borrower contained in Article III (other than Sections 3.05(b) and 3.06) shall be true and correct (x) in the case of the representations and warranties qualified by materiality or Material Adverse Effect in the text thereof, in all respects and (y) in the case of the representations and warranties other than those referenced in the foregoing clause (x), in all material respects, and (ii) no Default or Event of Default shall have occurred and be continuing; and

(c) the Administrative Agent shall have received a certificate from the Borrower, dated the UTC Release Date and signed by an officer of the Borrower, confirming the satisfaction of the requirements set forth in clauses (a) and (b) above.

“UTC Release Date” means the date on which the UTC Release Condition is satisfied (or waived in accordance with Section 9.02).

“Wholly-Owned Domestic Manufacturing Subsidiary” means any Subsidiary of the Borrower of which, at the time of determination, all of the outstanding capital stock (other than directors’ qualifying shares) is owned by the Borrower directly and/or indirectly and which, at the time of determination, is primarily engaged in manufacturing; provided, however, that “Wholly-Owned Domestic Manufacturing Subsidiary” shall not include any Subsidiary of the Borrower that (a) neither transacts any substantial portion of its business nor regularly maintains any substantial portion of its fixed assets within the United States, (b) is engaged primarily in the finance business, including financing the operations of, or the purchase of products that are products of or incorporate products of, the Borrower and/or its Subsidiaries or (c) is primarily engaged in ownership and development of real estate, construction of buildings or related activities, or a combination of the foregoing. In the event that there shall at any time be a question as to whether a Subsidiary of the Borrower is primarily engaged in manufacturing or is described in the foregoing clause (a), (b) or (c), such matter shall be determined for all purposes of this Agreement by resolution of the board of directors of the Borrower.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

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SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Type (e.g., a “Eurocurrency Loan” or an “ABR Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all real and personal, tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Unless the context requires otherwise or except as otherwise expressly provided herein, (a) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (b) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (c) any definition of or reference to any agreement, instrument or other document (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (including, in the case of this Agreement, as supplemented by the New Holding Company Guarantee, but in any case disregarding any amendment, supplement or other modification made in breach of this Agreement) and (d) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws).

SECTION 1.04. Accounting Terms; GAAP; Pro Forma Calculations. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature used herein shall be construed in accordance with GAAP; provided that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding the foregoing, for purposes of this Agreement all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (i) any change as a result of the adoption of any of the provisions set forth in the *Accounting Standards Update 2016-02, Leases (Topic 842)*, issued by the Financial Accounting Standards Board in February 2016, or any other amendments to the Accounting Standards Codifications issued by the Financial Accounting Standards Board in connection therewith, in each case if such change would require the recognition of right-of-use assets and lease liabilities for leases or similar agreements that would not be classified as capital leases under GAAP as in effect prior to January 1, 2019, (ii) any election under *Accounting Standards Codification 825, Financial Instruments*, or any successor thereto (including pursuant to the Accounting Standards Codification), to value any Debt or other indebtedness of the

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Borrower or any of its Subsidiaries at “fair value”, as defined therein, (iii) any treatment of indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such indebtedness in a reduced or bifurcated manner as described therein, and such indebtedness shall at all times be valued at the full stated principal amount thereof, or (iv) any valuation of Debt or other indebtedness below its full stated principal amount as a result of the application of *Accounting Standards Update 2015-03, Interest*, issued by the Financial Accounting Standards Board, it being agreed that Debt and other indebtedness shall at all times be valued at the full stated principal amount thereof.

(b) All pro forma computations required to be made hereunder giving effect to any Material Acquisition or Material Disposition shall be calculated after giving pro forma effect thereto (and to other transactions, including the repayment or incurrence of Debt, related thereto) as if such transactions had occurred on the first day of the applicable Test Period and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Debt, all in accordance with Article 11 of Regulation S-X under the Securities Act. If any Debt bears a floating rate of interest and is being given pro forma effect, the interest on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedge Agreement applicable to such Debt if such Hedge Agreement has a remaining term in excess of 12 months). Notwithstanding anything to the contrary in this Agreement or any classification under GAAP as “discontinued operations” of any Person, business, assets or operations in respect of which a definitive agreement for the disposition thereof has been entered into, no pro forma effect shall be given to any such discontinued operations (and the Consolidated EBITDA attributable to any such Person, business, assets or operations shall not be excluded for any purposes hereunder) until such disposition shall have been consummated.

(c) For purposes of any determination under Sections 6.01, 6.03 and 7.01(i), all amounts incurred, outstanding or proposed to be incurred or outstanding in currencies other than Dollars shall be translated into Dollars at the exchange rate in effect on the date of such determination; provided that no Default or Event of Default shall arise as a result of any limitation set forth in Dollars in Sections 6.02 or 6.03 being exceeded solely as a result of changes in the exchange rate from those rates applicable at the time or times Debt, Liens or Sale and Leaseback Transactions were initially consummated in reliance on the exceptions under such Sections. For purposes of Section 6.04, and the related definitions, amounts in currencies other than Dollars shall be translated into dollars at the exchange rate then most recently used in preparing the Borrower’s Consolidated financial statements.

SECTION 1.05. Interest Rates; LIBOR Notification. The interest rate on Eurocurrency Loans is determined by reference to the LIBO Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the “IBA”) for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered

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rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on Eurocurrency Loans. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. Upon the occurrence of a Benchmark Transition Event or an Early Opt-In Election, Section 2.11(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or with respect to any alternative or successor rate thereto, or replacement rate thereof (including (a) any such alternative, successor or replacement rate implemented pursuant to Section 2.11(b), whether upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, and (b) the implementation of any Benchmark Replacement Conforming Changes pursuant to Section 2.11(b)), including whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the LIBO Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

SECTION 1.06. Divisions. For all purposes under this Agreement, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its equity interests at such time.

SECTION 1.07. Effectuation of the Transactions. Notwithstanding anything herein to the contrary, on the UTC Release Date, all the representations and warranties of the Borrower contained in this Agreement shall be deemed made after giving effect to the Carrier Distribution and the other Transactions.

## ARTICLE II

### The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Loans to the Borrower from time to time during the Availability Period in Dollars in a principal amount, for any Loan, not to exceed such Lender's Commitment as in effect immediately prior to the time such Loan is made; provided that the aggregate principal amount of each Borrowing made under this Section shall not be less than \$50,000,000 (or such lesser amount as shall represent the entire unused balance of the total Commitments). Amounts repaid or prepaid in respect of Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required hereunder.

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(b) Subject to Section 2.11, each Borrowing shall be comprised entirely of Eurocurrency Loans or ABR Loans, in each case, as the Borrower may request in accordance herewith. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.12, 2.13, 2.14 or 9.03 solely in respect of increased costs or Taxes resulting from such exercise and existing at the time of such exercise (and that would not have been incurred but for such exercise).

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing and at the time each ABR Borrowing is made, such Borrowing shall be in an aggregate amount not less than \$50,000,000 or an integral multiple of \$1,000,000 in excess thereof; provided that a Eurocurrency Borrowing that results from a continuation of an outstanding Eurocurrency Borrowing may be in an aggregate amount that is equal to such outstanding Borrowing. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of five (or such greater number as may be agreed to by the Administrative Agent) Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert to or continue, any Eurocurrency Borrowing if the Interest Period requested with respect thereto would end after the Scheduled Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by submitting a completed written Borrowing Request, executed by a Financial Officer of the Borrower, (a) in the case of a Eurocurrency Borrowing, not later than 2:00 p.m., New York City time, two Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Borrowing;
  - (ii) the date of such Borrowing, which shall be a Business Day;
  - (iii) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
  - (iv) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period";
  - (v) the location and number of the account to which funds are to be disbursed; and
  - (vi) if the requested Borrowing is conditioned on the occurrence of any event, such event.
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Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds in Dollars by 10:00 a.m., New York City time, or, in the case of an ABR Borrowing, 1:00 p.m., New York City time, in each case, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly (and in any event, no later than two hours after receipt) remitting the amounts so received, in like funds, to an account specified by the Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance on such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its full share of such Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to such Borrowing. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. If the Borrower pays such amount to the Administrative Agent, then such amount shall constitute a reduction of such Borrowing.

SECTION 2.05. Interest Elections. (a) Each Borrowing initially shall be of the Type and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in the Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a Borrowing of a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding any other provision of this Section, the Borrower shall not be permitted to elect an Interest Period for a Eurocurrency Borrowing that does not comply with Section 2.02(d).

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by submitting a completed written Interest Election Request, executed by a Financial Officer of the Borrower, (i) in the case of a conversion to or a continuation of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, three

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Business Days before the date of the proposed conversion or continuation or (ii) in the case of a conversion to an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed conversion. Each Interest Election Request shall be revocable at any time prior to the effective date of the conversion or continuation specified in such notice (subject to the payment by the Borrower of amounts described in Section 2.13 if the Administrative Agent has already given notice of such requested conversion or continuation to the Lenders) and shall specify the following information in compliance with Section 2.02:

- (i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);
- (ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;
- (iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and
- (iv) if the resulting Borrowing is to be a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

(c) Promptly following receipt of an Interest Election Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(d) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall automatically be continued as a Eurocurrency Borrowing for an Interest Period of one month.

SECTION 2.06. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate at 5:00 p.m., New York City time, on the Commitment Termination Date. The Commitment of each Lender shall be reduced automatically and without further action upon the making by such Lender of any Loan by an amount equal to the principal amount of such Loan.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that each reduction of the Commitments shall be in an amount that is an integral multiple of \$10,000,000 and not less than \$50,000,000. The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under this paragraph (b) at least one Business Day prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this paragraph (b) shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is

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conditioned upon the occurrence of one or more events, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

(c) Promptly following receipt of any notice pursuant to paragraph (b) of this Section, the Administrative Agent shall advise the Lenders of the contents thereof. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.07. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan of such Lender on the Scheduled Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The records maintained by the Administrative Agent and the Lenders shall be prima facie evidence of the existence and amounts of the obligations of the Borrower in respect of the Loans and the interest and fees due or accrued hereunder; provided that the failure of the Administrative Agent or any Lender to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to pay any amounts due hereunder in accordance with the terms of this Agreement.

(d) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and reasonably acceptable to the Borrower. Thereafter, the Loan evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.08. Prepayment of Loans. (a) The Borrower shall have the right, in its sole discretion, at any time and from time to time, to prepay any Borrowing in whole or in part, without premium or penalty (but subject to Section 2.13).

(b) The Borrower shall notify the Administrative Agent in writing of any prepayment of a Borrowing hereunder (i) in the case of prepayment of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 9:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the Borrowing or Borrowings to be prepaid and the principal amount of each such Borrowing or portion thereof to be prepaid; provided that a notice of

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optional prepayment delivered by the Borrower may state that such notice is conditioned upon the occurrence of one or more events, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified prepayment date) if such condition is not satisfied. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial optional prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest thereon.

SECTION 2.09. Fees. (a) Subject to Section 2.17, the Borrower agrees to pay to the Administrative Agent, for the account of each Lender, a fee (a "Commitment Fee"), which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender during the period from and including the Closing Date to but excluding the date on which such Commitment terminates. Accrued Commitment Fees shall be payable (i) in arrears on the last day of March, June, September and December of each year, commencing with June 30, 2020, (ii) on the Commitment Termination Date and (iii) in the event of the termination in whole of the Commitment of any Lender and with respect to such Commitment, on the date of such termination. All Commitment Fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, each administrative agency fee payable after the Closing Date by UTC as consideration for JPMorgan Chase Bank, N.A.'s agreement to act as Administrative Agent hereunder pursuant to the fee letter entered into between UTC and the Administrative Agent prior to the Closing Date in connection with the credit facility provided for herein.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the parties entitled thereto or, in the case of the Commitment Fees, to the Administrative Agent for distribution to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.10. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 1.00% per annum plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 1.00% per annum plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

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(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.11. Alternate Rate of Interest. (a) If prior to the commencement of any Interest Period for any Eurocurrency Borrowing:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period (including because the Screen Rate is not available or published on a current basis); provided that no Benchmark Transition Event shall have occurred at such time; or

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice (which may be telephonic) thereof to the Borrower and the Lenders as promptly as practicable thereafter. If such notice is given, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (A) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing for such Interest Period shall be ineffective, (B) the affected Eurocurrency Borrowing that was requested to be converted or continued shall, on the last day of the then current Interest Period applicable thereto, unless repaid, be continued as or converted to an ABR Borrowing, and (C) any Borrowing Request for a Eurocurrency Borrowing for such Interest Period shall be treated as a request for an ABR Borrowing.

(b) (i) Notwithstanding anything to the contrary herein, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace the LIBO Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m., New York City time, on the fifth Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower, so long as the

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Administrative Agent has not received, by such time, written notice of objection to such proposed amendment from Lenders comprising the Required Lenders; provided that, with respect to any proposed amendment containing any SOFR-Based Rate, the Lenders shall be entitled to object only to the Benchmark Replacement Adjustment contained therein. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Lenders consent to such amendment. No replacement of the LIBO Rate with a Benchmark Replacement will occur prior to the applicable Benchmark Transition Start Date.

(ii) In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(iii) The Administrative Agent will promptly notify the Borrower and the Lenders of (A) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, (B) the implementation of any Benchmark Replacement, (C) the effectiveness of any Benchmark Replacement Conforming Changes and (D) the commencement or conclusion of any Benchmark Unavailability Period.

(iv) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, (A) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective, and, on the last day of the then current Interest Period applicable thereto, unless repaid, such Borrowing shall be continued as or converted to an ABR Borrowing, and (B) any Borrowing Request for a Eurocurrency Borrowing shall be treated as a request for an ABR Borrowing.

(v) Any determination, decision or election that may be made by the Administrative Agent or the Lenders pursuant to this Section 2.11, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.11.

SECTION 2.12. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate);

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(ii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurocurrency Loans made by such Lender; or

(iii) subject any Lender to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then, from time to time upon written request of such Lender to the Borrower, the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs or expenses incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital or liquidity requirements (except any such reserve requirement reflected in the Adjusted LIBO Rate) has had or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitment of or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company would have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy or liquidity), then, from time to time upon written request of such Lender to the Borrower, the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company as specified in paragraph (a) or (b) of this Section delivered to the Borrower shall be prima facie evidence of the amount claimed; provided that it is accompanied by a statement in reasonable detail of the calculation on which such amount was based. The Borrower shall pay such Lender the amount shown as due on any such certificate within 15 days after receipt thereof.

(d) Promptly after any Lender has determined that it will make a request for increased compensation pursuant to this Section, such Lender shall notify the Borrower thereof. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or expenses incurred or reductions suffered more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or expenses or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or expenses or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

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(e) If any Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any amount (i) as to which it has been indemnified by the Borrower or (ii) which has been paid to such Lender by the Borrower, in each case pursuant to this Section 2.12, it shall pay over such refund to the Borrower (but only to the extent of payments made by the Borrower under this Section 2.12 with respect to the events giving rise to such refund), net of all reasonable out-of-pocket expenses of such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower agrees, upon the written request of such Lender to the Borrower, to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require any Lender to make available its accounting records (or any other information which it deems confidential) to the Borrower or any other Person.

SECTION 2.13. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert or continue any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (whether or not such notice may be revoked in accordance with the terms hereof), (d) the failure to prepay any Eurocurrency Loan on a date specified therefor in any notice of prepayment given by the Borrower (whether or not such notice may be revoked in accordance with the terms hereof) or (e) the assignment (other than as a result of a default by the applicable Lender in the performance of its agreements set forth herein) of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.16, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred at the Adjusted LIBO Rate that would have been applicable to such Loan (but not including the Applicable Rate applicable thereto), for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in Dollars of a comparable amount and period from other banks in the London interbank market. A certificate of any Lender delivered to the Borrower and setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be prima facie evidence of such amount; provided that it is accompanied by a statement in reasonable detail of the calculation on which such amount was based. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof

SECTION 2.14. Taxes. (a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under this Agreement shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of the Borrower or an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by the Borrower

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or such withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law or, at the option of the Administrative Agent, timely reimburse it for Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 20 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with this Agreement, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Each Lender shall severally indemnify the Borrower for any Taxes paid or payable by the Borrower (and not deducted or withheld by the Borrower from any payment otherwise due hereunder to such Lender) as a result of the failure of such Lender to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender to the Borrower pursuant to Section 2.14(f), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by

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the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent and the Borrower to set off and apply any and all amounts at any time owing by the Administrative Agent or the Borrower (as applicable) to such Lender under this Agreement or otherwise payable by the Administrative Agent or the Borrower (as applicable) to the Lender from any other source against any amount due to the Administrative Agent or the Borrower (as applicable) under this paragraph.

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under this Agreement shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to any withholding (including backup withholding) or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.14(f)(ii)(A), 2.14(f)(ii)(B) and 2.14(f)(ii)(D)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a U.S. Person (or, if such Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, is owned, for U.S. federal income tax purposes, by a U.S. Person) shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), duly completed and executed originals of IRS Form W-9 certifying that such Lender (or such U.S. Person, as applicable) is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender (or, if a Foreign Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, such owner) entitled to the benefits of an income tax treaty

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to which the United States is a party (x) with respect to payments of interest under this Agreement, duly completed and executed originals of IRS Form W-8BEN or W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under this Agreement, duly completed and executed originals of IRS Form W-8BEN or W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) duly completed and executed originals of IRS Form W-8ECI with respect to such Foreign Lender (or, if a Foreign Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, such owner);

(3) in the case of a Foreign Lender (or, if a Foreign Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, such owner) entitled to the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a duly completed and executed certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Lender (or such owner, as applicable) is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) duly completed and executed originals of IRS Form W-8BEN or W-8BEN-E, as applicable; or

(4) to the extent a Foreign Lender (or, if a Foreign Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, such owner) is not the beneficial owner, duly completed and executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable (and including any other information required to be provided by IRS Form W-8IMY); provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct or indirect partner;

(C) any Lender (or, if such Lender is disregarded as an entity separate from its owner for U.S. federal income tax purposes, the Person treated as its owner for U.S. federal income tax purposes) shall, to the extent it is legally

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entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under this Agreement would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Upon the reasonable request of the Borrower or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.14(f). Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) (x) update such form or certification or (y) notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund or credit of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund or credit (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (plus any penalties, interest (but solely with respect to the period during which the indemnifying party held such refund) or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this

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paragraph, in no event will any indemnified party be required to pay any amount to any indemnifying party pursuant to this paragraph the payment of which would place such indemnified party in a less favorable net after-Tax position than such indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under this Agreement.

(i) Defined Terms. For purposes of this Section, the term "applicable law" includes FATCA.

SECTION 2.15. Payments Generally; Pro Rata Treatment; Sharing of Setoffs. (a) The Borrower shall make each payment required to be made by it hereunder prior to the time expressly required hereunder for such payment (or, if no such time is expressly required, prior to 12:00 noon, New York City time), on the date when due, in immediately available funds, without any setoff or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to such account as may be specified by the Administrative Agent; provided that payments pursuant to Sections 2.12, 2.13, 2.14 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payment received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars. Any payment by the Borrower credited to the account specified by the Administrative Agent shall discharge the obligation of the Borrower to make such payment at the time such credit is so effected, irrespective of the time of any distribution of such payment by the Administrative Agent to any Lender.

(b) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the amount of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amounts of principal of and accrued interest on their Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the

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Borrower pursuant to and in accordance with the express terms of this Agreement (for the avoidance of doubt, as in effect from time to time) or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower agrees that any Lender acquiring a participation pursuant to the foregoing arrangements may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(d) If any Lender shall fail to make any payment required to be made by it hereunder to or for the account of the Administrative Agent, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations in respect of such payment until all such unsatisfied obligations have been discharged or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender pursuant to Sections 2.04(b), 2.15(c) and 9.03(c), in each case in such order as shall be determined by the Administrative Agent in its discretion.

SECTION 2.16. Mitigation Obligations; Replacement of Lenders. (a) Each Lender shall (i) if it determines that it is specifically entitled to compensation under Section 2.14, use its reasonable efforts to designate a different lending office, if any, for funding or booking its Loans hereunder or to assign and delegate its rights and obligations hereunder to another of its offices, branches or Affiliates, if any, if such designation or assignment and delegation would avoid, or minimize the amount of, any payment by the Borrower of additional amounts under Section 2.14 in respect of such Lender and (ii) if it determines that it is specifically entitled to compensation under Section 2.12, use its reasonable efforts (including using reasonable efforts to designate a different lending office, if any, for funding or booking its Loans hereunder or to assign and delegate its rights and obligations hereunder to another of its offices, branches or Affiliates, if any), but only if it shall not incur any disadvantage as a result thereof, to avoid, or to minimize the amount of, any payment by the Borrower of additional amounts under Section 2.12 in respect of such Lender.

(b) If (i) any Lender requests or becomes entitled to compensation under Section 2.12, (ii) the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to

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Section 2.14, (iii) any Lender has become a Defaulting Lender or (iv) any Lender has failed to consent to a proposed amendment, waiver, discharge or termination that under Section 9.02 requires the consent of all the Lenders (or all the affected Lenders) and with respect to which the Required Lenders shall have granted their consent, then the Borrower may, at its sole expense and effort, upon notice to the Administrative Agent and, to the extent permitted under applicable law, such Lender, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.12 and 2.14) and obligations under this Agreement to an Eligible Assignee that shall assume such obligations (which may be a Lender, if another Lender accepts such assignment and delegation); provided that (A) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (in the case of such principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (B) in the case of any such assignment and delegation resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments and (C) in the case of any such assignment and delegation resulting from the failure to provide a consent, the assignee shall have given such consent. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver or consent by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation have ceased to apply. Each party hereto agrees that an assignment and delegation required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee and that the Lender required to make such assignment and delegation need not be a party thereto.

SECTION 2.17. Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. The Commitment and Loans of each Defaulting Lender shall be disregarded in determining whether the Required Lenders or any other requisite Lenders shall have taken or may take any action hereunder (including any consent to any waiver, amendment or other modification pursuant to Section 9.02); provided that any waiver, amendment or other modification that requires the consent of all Lenders or of all Lenders affected thereby shall, except as provided in Section 9.02, require the consent of such Defaulting Lender in accordance with the terms hereof.

(ii) Certain Fees. Commitment Fees shall cease to accrue on the Commitment of such Defaulting Lender for any period during which such Defaulting Lender is a "Defaulting Lender", and such Defaulting Lender shall not be entitled to receive such Commitment Fees.

(b) Defaulting Lender Cure. If the Borrower and the Administrative Agent agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as

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of the effective date specified in such notice and subject to any conditions set forth therein, such Defaulting Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; provided, further, that all amendments, waivers or other modifications effected without its consent in accordance with the provisions of Section 9.02 and this Section during such period shall be binding on it; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

### ARTICLE III

#### Representations and Warranties

The Borrower and UTC represent and warrant, as of the Closing Date and as of each date required by Section 4.02, and the Borrower represents and warrants as of the UTC Release Date, as follows; provided that (a) the only representations and warranties made or deemed made by UTC shall be the representations and warranties set forth in Section 3.12, and (b) the only representations and warranties made or deemed made by the Borrower (x) prior to the UTC Release Date, shall be the representations and warranties set forth in Sections 3.01, 3.02, 3.03, 3.04, 3.05(b), 3.06, 3.07, 3.10 and 3.11 (it being agreed that, in the case of Sections 3.05(b) and 3.06, such representations and warranties will cover the Borrower and its Subsidiaries after giving pro forma effect to the Transactions)) and (y) from and after the UTC Release Date, shall be the representations and warranties set forth below (other than the representations and warranties set forth in Sections 3.05(b), 3.06 and 3.12):

SECTION 3.01. Organization; Powers. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and in good standing as a foreign corporation in all other jurisdictions in which the conduct of its operations or the ownership of its properties requires such qualification except where the failure to so qualify would not reasonably be expected to have a Material Adverse Effect. The Borrower has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under, this Agreement.

SECTION 3.02. Authorization; Absence of Conflicts. The execution, delivery and performance by the Borrower of this Agreement have been duly authorized by all necessary corporate action and do not contravene (a) the Borrower's certificate of incorporation or by-laws or (b) except where such contravention would not reasonably be expected to have a Material Adverse Effect, any law or contractual restriction binding on the Borrower.

SECTION 3.03. Governmental Consents. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body in the United States, or to the Borrower's knowledge, in any other jurisdiction, is required for the due execution, delivery and performance by the Borrower of this Agreement other than routine requirements which, to the Borrower's knowledge, have (to the extent that compliance is required on or prior to the date hereof) been complied with in all material respects.

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SECTION 3.04. Enforceability. This Agreement is a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.05. Financial Statements; No Material Adverse Effect. (a) The Historical Borrower Financial Statements present fairly, in all material respects, the combined financial position of the Borrower and its Subsidiaries as of December 31, 2019 and the combined results of operations and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, all in conformity with GAAP. As of the UTC Release Date, the Pro Forma Borrower Financial Statements (i) have been prepared by the Borrower in good faith, based on the assumptions believed by the Borrower to be reasonable at the time made, and (ii) to the knowledge of the Borrower, present fairly, in all material respects, the pro forma combined financial position and the pro forma combined results of operations of the Borrower and its Subsidiaries as of the date and for the period specified in the definition of the term "Pro Forma Borrower Financial Statements" as if the Transactions had occurred on such date or at the beginning of such period, as applicable.

(b) Since December 31, 2019, there has been no material adverse change in the Consolidated financial condition or the Consolidated results of operations of the Borrower except as otherwise disclosed in any reports by UTC or the Borrower, as applicable, on Form 10-K, Form 10-Q or Form 8-K publicly filed or furnished under the Exchange Act prior to the date hereof or in the Draft Carrier Form 10.

SECTION 3.06. Litigation. There is no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that would reasonably be expected to have a Material Adverse Effect.

SECTION 3.07. Federal Reserve Regulations. Neither the Borrower nor any of its Subsidiaries is engaged or will engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation T, U or X of the Board of Governors as now and from time to time hereafter in effect.

SECTION 3.08. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which such liability is reasonably expected to occur, would reasonably be expected to have a Material Adverse Effect.

SECTION 3.09. Environmental. Except as would not reasonably be expected to have a Material Adverse Effect, the Borrower and its Subsidiaries (a) are in compliance with Environmental Laws and any permit, license or approval required thereunder and (b) have not become subject to any Environmental Liability.

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SECTION 3.10. Investment Company Status. The Borrower is not required to register as an “investment company” under the Investment Company Act of 1940, as amended.

SECTION 3.11. Sanctions and Anti-Corruption Laws. (a) The Borrower has implemented and maintains in effect policies and procedures designed to promote compliance by the Borrower, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions.

(b) None of (i) the Borrower or any of its Subsidiaries or (ii) to the knowledge of the Borrower, any of their respective directors, officers or employees that will act in any capacity in connection with or directly benefit from the use of proceeds of the Loans is a Sanctioned Person.

(c) No Borrowing or use of proceeds thereof will violate any Anti-Corruption Law or applicable Sanctions.

SECTION 3.12. UTC Representations. The provisions of Sections 3.01 through 3.09 (other than the second sentence of Section 3.07 and clause (b) of Section 3.09) of the UTC 2019 Term Credit Agreement (the “Incorporated UTC Representations”) are hereby incorporated by reference herein as if set forth in full force herein; provided that (a) capitalized terms that are used in the Incorporated UTC Representations shall have the meanings assigned thereto in the UTC 2019 Term Credit Agreement, except as otherwise set forth in this proviso, (b) each direct or indirect reference to “the Borrower” in the Incorporated UTC Representations shall be deemed to refer to UTC, (c) each reference to “this Agreement”, “herein”, “hereof” and “hereunder” and words of similar import in the Incorporated UTC Representations shall be deemed to refer to this Agreement and (d) each reference to a “Section” in the Incorporated UTC Representations shall be deemed to refer to the applicable Section in the UTC 2019 Term Credit Agreement as incorporated by reference herein.

#### ARTICLE IV

##### Conditions

SECTION 4.01. Closing Date. The obligations of the Lenders to make Loans shall not become effective until the first date on which each of the following conditions shall be satisfied (or such condition shall have been waived in accordance with Section 9.02):

(a) The Administrative Agent shall have received from each party hereto (including UTC) either (i) a counterpart of this Agreement signed on behalf of such party or (ii) evidence satisfactory to the Administrative Agent (which may include a facsimile or electronic transmission of a signed counterpart of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received (i) an officer’s certificate of each of UTC and the Borrower, dated the Closing Date and signed by the Secretary or Assistant Secretary of such Person, in form and substance reasonably satisfactory to the Administrative Agent and substantially consistent with UTC’s past practice, together with all attachments

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contemplated thereby, and (ii) a certificate of each of UTC and the Borrower, dated the Closing Date and signed by an officer of such Person, confirming, as of the Closing Date, that (A) the representations and warranties contained in Article III are true and correct (x) in the case of the representations and warranties qualified by materiality or Material Adverse Effect in the text thereof, in all respects and (y) in the case of the representations and warranties other than those referenced in the foregoing clause (x), in all material respects and (B) no Default or Event of Default has occurred and is continuing.

(c) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Closing Date) of the general counsel, in-house counsel and/or outside counsel of UTC, in form and substance reasonably satisfactory to the Administrative Agent and substantially consistent with UTC's past practice.

(d) The Lenders shall have received the Carrier Form 10 (including the information statement and the other exhibits contemplated thereby, in each case, in the form and to the extent so filed) in the form most recently filed (whether or not publicly) with the SEC prior to the Closing Date; provided that (i) if the Carrier Form 10 shall not have been publicly filed with the SEC prior to the Closing Date, then the Borrower shall deliver to the Administrative Agent a certificate of the Borrower, dated as of the Closing Date and signed by an officer of the Borrower, confirming that the Borrower has delivered to the Administrative Agent the Carrier Form 10 most recently filed with the SEC prior to the Closing Date and (ii) if the Carrier Form 10 shall have been publicly filed with the SEC prior to the Closing Date, the Carrier Form 10, in the form most recently publicly filed with the SEC prior to the Closing Date, shall be deemed to have been delivered to the Lenders for purposes of this clause (d) and the condition specified in this Section 4.01(d) shall be deemed to be satisfied.

(e) The Administrative Agent shall have received all fees due and payable on or prior to the Closing Date, and, to the extent invoiced at least three Business Days prior to the Closing Date, other amounts due and payable on or prior to the Closing Date (including reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP) required to be paid or reimbursed by the Borrower or UTC pursuant to any commitment letter or fee letter entered into in connection with the credit facility provided for herein.

(f) The Administrative Agent and the Lenders shall have received all documentation and other information required by bank regulatory authorities with respect to the Borrower and UTC under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation, that has been reasonably requested by the Administrative Agent or any Lender in writing at least 10 Business Days prior to the Closing Date.

Without limiting the generality of the provisions of Article VIII, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender, by becoming a party to this Agreement, shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the date hereof specifying its objection thereto.

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SECTION 4.02. Conditions Precedent to Each Borrowing. The obligations of each Lender to make a Loan on the occasion of any Borrowing (other than any conversion or continuation of a Loan) shall be subject to receipt by the Administrative Agent of a Borrowing Request therefor in accordance with Section 2.03, and to the satisfaction (or waiver in accordance with Section 9.02) of the following conditions:

(a) The representations and warranties contained in Article III (other than, in the case of any Borrowing made after the Closing Date, Sections 3.05(b) and 3.06) shall be true and correct (x) in the case of the representations and warranties qualified by materiality or Material Adverse Effect in the text thereof, in all respects and (y) in the case of the representations and warranties other than those referenced in the foregoing clause (x), in all material respects, in each case on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date.

(b) No Default or Event of Default has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom.

Each Borrowing (other than any conversion or continuation of any Loan) shall constitute a representation and warranty made by the Borrower on the date thereof that the conditions specified in clauses (a) and (b) above have been satisfied.

## ARTICLE V

### Affirmative Covenants

So long as any Loan shall remain unpaid or any Lender shall have any Commitment, (a) the Borrower (i) from and after the Closing Date and prior to the UTC Release Date, solely with respect to the covenants set forth in Sections 5.01(f), 5.02 and 5.03 and (ii) from and after the UTC Release Date, with respect to each covenant set forth in this Article V (other than Section 5.04) and (b) UTC, from and after the Closing Date and prior to the UTC Release Date, solely with respect to the covenants set forth in Section 5.04, in each case, covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent, on behalf of the Lenders:

(a) within 90 days after the end of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and the Consolidated statements of operations, comprehensive income, changes in equity and cash flows of the Borrower and its Consolidated Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all audited by and accompanied by the opinion of PricewaterhouseCoopers LLP or other independent registered public accounting firm of recognized national standing to the effect that such Consolidated financial statements present fairly, in all material respects, the Consolidated financial position, results of operations and cash flows of the Borrower and its Consolidated Subsidiaries as of the end of and for such year, all in conformity with GAAP;

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(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal quarter and the Consolidated statements of operations and comprehensive income of the Borrower and its Consolidated Subsidiaries for such fiscal quarter and the portion of the fiscal year then ended and the Consolidated statement of cash flows of the Borrower and its Consolidated Subsidiaries for the portion of the fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding period of periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer of the Borrower as presenting fairly, in all material respects, the Consolidated financial position, results of operations and cash flows of the Borrower and its Consolidated Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, all in conformity with GAAP (subject to normal year-end adjustments and the absence of footnotes);

(c) concurrently with each delivery of financial statements under Section 5.01(a) or 5.01(b), a completed Compliance Certificate signed by a Financial Officer of the Borrower (i) certifying as to whether a Default or Event of Default has occurred and, if a Default or Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (ii) setting forth reasonably detailed calculations of the ratio set forth in Section 6.04;

(d) promptly after the sending or filing thereof, copies of all such regular, periodic and special reports and all registration statements (except those relating to employee benefit or stock option plans) that the Borrower or any of its Consolidated Subsidiaries that is an issuer of securities that are registered under Section 12 of the Exchange Act files with the SEC or with any national securities exchange and of all such proxy statements, financial statements and reports as the Borrower sends to its stockholders;

(e) promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities of the Borrower pursuant to the terms of any indenture or to the lenders under the 2020 Revolving Credit Agreement pursuant to the terms thereof and not otherwise required to be furnished pursuant to any other clause of this Section 5.01;

(f) as promptly as possible and in any event within five Business Days after the occurrence of each Default or Event of Default that is continuing on the date of such statement, the statement of the chief financial officer of the Borrower setting forth details of such Default or Event of Default and the action that the Borrower proposes to take with respect thereto; and

(g) such other publicly available information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender may from time to time reasonably request.

Information required to be delivered pursuant to Section 5.01(a), 5.01(b), 5.01(d) and 5.01(e) shall be deemed to have been delivered on the date on which such information or one or more annual quarterly reports containing such information have been posted on the "investors relations" portion of the website of the Borrower as identified to the Administrative Agent from

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time to time or if made publicly available on the SEC EDGAR system or posted by the Administrative Agent on the Platform. The Borrower hereby acknowledges that (i) the Administrative Agent and/or the Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, the “Borrower Materials”) by posting the Borrower Materials on the Platform and (ii) certain of the Lenders (each, a “Public Lender”) may have personnel who are Public Side Lender Representatives. The Borrower hereby agrees that (A) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC”, which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (B) by marking Borrower Materials “PUBLIC”, the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any MNPI (provided, however, that to the extent such Borrower Materials constitute Information, treatment of such Borrower Materials shall be subject to Section 9.12 in all respects); (C) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Side Information”; and (D) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Side Information”. Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials “PUBLIC”.

SECTION 5.02. Existence of the Borrower. The Borrower will do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided that the foregoing shall not prohibit any merger or consolidation of the Borrower permitted under Section 6.02(a).

SECTION 5.03. Use of Proceeds. The proceeds of Loans will be used for general corporate purposes of the Borrower (which may include, prior to the consummation of the Carrier Distribution, distributions to UTC), and no part of the proceeds of any Loans hereunder will be used in a manner that would cause the Loans to be in violation of Regulation U of the Board of Governors.

SECTION 5.04. UTC Affirmative Covenants. (a) The provisions of clauses (a) through (e) and the final paragraph of Article V of the UTC 2019 Term Credit Agreement (the “Incorporated UTC Affirmative Covenants”) are hereby incorporated by reference herein as if set forth in full force herein; provided that (i) capitalized terms that are used in the Incorporated UTC Affirmative Covenants shall have the meanings assigned thereto in the UTC 2019 Term Credit Agreement, except as otherwise set forth in this proviso, (ii) each direct or indirect reference to “the Borrower” in the Incorporated UTC Affirmative Covenants shall be deemed to refer to UTC, (iii) each reference to “this Agreement”, “herein”, “hereof” and “hereunder” and words of similar import in the Incorporated UTC Affirmative Covenants shall be deemed to refer to this Agreement, (iv) each reference to a “Section” or “Article” in the Incorporated UTC Affirmative Covenants shall be deemed to refer to the applicable Section or Article in the UTC 2019 Term Credit Agreement as incorporated by reference herein or as included in the definition of the term “Incorporated UTC Events of Default”, (v) each reference to a “Lender” in the Incorporated UTC Affirmative Covenants shall be deemed to refer to a Lender as defined herein and each reference to “Required Lenders”, “Public Lender”, “Public Side Lender Representatives”, “Administrative Agent” and “Arrangers” in the Incorporated UTC Affirmative

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Covenants shall be deemed to refer to the Required Lenders, Public Lender, Public Side Lender Representatives, Administrative Agent and Arrangers, as applicable, as defined herein, (vi) each reference to “Subsidiary” shall be deemed to refer to a Subsidiary of UTC, and (vii) each reference to “Default” or “Event of Default” in the Incorporated UTC Affirmative Covenants shall be deemed to refer to a Default or Event of Default, in each case, as defined herein.

(b) UTC will do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided that the foregoing shall not prohibit any merger or consolidation of UTC permitted under Section 6.02(a) of the UTC 2019 Term Credit Agreement, as such Section is incorporated by reference herein as set forth in Section 6.05 hereof.

## ARTICLE VI

### Negative Covenants

So long as any Loan shall remain unpaid or any Lender shall have any Commitment, (a) the Borrower (i) from and after the Closing Date and prior to the UTC Release Date, solely with respect to the covenants set forth in Sections 6.02(a) and 6.02(b) (in each case, solely with respect to any consolidation of the Borrower with or merger into any other Person) and (ii) from and after the UTC Release Date, with respect to each covenant set forth in this Article VI (other than Section 6.05) and (b) UTC, from and after the Closing Date and prior to the UTC Release Date, solely with respect to Section 6.05, in each case, covenants and agrees with the Lenders that:

SECTION 6.01. Liens. The Borrower will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, create, incur, issue or assume any loans, notes, bonds, debentures or other indebtedness for money borrowed (loans, notes, bonds, debentures or other indebtedness for money borrowed collectively called “Debt”) secured by any pledge of, or mortgage, lien, encumbrance or security interests on (such pledges, mortgages, liens, encumbrances and security interests collectively called “Liens”), any Principal Property owned by the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary, and will not itself, and will not permit any Subsidiary to, create, incur, issue or assume any Debt secured by any Lien on any equity interests in or Debt of any Wholly-Owned Domestic Manufacturing Subsidiary, without in any such case effectively providing that the Loans (together with, if the Borrower shall so determine, any other Debt of the Borrower then existing or thereafter created which is not subordinate in right of payment to indebtedness hereunder) shall be secured equally and ratably with (or prior to) such secured Debt, so long as such secured Debt shall be so secured, unless, after giving effect thereto, the aggregate principal amount of all such secured Debt then outstanding plus Attributable Debt of the Borrower and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of Sale and Leaseback Transactions involving Principal Properties entered into after the date hereof (other than such Sale and Leaseback Transactions as are permitted by clause (b) or (c) of Section 6.03) would not exceed an amount equal to 10% of Consolidated Net Tangible Assets; provided that for purposes of this Section 6.01, any Debt so secured that is created, incurred, issued or assumed by the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary on or after the Closing Date and prior to the UTC Release Date shall be deemed to have been created, incurred, issued or assumed on the UTC Release

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Date; provided, further, that nothing contained in this Section 6.01 shall prevent, restrict or apply to, and there shall be excluded from secured Debt in any computation under this Section 6.01, Debt secured by:

(a) Liens on any property or assets of the Borrower or any Subsidiary of the Borrower (including equity interests or Debt owned by the Borrower or any Subsidiary of the Borrower) existing as of the date hereof or set forth on Schedule 6.01 hereto;

(b) Liens on any property or assets of, or on any equity interests in or Debt of, any Person existing at the time such Person becomes a Wholly-Owned Domestic Manufacturing Subsidiary (other than in connection with the Carrier Distribution as determined by the Borrower in good faith), or arising thereafter (i) otherwise than in connection with the borrowing of money arranged thereafter and (ii) pursuant to contractual commitments entered into prior to and not in contemplation of such Person becoming a Wholly-Owned Domestic Manufacturing Subsidiary;

(c) Liens on any property or assets or equity interests or Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation, but excluding any acquisition (whether through merger or consolidation or otherwise) in connection with the Carrier Distribution as determined by the Borrower in good faith) or securing the payment of all or any part of the purchase price or construction cost thereof or securing any Debt incurred prior to, at the time of or within 120 days after the acquisition of such property or assets or equity interests or Debt or the completion of any such construction, whichever is later, for the purpose of financing all or any part of the purchase price or construction cost thereof (provided that such Liens are limited to such equity interests or Debt or such other property or assets, improvements thereon and the land upon which such property, assets and improvements are located and any other property or assets not then constituting a Principal Property);

(d) Liens on any property or assets to secure all or any part of the cost of development, operation, construction, alteration, repair or improvement of all or any part of such property or assets, or to secure Debt incurred prior to, at the time of or within 120 days after the completion of such development, operation, construction, alteration, repair or improvement, whichever is later, for the purpose of financing all or any part of such cost (provided that such Liens are limited to such property or assets, improvements thereon and the land upon which such property, assets and improvements are located and any other property or assets not then constituting a Principal Property);

(e) Liens which secure Debt owing by a Subsidiary of the Borrower to the Borrower or to a Wholly-Owned Domestic Manufacturing Subsidiary;

(f) Liens arising from the assignment of moneys due and to become due under contracts between the Borrower or any Subsidiary of the Borrower and the United States, any State, Commonwealth, Territory or possession thereof or any agency, department, instrumentality or political subdivision of any thereof or Liens in favor of the United States, any State, Commonwealth, Territory or possession thereof or any agency, department, instrumentality or political subdivision of any thereof, pursuant to the provisions of any contract not directly or indirectly in connection with securing Debt;

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(g) (i) any materialmen's, carriers', mechanics', workmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations which are not overdue or which are being contested in good faith by appropriate proceedings; (ii) any deposit or pledge as security for the performance of any bid, tender, contract, lease, or undertaking not directly or indirectly in connection with the securing of Debt; (iii) any deposit or pledge with any governmental agency required or permitted to qualify the Borrower or any Subsidiary of the Borrower to conduct business, to maintain self-insurance or to obtain the benefits of any law pertaining to workmen's compensation, unemployment insurance, old age pensions, social security or similar matters, or to obtain any stay or discharge in any legal or administrative proceedings; (iv) deposits or pledges to obtain the release of mechanics', workmen's, repairmen's, materialmen's or warehousemen's Liens or the release of property in the possession of a common carrier; (v) any security interest created in connection with the sale, discount or guarantee of notes, chattel mortgages, leases, accounts receivable, trade acceptances or other paper, or contingent repurchase obligations, arising out of sales of merchandise in the ordinary course of business; (vi) Liens for Taxes levied or imposed upon the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary or upon the income, profits or property of the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary or Liens on any Principal Property of the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary arising from claims from labor, materials or supplies; provided that either such Tax is not overdue or that the amount, applicability or validity of such Tax or claim is being contested in good faith by appropriate proceedings; or (vii) other deposits or pledges similar to those referred to in this clause (g);

(h) Liens arising by reason of any judgment, decree or order of any court, so long as any appropriate legal proceedings that may have been initiated for the review of such judgment, decree or order shall not have been finally terminated or so long as the period within which such proceedings may be initiated shall not have expired; any deposit or pledge with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal from any judgment or decree against the Borrower or any Subsidiary of the Borrower, or in connection with other proceedings or actions at law or in equity by or against the Borrower or any Subsidiary of the Borrower; and

(i) any extension, renewal, substitution or replacement (or successive extensions, renewals, substitutions or replacements), as a whole or in part, of any of the Liens referred to in clauses (a) through (h) above or the Debt secured thereby; provided that (i) such extension, renewal, substitution or replacement Lien shall be limited to all or any part of the same property or assets or equity interests or Debt that secured the Lien extended, renewed, substituted or replaced (plus improvements on such property and plus any other property or assets not then constituting a Principal Property) and (ii) in the case of clauses (a) through (d) above, the Debt secured by such Lien at such time is not increased.

For the purposes of this Section 6.01 and Section 6.03, the giving of a guarantee which is secured by a Lien on a Principal Property, and the creation of a Lien on a Principal Property or equity interests or Debt to secure Debt which existed prior to the creation of such Lien, shall be deemed to involve the creation of Debt in an amount equal to the principal amount guaranteed or secured by such Lien; but the amount of Debt secured by Liens on Principal Properties and equity

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interests and Debt shall be computed without cumulating the underlying indebtedness with any guarantee thereof or Lien securing the same.

SECTION 6.02. Fundamental Changes. (a) The Borrower will not consolidate with or merge into any other Person or convey, transfer or lease, or permit its Subsidiaries to convey, transfer or lease, to any Person all or substantially all of the properties and assets of the Borrower and its Subsidiaries, taken as a whole, unless: (i) the Person formed by such consolidation or into which the Borrower is merged or the Person which acquires by conveyance or transfer, or which leases, such properties and assets shall be a Person (other than a natural person) organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by writing approved by the Administrative Agent, which approval shall not be unreasonably withheld, delayed or conditioned, the Borrower's obligation for the due and punctual payment of the principal of and interest on all Loans and the performance of every covenant of this Agreement on the part of the Borrower to be performed; and (ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing. This Section 6.02(a) shall only apply to a merger or consolidation in which the Borrower is not the surviving Person and to conveyances, leases and transfers by the Borrower and its Subsidiaries as transferors or lessors.

(b) Upon any consolidation by the Borrower with or merger by the Borrower into any other Person or any conveyance, transfer or lease of all or substantially all of the properties and assets of the Borrower and its Subsidiaries, taken as a whole, in accordance with Section 6.02(a), the successor Person formed by such consolidation or into which the Borrower is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Borrower under this Agreement with the same effect as if such successor Person had been named as the Borrower herein, and in the event of any such conveyance or transfer, the Borrower (which term shall for this purpose mean the Person named as the "Borrower" in the definition of such term or any successor Person which shall theretofore become such in the manner described in Section 6.02(a)), except in the case of a lease, shall be discharged of all obligations and covenants under this Agreement and may be dissolved and liquidated.

(c) If, upon any such consolidation of the Borrower with or merger of the Borrower into any other Person, or upon any conveyance, lease or transfer of all or substantially all of the properties and assets of the Borrower and its Subsidiaries, taken as a whole, to any other Person, any Principal Property of the Borrower or of any Wholly-Owned Domestic Manufacturing Subsidiary (or any equity interests in or Debt of any Wholly-Owned Domestic Manufacturing Subsidiary) would thereupon become subject to any Lien, then unless such Lien could be created pursuant to Section 6.01 without equally and ratably securing the Loans, the Borrower, prior to or simultaneously with such consolidation, merger, conveyance, lease or transfer, will as to such Principal Property, equity interests or Debt, secure the Loans outstanding hereunder (together with, if the Borrower shall so determine, any other Debt of the Borrower now existing or hereafter created which is not subordinate in right of payment to indebtedness hereunder) equally and ratably with (or prior to) the Debt which upon such consolidation, merger, conveyance, lease or transfer is to become secured as to such Principal Property, equity interests or Debt by such Lien, or will cause such Loans to be so secured.

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SECTION 6.03. Sale and Leaseback Transactions. The Borrower will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, enter into any arrangement on or after the UTC Release Date with any bank, insurance company or other lender or investor (other than the Borrower or another Wholly-Owned Domestic Manufacturing Subsidiary) providing for the leasing by the Borrower or any such Wholly-Owned Domestic Manufacturing Subsidiary of any Principal Property (except a lease for a temporary period not to exceed three years by the end of which it is intended that the use of such Principal Property by the lessee will be discontinued) that was or is owned by the Borrower or a Wholly-Owned Domestic Manufacturing Subsidiary and that has been or is to be sold or transferred, more than 120 days after the completion of construction and commencement of full operation thereof by the Borrower or such Wholly-Owned Domestic Manufacturing Subsidiary, to such bank, insurance company, lender or investor or to any Person to whom funds have been or are to be advanced by such bank, insurance company, lender or investor on the security of such Principal Property (herein referred to as a "Sale and Leaseback Transaction") unless (a) the Attributable Debt of the Borrower and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of such Sale and Leaseback Transaction and all other Sale and Leaseback Transactions entered into or, as set forth below, deemed entered into on or after the UTC Release Date (other than such Sale and Leaseback Transactions permitted by clause (b) or (c) below), plus the aggregate principal amount of Debt secured by Liens on Principal Properties then outstanding (excluding any such Debt secured by Liens covered in clauses (a) through (i) of Section 6.01) without equally and ratably securing the Loans, would not exceed 10% of Consolidated Net Tangible Assets, (b) the Borrower, within 120 days after the sale or transfer, applies, or causes a Wholly-Owned Domestic Manufacturing Subsidiary to apply, an amount equal to the greater of the net proceeds of such sale or transfer or fair market value of the Principal Property so sold and leased back at the time of entering into such Sale and Leaseback Transaction (in either case as determined by any two of the following: the Chairman, Chief Executive Officer, Chief Financial Officer, the President, any Vice President, the Treasurer and the Controller of the Borrower) to the prepayment (subject to the conditions of Section 2.08) of the Loans hereunder or the retirement of other indebtedness of the Borrower (other than indebtedness subordinated in right of payment to indebtedness hereunder), or indebtedness of a Wholly-Owned Domestic Manufacturing Subsidiary, for money borrowed, having a stated maturity more than 12 months from the date of such application or which is extendible at the option of the obligor thereon to a date more than 12 months from the date of such application or (c) such Sale and Leaseback Transaction shall be set forth on Schedule 6.03 hereto; provided that for purposes of this Section 6.03, any Sale and Leaseback Transaction entered into on or after the Closing Date and prior to the UTC Release Date (other than any such Sale and Leaseback Transaction set forth on Schedule 6.03) shall be deemed to have been entered into on the UTC Release Date. Notwithstanding the foregoing, (x) no prepayment or retirement referred to in clause (b) above may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision and (y) where the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary is the lessee in any Sale and Leaseback Transaction, Attributable Debt shall not include any Debt resulting from the guarantee by the Borrower or any other Wholly-Owned Domestic Manufacturing Subsidiary of the lessee's obligation thereunder.

SECTION 6.04. Consolidated Leverage Ratio. The Borrower will not permit, as of the last day of any Test Period, commencing with the Test Period ending with the first full fiscal quarter ending after the UTC Release Date, the Consolidated Leverage Ratio to exceed

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4.00 to 1.00; provided that (i) from and after the last day of the Test Period ending on March 31, 2023, the Borrower will not permit, as of the last day of any Test Period, the Consolidated Leverage Ratio to exceed 3.50 to 1.00 and (ii) upon the consummation of a Qualifying Material Acquisition at any time after the end of the period referred to in clause (i), with respect to the Test Period ending with the fiscal quarter in which such Qualifying Material Acquisition is consummated and the Test Periods ending with the three subsequent consecutive fiscal quarters, the maximum permitted Consolidated Leverage Ratio shall, at the election of the Borrower by notice to the Administrative Agent delivered within 30 days of the consummation thereof, be increased to 4.00 to 1.00.

SECTION 6.05. UTC Negative Covenants. The provisions of Sections 6.01 through 6.03 of the UTC 2019 Term Credit Agreement (the "Incorporated UTC Negative Covenants") are hereby incorporated by reference herein as if set forth in full force herein; provided that (a) capitalized terms that are used in the Incorporated UTC Negative Covenants shall have the meanings assigned thereto in the UTC 2019 Term Credit Agreement, except as otherwise set forth in this proviso, (b) each direct and indirect reference to "the Borrower" in the Incorporated UTC Negative Covenants shall be deemed to refer to UTC, (c) each reference to "this Agreement", "herein", "hereof" and "hereunder" and words of similar import in the Incorporated UTC Negative Covenants shall be deemed to refer to this Agreement, (d) each reference to a "Section" in the Incorporated UTC Negative Covenants shall be deemed to refer to the applicable Section in the UTC 2019 Term Credit Agreement as incorporated by reference herein (other than the reference to Section 2.08 of the UTC 2019 Term Credit Agreement, which shall be deemed to refer to Section 2.08 hereof), (e) each reference to "Required Lenders" in the Incorporated UTC Negative Covenants shall be deemed to refer to the Required Lenders as defined herein, (f) each reference to "Default" or "Event of Default" in the Incorporated UTC Negative Covenants shall be deemed to refer to a Default or Event of Default, in each case, as defined herein, (g) each reference to the "Loans" in the Incorporated UTC Negative Covenants shall be deemed to refer to the Loans as defined herein (with the reference therein to "Borrower" meaning the Borrower, as defined herein), (h) each reference to "Subsidiary" shall be deemed to refer to a Subsidiary of UTC, (i) each reference to "Lenders" shall mean Lenders as defined herein and (j) each reference to "the date hereof" and words or phrases of similar import shall be deemed to refer to the date of this Agreement.

## ARTICLE VII

### Events of Default

SECTION 7.01. Events of Default. Each of the following shall constitute an event of default (collectively, the "Events of Default"); provided that (x) the events set forth in clauses (e), (f), (h)(ii) and (i) of this Section 7.01 shall constitute an Event of Default only from and after the UTC Release Date and (y) the events set forth in clauses (h)(i) and (j) of this Section 7.01 shall cease to constitute an Event of Default from and after the UTC Release Date:

(a) the Borrower shall fail to pay (i) any principal of any Loan when the same becomes due and payable, (ii) any interest on any Loan or any properly invoiced Commitment Fees when the same becomes due and payable, and such failure shall continue for a period of five Business Days, or (iii) any other amount owing by the Borrower when the same becomes

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due and payable, and such failure shall continue for a period of 15 Business Days after receipt by the Borrower of written notice from the Administrative Agent of such amount being due, together with a statement in reasonable detail of the calculation thereof;

(b) any representation or warranty made (or deemed made pursuant to Article IV hereof) by the Borrower or, prior to the UTC Release Date, UTC herein or in any Borrowing Request or other document delivered by the Borrower or, prior to the UTC Release Date, UTC pursuant to Article IV shall prove to have been incorrect in any material respect when made or deemed made;

(c) (i) the Borrower shall fail to perform or observe any term, covenant or agreement set forth in Section 5.01(f), 5.02 or 5.03 on its part to be performed or observed or (ii) prior to the UTC Release Date, UTC shall fail to perform or observe any term, covenant or agreement set forth in Section 5.01(c) of the UTC 2019 Term Credit Agreement, as such Section is incorporated by reference herein pursuant to Section 5.04;

(d) the Borrower or, prior to the UTC Release Date, UTC shall fail to perform or observe any term, covenant or agreement contained in this Agreement (other than those specified in clause (a) or (c) of this Section 7.01) on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower and the Administrative Agent by any Lender;

(e) the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary (i) shall admit in writing its inability to pay its debts generally, (ii) shall make a general assignment for the benefit of creditors or shall institute any proceeding or voluntary case seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or seeking the entry of any order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property or (iii) shall take any corporate action to authorize any of the actions set forth above in this clause (e);

(f) any proceeding shall be instituted against the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or seeking the entry of any order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and such proceeding shall remain undismissed or unstayed for a period of 60 days;

(g) an ERISA Event or ERISA Events shall occur that results or would reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect;

(h) (i) prior to the UTC Release Date, the Borrower shall cease to be a Subsidiary of UTC, except as part of the Carrier Distribution with respect to which the Carrier Distribution Condition shall have been satisfied or (ii) from and after the UTC Release Date, any Change in Control shall occur;

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(i) any Material Debt of the Borrower or any of its Subsidiaries shall be declared to be due and payable prior to the stated maturity thereof or shall not be paid at the stated maturity thereof; or

(j) (i) any event that constitutes an Incorporated UTC Event of Default shall have occurred or (ii) the UTC Guarantee shall cease to be, or shall be asserted in writing by UTC not to be, in full force and effect, except as a result of the release thereof as provided in Section 10.02.

For purposes hereof, the “Incorporated UTC Event of Default” means any event set forth in clause (d), (e), (g), (h) or (i) of Section 7.01 of the UTC 2019 Term Credit Agreement; provided that (i) capitalized terms that are used in the Incorporated UTC Events of Default shall have the meanings assigned thereto in the UTC 2019 Term Credit Agreement, except as otherwise set forth in this proviso, (ii) each direct or indirect reference to “the Borrower” in the Incorporated UTC Events of Default shall be deemed to refer to UTC, (iii) each reference to “Required Lenders” in the Incorporated UTC Events of Default shall be deemed to refer to the Required Lenders as defined herein and (iv) each reference to “Default” or “Event of Default” in the Incorporated UTC Events of Default shall be deemed to refer to a Default or Event of Default, in each case, as defined herein.

SECTION 7.02. Lenders’ Rights upon an Event of Default. If an Event of Default occurs and is continuing, then, and in any such event, the Administrative Agent (a) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Loans to be terminated, whereupon the same shall forthwith terminate, and (b) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Loans, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Loans, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the case of (x) an Event of Default set forth in Section 7.01(e) or 7.01(f) (in each case, with respect to the Borrower) constituting an entry of an order for relief under the United States federal bankruptcy laws or (y) prior to the UTC Release Date, an Event of Default referred to in Section 7.01(j)(i) (solely with respect to clause (d) or (e) of Section 7.01 of the UTC 2019 Term Credit Agreement, in each case, with respect to UTC), (i) the obligation of each Lender to make Loans shall automatically terminate and (ii) the Loans, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower and UTC.

## ARTICLE VIII

### The Administrative Agent

Each of the Lenders hereby irrevocably appoints the entity named as Administrative Agent in the heading of this Agreement and its successors to serve as administrative agent hereunder, and authorizes the Administrative Agent to take such actions and

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to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term “agent” herein (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties), (b) the Administrative Agent shall not have any duty to take any discretionary action or to exercise any discretionary power, except discretionary rights and powers expressly contemplated by this Agreement that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in this Agreement); provided that the Administrative Agent shall not be required to take any action that, in its opinion, could expose the Administrative Agent to liability or be contrary to this Agreement or applicable law, and (c) except as expressly set forth in this Agreement, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any Subsidiary or any other Affiliate thereof that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in this Agreement) or in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a final and non-appealable judgment). The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice thereof (stating that it is a “Notice of Default”) is given to the Administrative Agent by UTC (prior to the UTC Release Date), the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in this Agreement or the occurrence of any Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV

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or X or elsewhere in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall not incur any liability for relying, upon any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person (whether or not such Person in fact meets the requirements set forth in this Agreement for being the signatory, sender or authenticator thereof). The Administrative Agent also shall be entitled to rely, and shall not incur any liability for relying, upon any statement made to it orally or by telephone and believed by it to be made by the proper Person (whether or not such Person in fact meets the requirements set forth in this Agreement for being the maker thereof), and may act upon any such statement prior to receipt of written confirmation thereof. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in good faith and in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any of and all of its duties and exercise its rights and powers hereunder by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of and all their duties and exercise their rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the terms of this paragraph, the Administrative Agent may resign at any time from its capacity as such. In connection with such resignation, the Administrative Agent shall give notice of its intent to resign to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, subject to the consent of the Borrower (unless an Event of Default has occurred and is continuing), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof, having a combined capital and surplus of at least \$500,000,000 and a local office in New York, New York. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Borrower and such successor. Notwithstanding the foregoing, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, the

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retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and (b) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that (i) all payments required to be made hereunder to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (ii) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall also directly be given or made to each Lender. Following the effectiveness of any Administrative Agent's resignation from its capacity as such, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

In case of the pendency of any proceeding with respect to the Borrower or, prior to the UTC Release Date, UTC under any Debtor Relief Law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim under Sections 2.09, 2.12, 2.13, 2.14 and 9.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, hereunder (including under Section 9.03); provided, however, that nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the obligations or the rights of any Lender, or to vote in respect of the claim of any Lender in any such proceeding.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it shall from time to time deem appropriate,

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continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder or thereunder.

Each Lender, by becoming a party to this Agreement, shall be deemed to have acknowledged receipt of, and consented to and approved, this Agreement and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on or prior to the Closing Date. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender sufficiently in advance to the making of such Loan.

Notwithstanding anything herein to the contrary, none of the Arrangers, the Syndication Agents or the Documentation Agents (each of the foregoing, a “Titled Person”) shall have any duties or obligations under this Agreement (except in its capacity, as applicable, as a Lender), but all such Persons shall have the benefit of the indemnities to the extent expressly provided for hereunder, and, without limiting the foregoing, no Titled Person shall have or be deemed to have any fiduciary relationship with any Lender or with the Borrower or any of its Affiliates.

Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Titled Person and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of UTC or the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and

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performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

In addition, unless either (1) clause (i) in the immediately preceding paragraph is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding paragraph, such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Titled Person and their respective Affiliates and not, for the avoidance of doubt, to or for the benefit of UTC or the Borrower, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement or any documents related hereto or thereto).

## ARTICLE IX

### Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax or email, as follows:

(i) if to the Borrower, to it at Carrier Global Corporation, 13995 Pasteur Boulevard, Palm Beach Gardens, Florida, 33418, Attention: Douglas Stenske, Treasurer, Fax No.: (319) 295-0020, Email Address: douglas.stenske@carrier.com;

(ii) if to UTC, to it at United Technologies Corporation, 10 Farms Springs Road, Farmington, Connecticut 06032, Attention: David R. Whitehouse, Corporate Vice President and Treasurer, Fax No.: (860) 728-7686, Email Address: david.whitehouse@utc.com;

(iii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 500 Stanton Christiana Road, Ops 2, 3rd Floor, Newark, Delaware 19713, Attention of: Nicole Reilly, Fax No.: (302) 634-4250, Email Address: nicole.c.reilly@jpmorgan.com, with a copy to JPMorgan Chase Bank, N.A., 383 Madison Avenue, New York, New York 10179, Attention of: Robert P. Kellas (Fax No. (212) 270-5100); Email Address: robert.kellas@jpmorgan.com; and

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(iv) if to any other Lender, to it at its address (or fax number or email) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient); and notices delivered through electronic communications to the extent provided in paragraph (b) below shall be effective as provided in such paragraph.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications (including email, intranet websites and the Platform) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices under Article II to any Lender if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. Any notices or other communications to the Administrative Agent, UTC or the Borrower may be delivered or furnished by electronic communications pursuant to procedures expressly approved by the recipient thereof prior thereto; provided that approval of such procedures may be limited or rescinded by the Administrative Agent by notice to each other such Person and by UTC (solely prior to the UTC Release Date) and the Borrower by notice to the Administrative Agent. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to the Platform shall be deemed received upon the receipt by the intended recipient at its email address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Any party hereto may change its address, telephone number, email address or fax number for notices and other communications hereunder by notice to the other parties hereto (or, in the case of any such change by a Lender, by notice to the Borrower and the Administrative Agent).

(d) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to UTC, the Borrower, any

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Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of UTC's, the Borrower's or the Administrative Agent's transmission of the Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to UTC, the Borrower, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages). Each Lender agrees that the Administrative Agent or any other Titled Person may, but shall not be obligated to, store any Borrower Materials on the Platform in accordance with its customary document retention procedures and policies.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by UTC or the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. All covenants, agreements, representations and warranties made by UTC or the Borrower in this Agreement and in the certificates delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto. Without limiting the generality of the foregoing, the execution and delivery of this Agreement or the making of a Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent, the Arrangers, the Syndication Agents, the Documentation Agents or any Lender may have had notice or knowledge of such Default at the time.

(b) Except as provided in Sections 2.11(b), 9.18 and 10.02, none of this Agreement or any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing and signed by UTC (solely prior to the UTC Release Date), the Borrower, the Administrative Agent and the Required Lenders; provided that (i) any provision of this Agreement may be amended by an agreement in writing entered into by the Borrower and the Administrative Agent to cure any ambiguity, omission, defect or inconsistency so long as, in each case, the Lenders shall have received at least five Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment and (ii) no such agreement shall (A) increase the Commitment of any Lender without the written consent of such Lender, (B) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (C) postpone the scheduled maturity date of any Loan, or any date for the payment of any interest or fees payable hereunder, or reduce the amount of, waive or excuse any such payment (in each case, including any such postponement, reduction, waiver or excuse as a result of any modification to the

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definition of the term “Commitment Termination Date” or “Scheduled Maturity Date” or to Section 2.06(a)), or postpone the scheduled date of expiration of any Commitment (in each case, including any such postponement, reduction, waiver or excuse as a result of any modification to the definition of the term “Commitment Termination Date” or “Scheduled Maturity Date” or to Section 2.06(a)), without the written consent of each Lender affected thereby, (D) change Section 2.15(b) in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender affected thereby, (E) change any of the provisions of this paragraph or the percentage set forth in the definition of the term “Required Lenders” or any other provision of this Agreement specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender and (F) release the UTC Guarantee, except as expressly provided by Section 10.02, without the written consent of each Lender (it being understood and agreed that any modification to the definition of the term “Carrier Distribution Condition” or any defined term used therein or to any representations and warranties, covenants or Events of Default set forth herein shall not be deemed to require the approval of each Lender under this clause (F)); provided further that no such agreement shall amend, modify, extend or otherwise affect the rights or obligations of the Administrative Agent without the prior written consent of the Administrative Agent. Notwithstanding the foregoing, (x) any amendment of the definition of the term “Applicable Rate” pursuant to the last sentence of such definition shall require only the written consent of the Borrower and the Administrative Agent and (y) no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (ii)(A), (ii)(B) or (ii)(C) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be affected by such amendment, waiver or other modification.

(c) The Administrative Agent may, but shall have no obligation to, with the concurrence of any Lender, execute amendments, waivers or other modifications on behalf of such Lender. Any amendment, waiver or other modification effected in accordance with this Section 9.02 shall be binding upon each Person that is at the time thereof a Lender and each Person that subsequently becomes a Lender.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Arrangers, the Syndication Agents, the Documentation Agents and their respective Affiliates, including the reasonable fees, charges and disbursements of one firm of outside counsel for the foregoing (and, if deemed reasonably necessary by such Persons, one firm of regulatory counsel and/or one firm of local counsel in each appropriate jurisdiction), in connection with the arrangement and syndication of the credit facility provided for herein, including the preparation, execution and delivery of the commitment letter and the fee letters entered into in connection with the credit facility provided for herein, as well as the preparation, execution, delivery and administration of this Agreement or any amendments, modifications or waivers (to the extent such amendments, modifications or waivers are contemplated by Section 2.11(b) or requested by the Borrower) of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses of the Administrative Agent in connection with the administration (other than routine administrative procedures and excluding costs and expenses relating to assignments and participations of Lenders) of this

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Agreement and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Arranger or any Lender, including the fees, charges and disbursements of any counsel for any of the foregoing, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such reasonable out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Administrative Agent, the Arrangers, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and expenses reasonably related thereto, including reasonable fees, charges and disbursements of one firm of outside counsel for Indemnitees (and, if deemed reasonably necessary by the Administrative Agent, one firm of regulatory counsel and/or one firm of local counsel in each appropriate jurisdiction, and, in the case of an actual or perceived conflict of interest for any Indemnitee, one firm of counsel (and, if deemed reasonably necessary by such Indemnitee, one firm of regulatory and/or one firm of local counsel in each appropriate jurisdiction) for such Indemnitee), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the preparation, execution, delivery and (in the case of the Administrative Agent and its Related Parties only) administration of this Agreement or any other agreement or instrument contemplated hereby or the consummation of the Transactions or any other transactions contemplated hereby or (ii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, and regardless of whether any Indemnitee is a party thereto (and regardless of whether such matter is initiated by the Borrower or any other Person); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or a material breach, including any such breach in bad faith, of the agreements by such Indemnitee set forth in this Agreement or (B) result from any claim, litigation, investigation or proceeding that does not involve an act or omission of the Borrower or any of its Affiliates and that is brought by an Indemnitee against any other Indemnitee (other than any claim, litigation, investigation or proceeding brought by an Indemnitee against the Administrative Agent or any Arranger in its capacity or in fulfilling its role as an agent or arranger or any other similar role hereunder). No Indemnitee shall be liable for any damages arising from the use of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence or willful misconduct of such Indemnitee, and no party hereto shall be liable for any special, indirect, consequential or punitive damages in connection with the Loans, this Agreement or its activities related thereto; provided that nothing contained in this sentence will limit the Borrower’s indemnity and reimbursement obligations set forth in this Section 9.03. This paragraph shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it under paragraph (a) or (b) of this Section to the Administrative Agent or any of its Related Parties, each Lender severally agrees to pay to the Administrative Agent or such Related Party,

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as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such or against any Related Party acting for the Administrative Agent in connection with such capacity. For purposes of this paragraph, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total unused Commitments and the aggregate principal amount of the Loans outstanding, in each case, at the time (or most recently in effect or outstanding, as the case may be).

(d) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not (except as expressly provided in Section 6.02 or 9.18) assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void), (ii) UTC may not (except as expressly provided in Section 6.02 of the UTC 2019 Term Credit Agreement, as incorporated by reference herein pursuant to Section 6.05) assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by UTC without such consent shall be null and void) and (iii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section), each Arranger, each Syndication Agent, each Documentation Agent and, to the extent expressly contemplated hereby, the Related Parties of any of the Administrative Agent, the Arrangers, the Syndication Agents, the Documentation Agents and any Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Commitment or Loans at the time held or owing to it) with the prior written consent (such consent not to be unreasonably withheld, delayed or conditioned) of:

(A) the Borrower; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 15 Business Days after having received written notice thereof; provided further that no consent of the Borrower shall be required (1) for an assignment to a Lender (other than a Defaulting Lender), an Affiliate of a Lender or an Approved Fund or (2) upon the occurrence and during the continuance of an Event of Default arising under clause (a), (e) or (f) (or, prior to the UTC Release Date, clause (j), solely with respect to clause (d) or (e) of Section 7.01 of the UTC 2019 Term Credit Agreement) of Section 7.01 (provided

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that, in each case, the Borrower shall have received written notice of such assignment); provided further that any liability of the Borrower to an assignee that is an Approved Fund or Affiliate of the assigning Lender under Section 2.12 shall be limited to the amount, if any, that would have been payable hereunder by the Borrower in the absence of such assignment; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000 and shall be an integral multiple of \$1,000,000 in excess thereof, in each case, unless otherwise agreed by the Borrower and the Administrative Agent;

(B) each partial assignment of a Lender's Commitment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of its Commitment under this Agreement, and each partial assignment of a Lender's Loans shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of its Loans under this Agreement; provided that this clause (B) shall not be construed to prohibit the assignment of (x) a proportionate part of all the assigning Lender's rights and obligations in respect of its Commitment without assigning a proportionate part of the assigning Lender's Loans or (y) a proportionate part of all the assigning Lender's rights and obligations in respect of its Loans without assigning a proportionate part of the assigning Lender's Commitment;

(C) the parties to each assignment shall (i) execute and deliver to the Administrative Agent (and, if its consent is required as set forth above, the Borrower), an Assignment and Assumption (or an agreement incorporating by reference a form of Assignment and Assumption posted on the Platform) and (ii) pay to the Administrative Agent a processing and recordation fee of \$3,500; provided that only one such processing and recordation fee shall be payable in the event of simultaneous assignments from any Lender or its Approved Funds to one or more other Approved Funds of such Lender; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent any tax forms required by Section 2.14(f) and an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain MNPI) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable law, including United States Federal and State and foreign securities laws.

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(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(v) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.13 and 2.14 (to the extent accrued for periods prior to it ceasing to be a party hereto) and Section 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section, provided that the requirements of such paragraph are met.

(iv) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in the United States a copy of each Assignment and Assumption delivered to it and records of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon receipt by the Administrative Agent of (A) an Assignment and Assumption (or an agreement incorporating by reference a form of Assignment and Assumption posted on the Platform) executed by an assigning Lender and an assignee, (B) the assignee's completed Administrative Questionnaire, (C) any tax forms required by Section 2.14(f) (in the case of clauses (B) and (C), unless the assignee shall already be a Lender hereunder) and (D) the processing and recordation fee referred to in this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that the Administrative Agent shall not be required to accept such Assignment and Assumption or so record the information contained therein if the Administrative Agent reasonably believes that such Assignment and Assumption lacks any written consent required by this Section or is otherwise not in proper form, it being acknowledged that the Administrative Agent shall have no duty or obligation (and shall incur no liability) with respect to obtaining (or confirming the receipt) of any such written consent or with respect to the form of (or any defect in) such Assignment and Assumption, any such duty and obligation being solely with the assigning Lender and the assignee. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph, and following such recording, unless otherwise determined by the Administrative Agent (such determination to be made in the sole discretion of the

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Administrative Agent, which determination may be conditioned on the consent of the assigning Lender and the assignee), shall be effective notwithstanding any defect in the Assignment and Assumption relating thereto. Each assigning Lender and the assignee, by its execution and delivery of an Assignment and Assumption, shall be deemed to have represented to the Administrative Agent that all written consents required by this Section with respect thereto (other than the consent of the Administrative Agent) have been obtained and that such Assignment and Assumption is otherwise duly completed and in proper form, and each assignee, by its execution and delivery of an Assignment and Assumption, shall be deemed to have represented to the assigning Lender and the Administrative Agent that such assignee is an Eligible Assignee.

(c) (i) Any Lender may sell participations to one or more Eligible Assignees (each, a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and Loans); provided that (A) such Lender's obligations under this Agreement (including its Commitment hereunder) shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) UTC (solely prior to the UTC Release Date), the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in subclauses (ii)(A), (ii)(B) or (ii)(C) of the first proviso to Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.13 and 2.14 (subject to the requirements and limitations therein, including the requirements under Section 2.14(f) (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (x) agrees to be subject to the provisions of Section 2.16 as if it were an assignee under paragraph (b) of this Section and (y) shall not be entitled to receive any greater payment under Section 2.12 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive (it being understood and agreed that such Participant shall not be entitled to the benefit of any other indemnity, expense reimbursement, yield protection or similar provision solely on account of becoming a Participant rather than being a party hereto).

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other rights and obligations of such Lender under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans or other rights and obligations under this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other right and obligation is in registered form under Section 5f.103-1(c) of the

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United States Treasury Regulations and Proposed Treasury Regulations Section 1.163-5(b) (or any amended or successor version). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining any Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. The provisions of Sections 2.12, 2.13, 2.14, 2.15(c), 2.16 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement.

SECTION 9.06. Counterparts; Integration; Effectiveness; Electronic Execution. (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof, including the commitments of the Lenders and, if applicable, their Affiliates under any commitment letter entered in connection herewith (but do not supersede any other provisions of any such commitment letter that do not by the terms of such documents terminate upon the effectiveness of this Agreement, all of which provisions shall remain in full force and effect). On and after the Closing Date, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) The words “execution”, “signed”, “signature”, “delivery” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall

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require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

SECTION 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. [Reserved]

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court of the Southern District of New York and of the Supreme Court of the State of New York sitting in New York County, and any appellate court from any thereof, in any suit, action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims arising out of or relating to this Agreement brought by it or any of its controlled Affiliates shall be brought, and shall be heard and determined, exclusively in such New York State court or, to the extent permitted by law, in such New York Federal court. Each of the parties hereto agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process made by registered or certified mail, return receipt requested, to the applicable party at its address provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD

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NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices, except that Information may be disclosed (a) to its Related Parties, including accountants and legal counsel, it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential, (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners) (it being understood that such regulatory authority will be informed of the confidential nature of such Information and, except where such regulatory authority would be required to keep such Information confidential as a matter of law, requested to keep such Information confidential), (c) to the extent required by applicable law or by any subpoena or similar legal process (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and, except where such Person would be required to keep such Information confidential as a matter of law, requested to keep such Information confidential), (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and requested to keep such Information confidential), (f) subject to execution by it of a written agreement containing provisions substantially the same as those of this Section 9.12, (A) to any permitted assignee of or permitted Participant in, or any prospective permitted assignee of or permitted Participant in, any of its rights or obligations under this Agreement or (B) to any actual or prospective counterparty to any swap or derivative transaction relating to the Company or any Subsidiary and its obligations or any actual or prospective insurance provider relating to any such obligations (or, in each case, their respective Related Parties), (g) with the written consent of the Borrower, (h) to rating agencies (on a confidential basis) and data service providers, including league table providers, that serve the lending industry, such information to consist of information customarily provided by arrangers to such data service providers or (i) to the extent such Information (1) is or becomes publicly available other than as a result of a breach of this Section or (2) is or becomes available to, or is independently developed by, the Administrative Agent, any Lender or any Affiliate of any of the foregoing on a nonconfidential basis from a source other than the Borrower. For purposes of this Section, "Information" means all information received from the Borrower, any of its Affiliates or any of the Borrower's or such Affiliate's Related Parties, including accountants and legal counsel, relating the Borrower or any of its Subsidiaries or their businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower, any of its Affiliates or any of the Borrower's or such

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Affiliate's Related Parties. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised no less than reasonable care and at least the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the NYFRB Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.14. USA PATRIOT Act and Beneficial Ownership Regulation Notice. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower and UTC that pursuant to the requirements of the USA PATRIOT Act and/or the Beneficial Ownership Regulation it is required to obtain, verify and record information that identifies the Borrower and UTC, which information includes the name and address of the Borrower and UTC and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower and UTC in accordance with the USA PATRIOT Act and the Beneficial Ownership Regulation.

SECTION 9.15. No Fiduciary Relationship. Each of UTC and the Borrower, on behalf of itself and its Subsidiaries, agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, UTC, the Borrower and their respective Subsidiaries and other Affiliates, on the one hand, and the Administrative Agent, the Lenders and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Administrative Agent, the Lenders or their respective Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications. The Administrative Agent, the Arrangers, the Lenders and their respective Affiliates may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those of UTC, the Borrower and their respective Subsidiaries and other Affiliates, and none of the Administrative Agent, the Arrangers, the Lenders or their respective Affiliates has any obligation to disclose any of such interests to UTC, the Borrower or any of their respective Subsidiaries or other Affiliates. To the fullest extent permitted by law, UTC and the Borrower hereby agree not to assert any claims against any of the Administrative Agent, the Arrangers, the Lenders or their respective Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

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SECTION 9.16. Non-Public Information. Each of the Administrative Agent, each Arranger and each Lender acknowledges that all information, including requests for waivers and amendments, furnished by UTC, the Borrower or the Administrative Agent pursuant to or in connection with, or in the course of administering, this Agreement, will be syndicate-level information, which may contain MNPI. Each Lender represents to UTC (prior to the UTC Release Date), the Borrower and the Administrative Agent that (a) it has developed compliance procedures regarding the use of MNPI and that it will handle MNPI in accordance with such procedures and applicable law, including United States Federal and state and foreign securities laws, and (b) it has identified in its Administrative Questionnaire a credit contact who may receive information that may contain MNPI in accordance with its compliance procedures and applicable law, including Federal, state and foreign securities laws. In the event that any Lender has determined for itself to not access any information disclosed through the Platform or otherwise, such Lender acknowledges that (i) other Lenders may have availed themselves of such information and (ii) none of UTC, the Borrower, the Administrative Agent or any other Titled Person has any responsibility for such Lender's decision to limit the scope of the information it has obtained in connection with this Agreement.

SECTION 9.17. Acknowledgment and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in this Agreement or in any other agreement, arrangement or understanding among the parties hereto, each party hereto acknowledges that any liability of any Affected Financial Institution arising under this Agreement may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder that may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable, (i) a reduction in full or in part or cancellation of any such liability, (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

SECTION 9.18. Permitted Reorganization. Notwithstanding any other provision of this Agreement, the Borrower may, after the UTC Release Date, become a wholly-owned Subsidiary of a corporation organized under the laws of the United States of America, any State thereof or the District of Columbia (the "New Holding Company") by means of a merger of the Borrower with or into a newly organized wholly owned Domestic Subsidiary of the New Holding Company (the "Permitted Reorganization Merger Subsidiary") or another transaction or series of transactions that result in the Borrower becoming a wholly owned Domestic Subsidiary of the New Holding Company, provided that:

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(a) immediately after the consummation of the Permitted Reorganization, the identity of the holders of the equity interests in the New Holding Company, and the percentage of the ordinary voting power represented by the equity interests in the New Holding Company held by each of them, shall be identical to the identity of the holders of the equity interests in the Borrower, and the percentage of the ordinary voting power represented by the equity interests in the Borrower held by each of them, immediately prior to the consummation of the Permitted Reorganization;

(b) the New Holding Company and, if applicable, the Permitted Reorganization Merger Subsidiary, prior to the consummation of the Permitted Reorganization, shall not have been engaged in any business activities or conducted any operations other than in connection with or as contemplated by the Permitted Reorganization and shall not own any material assets;

(c) prior to the consummation of the Permitted Reorganization, the Borrower, the New Holding Company and the Administrative Agent shall enter into an agreement in writing pursuant to which this Agreement shall be amended as may be necessary or appropriate, in the opinion of the Borrower and the Administrative Agent, to reflect (i) the Borrower becoming a wholly owned Subsidiary of the New Holding Company, (ii) the New Holding Company providing the New Holding Company Guarantee, (iii) subject to clause (iv) below, the New Holding Company becoming bound hereby as if it were the original "Borrower", including for purposes of the definitions, the representations and warranties set forth in Article III hereof, the covenants set forth in Articles V and VI hereof and the Events of Default set forth in Article VII hereof (and the related defined terms), and (iv) notwithstanding anything to the contrary in clause (iii) above, the Borrower remaining the primary obligor in respect of the Loans and all the other Guaranteed Obligations, including any such amendments (consistent with clauses (i) through (iv) above) to provide that (A) references to the Borrower will be modified to be references to the New Holding Company or to each of the Borrower and the New Holding Company (including the definition of Transactions, Sections 5.02, 6.02, 7.01(b), 7.01(c), 7.01(d), 7.01(e), 7.01(f), 9.02, 9.04(a), 9.14 and 9.15 and the parenthetical in Section 7.02), as the context of the original reference requires and (B) on the date of effectiveness of such agreement, the New Holding Company shall represent and warrant, after giving effect to such agreement and the New Holding Company Guarantee and pro forma effect to the Permitted Reorganization, as to the matters set forth in Sections 3.01, 3.02, 3.03, 3.04, 3.10 and 3.11; provided that a copy of such agreement shall have been provided by the Administrative Agent to the Lenders and the Administrative Agent shall not have received, within five Business Days of the date a copy of such agreement is provided to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendments (it being understood that in the absence of such written notice from the Required Lenders, such amendments shall become effective at the end of such period, without any further action or consent of any other party to this Agreement);

(d) prior to or substantially concurrently with the consummation of the Permitted Reorganization, (i) the New Holding Company shall execute and deliver to the Administrative Agent a guarantee, in form and substance reasonably satisfactory to the Administrative Agent (it being agreed that the terms thereof consistent with Article X hereof (with appropriate modifications to the release provisions set forth in Section 10.02) are reasonably satisfactory to the Administrative Agent), pursuant to which the New Holding

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Company shall unconditionally and irrevocably guarantee all the Loans and all the other Guaranteed Obligations of the Borrower (the “New Holding Company Guarantee”), and (ii) the New Holding Company shall deliver to the Administrative Agent documents, certificates and opinions relating to the New Holding Company and the New Holding Company Guarantee consistent with those delivered pursuant to Sections 4.01(b) and 4.01(c); and

(e) the Administrative Agent and the Lenders shall have received, at least three Business Days prior to the date of the consummation of the Permitted Reorganization, all documentation and other information required by bank regulatory authorities with respect to the New Holding Company under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation, that has been reasonably requested by the Administrative Agent or any Lender in writing at least five Business Days prior to the date of the consummation of the Permitted Reorganization.

## ARTICLE X

### UTC Guarantee; UTC Release Date

SECTION 10.01. Guarantee. (a) In order to induce the Guaranteed Parties to make Loans to the Borrower hereunder, UTC hereby irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the Guaranteed Obligations (such guarantee, including the obligations of UTC thereunder as set forth in this Section 10.01, the “UTC Guarantee”). UTC further agrees that the due and punctual payment of the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon the UTC Guarantee notwithstanding any such extension or renewal of any Guaranteed Obligation.

(b) UTC waives presentment to, demand of payment from and protest to the Borrower of any of the Guaranteed Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of UTC under the UTC Guarantee shall not be affected by (i) the failure of any Guaranteed Party to assert any claim or demand or to enforce any right or remedy against the Borrower under the provisions of this Agreement or otherwise; (ii) any extension or renewal of any of the Guaranteed Obligations; (iii) any rescission, waiver, amendment or modification of, or release of the Borrower from, any of the terms or provisions applicable to the Borrower of this Agreement or any other agreement or instrument; (iv) any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations; or (v) any other act (other than payment or performance of the Guaranteed Obligations), omission or delay to do any other act which may or might in any manner or to any extent vary the risk of UTC or otherwise operate as a discharge of UTC as guarantor as a matter of law or equity or which would impair or eliminate any right of UTC to subrogation.

(c) UTC further agrees that the UTC Guarantee constitutes a promise of payment when due (whether or not any bankruptcy or similar proceeding of the Borrower shall have stayed the accrual or collection of any of the Guaranteed Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by

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any Guaranteed Party to any balance of any deposit account or credit on the books of any Guaranteed Party in favor of the Borrower or any other Person.

(d) The obligations of UTC under the UTC Guarantee shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Guaranteed Obligations, any impossibility in the performance of any of the Guaranteed Obligations, any law or regulation of any jurisdiction or any other event affecting any term of any of the Guaranteed Obligations or otherwise.

(e) UTC further agrees that its obligations under the UTC Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Guaranteed Obligation is rescinded or must otherwise be restored by any Guaranteed Party upon the bankruptcy or reorganization of the Borrower or otherwise, it being understood and agreed, however, that no such restatement shall occur after the UTC Release Date.

(f) In furtherance of the foregoing and not in limitation of any other right which any Guaranteed Party may have at law or in equity against UTC by virtue hereof, upon the failure of the Borrower to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, UTC hereby promises to and will, upon receipt of written demand by the Administrative Agent, forthwith pay, or cause to be paid, to the Administrative Agent for distribution to the applicable Guaranteed Parties in cash an amount equal to the unpaid principal amount of such Guaranteed Obligation.

(g) Upon payment in full by UTC of any Guaranteed Obligation, each Guaranteed Party shall, in a reasonable manner, assign to UTC the amount of such Guaranteed Obligation owed to such Guaranteed Party and so paid, such assignment to be pro tanto to the extent to which the Guaranteed Obligation in question was discharged by UTC, or, if requested by UTC, make such disposition thereof as UTC shall direct (all without recourse to any Guaranteed Party and without any representation or warranty by any Guaranteed Party). Upon payment by UTC of any sums as provided above, all rights of UTC against the Borrower arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full of all the Guaranteed Obligations owed by the Borrower to the Guaranteed Parties.

SECTION 10.02. UTC Release Date. Upon the satisfaction of the UTC Release Condition:

(a) the UTC Guarantee shall automatically be released;

(b) the provisions of Sections 3.12, 5.04, 6.05 and 7.01(j) shall automatically cease to be a part of this Agreement and shall be of no further force and effect for any purpose hereunder; and

(c) UTC shall be released from all of its other obligations hereunder, and shall cease to have any rights hereunder, and shall automatically cease to be a party hereto.

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[Signature pages follow]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CARRIER GLOBAL CORPORATION,

By: /s/ Christopher Witzky

Name: Christopher Witzky

Title: Vice President, Treasurer

UNITED TECHNOLOGIES CORPORATION,

By: /s/ David R. Whitehouse

Name: David R. Whitehouse

Title: Corporate Vice President, Treasurer

*[Signature Page to Carrier Term Loan Credit Agreement]*

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JPMORGAN CHASE BANK, N.A., individually and as  
Administrative Agent,

By: /s/ Robert P. Kellas

Name: Robert P. Kellas

Title: Executive Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Westpac Banking Corporation

By: /s/ Jason Yakabu

Name: Jason Yakabu

Title: Vice President

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Citibank, N.A.

By: /s/ Susan Olsen

Name: Susan Olsen

Title: Vice President

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*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Patrick D. Mueller

Name: Patrick D. Mueller

Title: Managing Director

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: GOLDMAN SACHS BANK USA

By: /s/ Ryan Durkin

Name: Ryan Durkin

Title: Authorized Signatory

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*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Morgan Stanley Bank, N.A.

By: /s/ Julie Lilienfeld

Name: Julie Lilienfeld

Title: Authorized Signatory

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

UNICREDIT BANK AG, NEW YORK BRANCH

By: /s/ Daniela Ferrari

Name: Daniela Ferrari

Title: Managing Director

By: /s/ Supriya Saxena

Name: Supriya Saxena

Title: Managing Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Bank of Montreal, Chicago Branch

By: /s/ Andrew Berryman

Name: Andrew Berryman

Title: Vice President

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

BNP PARIBAS, as a Lender

By: /s/ Richard Pace

Name: Richard Pace

Title: Managing Director

By: /s/ Nanette Baudon

Name: Nanette Baudon

Title: Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

DEUTSCHE BANK AG NEW YORK BRANCH

By: /s/ Annie Chung

Name: Annie Chung

Title: Director

By: /s/ Marko Lukin

Name: Marko Lukin

Title: Vice President

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Intesa Sanpaolo S.p.A., New York Branch

By: /s/ Jordan Schweon

Name: Jordan Schweon

Title: Global Relationship Manager

For any Lender requiring a second signature block:

By: /s/ Anne Culver

Name: Anne Culver

Title: Relationship Manager

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Mizuho Bank, Ltd.

By: /s/ Donna DeMagistris

Name: Donna DeMagistris

Title: Executive Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: MUFG Bank, Ltd.

By: /s/ Oscar Cortez

Name: Oscar Cortez

Title: Director

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*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Michael Maguire

Name: Michael Maguire

Title: Managing Director

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*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Wells Fargo Bank, National Association

By: /s/ Kay Reedy

Name: Kay Reedy

Title: Managing Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Bank of China, New York Branch

By: /s/ Raymond Qiao

Name: Raymond Qiao

Title: Executive Vice President

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: BAYERISCHE LANDESBANK, NEW YORK BRANCH

By: /s/ Matthew DeCarlo

Name: Matthew DeCarlo

Title: Senior Director

For any Lender requiring a second signature block:

By: /s/ Rold Siebert

Name: Rolf Siebert

Title: Executive Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Commerzbank AG, New York Branch

By: /s/ Michael Ravelo

Name: Michael Ravelo

Title: Managing Director

For any Lender requiring a second signature block:

By: /s/ John W. Deegan

Name: John W. Deegan

Title: Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD, NEW  
YORK BRANCH

By: /s/ Gang Duan

Name: Gang Duan

Title: Executive Director

By: /s/ Brian Foley

Name: Brian Foley

Title: Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: ROYAL BANK OF CANADA

By: /s/ Brian Hueter

Name: Brian Hueter

Title: Authorized Signatory

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*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Societe Generale

By: /s/ Richard Bernal

Name: Richard Bernal

Title: Managing Director

For any Lender requiring a second signature block:

By: \_\_\_\_\_

Name:

Title:

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: Standard Chartered Bank

By: /s/ James Beck

Name: James Beck

Title: Associate Director

*[Signature Page to Carrier Term Loan Credit Agreement]*

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SIGNATURE PAGE TO  
THE TERM LOAN CREDIT AGREEMENT  
OF CARRIER GLOBAL CORPORATION

Name of Institution: The Bank of New York Mellon

By: /s/ Thomas J. Tarasovich, Jr.

Name: Thomas J. Tarasovich, Jr.

Title: Vice President

*[Signature Page to Carrier Term Loan Credit Agreement]*

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[            ], 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 Gitlin  
President and Chief Executive Officer  
Carrier Global Corporation

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

**Preliminary and Subject to Completion, Dated March 11, 2020**

**INFORMATION STATEMENT**

**CARRIER GLOBAL CORPORATION**

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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 March 19, 2020, which is the record date for the distribution, you will receive one share 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 12:01 a.m., Eastern Time, on April 3, 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 “CARR.” 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.**

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**The date of this information statement is [        ], 2020.**

This information statement was first made available to UTC shareowners on or about [        ], 2020

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**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.

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- 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.
- 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 one share 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 the “IRS ruling” refer to the 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 Transcold,” “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 March 19, 2020, the record date, you will be entitled to receive one share 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 March 19, 2020.

***When will the distribution occur?***

We expect that all of the outstanding shares of Carrier common stock will be distributed by UTC at 12:01 a.m., Eastern Time, on April 3, 2020, to holders of record of shares of UTC common stock at the close of business on March 19, 2020, the record date. We currently

<p><b><i>What do shareowners need to do to participate in the distribution?</i></b></p>	<p>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><b><i>How will shares of Carrier common stock be issued?</i></b></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>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><b><i>How many shares of Carrier common stock will I receive in the distribution?</i></b></p>	<p>UTC will distribute to you on the distribution date one share 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 866,223,435 shares of UTC common stock outstanding as of February 28, 2020, a total of approximately 866,223,435 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><b><i>Will Carrier issue fractional shares of its common stock in the distribution?</i></b></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</p>

would otherwise be entitled to receive) to those shareowners who would 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;
- (1) the IRS ruling regarding certain U.S. federal income tax matters relating to the separation and distribution received by UTC continuing to be valid and satisfactory to the UTC Board of Directors and (2) the receipt by UTC and continued validity of 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.

<p><b><i>When is the separation expected to be completed?</i></b></p>	<p>For a complete discussion of all of the conditions to the distribution, see “The Separation and Distribution—Conditions to the Distribution.”</p>
<p><b><i>Can UTC decide to cancel the distribution even if all the conditions have been met?</i></b></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 12:01 a.m., Eastern Time, on April 3, 2020, to the holders of record of shares of UTC common stock at the close of business on March 19, 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><b><i>What if I want to sell my UTC common stock or my Carrier common stock?</i></b></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><b><i>What is “regular-way” and “ex-distribution” trading of UTC common stock?</i></b></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><b><i>Where will I be able to trade shares of Carrier common stock?</i></b></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>Carrier intends to list its common stock on the NYSE under the symbol “CARR.” 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</p>	

<p><b><i>What will happen to the listing of UTC common stock?</i></b></p>	<p>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><b><i>Will the number of shares of UTC common stock that I own change as a result of the distribution?</i></b></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><b><i>Will the Carrier distribution and the Otis distribution affect the market price of my UTC common stock?</i></b></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><b><i>Will the Carrier distribution and the Otis distribution affect the market price of my UTC common stock?</i></b></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 one share 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><b><i>What are the material U.S. federal income tax consequences of the separation and the distribution?</i></b></p>	<p>The distribution is conditioned on (1) the IRS ruling regarding certain U.S. federal income tax matters relating to the separation and distribution received by UTC remaining valid and satisfactory to the UTC Board of Directors and (2) the receipt by UTC and continued validity of 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><b><i>What will Carrier’s relationship be with UTC and Otis following the separation?</i></b></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</p>

	<p>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, 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><b><i>Who will manage Carrier after the separation?</i></b></p>	<p>Carrier will benefit from an experienced management team. Led by David 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><b><i>Are there risks associated with owning Carrier common stock?</i></b></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><b><i>Does Carrier plan to pay dividends?</i></b></p>	<p>Following the distribution, we expect that Carrier will initially pay a cash dividend on a quarterly basis at an aggregate annual rate of approximately \$550 million. 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><b><i>Will Carrier incur any debt prior to or at the time of the distribution?</i></b></p>	<p>Yes. In connection with the distribution, on February 10, 2020, Carrier entered into a Revolving Credit Agreement providing for a \$2.0 billion unsecured, unsubordinated 5-year revolving credit facility and a Term Loan Credit Agreement providing for a \$1.75 billion unsecured, unsubordinated 3-year term loan credit facility. Additionally, on February 27, 2020, Carrier issued \$9.25 billion of unsecured, unsubordinated notes in six series. Carrier also intends to enter into a</p>

\$2.0 billion unsecured, unsubordinated commercial paper program prior to the distribution. Carrier expects an aggregate of approximately \$10.9 billion of the proceeds of such financings to be used to distribute cash to UTC. As a result of such transactions, Carrier anticipates having approximately \$11.4 billion in aggregate principal amount of outstanding 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. The amount of indebtedness incurred by Carrier and the amount of cash distributed by Carrier may be adjusted by UTC as described elsewhere in this information statement. See “Description of Material Indebtedness” and “Risk Factors.”

***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 (866) 507-8028 or from outside the U.S. at (781) 575-3345.

***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](mailto: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.corporate.carrier.com/investors](http://www.corporate.carrier.com/investors)) will be operational on or around April 3, 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**

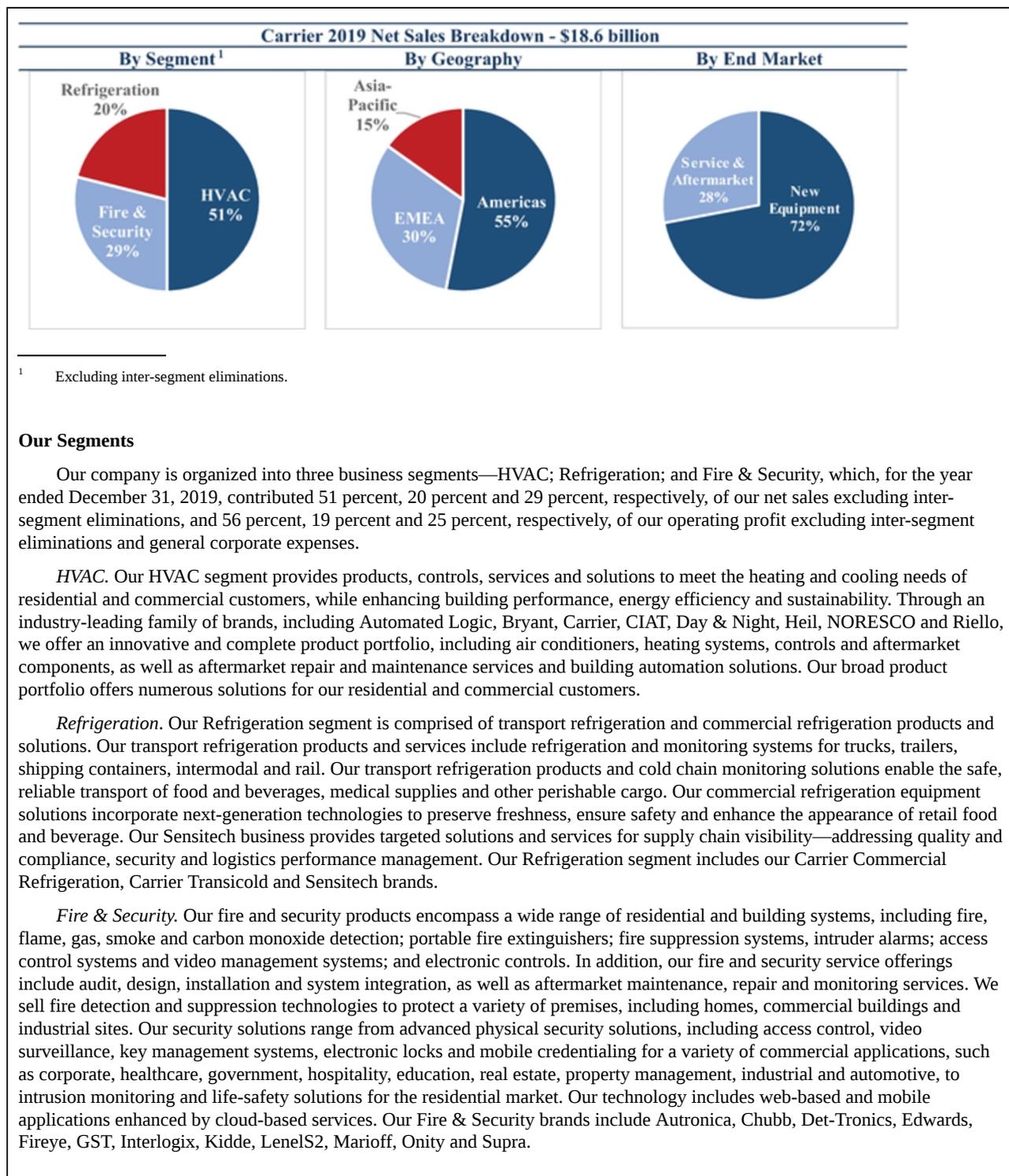
Carrier is a leading global provider of HVAC, refrigeration, fire and security solutions. Our innovative solutions promote smarter, safer and more sustainable buildings and infrastructure, and help to effectively preserve the freshness, quality and safety of perishables across a wide variety of industries. 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 53,000 employees globally, including approximately 3,600 engineers, and our solutions are sold in over 160 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, 2019, our net sales were approximately \$18.6 billion, and our operating profit was approximately \$2.5 billion. Our net sales for the year ended December 31, 2019 were derived from the Americas (55 percent), Europe-Middle East (30 percent) and Asia-Pacific (15 percent). Our international operations, including U.S. export sales, represented approximately 52 percent of our net sales for the year ended December 31, 2019. 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 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 2014, we have grown our engineering team globally by approximately 20 percent to approximately 3,600 engineers. We hold approximately 7,000 active patents and/or pending 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 (7<sup>th</sup> 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 2019, 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 13 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 1.3 percent of net sales and we generated a cumulative \$4.1 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 53,000 employees worldwide, including approximately 3,600 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 2.2 percent of net sales in 2019.

***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, to drive 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 that leverages low-cost manufacturing and R&D resources to drive end-to-end supply chain excellence. In connection with our focus on cost-effective performance, we launched a strategic cost reduction initiative in 2019 with the goal of reducing cumulative supply chain, factory and general administrative costs by up to \$600 million in the aggregate by the end of 2022.

#### **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 one share 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 have incurred 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. In addition, if certain internal restructuring transactions were to fail to qualify as transactions that are generally tax-free for U.S. federal or non-U.S. income tax purposes, we, as well as UTC and Otis, could be subject to significant tax liabilities. 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 March 11, 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 one share of Carrier common stock for every share of UTC common stock held as of the close of business on March 19, 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 has 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 has not obtained as high of a credit rating as UTC's credit rating 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 (or certain transactions undertaken as part of the internal reorganization) 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 one share 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](http://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 SELECTED HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The following summary financial data reflect the historical combined operations of Carrier. We derived the summary historical combined statements of operations data for the years ended December 31, 2019, 2018 and 2017, and summary historical combined balance sheet data as of December 31, 2019 and 2018, 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 historical combined balance sheet data as of December 31, 2017 was derived from our historical audited combined balance sheet not included in this information statement. The selected unaudited historical combined financial data as of, and for each of, the years ended December 31, 2016 and 2015 was derived from our underlying financial records, which were derived from the financial records of UTC. In management's opinion, the unaudited combined financial data has 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 in the "Index to Combined Financial Statements" section of 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 company 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 principal indebtedness of an assumed amount equal to approximately \$11.0 billion, as described in "Description of Material Indebtedness," and the distribution of an assumed aggregate amount equal to approximately \$10.9 billion of cash to UTC (which amounts of indebtedness incurred and cash distributed may be adjusted by UTC as described elsewhere in this information statement). This indebtedness is expected to consist of a combination of long-term notes and bank term loans. The Unaudited Pro Forma Combined Statement of Operations 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 Combined Statement 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 the accompanying notes included in the "Index to Combined Financial Statements" section of this information statement.

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

<i>(dollars in millions)</i>	Pro Forma For the Year ended December 31,		Years ended December 31,						
	2019		2019	2018	2017	2016		2015	
	(Unaudited)					(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Results of Operations Data:</b>									
Net sales	\$	18,608	\$ 18,608	\$ 18,914	\$ 17,814	\$ 16,853	\$	16,709	
Research and development		401	401	400	364	351		325	
Restructuring costs		126	126	80	111	65		108	
Operating profit <sup>(1)</sup>		2,542	2,491	3,637	3,030	2,760		2,563	
Net income <sup>(2) (3)</sup>		1,815	2,155	2,769	1,267	1,900		1,837	
<b>Net income attributable to Carrier</b>									
Global Corporation		1,776	2,116	2,734	1,227	1,854		1,782	
Capital expenditures		243	243	263	326	340		261	

<i>(dollars in millions)</i>	Pro Forma As of December 31,		As of December 31,						
	2019		2019	2018	2017	2016		2015	
	(Unaudited)					(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Balance Sheet Data:</b>									
Working capital <sup>(4)</sup>	\$	1,528	\$ 1,490	\$ 1,643	\$ 1,750	\$ 1,693	\$	1,749	
Total assets <sup>(5)</sup>		22,464	22,406	21,737	21,985	20,981		20,693	
Total liabilities <sup>(5) (6)</sup>		18,621	7,971	7,468	7,201	5,844		5,745	

- (1) 2019 operating profit includes a charge of \$108 million related to the impairment of an equity investment. 2018 operating profit includes a \$799 million pre-tax gain on the sale of the Taylor business, and 2017 operating profit includes a \$379 million pre-tax gain on the sale of our investment in Watsco, Inc.
- (2) 2019 net income includes a tax benefit of \$149 million as a result of the filing by a subsidiary of Carrier to participate in an amnesty program offered by the Italian Tax Authority and conclusion of a U.S. income tax audit. 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. 2017 net income includes unfavorable net tax charges of approximately \$799 million related to U.S. tax reform legislation enacted in December 2017.
- (3) The Pro Forma 2019 net income reflects \$336 million of interest expense and amortization of issuance costs in connection with the incurrence of indebtedness as described in "Description of Material Indebtedness" elsewhere in this information statement.
- (4) Working capital is defined as current assets less current liabilities.
- (5) The increase in total assets and total liabilities as of December 31, 2019 primarily relates to the adoption of Accounting Standards Update ("ASU") No. 2016-02—Leases (Topic 842), which Carrier adopted as of January 1, 2019.
- (6) The Pro Forma December 31, 2019 total liabilities include the incurrence of principal indebtedness of an assumed amount equal to approximately \$11.0 billion, as described in "Description of Material Indebtedness" elsewhere in this information statement.

## 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 52 percent of our 2019 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. In addition, a novel strain of coronavirus surfaced in Wuhan, China in December 2019, resulting in increased travel restrictions and extended shutdown of certain businesses in the region and, as the virus has continued to spread, throughout other regions within China and other regions throughout the world, including among others Europe, the Middle East and North America. The impact of the coronavirus on our business is uncertain at this time and will depend on future developments, but prolonged closures in China and other regions throughout the world, including among others Europe, the Middle East and North America, may disrupt our operations and the operations of our suppliers, distributors and customers, which could negatively impact our business, results of operations and financial condition.

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 FZC (“AHI-Carrier”), a UAE-based 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 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. We seek to take proactive steps to mitigate these concerns, including through audits and similar reviews. During one such recent audit, for example, Carrier identified certain payments, representing (based on the preliminary analysis to date) an aggregate of approximately \$380 million paid to AHI-Carrier over a ten-year period for products sold in the ordinary course by that minority-owned joint venture from entities of undetermined affiliation with AHI-Carrier’s distributors and customers, predominately based in countries in the Commonwealth of Independent States. Based on the preliminary nature of the analysis to date, Carrier cannot reasonably predict that any, or what portion of, these payments may have violated applicable law. Carrier does not manage the joint venture and does not direct its treasury or related functions; however, Carrier has exercised its audit rights under the joint venture agreement and commenced an investigation of these third-party payments. This investigation is pending, and as noted above at this time, Carrier cannot reasonably predict the likelihood of a determination that any, or what portion of, these payments may have violated applicable law or reasonably estimate the possible loss or range of losses to the joint venture or to Carrier in the event of such a determination. In addition, Carrier has reported these preliminary findings to the SEC and the U.S. Department of Justice and intends to fully cooperate with their inquiries.

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, pandemic health issues (including coronavirus and its effects, among other things, on global supply, demand, and distribution disruptions as the coronavirus outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations), natural disasters, regulatory changes, commodity

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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. At this point, the extent to which the coronavirus may impact the global economy is uncertain, but pandemics or other significant public health events, or the perception that such events may occur, could have a material adverse effect on our business, results of operations and financial condition. Additionally, 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” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Notes 3 and 14 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

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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 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, including joint ventures. 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, anti-collusion and anti-money laundering 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 money laundering, collusion or anti-competitive behavior, our controls may not always be effective in preventing our employees, third-party agents or channel partners from violating anti-money laundering, antitrust or anti-collusion laws.

Violations of FCPA, antitrust, anti-money laundering 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 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 20 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, 2019, the net carrying value of our goodwill and certain other intangible assets totaled \$9.9 billion and \$534 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 \$11.4 billion in aggregate principal amount of outstanding 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 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 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 have completed certain financing transactions, and we intend to complete one or more additional financing transactions on or prior to the completion of the distribution, with an aggregate of approximately \$10.9 billion of the proceeds of such financings expected to be used to distribute cash to UTC. As a result of these transactions, we anticipate having approximately \$11.4 billion in aggregate principal amount of outstanding indebtedness when the distribution is completed. The amount of indebtedness incurred by Carrier and the amount of cash distributed by Carrier may be adjusted by UTC as described elsewhere in this information statement. In anticipation of the distribution, Carrier has been issued an investment grade credit rating by each of Moody’s Investors Services, Inc. and Standard & Poor’s. Despite these 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

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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

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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 (or certain transactions undertaken as part of the internal reorganization) 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 one share 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 one share 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 have incurred 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.***

In connection with the distribution, on February 10, 2020, we entered into a Revolving Credit Agreement providing for a \$2.0 billion unsecured, unsubordinated 5-year revolving credit facility and a Term Loan Credit Agreement providing for a \$1.75 billion unsecured, unsubordinated 3-year term loan credit facility. Additionally, on February 27, 2020, we issued \$9.25 billion of unsecured, unsubordinated notes in six series. We also intend to enter into a \$2.0 billion unsecured, unsubordinated commercial paper program prior to the distribution. We expect an aggregate of approximately \$10.9 billion of the proceeds of such financings to be used to distribute cash to UTC. As a result of such transactions, we anticipate having approximately \$11.4 billion in aggregate principal amount of outstanding indebtedness when the distribution is completed. See "Description of Material Indebtedness." We may also incur additional indebtedness in the future. In addition, the amount of indebtedness actually incurred by Carrier and the amount of cash actually distributed by Carrier to UTC (or otherwise

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transferred to or from UTC or Carrier, as applicable, prior to the distribution) may be adjusted prior to the completion of the distribution in a manner that is intended to result in approximately \$24.3 billion of adjusted net indebtedness of the UTC Aerospace Businesses immediately prior to the completion of the merger, subject to and in accordance with the Raytheon merger agreement; accordingly, the actual cash and debt balances of Carrier immediately following the distribution may be higher or lower than currently anticipated.

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.

As described in the section of this information statement entitled “Description of Material Indebtedness,” the terms of Carrier’s indebtedness contain covenants restricting its financial flexibility in a number of ways, including, among other things, restrictions on Carrier’s ability and the ability of certain of Carrier’s subsidiaries to incur liens, to make certain fundamental changes and to enter into sale and leaseback transactions. If Carrier breaches a restrictive covenant under any of its indebtedness, or an event of default occurs in respect of any of its indebtedness, Carrier’s lenders may be entitled to declare all amounts owing in respect thereof to be immediately due and payable.

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

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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 or for applicable non-U.S. income tax purposes. Further, the tax matters agreement will impose similar restrictions on us and our subsidiaries during the two-year period following the distribution that are intended to prevent certain transactions undertaken as part of the internal reorganization from failing to qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for applicable non-U.S. income tax purposes. 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 to 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 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. In addition, if certain internal restructuring transactions were to fail to qualify as transactions that are generally tax-free for U.S. federal or non-U.S. income tax purposes, we, as well as UTC and Otis could be subject to significant tax liabilities. 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, (1) the IRS ruling regarding certain U.S. federal income tax matters relating to the separation and distribution received by UTC remaining valid and satisfactory to the UTC Board of Directors and (2) the receipt by UTC and continued validity of 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 does 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

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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 (including with respect to certain valuation matters relating to the internal reorganization), statements and undertakings of UTC, Carrier, Otis or their respective subsidiaries. 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) certain 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, 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 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. 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

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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

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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 one share 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 866,223,435 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.

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 aggregate annual rate of approximately \$550 million. 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, pandemic health issues (including coronavirus and its effects, among other things, on global supply, demand, and distribution disruptions as the coronavirus outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations) 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 withdrawal from the EU, on general market conditions, global trade policies and currency exchange rates in the near term and beyond;

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- 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;
- financing transactions undertaken or expected to be 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 \$11.0 billion in aggregate amount of principal indebtedness, consisting of a combination of long-term notes and bank term loans (which amount may be adjusted by UTC as described elsewhere in this information statement); and
- using a portion of the proceeds from one or more financing transactions before the distribution is completed, Carrier will distribute an aggregate of approximately \$10.9 billion of cash to UTC (which amount may be adjusted by UTC as described elsewhere in this information statement).

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 March 11, 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 one share of Carrier common stock for every share of UTC common stock held as of the close of business on March 19, 2020, the record date.

At 12:01 a.m., Eastern Time, on April 3, 2020, the distribution date, each UTC shareowner will receive one share 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 elsewhere 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 has 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.

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- *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 has not obtained as high of a credit rating as UTC's credit rating 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 (or certain transactions undertaken as part of the internal reorganization) 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 one share 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 12:01 a.m., Eastern Time, on April 3, 2020, the distribution date, to all holders of outstanding UTC common stock as of the close of business on March 19, 2020, the record date. Computershare, which currently serves as

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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.

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 March 19, 2020, the record date, you will receive one share 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, including 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.

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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, (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 March 19, 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 "CARR." 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 one share 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**

In connection with the distribution, on February 10, 2020, Carrier entered into a Revolving Credit Agreement providing for a \$2.0 billion unsecured, unsubordinated 5-year revolving credit facility and a Term Loan Credit Agreement providing for a \$1.75 billion unsecured, unsubordinated 3-year term loan credit facility. Additionally, on February 27, 2020, Carrier issued \$9.25 billion of unsecured, unsubordinated notes in six series.

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Carrier also intends to enter into a \$2.0 billion unsecured, unsubordinated commercial paper program prior to the distribution. Carrier expects an aggregate of approximately \$10.9 billion of the proceeds of such financings to be used to distribute cash to UTC. As a result of such transactions, Carrier anticipates having approximately \$11.4 billion in aggregate principal amount of outstanding indebtedness upon completion of the distribution. On the distribution date, Carrier anticipates that this debt will consist of a combination of long-term notes and bank term loans. The amount of indebtedness incurred by Carrier and the amount of cash distributed by Carrier may be adjusted by UTC as described elsewhere in this information statement. 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 12:01 a.m., Eastern Time, on April 3, 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;
- (1) the IRS ruling regarding certain U.S. federal income tax matters relating to the separation and distribution received by UTC remaining valid and satisfactory to the UTC Board of Directors and (2) the receipt by UTC and continued validity of 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

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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;
- 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

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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 aggregate annual rate of approximately \$550 million. 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
<b>Cash</b>		
Cash and cash equivalents	\$ 952	\$ 952
<b>Capitalization:</b>		
<b>Debt Outstanding</b>		
Short-term borrowings	\$ 274	\$ 274
Long-term debt		
LIBOR plus 112.5 bps. term loan due 2023	—	1,750
1.923% notes due 2023	—	500
2.242% notes due 2025	—	2,000
2.493% notes due 2027	—	1,250
2.722% notes due 2030	—	2,000
3.377% notes due 2040	—	1,500
3.577% notes due 2050	—	2,000
Debt issuance costs	—	(66)
Other long-term debt	89	89
Total Long-term debt	89	11,023
Total Indebtedness	363	11,297
<b>Equity</b>		
Common stock, par value \$0.01	\$ —	\$ 9
Additional paid-in capital	—	4,754
UTC Net Investment	15,355	—
Accumulated other comprehensive loss	(1,253)	(1,253)
Noncontrolling interest	333	333
Total Equity	14,435	3,843
Total Capitalization	\$ 14,798	\$ 15,140

**SELECTED HISTORICAL COMBINED FINANCIAL DATA OF CARRIER**

The following selected historical combined financial data reflect the combined operations of Carrier. The historical combined statements of operations data for the years ended December 31, 2019, 2018 and 2017 and the related historical combined balance sheet data as of December 31, 2019 and 2018 have been derived from Carrier’s audited combined financial statements and the accompanying notes included in the “Index to Combined Financial Statements” section of this information statement. The historical combined balance sheet data as of December 31, 2017 was derived from our historical audited combined balance sheet not included in this information statement. The selected unaudited historical combined financial data as of, and for each of, the years ended December 31, 2016 and 2015 was derived from our underlying financial records, which were derived from the financial records of UTC. In management’s opinion, the unaudited combined financial data has 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 combined 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 accompanying notes included in the “Index to Combined Financial Statements” section of 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>
<b>For The Year</b>					
Net sales	<b>\$ 18,608</b>	\$ 18,914	\$ 17,814	\$ 16,853	\$ 16,709
Research and development	<b>401</b>	400	364	351	325
Restructuring costs	<b>126</b>	80	111	65	108
Operating profit <sup>(1)</sup>	<b>2,491</b>	3,637	3,030	2,760	2,563
Net income <sup>(2)</sup>	<b>2,155</b>	2,769	1,267	1,900	1,837
Net income attributable to Carrier Global Corporation	<b>2,116</b>	2,734	1,227	1,854	1,782
Capital expenditures	<b>\$ 243</b>	263	326	340	261

(1) 2019 operating profit includes a charge of \$108 million related to the impairment of an equity investment. 2018 operating profit includes a \$799 million pre-tax gain on the sale of the Taylor business, and 2017 operating profit includes a \$379 million pre-tax gain on the sale of our investment in Watsco, Inc.

(2) 2019 net income includes a tax benefit of \$149 million as a result of the filing by a subsidiary of Carrier to participate in an amnesty program offered by the Italian Tax Authority and conclusion of a U.S. income tax audit. 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. 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>
<b>At Year End</b>					
Working capital <sup>(3)</sup>	<b>\$ 1,490</b>	\$ 1,643	\$ 1,750	\$ 1,693	\$ 1,749
Total assets <sup>(4)</sup>	<b>22,406</b>	21,737	21,985	20,981	20,693
Total liabilities <sup>(4)</sup>	<b>7,971</b>	7,468	7,201	5,844	5,745
Number of employees	<b>52,635</b>	54,384	54,998	56,475	55,058

(3) Working capital is defined as current assets less current liabilities.

(4) The increase in total assets and total liabilities in 2019 primarily relates to the adoption of ASU No. 2016-02—Leases (Topic 842), which Carrier adopted as of January 1, 2019.

## 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 audited 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, distribution and related transactions from and with UTC 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 pro-rata 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 principal indebtedness of an assumed amount equal to approximately \$11.0 billion and the expected distribution of an aggregate amount equal to approximately \$10.9 billion of cash to UTC (which amounts of indebtedness incurred and cash distributed may be adjusted by UTC as described below); 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.

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 statement 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 separation, distribution and related transactions are not included in the Unaudited Pro Forma Combined 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 Unaudited Pro Forma Combined Statement of Operations does not reflect these nonrecurring expenses. Liabilities associated with such one-time transaction-related costs, however, are accrued in 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 and the accompanying notes in the "Index to 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; shares in millions</i>	<u>Historical</u>	<u>Pro Forma Adjustments (Note 2)</u>		<u>Pro Forma Year Ended December 31, 2019</u>
<b>Net sales:</b>				
Product sales	\$ 15,360	\$ —		\$ 15,360
Service sales	3,248	—		3,248
	<u>18,608</u>	<u>—</u>		<u>18,608</u>
<b>Costs and expenses:</b>				
Cost of products sold	10,890	—		10,890
Cost of services sold	2,299	—		2,299
Research and development	401	—		401
Selling, general and administrative	2,761	(46)	(A) (K)	2,715
	<u>16,351</u>	<u>(46)</u>		<u>16,305</u>
Equity method investment net earnings	236	—		236
Other income (expense), net	(2)	5	(A)	3
Operating profit	2,491	51		2,542
Non-service pension benefit	(154)	81	(I)	(73)
Interest (income) expense, net	(27)	372	(G) (H)	345
Income from operations before income taxes	2,672	(402)		2,270
Income tax expense	517	(62)	(C)	455
Net income	\$ 2,155	\$ (340)		\$ 1,815
Less: Noncontrolling interest in subsidiaries' earnings	39	—		39
Net income attributable to Carrier Global Corporation	<u>\$ 2,116</u>	<u>\$ (340)</u>		<u>\$ 1,776</u>
<b>Earnings per common share</b>				
Basic			(D)	\$ 2.05
Diluted			(E)	\$ 2.03
<b>Weighted-average common shares outstanding</b>				
Basic			(D)	866.2
Diluted			(E)	872.8

*See accompanying notes to the Unaudited Pro Forma Combined Financial Information.*

**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>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 952	\$ —	(F)	\$ 952
Accounts receivable, net	2,726	—		2,726
Contract assets, current	622	—		622
Inventories, net	1,332	—		1,332
Other assets, current	327	—		327
Total Current Assets	<u>5,959</u>	<u>—</u>		<u>5,959</u>
Future income tax benefits	500	—		500
Operating lease right-of-use assets	832	—		832
Fixed assets, net	1,663	58	(K)	1,721
Intangible assets, net	1,083	—		1,083
Goodwill	9,884	—		9,884
Pension and postretirement assets	490	—		490
Equity method investments	1,739	—		1,739
Other assets	256	—		256
Total Assets	<u>\$ 22,406</u>	<u>\$ 58</u>		<u>\$ 22,464</u>
<b>LIABILITIES AND EQUITY</b>				
Accounts payable	1,701	—		1,701
Accrued liabilities	2,325	(38)	(A)(J)	2,287
Contract liabilities, current	443	—		443
Total Current Liabilities	<u>4,469</u>	<u>(38)</u>		<u>4,431</u>
Long-term debt	—	10,934	(F)	11,023
		89	(F)	
Operating lease liabilities	682	—		682
Future pension and postretirement benefit obligations	456	—		456
Future income tax obligations	1,099	(727)	(C)(J)	372
Other long-term liabilities	1,265	481	(J)	1,657
		(89)	(F)	
Total Liabilities	<u>7,971</u>	<u>10,650</u>		<u>18,621</u>
Commitments and contingent liabilities				
<b>Equity:</b>				
UTC Net Investment	15,355	(15,355)	(B)	—
Accumulated other comprehensive loss	(1,253)	—		(1,253)
Common stock, par value \$0.01	—	9	(B)	9
Additional paid-in capital	—	4,754	(B)	4,754
Noncontrolling interest	333	—		333
Total Equity	<u>14,435</u>	<u>(10,592)</u>		<u>3,843</u>
Total Liabilities and Equity	<u>\$ 22,406</u>	<u>\$ 58</u>		<u>\$ 22,464</u>

*See accompanying notes to the Unaudited Pro Forma Combined Financial Information.*

## NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

### Note 1: Basis of Presentation

The accompanying unaudited pro forma combined financial information was prepared in accordance with Article 11 of Regulation S-X of the SEC and presents the Unaudited Pro Forma Combined Statement of Operations and Unaudited Pro Forma Combined Balance Sheet based on the audited historical combined financial statements included in this information statement, after giving effect to the separation, distribution and related transactions. The audited historical combined financial statements of Carrier have been adjusted in the accompanying unaudited pro forma combined financial information 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 information is presented for illustrative purposes only and does 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 information, 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 information of Carrier have been derived from UTC's historical accounting records and reflect 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, information technology, 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 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 \$110 million to \$140 million greater than the expenses historically allocated to us from UTC, and primarily relate to general and administrative expenses.

We currently estimate that we will incur one-time expenses of between \$125 million and \$150 million 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 and would not be factually supportable and in addition are not expected to have an ongoing effect on our operating results. These expenses primarily relate to the following:

- accounting, tax and other professional services costs pertaining to the separation and our establishment as a stand-alone public company;
- facility relocation costs;
- costs to separate information systems; and
- costs of retention bonuses.

**Note 2: Pro Forma Adjustments**

(A) Reflects (1) the removal of approximately \$58 million of one-time separation costs directly related to the separation, distribution and related transactions 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 approximately \$30 million of liabilities associated with such one-time transaction-related costs expected to be incurred by Carrier prior to the separation from UTC.

(B) Represents the reclassification of UTC’s net investment in Carrier, including the additional net assets expected to be contributed by UTC and other pro forma adjustments, into Additional paid-in capital and common stock, par value \$0.01 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 of 866,223,435 outstanding at February 28, 2020 and an assumed pro-rata distribution ratio of one share of Carrier common stock for each share of UTC common stock.

(C) Represents the income tax impact of the pro forma adjustments for the year ended December 31, 2019. This adjustment was primarily calculated by applying the statutory tax rates in the respective jurisdictions to each of the pre-tax pro forma adjustments. The estimated pro forma tax reduction is \$67 million for the year ended December 31, 2019.

Pursuant to the tax matters agreement, Carrier is responsible for unrecognized tax benefits to the extent a reserve relates exclusively to the Carrier Business. Accordingly, the pro forma combined financial information reflects a decrease to the Future income tax obligations in the amount of \$26 million.

(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 distribution. We have assumed the number of outstanding shares of common stock based on the number of UTC common shares outstanding at February 28, 2020 and an assumed pro-rata distribution ratio of one share of Carrier common stock for each share of UTC common stock. 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 that are expected to be outstanding upon completion of the distribution and reflect the potential issuance of shares of our common stock under our equity plans, based on the distribution ratio of one share 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. Pro forma diluted earnings per share excludes the potential conversion of unvested equity awards in UTC that are held by Carrier employees, as the conversion factor is dependent on various factors, including the UTC and Carrier share prices before and after the separation, which cannot be fully estimated at this time.

(F) Reflects the issuance of \$9.25 billion of unsubordinated, unsecured notes, which occurred on February 27, 2020, as well as the expected draw down on our unsubordinated, unsecured term loan credit facility in the amount of \$1.75 billion. The adjustment to Long-term debt is net of issuance costs of approximately \$66 million and also includes the reclassification of existing debt of approximately \$84 million and existing finance lease obligations of approximately \$5 million from Other long-term liabilities. Details of the unsubordinated, unsecured notes and the amount drawn under our unsubordinated, unsecured term loan credit facility are as follows:

*(dollars in millions)*

LIBOR plus 112.5 bps. term loan due 2023	\$ 1,750
1.923% notes due 2023	500
2.242% notes due 2025	2,000
2.493% notes due 2027	1,250
2.722% notes due 2030	2,000
3.377% notes due 2040	1,500
3.577% notes due 2050	2,000
Total principal long-term debt issued	11,000
Issuance costs	(66)
Total long-term debt issued	10,934

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In addition, on or about the distribution date, an unsecured, unsubordinated 5-year revolving credit facility that provides for the availability of \$2.0 billion of borrowings is expected to become available. The undrawn portion of the revolving credit facility will serve as a backup facility for the issuance of commercial paper under an unsecured, unsubordinated \$2.0 billion commercial paper program that is also expected to become effective, on or about the distribution date. No adjustment has been made to the unaudited pro forma financial information to reflect the potential issuance of commercial paper or draw down on the revolving credit facility. The cash proceeds received from the assumed debt issuance are assumed to be distributed to UTC. The amount of indebtedness actually incurred by Carrier and the amount of cash actually distributed by Carrier to UTC (or otherwise transferred to or from UTC or Carrier, as applicable, prior to the distribution) may be adjusted prior to the completion of the distribution in a manner that is intended to result in approximately \$24.3 billion of adjusted net indebtedness of the UTC Aerospace Businesses as of immediately prior to the completion of the merger, subject to and in accordance with the Raytheon merger agreement; accordingly, the actual cash and debt balances of Carrier immediately following the distribution may be higher or lower than currently anticipated.

The expected 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 \$336 million for fiscal year ended December 31, 2019 represents approximately \$330 million of interest expense based on an assumed weighted-average interest rate of approximately 3.00 percent and approximately \$6 million of amortization of issuance costs in connection with the incurrence of debt as described in Note F above. A 1/8 percent variance in the assumed interest rate on the floating rate indebtedness would change annual interest expense by \$2 million.

(H) The adjustment of \$36 million for fiscal year ended December 31, 2019 represents elimination of net related party interest income, principally related to legacy related party cash pooling activity.

(I) Primarily reflects the removal of Non-service pension benefit historically allocated to us for a UTC-sponsored defined-benefit pension plan. No portion of this plan will transfer to us upon separation and our employees will no longer accrue additional benefits. The remaining Non-service pension benefit relates to pension plans expected to be retained by Carrier.

(J) Pursuant to the tax matters agreement, we are required to make payments to UTC representing Carrier's portion of UTC's remaining net tax liability attributable to a U.S. income tax on previously undistributed earnings of Carrier's international subsidiaries resulting from the passage of the TCJA. For purposes of the unaudited pro forma combined financial information, we removed the balance, which was computed on a separate return methodology, of approximately \$68 million that was recorded within Accrued liabilities and \$701 million that was recorded within Future income tax obligations. A future obligation of \$481 million is recorded within Other long-term liabilities, and is expected to be settled in six annual installments, beginning April 15, 2021.

(K) Represents approximately \$58 million of net assets that will be contributed by UTC to us prior to the separation, primarily related to fixed assets previously owned and operated by UTC and approximately \$7 million of related activity associated with the net assets that were not part of our historical operations.

**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**

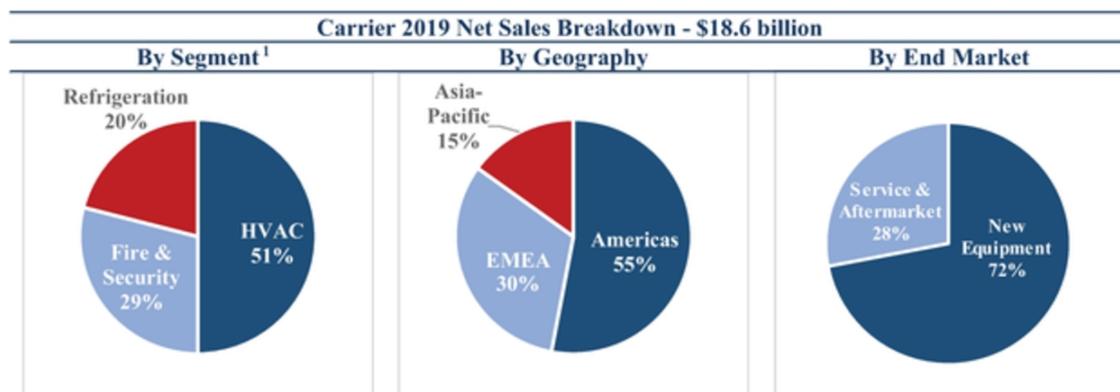
Carrier is a leading global provider of HVAC, refrigeration, fire and security solutions. Our innovative solutions promote smarter, safer and more sustainable buildings and infrastructure, and help to effectively preserve the freshness, quality and safety of perishables across a wide variety of industries. 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 53,000 employees globally, including over approximately 3,600 engineers, and our solutions are sold in over 160 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, 2019, our net sales were approximately \$18.6 billion, and our operating profit was approximately \$2.5 billion. Our net sales for the year ended December 31, 2019 were derived from the Americas (55 percent), Europe-Middle East (30 percent) and Asia-Pacific (15 percent). Our international operations, including U.S. export sales, represented approximately 52 percent of our net sales for the year ended December 31, 2019. 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 2014, we have grown our engineering team globally by approximately 20 percent to approximately 3,600 engineers. We hold approximately 7,000 active patents and/or pending 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 (7<sup>th</sup> 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 2019, 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 13 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 1.3 percent of net sales and we generated a cumulative \$4.1 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 53,000 employees worldwide, including approximately 3,600 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 2.2 percent of net sales in 2019.

***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

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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, to drive 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 that leverages low-cost manufacturing and R&D resources to drive end-to-end supply chain excellence. In connection with our focus on cost-effective performance, we launched a strategic cost reduction initiative in 2019 with the goal of reducing cumulative supply chain, factory and general administrative costs by up to \$600 million in the aggregate by the end of 2022.

**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			
<b>2019 Net Sales (\$bn)</b>	\$9.7	\$3.8	\$5.5			
<b>2019 Operating Margin (%)</b>	16.1%	14.0%	12.9%			
<b>Key Brands</b>	<ul style="list-style-type: none"> <li>■ Automated Logic</li> <li>■ Bryant</li> <li>■ Carrier</li> <li>■ CIAT</li> <li>■ Day &amp; Night</li> <li>■ Heil</li> <li>■ NORESCO</li> <li>■ Riello</li> </ul>	<ul style="list-style-type: none"> <li>■ Carrier Commercial Refrigeration</li> <li>■ Carrier Transicold</li> <li>■ Sensitech</li> </ul>	<ul style="list-style-type: none"> <li>■ Autronica</li> <li>■ Chubb</li> <li>■ Det-Tronics</li> <li>■ Edwards</li> <li>■ Fireye</li> <li>■ GST</li> </ul>	<ul style="list-style-type: none"> <li>■ Interlogix</li> <li>■ Kidde</li> <li>■ LenelS2</li> <li>■ Marioff</li> <li>■ Onity</li> <li>■ Supra</li> </ul>		
<b>Selected Products</b>	<b>Commercial</b>		<b>Transport</b>		<b>Commercial</b>	
	 WebCTRL® building automation system	 30XV Chiller	 Vector™ Refrigeration Unit with E-Drive™ all-electric technology	 NaturaLINE® Refrigeration Unit, which uses natural refrigerant CO <sub>2</sub>	 Detection & Alarm	 DirectKey
	 19DV Chiller	 Variable Refrigerant Flow Air Conditioner	 Diesel Truck Platform Refrigeration Unit	 Auxiliary Power Unit	 OnGuard® Security Management Platform	 Security Monitoring
	<b>Residential</b>		<b>Stationary</b>		<b>Industrial</b>	
	 Infinity Controller	 42 SEER Ductless Air Conditioner	 CO <sub>2</sub> OLtee CO <sub>2</sub> Refrigeration Systems		 FlexSight™ LS2000 Line-of-Sight Infrared Gas Detector	
	 17.5 SEER Air Conditioner	 Infinity Air Conditioner with Greenspeed Intelligence			<b>Residential</b>	
				 Worry-Free 10-year Sealed Battery Smoke and Combination Alarms		

## ***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 2019, and, as of December 31, 2019, remaining performance obligations ("RPO"), or the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied, of approximately \$2.7 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 \$3.8 billion in 2019 and, as of December 31, 2019, RPO of approximately \$836 million.

## ***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 2019 and, as of December 31, 2019, RPO of approximately \$1.2 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 20 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, 2019, our total RPO for the HVAC, Refrigeration and Fire & Security segments is approximately \$2.7 billion, \$836 million and \$1.2 billion, respectively. Of these totals, we expect approximately 57 percent, 74 percent and 72 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 7,000 active patents and/or pending patent applications 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, 2019, we had approximately 53,000 employees, of which approximately 80 percent are based outside the United States. During 2019, we negotiated or concluded five domestic collective bargaining agreements. In 2020, two domestic collective bargaining agreements are subject to renegotiation, the largest of which covers certain workers at our Indianapolis, Indiana 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 2020 will have a material adverse effect on our competitive position, cash flows, financial condition or results of operations. At December 31, 2019, approximately 30 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 35 million square feet of productive space. Of these, our large footprint facilities and key manufacturing sites comprise approximately 24 million square feet of productive space. Approximately 56 percent, 15 percent and 26 percent of these significant

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properties are associated with our HVAC, Refrigeration and Fire & Security segments, respectively, with approximately 3 percent not associated with a particular segment. Approximately 30 percent of these significant properties are leased and the remainder are owned. Approximately 31 percent of these significant properties are located in the United States.

Our fixed assets as of December 31, 2019 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, 2019 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 approximately 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.

The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately \$255 million to \$290 million. Where no amount within a range of estimates is more likely, the minimum is accrued. We have recorded the minimum amount of \$255 million, which is principally recorded in Other long-term liabilities on the Combined Balance Sheet as of December 31, 2019. 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 \$104 million, which is included primarily in Other assets on our Combined Balance Sheet as of December 31, 2019.

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 perflouroctane sulfonate (“PFOS”) and perflouroctane 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 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](http://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 UTC

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.

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 will 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, internal audit, 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 \$110 million to \$140 million 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.

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In connection with the separation, we will enter into a tax matters agreement with UTC and Otis that will govern the parties' respective rights, responsibilities and obligations with respect to tax matters (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters).

Subject to certain exceptions set forth in the tax matters agreement, Carrier generally will be responsible for federal, state and foreign taxes imposed on a separate return basis on Carrier (or any of its subsidiaries) with respect to taxable periods (or portions thereof) that end on or prior to the date of the distribution.

The tax matters agreement will provide special rules that allocate responsibility for tax liabilities arising from a failure of the separation transactions to qualify for tax-free treatment based on the reasons for such failure. The tax matters agreement also imposes restrictions on each of Carrier and Otis during the two-year period following the distribution that are intended to prevent certain transactions from failing to qualify as transactions that are generally tax-free. See "Certain Relationships and Related Party Transactions," "Risks related to the Distribution" and "Material U.S. Federal Tax Consequences" for additional discussion.

In connection with the separation, we will also enter into an employee matters agreement and intellectual property agreement with UTC and Otis. These agreements are not expected to have a material impact on the financial results of Carrier. See "Certain Relationships and Related Party Transactions" for additional discussion.

In connection with the separation, we have completed certain financing transactions, and we intend to complete one or more additional financing transactions on or prior to the completion of the distribution, with an aggregate of approximately \$10.9 billion of the proceeds of such financings expected to be used to distribute a cash dividend to UTC. We anticipate having approximately \$11.0 billion of outstanding principal indebtedness related to these financing transactions and \$11.4 billion in aggregate principal amount of outstanding indebtedness when the distribution is completed. The amount of indebtedness incurred by Carrier and the amount of cash distributed by Carrier may be adjusted by UTC as described elsewhere in this information statement. See "Liquidity and Financial Condition," "Unaudited Pro Forma Combined Financial Information" and "Description of Material Indebtedness" included elsewhere in this information statement for additional details regarding financing transactions undertaken or expected to be undertaken and the anticipated distribution of cash to UTC in connection with the separation.

### **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

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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 21 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:

	2019	2018	2017
HVAC	51%	50%	50%
Refrigeration	20%	21%	21%
Fire & Security	29%	29%	29%
	<u>100%</u>	<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, 2019, the net assets in any one of these countries did not exceed 10% of our combined equity.

Organic sales growth was 1% in 2019 and 6% in 2018. 2019 reflects growth in HVAC (1%) and Fire & Security (1%), partially offset by declines in Refrigeration (1%). 2018 reflected growth across all segments, as Refrigeration, HVAC and Fire & Security sales were up (9%), (7%) and (2%), respectively.

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 future investments in acquisitions.

Operating profit in 2019, 2018 and 2017 includes the impact from activities that are not expected to recur often or that are not otherwise reflective of our underlying operations, such as net gains from sales of businesses, the unfavorable impact of contract matters with customers, transaction, acquisition and integration costs, impairments and other significant non-recurring and non-operational items. For additional discussion, see “Results of Operations.”

Our investments in businesses in 2019, 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 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

<i>(dollars in millions)</i>	2019	2018	2017
Net sales	\$ 18,608	\$ 18,914	\$ 17,814
Percentage change year-over-year	(2)%	6%	

The factors contributing to the total percentage change year-over-year in total net sales are as follows:

<i>(dollars in millions)</i>	2019	2018
Organic / operational	1%	6%
Foreign currency translation	(2)%	1%
Acquisitions and divestitures, net	(1)%	(1)%
Total % change	<u>(2)%</u>	<u>6%</u>

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The 2019 organic sales increase of 1% was primarily driven by growth in HVAC (1%) as well as increases in Fire & Security (1%) and partially offset by declines in Refrigeration (1%). HVAC organic sales growth was driven by stronger sales in the North America residential HVAC market, as well as growth in Asia and the Americas for commercial HVAC. Organic growth in the Fire & Security segment was driven by stronger product sales globally, as well as field service growth primarily within Asia. Refrigeration declines were driven by transport refrigeration, primarily the container business, partially offset by growth in North America Truck Trailer as well as a decline in commercial refrigeration, primarily in Europe. The divestiture related sales decrease in 2019 was due to the 2018 sale of the Taylor business within the Refrigeration segment.

All three segments experienced organic sales growth during 2018 compared to 2017. 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

<i>(dollars in millions)</i>	2019	2018	2017
Total cost of products and services sold	\$ 13,189	\$ 13,345	\$ 12,629
Percentage change year-over-year	(1)%	6%	

The factors contributing to the total percentage change year-over-year in cost of products and services sold are as follows:

<i>(dollars in millions)</i>	2019	2018
Organic / operational	2%	6%
Foreign currency translation	(2)%	1%
Acquisitions and divestitures, net	(1)%	(1)%
Total % change	(1)%	6%

The decrease in total cost of products and services sold in 2019 was primarily driven by favorable foreign currency translation and net acquisition and divestiture activity, which more than offset increases from organic sales growth as well as higher tariffs and unfavorable commodity impacts.

The increase in total cost of products and services sold in 2018 was primarily driven by the organic sales increases noted above.

### Gross Margin

<i>(dollars in millions)</i>	2019	2018	2017
Gross margin	\$ 5,419	\$ 5,569	\$ 5,185
Percentage of net sales	29.1%	29.4%	29.1%

Gross margin as a percentage of net sales decreased 30 basis points in 2019 as the favorable impact of pricing and productivity net of unfavorable commodities and tariffs was more than offset by unfavorable mix, the absence of a favorable prior year contract adjustment related to a large commercial project and the unfavorable year-over-year impact resulting from the revaluation of certain long-term liabilities.

The 30 basis point increase in 2018 gross margin as a percentage of net 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>	2019	2018	2017
Research and development expense	\$401	\$400	\$364
Percentage of net sales	2.2%	2.1%	2.0%

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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. Research and development expenses increased by 10 basis points as a percentage of net sales in 2019 primarily driven by a prior year acquisition and investments in the Fire & Security segment, partially offset by relatively lower spend in the HVAC and Refrigeration segment, partially due to the 2018 divestiture of Taylor.

Research and development 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

*(dollars in millions)*

	2019	2018	2017
Selling, general and administrative	\$ 2,761	\$ 2,689	\$ 2,584
Percentage of net sales	14.8%	14.2%	14.5%

Selling, general and administrative expenses increased 60 basis points as a percentage of net sales in 2019, primarily driven by \$53 million of costs relating to the separation, as well as a consultant contract termination fee of \$34 million, neither of which were incurred in 2018, partially offset by lower year-over-year corporate allocations from UTC.

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

*(dollars in millions)*

	2019	2018	2017
Cost of sales	\$ 36	\$ 36	\$ 48
Selling, general and administrative	\$ 90	\$ 44	\$ 63
Total restructuring costs	\$ 126	\$ 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.

**2019 Actions.** During 2019, we recorded net pre-tax restructuring charges of \$110 million relating to ongoing cost reduction actions initiated in 2019. For actions initiated in 2019, we are targeting to complete the majority of the remaining workforce and facility-related cost reductions in 2020. During 2019, we had cash outflows of approximately \$63 million related to the 2019 actions. As of December 31, 2019, we expect to incur additional restructuring and other charges of \$10 million to complete these actions.

**2018 Actions.** During 2019 and 2018, we recorded net pre-tax restructuring charges of \$16 and \$63 million, respectively, relating to ongoing cost reduction actions initiated in 2018. During 2019, we had cash outflows of approximately \$37 million related to the 2018 actions. As of December 31, 2019, we expect to incur additional restructuring and other charges of \$8 million to complete the 2018 actions.

**2017 Actions.** During 2019, 2018 and 2017, we recorded net pre-tax restructuring charges of zero, \$1 million and \$76 million, respectively, relating to ongoing cost reduction actions initiated in 2017. During 2019, we had cash outflows of approximately \$8 million related to the 2017 actions. As of December 31, 2019, we do not expect to incur additional restructuring charges related to the 2017 actions.

In addition, during 2019, 2018 and 2017, we recorded net pre-tax restructuring costs totaling zero, \$16 million and \$35 million, respectively, for restructuring actions initiated in 2016 and prior. For additional

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discussion of restructuring, see Note 15 to the Combined Financial Statements. As of December 31, 2019, we do not expect to incur additional restructuring charges related to the 2016 actions.

### Equity Method Investment Net Earnings

<i>(dollars in millions)</i>	2019	2018	2017
Equity method investment net earnings	\$ 236	\$ 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 2019 by \$16 million, primarily due to stronger earnings from our investments in HVAC joint ventures in Europe and Asia.

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 equity investees in the Middle East and Asia.

For additional discussion, see Notes 3 and 16 to the Combined Financial Statements.

### Other Income (Expense), Net

<i>(dollars in millions)</i>	2019	2018	2017
Other income (expense), net	\$ (2)	\$ 937	\$ 575

Other income (expense), 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 divestitures.

The year-over-year decrease of \$939 million in Other income (expense), net in 2019 was primarily driven by the absence of a prior year gain of \$799 million from the divestiture of Taylor, as well as the 2019 impairment of an equity method investment (\$108 million).

The year-over-year increase of \$362 million in Other income (expense), net in 2018 was primarily driven by the 2018 gain on the divestiture 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, 16 and 17 to the Combined Financial Statements for further discussion of these transactions.

### Interest (Income) Expense, Net

<i>(dollars in millions)</i>	2019	2018	2017
Interest expense	\$ 75	\$ 84	\$ 219
Interest income	\$ (102)	\$ (121)	\$ (104)
Interest (income) expense, net	\$ (27)	\$ (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 (income) expense, net decreased 27% in 2019 as compared with 2018, which primarily reflects changes in interest earned on related party receivables due from UTC.

Interest (income) 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

<i>(dollars in millions)</i>	2019	2018	2017
Effective income tax rate	19.4%	27.9%	58.5%

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The 2019 effective tax rate reflects a net tax benefit of \$149 million as a result of the filing by a subsidiary of Carrier to participate in an amnesty program offered by the Italian Tax Authority and conclusion of the audit by the Examination Division of the Internal Revenue Service for the UTC 2014, 2015, and 2016 tax years.

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

(dollars in millions)

	2019	2018	2017
Net income from continuing operations attributable to Carrier	\$ 2,116	\$ 2,734	\$ 1,227

Net income attributable to Carrier for the year ended December 31, 2019 includes restructuring charges, net of tax benefit, of \$94 million (\$126 million pre-tax), as well as the impact of a \$108 million pre-tax impairment of an equity method investment.

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 impact of a \$799 million pre-tax gain on the divestiture 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

(dollars in millions)	Net sales			Operating profit			Operating profit margin		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
HVAC	\$ 9,712	\$ 9,713	\$ 9,045	\$ 1,563	\$ 1,720	\$ 2,001	16%	18%	22%
Refrigeration	3,792	4,095	3,823	532	1,353	562	14%	33%	15%
Fire & Security	5,500	5,531	5,324	708	726	639	13%	13%	12%
Total Segment	19,004	19,339	18,192	2,803	3,799	3,202	15%	20%	18%
Eliminations and other	(396)	(425)	(378)	(156)	(24)	(32)	39%	6%	8%
General corporate expenses	—	—	—	(156)	(138)	(140)	0%	0%	0%
Combined	\$ 18,608	\$ 18,914	\$ 17,814	\$ 2,491	\$ 3,637	\$ 3,030	13%	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.

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<i>(dollars in millions)</i>	Total Increase (Decrease) Year-Over-Year for:							
	2019	2018	2017	2019 Compared with 2018		2018 Compared with 2017		
Net sales	\$9,712	\$9,713	\$9,045	\$ (1)	—%	\$ 668	7%	
Operating profit	1,563	1,720	2,001	(157)	(9)%	(281)	(14)%	
				2019		2018		
				Net sales	Operating profit	Net sales	Operating profit	
Organic/Operational				1%	—%	7%	5%	
Foreign currency translation				(1)%	(1)%	—%	1%	
Restructuring costs				—%	(2)%	—%	1%	
Other				—%	(6)%	—%	(21)%	
Total % change				—%	(9)%	7%	(14)%	

**2019 Compared with 2018**

The organic sales increase of 1% primarily reflects stronger residential HVAC sales in the North America region (2%) in addition to growth for commercial HVAC offerings in Asia (3%) and the Americas (2%), partially offset by declines in the Middle East and Europe (9%).

The organic operational profit was flat in comparison to the prior year, due to:

- Favorable impact of pricing and productivity net of unfavorable commodities and tariffs (7%, combined)
- Higher income from equity method investments (1%)

These increases were offset by:

- Lower unit volume and unfavorable mix (3%)
- The absence of a prior year favorable contract adjustment related to a large commercial project combined with the unfavorable year-over-year impact resulting from the revaluation of certain long-term liabilities (3%, combined)
- Higher selling, general and administrative expenses (2%)

The 6% decrease in Other primarily reflects the \$108 million impact of an equity method investment impairment.

**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%).

The organic operational profit increase of 5% was driven by:

- The year-over-year impact 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>	2019	2018	2017	Total Increase (Decrease) Year-Over-Year for:			
				2019 Compared with 2018		2018 Compared with 2017	
Net sales	\$3,792	\$4,095	\$3,823	\$ (303)	(7)%	\$ 272	7%
Operating profit	532	1,353	562	(821)	(61)%	791	141%
				2019		2018	
				Net sales	Operating profit	Net sales	Operating profit
Organic/Operational				(1)%	—%	9%	5%
Foreign currency translation				(3)%	(1)%	2%	1%
Acquisitions and divestitures, net				(3)%	(2)%	(4)%	(5)%
Restructuring costs				—%	—%	—%	(2)%
Other				—%	(58)%	—%	142%
Total % change				(7)%	(61)%	7%	141%

**2019 Compared with 2018**

The organic sales decrease of 1% was driven by declines in transport refrigeration sales (1%), primarily the container business (9%), partially offset by growth in North America truck trailer (5%), as well as declines in commercial refrigeration (1%), primarily in Europe.

The organic operational profit was flat in comparison to the prior year, due to:

- Favorable pricing, cost and productivity (3%, combined)

These increases were offset by:

- Lower unit volume and unfavorable mix (3%)

The 58% decrease in Other primarily reflects the year-over-year impact of the absence of the prior year gain from the divestiture of Taylor.

**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 costs 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 divestiture 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>	Total Increase (Decrease) Year-Over-Year for:						
				2019 Compared with 2018		2018 Compared with 2017	
	2019	2018	2017				
Net sales	\$ 5,500	\$ 5,531	\$ 5,324	\$ (31)	(1)%	\$ 207	4%
Operating profit	708	726	639	(18)	(2)%	87	14%
				2019		2018	
				Net sales	Operating profit	Net sales	Operating profit
Organic/Operational				1%	(2)%	2%	3%
Foreign currency translation				(3)%	(2)%	2%	2%
Acquisitions and divestitures, net				1%	2%	—%	—%
Restructuring costs				—%	(2)%	—%	4%
Other				—%	2%	—%	5%
Total % change				(1)%	(2)%	4%	14%

**2019 Compared with 2018**

The organic sales increase of 1% was driven primarily by global growth in product sales (1%) as well as growth in field service (1%), primarily within Asia (5%).

The organic operational profit decrease of 2% was driven by:

- Unfavorable mix, net of higher volume (2%)
- Investments in research and development (2%)
- Higher inventory obsolescence reserves associated with a business closure (1%)
- Unfavorable impact of a service contract adjustment (1%)

These decreases were partially offset by:

- Favorable pricing, cost and productivity (5%, combined)

The 2% increase in Other primarily reflects the absence of the prior year impact of period costs associated with a product recall program (3%).

**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%)

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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		
	2019	2018	2017	2019	2018	2017
Eliminations and other	\$ (396)	(425)	(378)	\$ (156)	(24)	(32)
General corporate expenses	—	—	—	(156)	(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 costs of the separation and 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 decrease in sales eliminations in 2019 as compared with 2018 reflects a decrease in the amount of inter-segment eliminations.

The year-over-year change in operating profit within Eliminations and other in 2019 as compared with 2018 is primarily due to 2019 separation-related costs (\$58 million), the unfavorable impact of a consultant contract termination (\$34 million) and lower asbestos-related settlement gains (\$31 million), partially offset by the absence of 2018 divestiture transaction costs (\$15 million).

General corporate expenses increased by \$18 million from 2018 to 2019, primarily driven by higher general and administrative expenses. 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 expenditures 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.

On February 10, 2020, Carrier entered into a Revolving Credit Agreement providing for a \$2.0 billion unsecured, unsubordinated 5-year revolving credit facility and a Term Loan Credit Agreement providing for a \$1.75 billion unsecured, unsubordinated 3-year term loan credit facility. Additionally, on February 27, 2020, Carrier issued approximately \$9.25 billion of unsecured, unsubordinated long-term notes in six series. Prior to the distribution, Carrier also intends to enter into a \$2.0 billion unsecured, unsubordinated commercial paper program. The term loan credit facility, which Carrier expects to draw in full in an amount equal to \$1.75 billion prior to the distribution, and the unsecured notes are guaranteed by UTC until the distribution date and upon completion of the distribution, such guarantees will terminate. Following the distribution, Carrier will not be able to draw on any unused portion of the term loan credit facility. See "Description of Material Indebtedness" for additional discussion.

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After the separation, Carrier expects to have approximately \$11.4 billion in aggregate principal amount of outstanding indebtedness, including (i) \$0.4 billion of existing debt, (ii) \$9.25 billion of long-term notes and (iii) \$1.75 billion utilized from the term loan credit facility. Incremental interest payments related to the indebtedness are expected to be approximately \$330 million per year, reflecting an approximate weighted average interest rate of 3.00%. The net proceeds of the new financing arrangements described above of approximately \$10.9 billion in the aggregate are expected to be used to distribute cash to UTC. See “Description of Material Indebtedness” for additional discussion.

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 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. For the remainder of the Company’s undistributed international earnings, Carrier will continue to permanently reinvest these earnings unless it is tax effective to repatriate. As a stand-alone public company, Carrier may change its assertion on certain undistributed earnings of its international subsidiaries, and the net deferred tax liability related to our assertion on undistributed earnings may be different than the amount reported in the audited historical combined financial statements.

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

<i>(dollars in millions)</i>	2019	2018	2017
Net cash flows provided by operating activities	\$ 2,002	\$ 2,055	\$ 2,098

Cash generated from operating activities in 2019 was approximately \$53 million lower than 2018. Cash outflows for working capital increased \$96 million over the prior period to support ongoing operations of Carrier. The 2019 cash outflows from working capital were \$420 million. Accounts receivable, net increased approximately \$129 million over 2018 due to a decrease in discounting activities. Contract assets, current decreased \$23 million due primarily to customer billings in excess of revenue recognition. Accounts payable and accrued liabilities decreased \$311 million primarily in connection with timing of vendor payments.

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

<i>(dollars in millions)</i>	2019	2018	2017
Net cash flows provided by (used in) investing activities	\$ (213)	\$ 415	\$ 271

Cash flows used in investing activities in 2019 compared to 2018 increased \$628 million primarily due to the absence of \$1.0 billion in proceeds received from the 2018 divestiture of Taylor, partially offset by decreases of \$310 million in cash outflows for acquisitions and decreases in capital expenditures of \$20 million.

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

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flows provided by investing activities was primarily driven by the proceeds of \$1.0 billion received from the divestiture 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>	2019	2018	2017
Net cash flows used in financing activities	\$ (1,967)	\$ (2,627)	\$ (2,193)

Our financing activities primarily include transfers to (and from) UTC. Net cash used in financing activities decreased \$660 million in 2019 compared to 2018 primarily due to a decrease in Net transfers to UTC, partially offset by repayments of project financing obligations. 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 interest 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 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 \$923 million at December 31, 2019 and \$645 million at December 31, 2018. 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 \$9.9 billion as of December 31, 2019. Our indefinite-lived intangible asset balance primarily consists of individual trademarks, which had an aggregate carrying amount of \$534 million as of December 31, 2019.

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, among other things, 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 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

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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 2019 test was a minimum of 46%. 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.

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 2019 test was a minimum of 48%.

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, 2019:

<i>(dollars in millions)</i>	Increase in Discount Rate of 25 bps	Decrease in Discount Rate of 25 bps
<b>Pension plans</b>		
Projected benefit obligation	\$ (104.0)	\$ 110.0
Net periodic pension (benefit) cost	(2.1)	3.1
<b>Other postretirement benefit plans*</b>		
Accumulated postretirement benefit obligation	(0.3)	0.3

\* 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.

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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 2019 pension expense by approximately \$7.2 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 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 decreased in 2019 as compared with 2018, and, as a result, the weighted-average discount rate used to measure pension liabilities decreased from 2.8% in 2018 to 2.0% in 2019. The weighted-average discount rates used to measure service cost and interest cost were 3.2% and 2.7%, respectively, in 2019 and 2.8% and 2.4%, respectively, in 2018.

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 20 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. See "Risk Factors" included elsewhere in this information statement.

### **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 204 locations, mostly in the United States, at which we may have some liability for remediating contamination. We have resolved our liability at 117 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 87% 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 19 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, 2019 and 2018, we had \$217 and \$215 million, respectively, reserved for environmental remediation. See Note 20 to the Combined Financial Statements for additional discussion on environmental obligations.

### **Asbestos Matters**

The amounts recorded for asbestos-related liabilities are based on currently available information and assumptions that we believe are reasonable and are made with input from outside actuarial experts. The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is

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approximately \$255 million to \$290 million. Where no amount within a range of estimates is more likely, the minimum is accrued. We have recorded the minimum amount of \$255 million, which is principally recorded in Other long-term liabilities on the Combined Balance Sheet as of December 31, 2019. This amount is on a pre-tax basis, not discounted, and excludes the Company's legal fees to defend the asbestos claims, which will continue to be expensed by the Company as they are incurred. In addition, the Company has an insurance recovery receivable for probable asbestos related recoveries of approximately \$104 million, which is included primarily in Other assets on the Combined Balance Sheet as of December 31, 2019. See "Business—Legal Proceedings—Asbestos" for further discussion of the estimated liabilities and insurance recoveries. See Note 20 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, 2019 is as follows:

<i>(dollars in millions)</i>	Total	Payments due by period			Thereafter
		2020	2021-2022	2023-2024	
Operating leases	\$ 939	\$ 182	\$ 272	\$ 170	\$ 315
Purchase obligations	1,346	1,076	211	59	—
Other long-term liabilities	764	219	217	121	207
Total contractual obligations	<u>\$ 3,049</u>	<u>\$ 1,477</u>	<u>\$ 700</u>	<u>\$ 350</u>	<u>\$ 522</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 may be legally enforceable.

Other long-term liabilities primarily include those amounts on our December 31, 2019 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 excludes the following:

- Principal amount of indebtedness expected to be incurred in connection with the separation and distribution of approximately \$11.0 billion and associated interest payments of \$330 million per year. See "Description of Material Indebtedness" for additional discussion.
- Unrecognized tax benefits of \$166 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.
- Carrier's obligations pursuant to the tax matters agreement to settle with UTC the net remaining tax liability of \$481 million under the TCJA mandatory transition tax attributable to Carrier. This amount will be settled with UTC in six annual installments, beginning in April of 2021.

### 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, 2019.

**MANAGEMENT**

**Executive Officers Following the Distribution**

The following table sets forth information regarding the individuals who are expected to serve as executive officers of Carrier following the completion of the distribution. 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.”

<b>Name</b>	<b>Age</b>	<b>Position</b>
John V. Faraci	70	Executive Chairman
David Gitlin	50	President and Chief Executive Officer
Ajay Agrawal	56	Vice President, Strategy & Services
David Appel	64	President, Refrigeration
Kyle Crockett	46	Vice President, Controller
Timothy McLevish	64	Vice President, Chief Financial Officer
Christopher Nelson	50	President, HVAC
Kevin O’Connor	52	Vice President, General Counsel & Government Relations
Jurgen Timperman	47	President, Fire & Security
Nadia Villeneuve	47	Vice President, Chief Human Resources 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 was a director of UTC prior to the separation. He serves on the board of the National Fish and Wildlife Foundation and is past 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 Gitlin.** Mr. Gitlin was appointed President and Chief Executive Officer of Carrier in June 2019 and held the position of President, HVAC from December 2019 to March 2020. He most recently served as President and Chief Operating Officer of Collins Aerospace from 2018 to 2019 and President of UTC Aerospace Systems from 2015 to 2018 after leading the integration of Goodrich Corporation with UTC. Prior to the formation of UTC Aerospace Systems, Mr. Gitlin worked for UTC’s Hamilton Sundstrand division as President of Aerospace Customers & Business Development; Vice 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, he served in roles at UTC headquarters and Pratt & Whitney. Mr. Gitlin earned a bachelor’s degree from Cornell University, a Juris Doctor from the University of Connecticut School of Law and an MBA from MIT’s Sloan School of Management.

**Ajay Agrawal.** Mr. Agrawal was appointed Vice President, Strategy & Services of Carrier in October 2019. He most recently served as Vice President, Aftermarket Services, and Vice President responsible for Rockwell Collins integration for Collins Aerospace, a UTC company, from August 2015 to September 2019 and as Vice President, Aftermarket and Programs at the Pratt & Whitney division of UTC from 2009 to July 2015. Prior to that he served in a variety of leadership roles in UTC from 2005 to 2009, including head of Financial Planning and Analysis for UTC, Vice President of Strategy and Business Development at Hamilton Sundstrand and Senior Director of Strategy and Development at UTC. Prior to joining UTC, he held roles of increasing responsibility at Bain & Company from 1998 to 2005. Mr. Agrawal holds a doctorate in engineering from the University of Missouri and an MBA from Carnegie Mellon University.

**David Appel.** Mr. Appel was appointed President, Refrigeration of Carrier in 2010. Prior to that, he held several roles within Carrier’s business, including President, HVAC for Europe, the Middle East and Africa (EMEA) from 2009 to 2010; President, Building Systems & Service EMEA from 2006 to 2009; Vice President, European HVAC Distribution from 2003 to 2006; and Managing Director for Toshiba Carrier UK from 2002 to

2003. In total, he has more than 30 years of experience with UTC. Mr. Appel holds a bachelor's degree in economics from the Wharton School of Business, University of Pennsylvania.

**Kyle Crockett.** Mr. Crockett was appointed Vice President, Controller of Carrier in January 2020. He joined Carrier from General Motors where he held several positions, including Director, Global Business Solutions – Finance from 2017 to 2020; Director, SEC Reporting and Consolidation from 2015 to 2017; Regional Controller, GM Europe from 2013 to 2015; Controller, GM Korea from 2010 to 2013; and Senior Manager, SEC Reporting from 2008 to 2010. Before joining General Motors, Mr. Crockett was Senior Manager at GMAC (now Ally Financial) from 2007 to 2008 and held various roles of increasing responsibility at KPMG LLP from 2002 to 2006, including Senior Manager. Mr. Crockett holds a bachelor's degree in accounting from Grand Valley State University and is a Certified Public Accountant.

**Timothy McLevish.** Mr. McLevish was appointed Vice President, 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.

**Christopher Nelson.** Mr. Nelson was appointed President, HVAC in March 2020. Previously, he held many roles at Carrier including, President, HVAC — Commercial from 2018 to March 2020; President, North American HVAC from 2012 to 2018; Vice President, Sales & Marketing for Residential & Commercial Systems from 2008 to 2012; Vice President and General Manager, Light Commercial Systems from 2006 to 2008; and Director of Residential Ducted System Platforms from 2004 to 2006. Prior to joining UTC, Mr. Nelson was at McKinsey & Company from 2000 to 2004, Johnson & Johnson from 1996 to 1998 and an officer in the U.S. Army from 1992 to 1996. Mr. Nelson holds a bachelor's degree in science from the University of Notre Dame and an MBA from Cornell University.

**Kevin O'Connor.** Mr. O'Connor was appointed Vice President, General Counsel & Government Relations of Carrier in January 2020. He joined Carrier from Point72 Asset Management where he served as Chief Legal Officer from 2015 through 2019. Prior to that he served as Vice President, Global Ethics and Compliance for UTC from 2012 to 2015 and as a partner at Bracewell and Giuliani from 2009 to 2012. From 2002 to 2009, he served in the U.S. Department of Justice as Associate Attorney General of the United States (2008 to 2009), Chief of Staff to the United States Attorney General (2007), Associate Deputy Attorney General (2007) and as U.S. Attorney for Connecticut (2002 to 2008). Prior to his service with the Department of Justice, Mr. O'Connor, was counsel and partner at Day, Berry & Howard from 1999 to 2002, associate at LeBoeuf, Lamb Greene & MacRae from 1997 to 1999, Senior Counsel at the U.S. Securities and Exchange Commission Division of Enforcement from 1995 to 1997, associate at Cahill Gordon & Reindel from 1993 to 1995 and a law clerk to the Honorable William H. Timbers of the United States Court of Appeals for the Second Circuit from 1992 to 1993. Mr. O'Connor holds a bachelor's degree in Government from the University of Notre Dame and a Juris Doctor from the University of Connecticut School of Law.

**Jurgen Timperman.** Mr. Timperman was appointed President, Fire & Security of Carrier in February 2019. Prior to that, he held several other roles within UTC's fire and security business, including President, Global Fire & Security Products from 2017 to 2019, President, Global Security Products from 2015 to 2017, President, Security & Access Solutions from 2012 to 2015, President, Fire & Security Operations from 2011 to 2012 and Regional General Manager, Global Security Products, Middle East and Africa from 2009 to 2011. Prior to joining

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UTC, he held roles of increasing responsibility with various divisions of General Electric from 1995 to 2009. Mr. Timperman is on the board of directors for the FDNY Foundation and holds a master's degree in electro-mechanical engineering from Ghent University in Belgium.

**Nadia Villeneuve.** Ms. Villeneuve was appointed Vice President, Chief Human Resources Officer of Carrier in 2015. Prior to that, she served as Vice President and Chief Human Resources Officer for the Pratt & Whitney division of UTC from 2012 to 2015 and as Vice President, Human Resources, Asia for the UTC Fire & Security division of UTC, located in Shanghai, China, from 2010 to 2012. Previously, Ms. Villeneuve held several other positions at Pratt & Whitney, including Director, Human Resources, Engineering from 2009 to 2010, Director, Human Resources, Commercial Engines from 2007 to 2009 and in various roles before from 2000 to 2007 based in the U.S., Canada and Poland. Prior to joining UTC, Ms. Villeneuve was a Consultant with the Lalonde-Bard Consulting Group from 1998 to 2000 and Manager, Customer Relations at Royal Bank of Canada in 1997. Ms. Villeneuve holds a bachelor's degree in finance from Université du Québec a Montréal (Montréal, Québec, Canada) and a master's degree in management from l'École des Hautes Études Commerciales, Université de Montréal (Montréal, Québec, Canada).

**DIRECTORS**

**Board of Directors Following the Distribution**

The following table sets forth information 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’s amended and restated certificate of incorporation and amended and restated bylaws will provide that directors will be elected annually.

<b>Name</b>	<b>Age</b>	<b>Position</b>
John V. Faraci	70	Executive Chairman
Jean-Pierre Garnier	72	Director
David Gitlin	50	Director
John J. Greisch	64	Director
Charles M. Holley, Jr.	63	Director
Michael M. McNamara	63	Director
Michael A. Todman	62	Director
Virginia M. (Gina) Wilson	65	Director

**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 was a director of UTC prior to the separation. He serves on the board of the National Fish and Wildlife Foundation and is past 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.

**Jean-Pierre Garnier.** Dr. Garnier is Chairman of Idorsia Pharmaceuticals Ltd. (biopharmaceuticals) and an Operating Partner at Advent International (global private equity). He served as Chairman of Actelion from 2011 to 2017, CEO of Pierre Fabre SA from 2008 to 2010, and as CEO and Executive Member of the Board of Directors of GlaxoSmithKline plc from 2000 to 2008. Dr. Garnier served as CEO of SmithKline Beecham plc in 2000, and as Chief Operating Officer and Executive Member of the Board of Directors from 1996 to 2000. Dr. Garnier is a director of Radius Health, Inc., and Chairman of the Board of CARMAT, and was a director of UTC prior to the separation. He served as Chairman of the Board of Alzheon, Inc. (non-public) from 2015 to 2018 and as a director of Renault S.A. (public) from 2009 to 2016. Dr. Garnier is on the Advisory Board of Newman’s Own Foundation and the Board of Trustees of the Max Planck Florida Institute for Neuroscience. He is a Knight Commander of the Order of the British Empire and Officier de la Légion d’Honneur of France. Dr. Garnier holds a master’s degree and Ph.D. from Louis Pasteur University and an MBA from Stanford University.

**David Gitlin.** Mr. Gitlin was appointed President and Chief Executive Officer of Carrier in June 2019 and President, HVAC in December 2019. He most recently served as President and Chief Operating Officer of Collins Aerospace from 2018 to 2019 and President of UTC Aerospace Systems from 2015 to 2018 after leading the integration of Goodrich Corporation with UTC. Prior to the formation of UTC Aerospace Systems, Mr. Gitlin worked for UTC’s Hamilton Sundstrand division as President of Aerospace Customers & Business Development; Vice 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, he served in roles at UTC headquarters and Pratt & Whitney. Mr. Gitlin earned a bachelor’s degree from Cornell University, a Juris Doctor from the University of Connecticut School of Law and an MBA from MIT’s Sloan School of Management.

**John J. Greisch.** Mr. Greisch served as President and Chief Executive Officer of Hill-Rom Holdings, Inc. (medical technology company) from 2010 until his retirement in 2018. Prior to Hill-Rom, Mr. Greisch was

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President, International Operations for Baxter International, Inc. (health care) from 2006 to 2009. While at Baxter, he also served as Chief Financial Officer from 2004 to 2006, as President of its bioscience division from 2003 to 2004, Vice President, Finance and Strategy (bioscience division) during 2003 and Vice President, Finance (renal division) from 2002 to 2003. Previously, Mr. Greisch was President and Chief Executive Officer for FleetPride Corporation (distributor of heavy-duty truck and trailer replacement parts) from 1998 to 2001. Prior to that, he held various positions at The Interlake Corporation (metal products) from 1986 to 1997, including serving as President of its Materials Handling Group, and at Price Waterhouse (professional accounting services) from 1978 to 1985. Mr. Greisch is a director of Catalent, Inc., Cerner Corporation and Idorsia Pharmaceuticals Ltd. He previously served as a director of Hill-Rom from 2010 to 2018, Actelion Ltd. from 2013 to 2017 and TomoTherapy, Inc. from 2008 to 2010. Additionally, he currently serves as a senior advisor to TPG Capital and is on the Board of Directors for the Ann & Robert H. Lurie Children's Hospital of Chicago. Mr. Greisch holds a bachelor's degree from Miami University (Ohio) and an MBA from the Kellogg School of Management at Northwestern University.

**Charles M. Holley, Jr.** Mr. Holley served as Executive Vice President and Chief Financial Officer for Wal-Mart Stores, Inc. from 2010 to 2015 and as Executive Vice President in 2016. Previously, Mr. Holley served in various roles at Walmart, including as Executive Vice President, Finance and Treasurer from 2007 to 2010, Senior Vice President, Finance from 2005 to 2007, Senior Vice President and Controller from 2003 to 2005 and in various other roles for Wal-Mart International from 1994 through 2002. Prior to Walmart, he served in various roles at Tandy Corporation and spent more than 10 years with Ernst & Young LLP. Mr. Holley served as an Independent Senior Advisor, U.S. CFO Program, at Deloitte LLP from 2016 to 2019. Mr. Holley is a director of Amgen Inc. and Phillips 66, and he also serves on the Advisory Council for the McCombs School of Business at the University of Texas at Austin and the University of Texas Presidents' Development Board. Mr. Holley holds a bachelor's degree from the University of Texas at Austin and an MBA from the University of Houston.

**Michael M. McNamara.** Mr. McNamara is Head of Samara, a division of Airbnb, a position he has held since January 2020. He is also a venture partner at Eclipse Ventures (Silicon Valley venture capital firm), a role he has held since February 2019. From 2006 to 2018, Mr. McNamara served as the Chief Executive Officer of Flex Ltd. (multinational technological manufacturer). From 1994 until his appointment as Chief Executive Officer in 2006, Mr. McNamara served in other senior roles at Flex. Mr. McNamara is a director of Workday, Inc. and Slack Technologies, Inc. He was also a member of the Advisory Board of Tsinghua University School of Economics and Management from 2006 to 2019, and a member of the presidential CEO Advisory Board of Massachusetts Institute of Technology from 2017 to 2019. He was previously a director of Flex from 2005 to 2018, a director of APTIV Corp (previously Delphi Automotive PLC) from 2009 to 2013 and a director of SunEdison, Inc. (previously MEMC Electronic Materials, Inc.) from 2008 to 2012. Mr. McNamara holds a bachelor's degree from the University of Cincinnati and an MBA from Santa Clara University.

**Michael A. Todman.** Mr. Todman retired as Vice Chairman of the Whirlpool Corporation (home appliances and related products) in 2015. Prior to his appointment as Vice Chairman, Mr. Todman held various executive positions, including President of Whirlpool International, as well as President, Whirlpool North America. Mr. Todman held several senior positions, including Executive Vice President and President of Whirlpool Europe, and Executive Vice President, Whirlpool North America, as well as other positions at Whirlpool during his tenure, which began in 1993. Prior to joining Whirlpool, he held a variety of leadership positions at Wang Laboratories, Inc. (computer industry), and began his career at Price Waterhouse. Mr. Todman is a director of Newell Brands Inc., Brown-Forman Corporation and Prudential Financial, Inc. He previously served on the Board of Directors of Whirlpool from 2006 to 2015. Mr. Todman holds a bachelor's degree from Georgetown University.

**Virginia M. (Gina) Wilson.** Ms. Wilson served as Senior Executive Vice President and Chief Financial Officer of Teachers Insurance and Annuity Association of America (TIAA) (financial services) from 2010 to 2019. Prior to joining TIAA, she was Executive Vice President and Chief Financial Officer of Wyndham Destinations (formerly Wyndham Worldwide Corporation, a hotel, timeshare and vacation company) from 2006 to 2009. She also served as Executive Vice President and Chief Accounting Officer at Cendant Corporation (consumer services in the real estate and travel industries) from 2003 to 2006, Senior Vice President and Controller at MetLife, Inc. from 1999 to 2003 and Senior Vice President and Controller at Transamerica Life Insurance Companies from 1996 to 1999. Ms. Wilson was an audit partner at Deloitte & Touche LLP earlier in

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her career. Ms. Wilson is a director of Conduent Incorporated and Charles River Laboratories International, Inc. She has served as Trustee and Vice Chair of Catholic Charities of the Archdiocese of New York. Ms. Wilson holds bachelor's and master's degrees from the University of Illinois and is a certified public accountant.

**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 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 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 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.

<b>Audit</b>	
<b>Charles M. Holley</b> (Chair)  Michael M. McNamara  Michael A. Todman  Virginia M. (Gina) Wilson	<ul style="list-style-type: none"><li>• 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</li><li>• 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</li><li>• Pre-approves all audit services and permitted non-audit services to be performed for Carrier by its independent auditor</li><li>• Reviews and approves the appointment and replacement of the senior Internal Audit executive</li><li>• Reviews and assists the Board in overseeing the management of Carrier's financial resources and financial risks</li></ul>

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	<ul style="list-style-type: none"> <li>• 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</li> <li>• Reviews and assists the Board in overseeing strategies and plans for certain acquisitions and divestitures, including discussion of possible transactions and their financial impact</li> </ul>
<b>Governance</b>	
<p><b>Jean-Pierre Garnier</b> (Chair)</p> <p>John J. Greisch</p> <p>Michael M. McNamara</p> <p>Virginia M. (Gina) Wilson</p>	<ul style="list-style-type: none"> <li>• Identifies and recommends qualified candidates for election to the Board</li> <li>• Develops and recommends appropriate corporate governance guidelines</li> <li>• Oversees the design and conduct of the annual self-evaluation of the Board, its committees and individual directors</li> <li>• Recommends appropriate compensation of directors</li> <li>• Submits to the Board recommendations for committee assignments</li> <li>• Reviews and monitors the orientation of new Board members and the continuing education of all directors</li> <li>• Reviews and oversees Carrier’s positions on significant public issues and corporate social responsibility, including diversity, the environment and safety</li> </ul>
<b>Compensation</b>	
<p><b>John J. Greisch</b> (Chair)</p> <p>Jean-Pierre Garnier</p> <p>Charles M. Holley, Jr.</p> <p>Michael A. Todman</p>	<ul style="list-style-type: none"> <li>• Reviews Carrier’s executive compensation policies and practices to ensure that they adequately and appropriately align executive and shareowner interests</li> <li>• Reviews and approves the design of and sets performance goals for the annual bonus and long-term incentive awards for executives</li> <li>• 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</li> <li>• Approves compensation levels for Executive Leadership Group (“ELG”) members and executive officers</li> <li>• Reviews a risk assessment of Carrier’s compensation policies, plans and practices</li> </ul>

**How We Make Pay Decisions and Assess Our Programs**

During our fiscal year ended December 31, 2019, 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](http://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;
- Code of Ethics;
- Director Independence Policy;
- Related Person Transactions Policy;
- Share 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;

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- 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.

The following consist of the principal skills and expertise that are essential to effective oversight in light of Carrier’s business requirements and strategy:

- *Financial.* Leadership of a financial firm, management of an enterprise’s finance function or of a large profit and loss statement, resulting in proficiency in complex financial management, financial reporting processes, capital allocation, capital markets and mergers and acquisitions, representing the importance we place on accurate financial reporting and robust financial controls and compliance.
- *International.* Carrier has operations around the world. Directors with international experience thus provide valuable business and cultural perspectives.
- *Knowledge of Company / Industry.* Knowledge of or experience in Carrier’s industries and markets, whether acquired through service as a senior leader in one of these industries or markets, a related industry or market or through prior service on the UTC Board of Directors.
- *Risk Management / Oversight.* This experience is critical to the Board’s role in overseeing and understanding major risk exposures, including significant financial, operational, compliance, reputational, strategic, international and cybersecurity risks.
- *Senior Leadership.* Extensive leadership experience with a significant enterprise, resulting in a practical understanding of organizations, processes and strategic planning, along with demonstrated strengths in developing talent, succession planning and driving change and long-term growth.
- *Technology and Innovation.* Experience in research and development, engineering, science, digital or technology. This translates into an understanding of Carrier’s technological innovations, development and marketing challenges, how to anticipate technological trends and how to generate disruptive innovation, all of which help us to execute our business objectives 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 Jean-Pierre Garnier 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

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- 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, Internal Audit 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.

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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"> <li>• Risk management program</li> <li>• Major strategies and business objectives</li> <li>• Most significant risks, such as major litigation</li> <li>• Succession planning</li> <li>• Government relations</li> </ul>	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Operational</li> <li>• Compliance</li> <li>• Reputational</li> <li>• Strategic</li> <li>• Cybersecurity</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Director candidate review</li> <li>• Conflicts of interest</li> <li>• Director independence</li> <li>• Environment</li> <li>• Safety</li> <li>• Equal employment opportunity</li> <li>• Public policy issues</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation and benefits policies, practices and plans</li> <li>• Incentive plan performance metrics and goals</li> <li>• Compensation levels for senior leaders</li> <li>• Compensation plan design</li> <li>• Executive retention</li> </ul>

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 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 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](http://www.carrier.com), (2) letter addressed to the Corporate Secretary (see above for contact information) or (3) contacting Carrier's anonymous reporting program at 1-855-409-9923. 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.

<b>Role</b>	<b>Cash (\$)</b>	<b>Deferred Stock Units (\$)</b>	<b>Total (\$)</b>
All Directors (base retainer)	\$ 124,000	\$ 186,000	\$ 310,000
<b>Incremental Amount Above Base Retainer*</b>			
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 share ownership level within five years after joining the Board. If a director does not meet the ownership requirement after this five-year period, then the director is not permitted to sell shares of Carrier until achieving the required ownership level.

## 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 Carrier’s named executive officers 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 (the “Carrier Compensation Committee”).

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 designated as Carrier’s executive officers, the three most highly compensated based on 2019 compensation from UTC. The individuals designated as Carrier’s named executive officers are listed below.

- David Gitlin, *President and Chief Executive Officer*
- Timothy McLevish, *Chief Financial Officer*
- Christopher Nelson, *President, HVAC\**
- Jurgen Timperman, *President, Fire & Security*
- Matthew Pine, *President, HVAC – Residential\*\**

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\* Mr. Nelson was appointed as President, HVAC on March 4, 2020. Prior to such appointment, Mr. Nelson served as President, HVAC – Commercial.

\*\* Mr. Pine ceased serving as President, HVAC – Residential on March 4, 2020 in connection with his resignation from Carrier, which becomes effective on March 13, 2020.

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.

## 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 24 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. 11 of these 24 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. Carrier anticipates following a similar methodology in setting base salaries.

### 2019 Base Salaries for Carrier Named Executive Officers

The following table sets forth the base salary of each of our named executive officers as of December 31, 2019. During the year, Mr. Gitlin received a merit base salary increase and an increase to reflect a market data driven adjustment in connection with his role as President and Chief Executive Officer of a soon to be public company. Mr. Pine received a salary increase due to his promotion to President, HVAC Residential. Messrs. Nelson and Timperman each received merit-based increases.

<u>Named Executive Officer</u>	<u>Base Salary as of December 31, 2019</u>	
David Gitlin, <i>President and Chief Executive Officer</i>	\$	1,000,000
Timothy McLevish, <i>Chief Financial Officer</i>	\$	800,000
Christopher Nelson, <i>President, HVAC</i>	\$	600,000
Jurgen Timperman, <i>President, Fire &amp; Security</i>	\$	500,000
Matthew Pine, <i>President, HVAC – Residential</i>	\$	410,000

### 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 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**

In 2019, with respect to our named executive officers who were members of the UTC ELG, their 2019 annual bonuses were determined in accordance with the process described above, except that Mr. Gitlin, provided input on adjustments for Carrier’s other named executive officers to UTC’s Chief Executive Officer. Carrier anticipates following a methodology in determining annual bonuses similar to the one used by UTC.

The following table sets forth for each of our named executive officers the annual target bonus percentage in effect as of December 31, 2019 and the actual bonus payout for 2019 reflected as a percentage of base salary in effect on December 31, 2019.

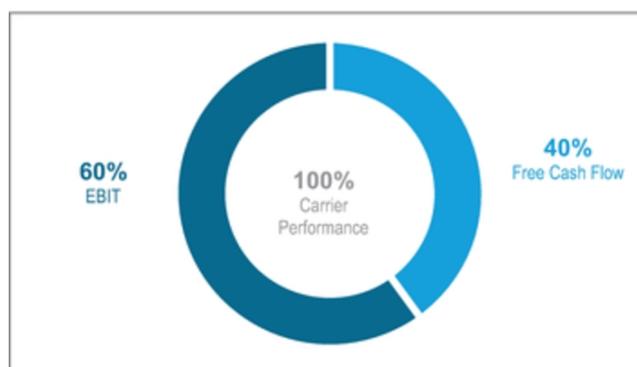
<b>Named Executive Officer</b>	<b>Target Bonus</b>	<b>Actual Bonus Payout<sup>(1)</sup></b>
David Gitlin, <i>President and Chief Executive Officer</i>	125%	120%
Timothy McLevish, <i>Chief Financial Officer</i>	100%	21%
Christopher Nelson, <i>President, HVAC</i>	80%	58%
Jurgen Timperman, <i>President, Fire &amp; Security</i>	80%	60%
Matthew Pine, <i>President, HVAC – Residential</i>	60%	51%

(1) Actual payout for Mr. Gitlin reflects blended target bonus in light of a target bonus increase provided in 2019 and also takes into account his time worked in his prior UTC role before transitioning to Carrier and the associated UTC actual payout factor. Actual payout for Mr. Pine reflects blended target bonus in light of a target bonus increase provided in 2019. Actual payout for Mr. McLevish was prorated to reflect time worked during 2019.

Under the terms of the 2019 annual bonus program, payout factors begin at 50% of target (for threshold-level performance) and are capped at 200% of target (for maximum-level performance). There are no payouts for below threshold-level performance and at no point can the UTC Compensation Committee approve a payout factor above 200% of target.

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For 2019, the size of the Carrier annual bonus was determined based on the performance of Carrier relative to pre-established annual performance goals at threshold, target and maximum levels for two financial metrics: earnings growth (“EBIT”) and free cash flow (“FCF”).



EBIT is defined as earnings before interest and taxes at constant currency, adjusted for restructuring, non-recurring and other significant, non-operational items, and the impact of acquisitions/divestitures and it measures the immediate impact of operating decisions on the annual performance of Carrier.

FCF is an internal measure at constant currency, and defined as consolidated net cash flow provided by operating activities, less capital expenditures, and adjusted for restructuring, non-recurring and other significant, non-operational items. FCF measures Carrier’s ability to generate cash to fund our operations and key business investments.

The UTC Compensation Committee believes annual bonuses should not be positively or negatively impacted by short-term decisions made in the best interest of long-term business strategies. Using non-GAAP performance measures encourages decision-making that considers long-term value creation that does not conflict with short-term incentive metrics. Adjustments for restructuring, non-recurring and other significant, non-operational items and acquisitions and divestitures provides a more stable performance assessment of Carrier’s core business, and aligns compensation opportunities with the non-GAAP financial expectations we communicate to investors.

The actual level of achievement of the goal for each metric is included in the table below.

Metrics	Bonus Performance Goal	Bonus Payout Factor (as a % of target)	Bonus Performance Result	Bonus Actual Payout Factor	Total Carrier Bonus Performance Multiplier
<b>EBIT</b>					
Threshold	\$2.845 billion	50%			
Target	\$3.160 billion	100%	\$2.963 billion	69%	
Maximum	\$3.475 billion	200%			69%
<b>FCF</b>					
Threshold	\$1.695 billion	50%			
Target	\$2.260 billion	100%	\$1.921 billion	70%	
Maximum	\$2.825 billion	200%			

**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.

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### *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**

For 2019, the target grant date value of UTC annual LTI awards granted to each Carrier named executive officer is set forth in the table below. The 2019 Annual LTI Award value, which is the approved value, varies from the total amount reported in the Summary Compensation table under Stock Awards and Option Awards because UTC uses a 30-day average closing price of UTC common stock in determining the number of shares to be awarded.

<b>Named Executive Officer</b>	<b>2019 Annual LTI Award</b>
David Gitlin, <i>President and Chief Executive Officer</i> <sup>(1)</sup>	\$4,100,000
Timothy McLevish, <i>Chief Financial Officer</i> <sup>(2)</sup>	N/A
Christopher Nelson, <i>President, HVAC</i> <sup>(1)</sup>	\$1,600,000
Jurgen Timperman, <i>President, Fire &amp; Security</i> <sup>(1)</sup>	\$1,050,000
Matthew Pine, <i>President, HVAC – Residential</i> <sup>(3)</sup>	\$500,000

(1) Reflects annual LTI awards in the form of 50% UTC PSUs and 50% UTC SARs, which are subject to UTC’s standard schedule of terms, including a three-year vesting requirement.

(2) Mr. McLevish joined Carrier in September 2019 and therefore did not receive any 2019 annual LTI awards.

(3) Reflects annual LTI awards in the form of 50% UTC SARs, 30% UTC PSUs and 20% UTC RSUs, which are subject to UTC’s standard schedule of terms, including a three-year vesting requirement.

The number of UTC RSUs, UTC PSUs and UTC SARs awarded pursuant to an annual LTI award is determined based on the 30-day average of UTC’s closing stock price prior to the grant date. This method stabilizes the impact of potential volatility of UTC’s stock price on the date of grant. However, because the award value is ultimately determined based on the closing price of UTC common stock on the grant date and other accounting valuation assumptions, the value approved by the UTC Compensation Committee differs from the grant date fair value shown in the Summary Compensation Table.

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The terms of the UTC PSU awards granted to our named executive officers in 2019 provide for vesting based on performance relative to earnings per share (“EPS”) and return on invested capital (“ROIC”) goal (each weighted at 35%) and a relative total shareholder return (“TSR”) goal (weighted at 30%). To allow performance to be measured at the time of the distribution, at its February 2019 meeting, the UTC Compensation Committee set three annual EPS growth goals (with underlying quarterly assumptions) for the 2019 PSU award. This differs from UTC’s historical practice of setting a three-year EPS compound annual growth rate goal. ROIC and TSR goals continue to be measured relative to a three-year performance period. Vesting occurs following the three-year performance period and payouts can range from 8% of target if threshold performance is achieved for the least weighted metric (relative TSR) to a maximum payout of 200% if maximum performance is achieved for all three metrics. If UTC’s three-year TSR is negative, the payout for the TSR portion of the award is capped at 100% regardless of UTC’s relative TSR performance versus the companies within the S&P 500.

### **Other LTI Awards Granted to Carrier Named Executive Officers in 2019**

In addition to the 2019 annual LTI awards described above, the following UTC LTI awards were granted to Carrier named executive officers in 2019:

- Mr. McLevish received a sign-on equity award with a target value of \$4,000,000, in the form of 25% RSUs and 75% SARs, which are subject to UTC’s standard schedule of terms, including a three-year vesting requirement, except that the awards also vest 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.
- Messrs. Nelson, Timperman and Pine each received a one-time time equity award with a target grant date value of \$3,000,000, with 50% in the form of UTC RSUs and 50% in the form of UTC SARs, which will vest three years from the grant date.

**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.

<b>Plan</b>	<b>Description</b>
<b>UTC Pension Plan</b>	A tax-qualified defined benefit pension plan that provides retirement benefits to employees hired prior to January 1, 2010. Effective December 31, 2014, participants hired prior to July 1, 2002, who had been covered by a final average earnings formula of this plan transitioned to a cash balance formula, which was already in effect for participants hired on or after July 1, 2002. Under the cash balance formula, participants earn two types of credits —pay credits and interest credits. Effective December 31, 2019, this plan was frozen, other than with respect to interest credits on cash balance accounts in the plan and active participants who were previously eligible for cash balance benefits under this plan became eligible for equivalent age-based contributions under the UTC Employee Savings Plan.
<b>UTC Pension Preservation Plan</b>	An unfunded, nonqualified defined benefit pension plan that mirrors the benefit formula, compensation recognition, retirement eligibility and vesting provisions of the tax-qualified UTC Pension Plan. For employees hired prior to January 1, 2010, it provides pension benefits not provided under the tax-qualified pension plan because of Internal Revenue Code limits. Effective December 31, 2019, this plan was frozen, other than with respect to interest credits on cash balance accounts in the plan and active participants who were previously eligible for cash balance benefits became eligible for equivalent age-based contributions under the UTC Company Automatic Contribution Excess Plan.
<b>UTC Employee Savings Plan</b>	A tax-qualified defined contribution plan where 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 employee. Salaried employees hired on or after January 1, 2010, receive an additional age-based company contribution (ranging from 3% to 5.5% of earnings) to their UTC Employee Savings Plan account. Effective January 1, 2020, salaried employees hired prior to January 1, 2010, who previously participated in the UTC Pension Plan now receive additional age-based Company contributions (ranging from 3% to 8% of earnings), an amount equivalent to the cash balance benefits previously provided under UTC’s pension plans.
<b>UTC Savings Restoration Plan</b>	An unfunded, nonqualified plan that permits eligible employees to defer up to 6% of their compensation to the extent such compensation exceeds the Internal Revenue Code compensation limit applicable to the qualified UTC Employee Savings Plan. UTC provides matching contributions in the form of UTC stock units at the same rate (60% of the 6% of pay) that would have been provided in the UTC Employee Savings Plan, if not for Internal Revenue Code limits.
<b>UTC Company Automatic Contribution Excess Plan</b>	An unfunded, nonqualified plan in which eligible employees may receive an age-based company automatic contribution for amounts above the Internal Revenue Code limits applicable to the qualified UTC Employee Savings Plan. For employees hired on or after January 1, 2010, these age-based contributions range from 3% to 5.5% of earnings. Beginning January 1, 2020, employees hired prior to January 1, 2010, who previously participated in UTC’s pension plans, now receive company contributions ranging from 3% to 8% of earnings. The plan also provides missed matching contributions for employees whose contributions to the UTC Employee Savings Plan are limited by the Internal Revenue Code’s contribution limits.
<b>UTC Deferred Compensation Plan</b>	An unfunded, nonqualified, deferred compensation plan that allows UTC executives the opportunity to defer up to 50% of base salary and up to 70% of annual bonus.
<b>UTC PSU Deferral Plan</b>	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, 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.

<u>Perquisite/Benefits</u>	<u>Description</u>
<b>UTC ELG Life Insurance</b>	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). This benefit is not available to any of the Carrier named executive officers other than Mr. Gitlin.
<b>UTC ELG Long-Term Disability</b>	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.
<b>Healthcare</b>	UTC ELG members are eligible to participate in the same health benefit program offered to other employees.
<b>Executive Physical</b>	UTC ELG members are eligible for a comprehensive annual executive physical.
<b>Executive Leased Vehicle</b>	UTC provides 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 generally paid directly by the UTC executive.
<b>Financial Planning</b>	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. Carrier anticipates following a similar methodology.

## 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. These restrictions will also apply to Carrier senior executives and ELG members following the distribution.

## 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. Carrier will also have these clawback rules following the distribution.

**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. Carrier will have the same prohibitions following the distribution.

**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 limited 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 Pension Plan. 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 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 by the UTC Compensation Committee 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.

### Compensation Arrangements 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 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 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.

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 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 prior to the change in control and projecting such performance to the end of the performance period.

#### **Carrier Change in Control Severance Plan**

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 non-solicitation covenant):

- a lump sum cash severance payment equal to three times (for the Chief Executive Officer) or two times (for the 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.

#### **Executive Officer and ELG Member Share Ownership Requirements**

Carrier's Chief Executive Officer, Chief Financial Officer and each other ELG member 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 unvested PSUs) with a value equal to six times (for the Chief Executive Officer), four times (for the Chief Financial Officer) or three times (for each other ELG member) the individual's then applicable base salary. The requisite share ownership level must be achieved within five years after the ownership requirement first applies to the applicable individual. If the Chief Executive Officer, Chief Financial Officer or other ELG member does not meet the ownership requirement after this five-year period, then the applicable individual is not permitted to sell shares of Carrier until achieving the required ownership level.

**Summary Compensation Table**

Named Executive Officer	Year	Salary (\$)	Bonus (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(3)</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	Total (\$)	Total Without Change in Pension Value (\$)
David Gitlin, President and Chief Executive Officer	2019	966,667	1,200,000	2,150,799	2,066,540	969,211	386,063	7,739,280	6,770,069
	2018	900,000	1,300,000	2,950,834	1,051,810	—	239,548	6,442,192	6,442,192
	2017	812,500	1,100,000	6,855,052	943,250	385,996	181,970	10,278,768	9,892,772
Timothy McLevish, Vice President and Chief Financial Officer	2019	203,030	165,000	1,000,080	2,793,945	—	18,275	4,180,330	4,180,330
Christopher Nelson, President, HVAC*	2019	593,750	350,000	2,346,684	2,202,364	205,153	98,531	5,796,482	5,591,329
Jurgen Timperman, President, Fire & Security	2019	492,500	300,000	2,052,859	1,927,504	—	271,144	5,044,007	5,044,007
Matthew Pine, President, HVAC – Residential**	2019	405,417	210,000	1,901,672	1,524,376	—	86,239	4,127,704	4,127,704

\* Mr. Nelson was appointed as President, HVAC on March 4, 2020. Prior to such appointment, Mr. Nelson served as President, HVAC – Commercial.

\*\* Mr. Pine ceased serving as President, HVAC – Residential on March 4, 2020 in connection with his resignation from Carrier, which becomes effective on March 13, 2020.

- (1) *Bonus.* Cash bonuses provided under the UTC Annual Executive Incentive Compensation Plan. Payments are primarily based on the achievement of pre-established goals. However, the UTC Compensation Committee retains discretion to adjust annual bonus amounts based on its assessment of overall performance. Consequently, annual bonuses are reported in the Bonus column rather than in the Non-Equity Incentive Plan Compensation column. For Mr. McLevish, the amount shown reflects a prorated bonus paid for the period between his date of hire (September 30, 2019) and the end of the calendar year.
- (2) *Stock Awards.* Grant date fair value of UTC PSUs and UTC RSUs, calculated in accordance with the FASB ASC Topic 718, but excluding the effect of estimated forfeitures. The assumptions made in calculating the fair value of these awards are set forth in Note 12 to the Combined Financial Statements. PSU awards are discussed in footnote 2 of the Grants of Plan-Based Awards table. The grant date fair values shown for PSU awards granted in 2019 to our named executive officers assume target-level performance. If the highest level of performance is achieved, the grant date fair values would be: Mr. Gitlin, \$3,588,722; Mr. Nelson, \$1,411,956; Mr. Timperman, \$921,694; and Mr. Pine, \$262,781.
- (3) *Option Awards.* Grant date fair value of UTC SARs, calculated in accordance with the FASB ASC Topic 718, but excluding the effect of estimated forfeitures. The assumptions made in the valuation of these awards are set forth in Note 12 to the Combined Financial Statements.
- (4) *Change in Pension Value and Nonqualified Deferred Compensation Earnings.* The amounts in this column reflect the change, if any, in the year-over-year actuarial present value of each executive's accrued benefit under UTC's defined benefit plans. Actuarial value computations are based on the assumptions disclosed in the Pension Benefits table.
- (5) *All Other Compensation.* The 2019 amounts in this column consist of the following items:

All Other Compensation

Named Executive Officer	Leased Vehicle Payments <sup>(a)</sup> (\$)	Insurance Premiums <sup>(b)</sup> (\$)	401(k) Plan Company Match <sup>(c)</sup> (\$)	Company Contributions to Nonqualified Deferred Compensation Plans <sup>(d)</sup>	Relocation Benefits <sup>(e)</sup> (\$)	Financial Planning <sup>(f)</sup> (\$)	Healthcare Benefits <sup>(g)</sup> (\$)	Miscellaneous (\$)	Total (\$)
				(\$)					
D. Gitlin	33,289	63,604	10,080	71,520	168,289	16,000	22,278	1,003	386,063
T. McLevish	—	—	2,750	3,667	5,085	3,567	3,206	—	18,275
C. Nelson	21,933	—	10,080	30,015	—	16,000	18,632	1,871	98,531
J. Timperman	22,720	—	24,080	52,675	139,868	12,956	18,388	457	271,144
M. Pine	21,438	—	24,080	20,520	—	—	20,201	—	86,239

- (a) Annual costs incurred by UTC in connection with a leased vehicle provided to the executive.
- (b) Premiums paid on behalf of the executive under the ELG life insurance program. This benefit was eliminated for ELG members appointed after January 31, 2015, thereby excluding all but Mr. Gitlin. Under this plan, UTC pays the premiums on a cash value life insurance contract owned by the executive. Life insurance benefits equal up to three times the executive's actual or projected base salary at age 62. Once vested (age 55 or older with three years of service as an ELG member), UTC funds the policy to maintain coverage following retirement.
- (c) Dollar value of company matching contributions made into the UTC Employee Savings Plan, which includes an additional company automatic contribution for employees hired on or after January 1, 2010 (e.g., Messrs. McLevish, Timperman and Pine) who do not participate in UTC's pension plans, which were closed to new participants.
- (d) Dollar value of company contributions to the UTC Savings Restoration Plan ("SRP") and the UTC Company Automatic Contribution Excess Plan ("CACEP"). Under the SRP, participants are credited with a benefit equal to the company matching contribution that the executive did not receive under the UTC Employee Savings Plan due to Internal Revenue Code limits. For executives hired on or after January 1, 2010, including Messrs. McLevish, Timperman and Pine, the CACEP provides an additional age-based company automatic contribution for compensation earned over Internal Revenue Code limits.
- (e) Costs associated with relocation expenses, which includes a tax reimbursement payment of \$47,264 for Mr. Gitlin and a tax equalization payment of \$116,668 for Mr. Timperman.
- (f) Costs associated with a financial planning benefit available to ELG members.
- (g) Costs incurred by the company associated with annual executive physicals and broad-based company-covered healthcare benefits.

Grants of Plan-Based Awards

Named Executive Officer	Grant Date <sup>(1)</sup>	Estimated Future Payouts under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(3)</sup>	All Other Option Awards: Number of Securities Underlying Options (#) <sup>(4)</sup>	Exercise or Base Price of Option Awards (\$/Sh) <sup>(5)</sup>	Grant Date Fair Value of Stock and Option Awards <sup>(6)</sup> (\$)
		Threshold (#)	Target (#)	Maximum (#)				
D. Gitlin	2/5/2019	1,464	18,300	36,600	—	—	2,150,799	
	2/5/2019	—	—	—	—	101,500	2,066,540	
T. McLevish	10/1/2019 <sup>(7)</sup>	—	—	—	7,475	—	1,000,080	
	10/1/2019 <sup>(7)</sup>	—	—	—	—	123,900	2,793,945	
C. Nelson	2/5/2019	576	7,200	14,400	—	—	846,216	
	6/14/2019 <sup>(8)</sup>	—	—	—	11,975	—	1,500,468	
	2/5/2019	—	—	—	—	39,500	804,220	
J. Timperman	6/14/2019 <sup>(8)</sup>	—	—	—	—	66,200	1,398,144	
	2/5/2019	376	4,700	9,400	—	—	552,391	
	6/14/2019 <sup>(8)</sup>	—	—	—	11,975	—	1,500,468	
M. Pine	2/5/2019	—	—	—	—	26,000	529,360	
	6/14/2019 <sup>(8)</sup>	—	—	—	—	66,200	1,398,144	
	2/5/2019	107	1,340	2,680	—	—	157,490	
	2/5/2019	—	—	—	2,018	—	243,714	
	6/14/2019 <sup>(8)</sup>	—	—	—	11,975	—	1,500,468	
	2/5/2019	—	—	—	—	6,200	126,232	
	6/14/2019 <sup>(8)</sup>	—	—	—	—	66,200	1,398,144	

(1) The UTC Compensation Committee approved the 2019 annual LTI awards at its February 1, 2019 meeting, specifying the February 5, 2019 grant date.

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- (2) Number of UTC PSUs, which vest based on performance relative to three-year EPS growth and ROIC goals (each weighted at 35%) and a three-year relative TSR goal (weighted at 30%). Vesting ranges from a payout of 8% of target if threshold performance is achieved for the least weighted metric (relative TSR) to a maximum payout of 200% if maximum performance is achieved for all three metrics. If UTC's three-year TSR is negative, the payout for the TSR portion of the award is capped at 100% regardless of UTC's relative TSR performance versus the companies within the S&P 500. Each PSU corresponds to one share of UTC common stock. Unvested PSUs do not accrue dividend equivalents. Vested PSUs are settled in unrestricted shares of UTC common stock at the end of the performance period following the UTC Compensation Committee's review and approval of performance achievement levels.
- (3) Number of UTC RSUs, which vest three years from the grant date, subject to continued service with the company except in certain limited circumstances described in the footnotes to the Potential Payments on Termination or Change-in-Control table. Each UTC RSU corresponds to one share of UTC common stock. When UTC pays a dividend to shareholders, UTC RSUs earn dividend equivalents during the vesting period that are reinvested as additional UTC RSUs. The reinvested UTC RSUs vest on the same date as the underlying UTC RSUs.
- (4) Number of UTC SARs, which vest and become exercisable three years from the grant date, subject to continued service with the company except in certain limited circumstances described in the footnotes to the Potential Payments on Termination or Change-in-Control table.
- (5) The UTC SAR exercise price equals the closing price of UTC common stock on the grant date.
- (6) Grant date fair value of awards granted in 2019, with vesting assumed at 100% of target for performance-based awards. Values are calculated in accordance with the FASB ASC Topic 718, but excluding the effect of estimated forfeitures.
- (7) In connection with his hire, Mr. McLevish received UTC RSU and UTC SAR awards on October 1, 2019. These awards vest three years from the grant date, subject to continued service with the company except in certain limited circumstances described in the footnotes to the Potential Payments on Termination or Change-in-Control table. RSUs earn dividend equivalents during the vesting period that are reinvested as additional UTC RSUs each time UTC pays a dividend to shareowners. The reinvested UTC RSUs vest on the same date as the underlying UTC RSUs.
- (8) Messrs. Nelson, Pine and Timperman each received retention UTC RSU and SAR awards on June 14, 2019, which vest three years from the grant date subject to the executive's continued employment, except in certain limited circumstances described in the footnotes to the Potential Payments on Termination or Change-in-Control table. UTC RSUs earn dividend equivalents during the vesting period that are reinvested as additional UTC RSUs each time UTC pays a dividend to shareowners. The reinvested UTC RSUs vest on the same date as the underlying UTC RSUs.

**Outstanding Equity Awards At Fiscal Year-End**

Named Executive Officer	Grant Date	Option Awards					Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$) <sup>(1)</sup>	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) <sup>(2)</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(3)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(4)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(5)</sup>	
D. Gitlin	2/5/2019	—	101,500 <sup>(6)</sup>	—	120.77	2/4/2029	—	—	36,600	5,481,216	
	1/2/2018	—	53,500 <sup>(7)</sup>	—	128.16	1/1/2028	6,793 <sup>(10)</sup>	1,017,320	32,200	4,822,272	
	10/11/2017	—	—	—	—	—	35,737 <sup>(13)</sup>	5,351,973	—	—	
	1/3/2017	—	55,000 <sup>(8)</sup>	—	110.83	1/2/2027	7,917 <sup>(11)</sup>	1,185,650	20,862	3,124,293	
	1/4/2016	79,000	—	—	95.57	1/3/2026	—	—	—	—	
	1/2/2015	46,000	—	—	115.04	1/1/2025	—	—	—	—	
	1/2/2014	24,500	—	—	112.49	1/1/2024	—	—	—	—	
	11/12/2013	—	—	—	—	—	16,104 <sup>(12)</sup>	2,411,735	—	—	
	1/2/2013	18,900	—	—	84.00	1/1/2023	—	—	—	—	
	8/1/2012	45,036	—	—	74.79	7/31/2022	—	—	—	—	
T. McLevish	10/1/2019	—	123,900 <sup>(15)</sup>	—	133.79	9/30/2029	7,475 <sup>(15)</sup>	1,119,456	—	—	
C. Nelson	6/14/2019	—	66,200 <sup>(14)</sup>	—	125.30	6/13/2029	12,101 <sup>(14)</sup>	1,812,246	—	—	
	2/5/2019	—	39,500 <sup>(6)</sup>	—	120.77	2/4/2029	—	—	14,400	2,156,544	
	1/2/2018	—	21,000 <sup>(7)</sup>	—	128.16	1/1/2028	2,612 <sup>(10)</sup>	391,173	12,600	1,886,976	
	6/15/2017	—	—	—	—	—	17,522 <sup>(16)</sup>	2,624,095	—	—	
	1/3/2017	—	21,000 <sup>(8)</sup>	—	110.83	1/2/2027	2,995 <sup>(11)</sup>	448,531	7,866	1,178,012	
6/1/2015	—	—	—	—	—	9,510 <sup>(12)</sup>	1,424,218	—	—		
J. Timperman	6/14/2019	—	66,200 <sup>(14)</sup>	—	125.30	6/13/2029	12,101 <sup>(14)</sup>	1,812,246	—	—	
	2/5/2019	—	26,000 <sup>(6)</sup>	—	120.77	2/4/2029	—	—	9,400	1,407,744	
	1/2/2018	—	11,500 <sup>(7)</sup>	—	128.16	1/1/2028	1,463 <sup>(10)</sup>	219,099	7,000	1,048,320	
	10/16/2017	—	—	—	—	—	8,944 <sup>(12)</sup>	1,339,453	—	—	
	10/2/2017	—	—	—	—	—	4,468 <sup>(17)</sup>	669,128	—	—	
	1/3/2017	—	6,400 <sup>(8)</sup>	—	110.83	1/2/2027	2,444 <sup>(11)</sup>	366,013	1,756	262,979	
10/1/2013	—	—	—	—	—	937 <sup>(17)</sup>	140,325	—	—		

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Named Executive Officer	Grant Date	Option Awards					Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unearned Options (#)	Option Exercise Price (\$) <sup>(1)</sup>	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) <sup>(2)</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(3)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(4)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(5)</sup>	
M. Pine	6/14/2019	—	66,200 <sup>(14)</sup>	—	125.30	6/13/2029	12,101 <sup>(14)</sup>	1,812,246	—	—	
	2/5/2019	—	6,200 <sup>(6)</sup>	—	120.77	2/4/2029	2,062 <sup>(9)</sup>	308,805	2,680	401,357	
	1/2/2018	—	4,500 <sup>(7)</sup>	—	128.16	1/1/2028	1,521 <sup>(10)</sup>	227,785	1,960	293,530	
	1/3/2017	—	2,600 <sup>(8)</sup>	—	110.83	1/2/2027	1,219 <sup>(11)</sup>	182,557	479	71,735	
	11/1/2016	—	—	—	—	—	1,850 <sup>(18)</sup>	277,056	—	—	

- (1) The exercise price of each UTC SAR equaled the closing price of UTC common stock on the grant date.
- (2) UTC RSUs, which include dividend equivalents (if applicable), earned during the vesting period that are reinvested as additional UTC RSUs each time UTC pays a dividend to shareowners. The reinvested UTC RSUs vest on the same date as the underlying UTC RSUs.
- (3) Calculated by multiplying the number of unvested UTC RSUs by \$149.76, the NYSE closing price of UTC common stock on the last trading day of 2019.
- (4) UTC PSUs that are subject to vesting contingent on company performance relative to pre-established performance goals measured over a three-year period and the executive's continued employment, except in certain limited circumstances as detailed in footnotes to the Potential Payments on Termination or Change-In-Control Tables. The number of shares shown with respect to UTC PSU awards granted in 2018 and 2019 assumes maximum-level performance, based on vesting estimates as of December 31, 2019. The number of shares shown for the 2017 UTC PSU awards reflect vesting at 114% of target based on actual performance through December 31, 2019. The service condition for this award was satisfied on January 3, 2020.
- (5) Calculated by multiplying the number of unvested 2019 and 2018 PSUs and the number of vested 2017 PSUs by the NYSE closing price of UTC common stock on the last trading day of 2019.
- (6) UTC SARs scheduled to vest on February 5, 2022, subject to the executive's continued employment, except in certain limited circumstances as described the footnotes to the Potential Payments on Termination or Change-in-Control table.
- (7) UTC SARs scheduled to vest on January 2, 2021, subject to the executive's continued employment, except in certain limited circumstances as described the footnotes to the Potential Payments on Termination or Change-in-Control table.
- (8) UTC SARRS that vested on January 3, 2020.
- (9) UTC RSUs scheduled to vest on February 5, 2022, subject to the executive's continued employment, except in certain limited circumstances described the footnotes to the Potential Payments on Termination or Change-in-Control table. These UTC RSU awards earn dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.
- (10) UTC RSUs scheduled to vest on January 2, 2021, subject to the executive's continued employment, except in certain limited circumstances described the footnotes to the Potential Payments on Termination or Change-in-Control table. These UTC RSU awards earn dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.
- (11) UTC RSUs scheduled to vest on January 3, 2020, subject to the executive's continued employment, except in certain limited circumstances described the footnotes to the Potential Payments on Termination or Change-in-Control table. These UTC RSU awards earn dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.
- (12) ELG RSUs granted upon the executive's appointment to the ELG, which vest in the event of a mutually agreeable separation following three years of ELG service or upon death, disability or qualified termination following a change-in-control. These UTC RSU awards earn dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.
- (13) Retention RSU award granted to Mr. Gitlin, which will vest on October 11, 2020, subject to continued employment or earlier in the case of death, disability or qualifying termination following a change-in-control. This UTC RSU award earns dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.
- (14) Special Retention UTC SAR and UTC RSU awards granted to Messrs. Nelson, Timperman and Pine, which will vest on June 14, 2022, subject to continued employment or earlier in the case of death, disability or qualifying termination following a change-in-control. The UTC RSU awards earn dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.
- (15) UTC SAR and UTC RSU awards granted to Mr. McLevish in connection with his hire, which will vest on October 1, 2022, subject to continued employment or earlier in the case of death, disability, retirement (on or after October 31, 2021), involuntary termination (other than for cause) or qualifying termination after a change-in-control. The UTC RSU award earns dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.
- (16) Retention UTC RSU award granted to Mr. Nelson, which will vest on June 15, 2021, subject to continued employment or earlier in the case of death, disability or qualifying termination following a change-in-control. This UTC RSU award earns dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.
- (17) Retention UTC RSU award granted on October 1, 2013 and Chairman's UTC RSU award granted to Mr. Timperman on October 2, 2017, which will vest on October 1, 2021 and October 2, 2021, respectively, subject to continued employment or earlier in the case of death, disability or qualifying termination following a change-in-control. These UTC RSU awards earn dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.

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- (18) Chairman's UTC RSU award granted to Mr. Pine, which will vest on November 1, 2020, subject to continued employment or earlier in the case of death, disability or qualifying termination following a change-in-control. This UTC RSU award earns dividend equivalents during the vesting period, which vest at the same time as the underlying UTC RSUs.

**Option Exercises and Stock Vested**

Named Executive Officer	Option Awards <sup>(1)</sup>		Stock Awards <sup>(3)</sup>	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(2)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(4)</sup>
D. Gitlin	—	—	18,328	2,249,212
T. McLevish	—	—	—	—
C. Nelson	81,906	2,669,205	13,556	1,742,829
J. Timperman	13,200	584,168	12,704	1,646,787
M. Pine	2,400	79,334	4,442	568,269

- (1) UTC SARs exercised during 2019.
- (2) Calculated by multiplying the number of shares acquired on exercise by the difference between the market price of UTC common stock on the exercise date and the exercise price of the UTC SAR.
- (3) UTC PSUs and UTC RSUs that converted to shares of UTC common stock on a one-for-one basis upon vesting in 2019. UTC PSUs granted on January 4, 2016 vested at 114% of target on February 11, 2019, based on performance through December 31, 2018.
- (4) Calculated by multiplying the number of vested UTC PSUs and UTC RSUs by the market price of UTC common stock on the vesting date.

**Pension Benefits**

Named Executive Officer	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$) <sup>(1)</sup>	Payments During Last Fiscal Year (\$)
D. Gitlin	UTC Pension Plan	22	951,980	—
	UTC Pension Preservation Plan	22	1,957,448	—
	<b>Total</b>	—	<b>2,909,428</b>	—
T. McLevish <sup>(2)</sup>	UTC Pension Plan	—	—	—
	UTC Pension Preservation Plan	—	—	—
	<b>Total</b>	—	—	—
C. Nelson <sup>(3)</sup>	UTC Pension Plan	16	329,721	—
	UTC Pension Preservation Plan	16	443,776	—
	<b>Total</b>	—	<b>773,497</b>	—
J. Timperman <sup>(2)</sup>	UTC Pension Plan	—	—	—
	UTC Pension Preservation Plan	—	—	—
	<b>Total</b>	—	—	—
M. Pine <sup>(2)</sup>	UTC Pension Plan	—	—	—
	UTC Pension Preservation Plan	—	—	—
	<b>Total</b>	—	—	—

- (1) The following assumptions were used to determine the present value of the accumulated pension benefit: (i) the named executive officers are assumed to retire at age 62 for the final average earnings benefit and age 65 for the cash balance benefit, which are the earliest dates on which the named executive officers can retire without a reduction of benefits due to age; (ii) projected lump-sum payments under the UTC Pension Preservation Plan ("PPP") final average earnings benefit are calculated using a lump-sum interest rate of 4.0%; (iii) the amounts shown assume the following form of payment: (a) 70% in a monthly annuity and 30% in a lump-sum payment for benefits earned under the final average earnings formula of the UTC Pension Plan; (b) a lump-sum payment for benefits earned under the cash balance formula of the UTC Pension Plan; and (c) an optional form of payment based on the participant's elections on file for the PPP.
- (2) Messrs. McLevish, Timperman and Pine were hired by UTC after January 1, 2010, and therefore do not participate in UTC's legacy pension plans.
- (3) Mr. Nelson was hired after July 1, 2002 and therefore, his entire pension benefit is determined based on the cash balance formula. Benefits are available following termination of employment and are paid as a lump sum or as an equivalent monthly annuity.

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**Nonqualified Deferred Compensation**

Named Executive Officer	Plan	Executive Contributions in Last FY (\$) <sup>(1)</sup>	Registrant Contributions in Last FY (\$) <sup>(2)</sup>	Aggregate Earnings in Last FY (\$) <sup>(3)</sup>	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$) <sup>(4)</sup>
D. Gitlin	UTC Savings Restoration Plan	119,200	71,520	297,587	—	1,203,090
T. McLevish	UTC Deferred Compensation Plan	66,667	3,667	1,436	—	71,769
C. Nelson	UTC Savings Restoration Plan	50,025	30,015	201,218	—	788,529
J. Timperman	UTC Savings Restoration Plan	36,750	22,050	15,861	—	108,679
	UTC Company Automatic Contribution Excess Plan	—	30,625	1,673	—	60,859
M. Pine	UTC Company Automatic Contribution Excess Plan	—	20,520	1,949	—	65,190

- (1) Amounts shown in this column are included in the Salary and Bonus columns of the Summary Compensation Table.
- (2) Amounts shown in this column are included in the All Other Compensation column of the Summary Compensation Table.
- (3) Amounts shown reflect hypothetical investment returns to accounts based on fixed income, bond and equity indices selected by the participant. Participants may also elect UTC stock units with dividend reinvestments (except for the CACEP). These returns do not constitute above-market earnings.
- (4) The sum of contributions (both by the executive and UTC) and credited earnings on those deferrals, less withdrawals. Of these totals, the following amounts have been included in the Summary Compensation Table in prior years: \$304,080 (Mr. Gitlin).

**Potential Payments on Termination or Change-in-Control**

Payment Type	D. Gitlin (\$)	T. McLevish (\$)	C. Nelson (\$)	J. Timperman (\$)	M. Pine (\$)
<b>Termination - Involuntary (For Cause)</b>					
Cash Payment	—	—	—	—	—
Pension Benefit <sup>(1)</sup>	2,624,780	—	410,524	—	—
Option / SAR Value <sup>(2)</sup>	—	—	—	—	—
Stock Awards Value <sup>(2)</sup>	—	—	—	—	—
<b>Sub-Total</b>	<b>2,624,780</b>	<b>—</b>	<b>410,524</b>	<b>—</b>	<b>—</b>
Less: Vested Pension	(2,624,780)	—	(410,524)	—	—
Amount Triggered due to Termination	—	—	—	—	—
<b>Termination - Voluntary</b>					
Cash Payment	—	—	—	—	—
Pension Benefit <sup>(1)</sup>	2,624,780	—	410,524	—	—
Option / SAR Value <sup>(3)(4)</sup>	14,707,208	—	—	—	—
Stock Awards Value <sup>(3)(4)</sup>	8,702,854	—	—	—	—
<b>Sub-Total</b>	<b>26,034,842</b>	<b>—</b>	<b>410,524</b>	<b>—</b>	<b>—</b>
Less: Vested Pension and Equity	(26,034,842)	—	(410,524)	—	—
Amount Triggered due to Termination	—	—	—	—	—
<b>Termination - Involuntary (Not for Cause)</b>					
Cash Payment	—	—	—	—	—
Pension Benefit <sup>(1)</sup>	2,624,780	—	410,524	—	—
Option / SAR Value <sup>(3)(5)</sup>	14,707,208	1,978,683	1,119,930	414,579	166,018
Stock Awards Value <sup>(3)(5)(6)</sup>	11,114,589	1,119,456	4,192,232	1,264,423	543,179
<b>Sub-Total</b>	<b>28,446,577</b>	<b>3,098,139</b>	<b>5,722,686</b>	<b>1,679,182</b>	<b>709,197</b>
Less: Vested Pension and Equity	(26,034,842)	—	(410,524)	—	—
Amount Triggered due to Termination	2,411,735	3,098,139	5,312,162	1,679,182	709,197
<b>Termination - Change-in-Control</b>					
Cash Payment <sup>(8)</sup>	—	—	—	—	—
Pension Benefit <sup>(1)</sup>	2,624,780	—	410,524	—	—
Option / SAR Value <sup>(7)</sup>	17,649,693	1,978,683	4,035,487	2,870,544	1,997,408
Stock Awards Value <sup>(7)</sup>	19,037,491	1,119,456	10,212,733	6,241,397	3,285,824
<b>Sub-Total</b>	<b>39,311,964</b>	<b>3,098,139</b>	<b>14,658,744</b>	<b>9,111,941</b>	<b>5,283,232</b>
Less: Vested Pension and Equity	(25,070,387)	—	(410,524)	—	—
Amount Triggered due to Termination	14,241,577	3,098,139	14,248,220	9,111,941	5,283,232

- (1) Estimated lump-sum value of the nonqualified portion of the retirement benefits accrued under UTC's pension plans, assuming retirement or termination on December 31, 2019, payable as of such date or attainment of age 55 (if later) based on the plan's 2020 lump-sum basis. The present value of benefits payable under the qualified plan are shown in the Pension Benefits table.

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- (2) Outstanding equity awards will be forfeited upon involuntary termination (for cause).
- (3) Equity awards are valued based on the closing price of UTC common stock on the NYSE (\$149.76) on the last trading day of 2019. For the 2019 and 2018 PSU awards, values shown reflect estimated performance as of December 31, 2019. The actual vesting of 114% of target is shown for the 2017 PSU grant.
- (4) UTC SARs and UTC RSUs awards granted under UTC's annual LTI program that are outstanding for more than one year will vest in the event of voluntary termination only after attaining qualifying retirement (defined as either: (i) age 65; (ii) age 55 plus 10 years of service; or (iii) "Rule of 65" — age 50 to 54 plus years of service add up to 65 or more). For executives who have attained qualifying retirement status, PSUs outstanding for at least one year will remain eligible to vest at the completion of the performance period to the extent performance targets are achieved. Mr. Gitlin has satisfied the qualifying retirement condition of the Rule of 65. For non-retirement eligible executives who voluntarily terminate, all unvested awards are cancelled and vested UTC SARs may be exercised up to 90 days following separation. With the exception of Mr. McLevish's 2019 UTC SAR and UTC RSU awards, special out-of-cycle and ELG RSU awards do not have retirement eligibility treatment and, therefore, forfeit upon voluntary termination. Mr. McLevish's 2019 UTC SAR and UTC RSU awards provide for vesting in the event of his retirement on or after October 31, 2021.
- (5) UTC SARs and UTC RSUs awards that are outstanding for more than one year will vest and PSUs will remain eligible to vest (to the extent performance targets are achieved) in the event of involuntary termination (not for cause) after an executive qualifies for retirement. For executives who have not yet qualified for retirement, but have held awards for at least one year, in the event of involuntary termination (not for cause) a pro-rata portion of UTC SARs and UTC RSUs will vest and a pro-rata portion of UTC PSUs will remain eligible to vest at the completion of the performance period to the extent performance goals are achieved. Special out-of-cycle and ELG RSU awards do not have retirement eligibility treatment and, therefore, forfeit upon involuntary termination (not for cause), except for Mr. McLevish's 2019 UTC SAR and UTC RSU awards. In the event of involuntary termination (not for cause), Mr. McLevish's UTC RSU award and UTC SAR award vest immediately. All vested SARs for Mr. McLevish will remain exercisable for the earlier of one year following the termination date or the expiration of the UTC SAR.
- (6) ELG RSUs will vest in the case of mutually agreeable separation following three years of ELG service. As of December 31, 2019, only Messrs. Gitlin and Nelson have met the service condition.
- (7) In the event of qualifying termination following a change-in-control, the UTC Long-Term Incentive Plans provide for the accelerated vesting of all outstanding equity awards (including awards outstanding for less than one year, special out-of-cycle and ELG RSU awards). PSUs granted under the original 2005 UTC Long-Term Incentive Plan vest at target performance and PSUs granted under the UTC 2018 Long-Term Incentive Plan vest at the greater of target or actual performance. As a result, amounts shown for the 2018 PSUs assume target performance, and amounts shown for the 2019 PSUs assume the estimated performance as of December 31, 2019. For the 2017 PSUs, actual performance vesting (114% of target) is shown. All values shown reflect the closing price of UTC common stock (\$149.76) on the last trading day of 2019.
- (8) None of the named executive officers are eligible for change-in-control benefits under the UTC Senior Executive Severance Plan, which was closed to participants effective June 2009, and the named executive officers were not otherwise eligible for cash severance in connection with a change-in-control as of December 31, 2019.

## 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 90,000,000 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 during any calendar year. 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 Otis 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

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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 material agreements described below are filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries set forth below of each such agreement 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 separation and the distribution as described elsewhere 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) and 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;

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- 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;
- (1) the IRS ruling regarding certain U.S. federal income tax matters relating to the separation and distribution received by the UTC remaining valid and (2) the receipt by UTC and continued validity of 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”);

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- 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 are filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries set forth below of each such agreement are qualified in their entireties 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 unaudited pro forma balance sheet as of December 31, 2019 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 unaudited pro forma balance sheet as of December 31, 2019 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;

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- 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 unaudited pro forma balance sheet as of December 31, 2019, as well as assets that are of a nature or type that would have resulted in such assets being included on a pro forma combined balance sheet of Otis and Otis’ subsidiaries;
  - contracts (or portions thereof) that, subject to limited exceptions, solely or primarily relate to the Otis Business;
  - permits used or held for use solely or primarily in the Otis Business;
  - certain intellectual property rights and technology used or held for use in the Otis Business;
  - information solely or primarily related to the Otis Assets, the Otis Liabilities, 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 unaudited pro forma balance sheet as of December 31, 2019, as well as liabilities that are of a nature or type that would have resulted in such liabilities being included on a pro forma combined balance sheet of Otis and Otis’ subsidiaries;
  - liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts, or circumstances to the extent related to, arising out of or resulting from the Otis Business or the Otis Assets;
  - liabilities to the extent relating to, arising out of or resulting from the contracts, intellectual property rights, technology, licenses, permits or financing arrangements that relate to the Otis Business;
  - liabilities arising out of litigation or other claims (including in respect of environmental or asbestos-related matters) made by third parties, including directors, officers, stockholders, employees and agents of Carrier, Otis or 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:
  - 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;

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- 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;
- 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;

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- 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.

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.

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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.

### **Additional Transition Services Agreement**

Carrier and Otis will also enter into an additional transition services agreement in connection with the separation pursuant to which Carrier and its subsidiaries will provide to Otis and its subsidiaries, and Otis and its subsidiaries will provide to Carrier and its subsidiaries, on an interim, transitional basis, certain limited services. The terms and conditions of the additional transition services agreement between Carrier and Otis are the same in all material respects to the terms and conditions of the transition services agreement between Carrier, Otis and UTC.

### **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

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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 certain representations or covenants made by Carrier or Otis, as applicable, in the tax matters agreement or other separation-related agreements. Carrier and Otis generally 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 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 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, 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 or (b) arising from an adjustment, pursuant to an audit or other tax proceeding, with respect to any separation transaction that is not intended to qualify as a transaction that is generally tax-free.

In addition, the tax matters agreement 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 or for other applicable non-U.S. income tax purposes. Further, the tax matters agreement will impose similar restrictions on us and our subsidiaries during the two-year period following the distribution that are intended to prevent certain transactions undertaken as part of the internal reorganization from failing to qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for applicable non-U.S. income tax purposes.

### **Employee Matters Agreement**

Carrier, Otis and 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 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.

### **Other**

In connection with the internal restructuring transactions, UTC, Carrier and Otis have executed agreements to effect the transfer of assets and liabilities contemplated by the separation agreement. In limited circumstances, such agreements provide for true-up payments to satisfy requirements under non-U.S. laws. Carrier is not expected to have an obligation to make any true-up payments following the distribution, and, to the extent Carrier is entitled to receive true-up payments following the distribution, such payments are not expected to be material.

## 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 elsewhere 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.**

The distribution is conditioned, among other things, on (1) the IRS ruling regarding certain U.S. federal income tax matters relating to the separation and distribution received by UTC remaining valid and satisfactory to the UTC Board of Directors and (2) the receipt by UTC and continued validity of 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 are or 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, the 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 does 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 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.

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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 certain 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.

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## DESCRIPTION OF MATERIAL INDEBTEDNESS

*The material agreements described below are filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries set forth below of each such agreement are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.*

On February 10, 2020, Carrier entered into a Revolving Credit Agreement providing for a \$2.0 billion unsecured, unsubordinated 5-year revolving credit facility and a Term Loan Credit Agreement providing for a \$1.75 billion unsecured, unsubordinated 3-year term loan credit facility. Additionally, on February 27, 2020, Carrier issued \$9.25 billion of unsecured, unsubordinated notes in six series. Prior to the distribution, Carrier also intends to enter into a \$2.0 billion unsecured, unsubordinated commercial paper program. The term loan credit facility, which Carrier expects to draw in full in an amount equal to \$1.75 billion prior to the distribution, and the unsecured notes are guaranteed by UTC until the distribution date and upon completion of the distribution such guarantees will terminate. As a result of such transactions, we anticipate having approximately \$11.4 billion in aggregate principal amount of outstanding indebtedness when the distribution is completed. We may also incur additional indebtedness in the future. In addition, the amount of indebtedness actually incurred by Carrier may be adjusted prior to the completion of the distribution in a manner that is intended to result in approximately \$24.3 billion of adjusted net indebtedness of the UTC Aerospace Businesses immediately prior to the completion of the merger, subject to and in accordance with the Raytheon merger agreement; accordingly, the actual debt balance of Carrier immediately following the distribution may be higher or lower than currently anticipated.

Carrier expects to use proceeds from the revolving credit facility and commercial paper program for general corporate purposes and to use the net proceeds from the term loan credit facility and bond offering for distributions to UTC. UTC has informed us that it intends to use the proceeds it receives from Carrier to pay principal and accrued interest on a portion of its outstanding indebtedness.

Carrier's debt balance at the time of the distribution is being determined based on internal capital planning and considering the following factors and assumptions: anticipated business plan, optimal debt levels, operating activities, general economic contingencies, investment grade credit rating, and desired financing capacity.

### Notes

As described above, on February 27, 2020, Carrier issued \$9.25 billion in aggregate principal amount of unsecured, unsubordinated notes in six series: \$500 million of 1.923% notes due 2023, \$2.0 billion of 2.242% notes due 2025, \$1.25 billion of 2.493% notes due 2027, \$2.0 billion of 2.722% notes due 2030, \$1.5 billion of 3.377% notes due 2040 and \$2.0 billion of 3.577% notes due 2050. These notes were issued pursuant to an Indenture between Carrier and The Bank of New York Mellon Trust Company, N.A., as trustee as supplemented by the Supplemental Indenture No. 1, and were offered and sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons in reliance on Regulation S of the Securities Act. These notes are subject to customary affirmative covenants, negative covenants and events of default for financings of this type and are redeemable at Carrier's option in a customary manner.

In connection with the issuance of these notes, Carrier entered into a registration rights agreement with the initial purchasers of the notes, pursuant to which Carrier will use commercially reasonable efforts to (1) file a registration statement on an appropriate registration form with respect to a registered offer to exchange each series of notes for new notes with terms substantially identical in all material respects to such series of notes and (2) cause the registration statement to be declared effective under the Securities Act on or before February 21, 2021. Carrier agreed to use commercially reasonable efforts to complete the exchange offer for each series of notes within 60 days after the registration statement is declared effective by the SEC. If the exchange offer is not completed on or before the later of February 21, 2021, and the date on which in certain circumstances one of the initial purchasers so requests, Carrier will use its commercially reasonable efforts to file and to have declared effective a shelf registration statement relating to resales of the notes.

### Revolving and Term Loan Credit Facilities

As described above, on February 10, 2020, Carrier and its wholly owned subsidiary, Carrier Intercompany Lending Designated Activity Company, entered into a Revolving Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent and the other financial institutions to be party thereto as agents and lenders,

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providing for a \$2.0 billion unsecured, unsubordinated 5-year revolving credit facility. The revolving credit facility will not be available to Carrier or its subsidiaries until completion of the distribution. Loans under the revolving credit facility will be available in U.S. Dollars, Euros and Pounds Sterling and, subject to customary conditions, certain other currencies. Loans under the revolving credit facility will bear interest based on a ratings-based pricing grid.

In addition, on February 10, 2020, Carrier, as borrower, and UTC, as guarantor, entered into a Term Loan Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent and the other financial institutions to be party thereto as agents and lenders, providing for a \$1.75 billion unsecured, unsubordinated 3-year term loan credit facility, which Carrier expects to draw in full in an amount equal to \$1.75 billion prior to the distribution. Loans under the term loan credit facility are available in U.S. Dollars and bear interest based on a ratings-based pricing grid. Following the distribution, Carrier will not be able to draw on the term loan credit facility and UTC will cease to be a guarantor thereto.

The credit agreements contain affirmative and negative covenants customary for financings of this type that, among other things, limit Carrier and its subsidiaries' ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. In addition, the credit agreements require that we maintain a maximum consolidated total leverage ratio. The credit agreements also contain events of default customary for financings of this type.

**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 866,223,435 shares of common stock based upon approximately 866,223,435 shares of UTC common stock issued and outstanding on February 28, 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 ownership of UTC common stock as of January 31, 2020 and based on the assumption that, for every share of UTC common stock held by such persons, they will receive one share 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.

<b>Directors and Executive Officers</b>	<b>SARs Exercisable within 60 days<sup>(1)</sup></b>	<b>RSUs Convertible to Shares within 60 days<sup>(2)</sup></b>	<b>DSUs Convertible to Shares within 60 days<sup>(3)</sup></b>	<b>Total Shares Beneficially Owned<sup>(4)</sup></b>	<b>Percentage of Class</b>
John V. Faraci	—	2,404	54,559	56,963	*
Jean-Pierre Garnier	—	—	90,875	108,985	*
John J. Greisch	—	—	—	322	*
Charles M. Holley, Jr.	—	—	—	29	*
Michael M. McNamara	—	—	—	—	*
Michael A. Todman	—	—	—	—	*
Virginia M. (Gina) Wilson	—	—	—	—	*
David Gitlin	91,010	—	—	112,680 <sup>(5)</sup>	*
Timothy McLevish	—	—	—	—	*
Christopher Nelson	5,504	—	—	12,449	*
Matthew Pine	682	—	—	1,816	*
Jurgen Timperman	1,678	—	—	3,494	*
All directors and executive officers as a group (16 persons)				366,308	*

(1) The SARs in the table reflect the net number of shares of Carrier common stock that would be issued to the executive officers if their vested SARs were exercised within 60 days of January 31, 2020 (assuming that the UTC SARs could be exercised for Carrier common stock). Once vested, each SAR can be exercised for the number of shares having a value equal to the increase in value of a share from the date the SAR was granted through the exercise date. The net number of shares was calculated using \$150.20 per share, which was the closing price of UTC common stock on January 31, 2020.

(2) The non-employee director RSUs vest in equal portions over five years and are distributed in shares of common stock upon termination of service. The table reflects the vested portion of the RSUs, which are the number of shares in which the director has the right to acquire beneficial ownership at any time within 60 days after January 31, 2020, following termination of service (assuming the UTC RSUs are settled in Carrier common stock).

(3) The non-employee director DSUs are converted into common stock upon termination of service. The table reflects the number of shares in which the director and nominee has the right to acquire beneficial ownership at any time within 60 days after January 31, 2020, following termination of service (assuming the UTC DSUs are settled in Carrier common stock).

(4) Includes vested share equivalents held under the UTC Employee Savings Plan that are allocated to an executive officer's account.

(5) Includes 12,893 shares in which Mr. Gitlin shares voting and investment power with his spouse.

\* Represents beneficial ownership of less than one percent of the outstanding shares of UTC common stock, based on 865,308,981 shares of UTC common stock issued and outstanding as of January 31, 2020.

**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 ownership of UTC common stock as of December 31, 2019 and based upon the assumption that, for every share of UTC common stock held by such persons, they will receive one share of Carrier common stock.

<b>Name and Address</b>	<b>Shares</b>	<b>Percent of Class</b>
State Street Corporation <sup>(1)</sup> State Street Financial Center One Lincoln Street Boston, MA 02111	90,405,435	10.5%
The Vanguard Group <sup>(2)</sup> 100 Vanguard Boulevard Malvern, PA 19355	70,309,850	8.1%
BlackRock, Inc. <sup>(3)</sup> 55 East 52 <sup>nd</sup> Street New York, NY 10055	57,639,496	6.7%

- (1) State Street Corporation reported in an SEC filing that, as of December 31, 2019, it held sole voting power with respect to zero shares of UTC common stock, shared voting power with respect to 81,790,103 shares of UTC common stock, sole dispositive power with respect to zero shares of UTC common stock, and shared dispositive power with respect to 90,395,535 shares of UTC common stock. State Street Corporation also reported that its wholly owned subsidiary, State Street Bank and Trust Company, is the trustee for the UTC common stock in the UTC Employee Savings Plan Master Trust, which beneficially owns 5.9% of common stock of UTC, and that in this capacity State Street Bank and Trust Company has shared dispositive power and voting power over the shares.
- (2) The Vanguard Group reported in an SEC filing that, as of December 31, 2019, it held sole voting power with respect to 1,173,286 shares of UTC common stock, shared voting power with respect to 210,851 shares of UTC common stock, sole dispositive power with respect to 68,965,760 shares of UTC common stock, and shared dispositive power with respect to 1,344,090 shares of UTC common stock.
- (3) BlackRock, Inc., reported in an SEC filing that, as of December 31, 2019, it held sole voting power with respect to 51,540,316 shares of UTC common stock and sole dispositive power with respect to 57,639,496 shares of UTC common stock.

## 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 4,000,000,000 shares of common stock, par value \$0.01 per share, and 250,000,000 shares of preferred stock, par value \$0.01 per share.

Immediately following the distribution, we expect that approximately 866,223,435 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 866,223,435 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 eight 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 five 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.

Carrier's amended and restated certificate of incorporation and amended and restated bylaws will provide that any action permitted to be taken at an annual or special meeting of shareowners may be effected by the written consent of shareowners if shareowners representing 25 percent of the outstanding voting power of Carrier capital stock have requested a record date for such action and certain other conditions are satisfied in accordance with Carrier's amended and restated certificate of incorporation and amended and restated bylaws.

Carrier's amended and restated certificate of incorporation and amended and restated bylaws will provide that special meetings of shareowners may be called by the Chairman of the Board of Directors or the Chief Executive Officer, a majority of Carrier's whole Board of Directors, or the Secretary at the written request of shareowners with qualifying ownership of at least 15 percent of the outstanding shares of Carrier capital stock entitled to vote generally in the election of directors and subject to the provisions and conditions set forth in Carrier's amended and restated certificate of incorporation and amended and restated bylaws.

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

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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 "CARR."

### **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](http://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 December 31, 2019 and 2018 and for the Years Ended December 31, 2019, 2018 and 2017**

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**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, 2019 and 2018, and the related combined statements of operations, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As discussed in Note 19 to the combined financial statements, the Company changed the manner in which it accounts for leases in 2019.

***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.

/s/ PricewaterhouseCoopers LLP  
Hartford, Connecticut  
February 7, 2020

We have served as the Company's auditor since 2019.

**Combined Statements of Operations**

	For the Years Ended December 31,		
	2019	2018	2017
<i>(dollars in millions)</i>			
Net sales:			
Product sales (Notes 5 and 16)	\$ 15,360	\$ 15,674	\$ 14,775
Service sales	3,248	3,240	3,039
	<b>18,608</b>	18,914	17,814
Costs and expenses:			
Cost of products sold (Notes 5 and 16)	10,890	11,063	10,474
Cost of services sold	2,299	2,282	2,155
Research and development	401	400	364
Selling, general and administrative	2,761	2,689	2,584
	<b>16,351</b>	16,434	15,577
Equity method investment net earnings	236	220	218
Other income (expense), net	(2)	937	575
Operating profit	<b>2,491</b>	3,637	3,030
Non-service pension benefit	(154)	(168)	(139)
Interest (income) expense, net	(27)	(37)	115
Income from operations before income taxes	<b>2,672</b>	3,842	3,054
Income tax expense	517	1,073	1,787
Net income	<b>2,155</b>	2,769	1,267
Less: Noncontrolling interest in subsidiaries' earnings	39	35	40
Net income attributable to Carrier Global Corporation	<b>\$ 2,116</b>	\$ 2,734	\$ 1,227

See accompanying notes to the Combined Financial Statements.

**Combined Statements of Comprehensive Income**

	For the Years Ended December 31,		
	2019	2018	2017
<i>(dollars in millions)</i>			
Net income	\$ 2,155	\$ 2,769	\$ 1,267
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments arising during period	48	(449)	771
Less: reclassification adjustments for gain on sale of an investment in a foreign entity recognized in Other income (expense), net	2	—	—
	<u>50</u>	<u>(449)</u>	<u>771</u>
Pension and postretirement benefit plans:			
Net actuarial loss arising during period	(112)	(221)	(13)
Prior service (cost) credit arising during period	—	(9)	14
Amortization of actuarial loss and prior service cost	11	17	16
Other	3	21	(33)
	<u>(98)</u>	<u>(192)</u>	<u>(16)</u>
Tax benefit	15	33	5
	<u>(83)</u>	<u>(159)</u>	<u>(11)</u>
Unrealized 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 (expense), net	—	—	(394)
	<u>—</u>	<u>—</u>	<u>(425)</u>
Tax benefit	—	—	163
	<u>—</u>	<u>—</u>	<u>(262)</u>
Change in unrealized cash flow hedging:			
Unrealized cash flow hedging gain arising during period	—	—	2
Loss reclassified into Product sales	—	2	1
	<u>—</u>	<u>2</u>	<u>3</u>
Other comprehensive (loss) income, net of tax	<u>(33)</u>	<u>(606)</u>	<u>501</u>
Comprehensive income	2,122	2,163	1,768
Less: comprehensive income attributable to noncontrolling interest	(35)	(27)	(74)
Comprehensive income attributable to Carrier Global Corporation	<u>\$ 2,087</u>	<u>\$ 2,136</u>	<u>\$ 1,694</u>

See accompanying notes to the Combined Financial Statements.

Combined Balance Sheets

<i>(dollars in millions)</i>	As of December 31,	
	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 952	\$ 1,129
Accounts receivable (net of allowance for doubtful accounts of \$45 and \$141) (Notes 5 and 16)	2,726	2,673
Contract assets, current	622	566
Inventories, net	1,332	1,363
Other assets, current	327	378
Total Current Assets	5,959	6,109
Future income tax benefits	500	398
Operating lease right-of-use assets	832	—
Fixed assets, net	1,663	1,653
Intangible assets, net	1,083	1,214
Goodwill	9,884	9,849
Pension and postretirement assets	490	441
Equity method investments	1,739	1,770
Other assets	256	303
Total Assets	\$ 22,406	\$ 21,737
<b>Liabilities and Equity</b>		
Accounts payable (Notes 5 and 16)	1,701	1,944
Accrued liabilities	2,325	2,074
Contract liabilities, current	443	448
Total Current Liabilities	4,469	4,466
Operating lease liabilities	682	—
Future pension and postretirement benefit obligations	456	419
Future income tax obligations	1,099	1,280
Other long-term liabilities	1,265	1,303
Total Liabilities	7,971	7,468
Commitments and contingent liabilities (Note 20)		
UTC Net Investment:		
UTC Net Investment	15,355	15,132
Accumulated other comprehensive loss	(1,253)	(1,215)
Total UTC Net Investment	14,102	13,917
Noncontrolling interest	333	352
Total Equity	14,435	14,269
Total Liabilities and Equity	\$ 22,406	\$ 21,737

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
<b>Balance January 1, 2017</b>	\$ 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)	—
<b>Balance December 31, 2017</b>	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)	—
<b>Balance December 31, 2018</b>	15,132	(1,215)	13,917	352	14,269	—
Net income	2,116	—	2,116	39	2,155	—
Other comprehensive loss, net of tax	—	(29)	(29)	(4)	(33)	—
Dividends attributable to noncontrolling interest	—	—	—	(28)	(28)	—
Disposition of noncontrolling interest	—	—	—	(26)	(26)	—
Adoption of ASU 2018-02	9	(9)	—	—	—	—
Net transfers to UTC	(1,902)	—	(1,902)	—	(1,902)	—
<b>Balance December 31, 2019</b>	<u>\$ 15,355</u>	<u>\$ (1,253)</u>	<u>\$ 14,102</u>	<u>\$ 333</u>	<u>\$ 14,435</u>	<u>\$ —</u>

See accompanying notes to the Combined Financial Statements.

## Combined Statements of Cash Flows

	For the Years Ended December 31,		
	2019	2018	2017
<i>(dollars in millions)</i>			
<b>Operating Activities:</b>			
Net income	\$ 2,155	\$ 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	335	357	372
Deferred income tax (benefit) provision	(122)	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	52	44	34
Equity method investment net earnings	(236)	(220)	(218)
Distributions from equity method investments	158	143	142
Impairment of equity method investment	108	—	—
Change in:			
Accounts receivable, net	(129)	(211)	159
Contract assets, current	23	(67)	—
Inventories, net	(2)	(151)	(102)
Other assets, current	17	(7)	(21)
Accounts payable and accrued liabilities	(311)	88	192
Contract liabilities, current	(18)	24	—
Pension contributions	(36)	(45)	(44)
Other operating activities, net	8	(3)	(137)
Net cash flows provided by operating activities	<u>2,002</u>	<u>2,055</u>	<u>2,098</u>
<b>Investing Activities:</b>			
Capital expenditures	(243)	(263)	(326)
Investments in businesses, net of cash acquired (Note 9)	—	(310)	(176)
Dispositions of businesses (Note 9)	6	1,032	52
Proceeds from sale of investments in Watsco, Inc.	—	—	596
Other investing activities, net	24	(44)	125
Net cash flows provided by (used in) investing activities	<u>(213)</u>	<u>415</u>	<u>271</u>
<b>Financing Activities:</b>			
Increase (decrease) in short-term borrowings, net	25	3	(8)
Issuance of project financing obligations	107	117	99
Repayment of project financing obligations	(138)	—	(103)
Purchase of shares from redeemable noncontrolling interest	—	—	(286)
Dividends paid to noncontrolling interest	(28)	(46)	(31)
Net transfers to UTC	(1,954)	(2,685)	(1,850)
Other financing activities, net	21	(16)	(14)
Net cash flows used in financing activities	<u>(1,967)</u>	<u>(2,627)</u>	<u>(2,193)</u>
Effect of foreign exchange rates on cash and cash equivalents	1	(39)	64
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>(177)</u>	<u>(196)</u>	<u>240</u>
Cash, cash equivalents and restricted cash, beginning of year	<u>1,134</u>	<u>1,330</u>	<u>1,090</u>
Cash, cash equivalents and restricted cash, end of year	<u>957</u>	<u>1,134</u>	<u>1,330</u>
Less: Restricted cash	5	5	6
Cash and cash equivalents, end of year	<u>\$ 952</u>	<u>\$ 1,129</u>	<u>\$ 1,324</u>
<b>Supplemental Cash Flow Information:</b>			
Interest paid, net of amounts capitalized	\$ 28	\$ 16	\$ 14
Interest paid - related party	55	59	202
Income taxes paid - related party	475	649	608
Income taxes paid, net of refunds	\$ 284	\$ 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, NORESKO, 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.

On November 26, 2018, United Technologies Corporation (“UTC”) announced its plan to separate Carrier into an independent publicly traded company (the “Separation”). The Separation will be effectuated through a spin-off, pursuant to which UTC will distribute to UTC shareowners all of the outstanding common shares of common stock of Carrier.

### NOTE 2: BASIS OF PRESENTATION

The Business has historically operated as a part of UTC; consequently, stand-alone financial statements have not historically been prepared for the Business. The accompanying 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).

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All 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, 2019 and 2018, restricted cash of approximately \$5 million and \$5 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.** Inventories 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,

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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 \$120 million and \$113 million at December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, approximately 32% and 31%, respectively, of all inventory utilized the LIFO method.

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 within Operating profit 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, 2019 and determined that no impairments to the carrying value of goodwill or indefinite lived intangible assets were necessary.

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.

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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 three years ended December 31, 2019.

**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 consolidated 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 consolidated 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 certain 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 records 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 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.

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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. 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.

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**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 \$239 million and \$224 million at December 31, 2019 and 2018, respectively, of which \$66 million and \$64 million were primarily classified as Other long-term liabilities at December 31, 2019 and 2018, respectively. The expense related to self-insurance was \$177 million, \$170 million and \$158 million for the years ended December 31, 2019, 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 20 – *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 evaluates 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 20 – *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, 2019 and 2018, the outstanding liability for asset retirement obligations was \$74 million and \$73 million, respectively, which is included in Other long-term liabilities in the accompanying Combined Balance Sheets.

**Other Income (Expense), Net.** Other income (expense), 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 (expense), 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 within Contract liabilities as of December 31, 2019 and 2018. In addition, the Business incurs discretionary costs to service its products in connection with product performance issues. The costs associated with these product 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

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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. 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 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 is still evaluating the impact of this ASU and its related amendments on the Combined Financial Statements, which is not expected to be material.

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 elected to reclassify the income tax effects of TCJA from AOCI to UTC Net Investment effective January 1, 2019. The adoption of this standard did 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.

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 ending after December 15, 2020, with early adoption permitted. The Business is currently evaluating the impact of this ASU and expect to adopt for the year ending December 31, 2020.

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, 2019, with early adoption permitted. The Business is currently evaluating the impact of this ASU.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments in this update remove certain exceptions of Topic 740 including: exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or gain from other items; exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; exception to the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. There are also additional areas of guidance in regards to: franchise and other taxes partially based on income and the interim recognition of enactment of tax laws and rate changes. 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

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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.

**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, 2019 and 2018 are as follows:

<i>(dollars in millions)</i>	2019	2018
Contract assets, current	\$ 622	\$ 566
Contract assets, noncurrent (included within Other assets)	57	100
Total contract assets	<u>679</u>	<u>666</u>
Contract liabilities, current	(443)	(448)
Contract liabilities, noncurrent (included within Other long-term liabilities)	(168)	(164)
Total contract liabilities	<u>(611)</u>	<u>(612)</u>
Net contract assets	<u>\$ 68</u>	<u>\$ 54</u>

The Business reclassified \$666 million to contract assets in connection with the adoption of the New Revenue Standard on January 1, 2018. Contract assets increased by \$13 million from January 1, 2019 to December 31, 2019 due primarily to revenue recognition in excess of customer billings. Contract assets increased by \$143 million from January 1, 2018 to December 31, 2018 due primarily to revenue recognition in excess of customer billings.

The Business reclassified \$612 million to contract liabilities in connection with the adoption of the New Revenue Standard. In 2019, we recognized net sales of \$362 million related to contract liabilities as of January 1, 2019. Contract liabilities decreased by \$1 million from January 1, 2019 to December 31, 2019 and increased by \$4 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. Carrier’s total RPO is approximately \$4.7 billion and \$5.3 billion as of December 31, 2019 and 2018, respectively. Of the total RPO as of December 31, 2019, the Business expects approximately 64% 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 \$23 million, \$25 million and \$29 million for the years ended December 31, 2019, 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, 2019, 2018 and 2017 were \$245 million, \$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 2019, 2018 and 2017. The amounts that would have been, or will be incurred, 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 \$16.0 billion and \$15.1 billion as of December 31, 2019 and 2018, respectively. The UTC Net Investment includes related party payables due to UTC and its affiliates of \$3.3 billion and \$2.6 billion as of December 31, 2019 and 2018, respectively. The interest income and expense related to the activity with UTC that was 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 \$91 million, \$110 million and \$85 million for the years ended December 31, 2019, 2018 and 2017, respectively. Interest expense on the activity with UTC was \$55 million, \$59 million and \$202 million for the years ended December 31, 2019, 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 \$6 million and \$12 million at December 31, 2019 and 2018, respectively, and Accounts payable includes \$4 million and \$8 million at December 31, 2019 and 2018, respectively, related to such transactions.

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**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 significant for 2019, 2018 and 2017.

UTC has also obtained guarantees 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, such guarantees 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, 2019 and 2018, total outstanding UTC guarantees were approximately \$1.4 billion and \$0.9 billion, 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 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.

**Separation Costs.** In connection with the Separation as further described in Note 1, we have incurred pre-separation costs of approximately \$58 million for the year ended December 31, 2019 and zero for both years ended December 31, 2018 and 2017. These costs were primarily related to 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 Carrier's transition to being a stand-alone public company and are primarily recorded within Selling, general and administrative in the Combined Statement of Operations.

### NOTE 6: ACCOUNTS RECEIVABLE, NET

<i>(dollars in millions)</i>	2019	2018
Trade receivables	\$ 2,444	\$ 2,549
Receivables from affiliates	143	113
Miscellaneous receivables	184	152
	<u>\$ 2,771</u>	<u>\$ 2,814</u>
Less: Allowance for doubtful accounts	<u>(45)</u>	<u>(141)</u>
	<u>2,726</u>	<u>2,673</u>

Accounts receivable are carried at amounts that approximate fair value. Bad debt expense was \$18 million, \$20 million and \$12 million for the years ended December 31, 2019, 2018 and 2017, respectively. In 2019, \$61 million of the prior year allowance for doubtful accounts has been reflected as a direct reduction in Trade receivables.

### NOTE 7: INVENTORIES, NET

<i>(dollars in millions)</i>	2019	2018
Raw materials	\$ 290	\$ 336
Work-in-process	120	102
Finished goods	922	925
	<u>\$ 1,332</u>	<u>1,363</u>

Raw materials, work-in-process and finished goods are net of valuation reserves of \$152 million and \$142 million as of December 31, 2019 and 2018, respectively.

**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)	2019	2018
Land		\$ 113	\$ 114
Buildings and improvements	40	1,138	1,142
Machinery, tools and equipment	3 to 25	1,924	1,815
Rental assets	3 to 12	395	293
Other, including assets under construction		188	180
		<u>3,758</u>	<u>3,544</u>
Accumulated depreciation		<u>(2,095)</u>	<u>(1,891)</u>
		<u>\$ 1,663</u>	<u>\$ 1,653</u>

Depreciation expense was \$219 million, \$221 million and \$226 million for the years ended December 31, 2019, 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 2019 and 2018 were zero and \$310 million, respectively. The acquisitions in 2018 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 2019 and 2018 for \$6 million and \$1,032 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>	HVAC	Refrigeration	Fire & Security	Total
Balance as of January 1, 2018	\$ 5,472	\$ 1,417	\$ 3,176	\$ 10,065
Goodwill resulting from business combinations	—	1	194	195
Foreign currency translation and other	(142)	(187)	(82)	(411)
Balance as of December 31, 2018	5,330	1,231	3,288	9,849
Foreign currency translation and other	21	(3)	17	35
Balance as of December 31, 2019	<u>\$ 5,351</u>	<u>\$ 1,228</u>	<u>\$ 3,305</u>	<u>\$ 9,884</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, 2019 and determined that no adjustments to the carrying value of goodwill were necessary.

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**Intangible Assets.** Identifiable intangible assets are comprised of the following:

<i>(dollars in millions)</i>	2019		2018	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<b>Amortized:</b>				
Customer relationships	\$ 1,479	\$ (1,154)	\$ 1,511	\$ (1,098)
Patents and trademarks	287	(201)	292	(189)
Monitoring lines	67	(52)	64	(46)
Service portfolios and other	629	(506)	631	(490)
	<u>2,462</u>	<u>(1,913)</u>	<u>2,498</u>	<u>(1,823)</u>
<b>Unamortized:</b>				
Trademarks and other	534	—	539	—
<b>Total</b>	<u>\$ 2,996</u>	<u>\$ (1,913)</u>	<u>\$ 3,037</u>	<u>\$ (1,823)</u>

Amortization of intangible assets was \$116 million, \$136 million and \$146 million for the years ended December 31, 2019, 2018 and 2017, respectively. The estimated future amortization of intangible assets is as follows:

<i>(dollars in millions)</i>	2020	2021	2022	2023	2024
Future amortization	\$ 101	\$ 91	\$ 72	\$ 63	\$ 55

**NOTE 10: ACCRUED LIABILITIES**

<i>(dollars in millions)</i>	2019	2018
Accrued salaries, wages and employee benefits	\$ 516	\$ 519
Accrued taxes	318	325
Warranty related	200	190
Project financing obligations	234	150
Accrued restructuring	66	56
Accrued legal and environmental reserves	24	26
Customer advances and deferred revenue	26	24
Other	941	784
	<u>\$ 2,325</u>	<u>\$ 2,074</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 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, 2019 and 2018 are as follows:

<i>(dollars in millions)</i>	2019	2018
Warranty related	\$ 288	\$ 283
Environmental reserves	203	200
Project financing obligations	75	137
Asset retirement obligations	74	73
Other	625	610
	<u>\$ 1,265</u>	<u>\$ 1,303</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.

**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 \$88 million, \$94 million and \$86 million for 2019, 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>	2019	2018
<b>Change in Benefit Obligation</b>		
Beginning balance	\$ 2,581	\$ 2,822
Service cost	31	33
Interest cost	67	64
Actuarial (gain) loss	351	(110)
Benefits paid	(132)	(114)
Net settlement, curtailment and special termination benefits	(38)	(8)
Other	25	(106)
Ending balance	<u>\$ 2,885</u>	<u>\$ 2,581</u>
<b>Change in Plan Assets</b>		
Beginning balance	\$ 2,635	\$ 3,000
Actual return on plan assets	381	(162)
Employer contributions	36	45
Benefits paid	(132)	(114)
Settlements	(14)	(7)
Other	47	(127)
Ending balance	<u>\$ 2,953</u>	<u>\$ 2,635</u>
<b>Funded Status</b>		
Fair value of plan assets	\$ 2,953	\$ 2,635
Benefit obligations	<u>(2,885)</u>	<u>(2,581)</u>
Funded status of plan	<u>\$ 68</u>	<u>\$ 54</u>

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	<u>2019</u>	<u>2018</u>
<b>Amounts Recognized in the Combined Balance Sheets Consist of</b>		
Noncurrent assets	\$ 488	\$ 442
Current liability	(9)	(16)
Noncurrent liability	(411)	(372)
Net amount recognized	<u>\$ 68</u>	<u>\$ 54</u>

**Amounts Recognized in Accumulated Other Comprehensive Loss Consist of**

Net actuarial loss	\$ 577	\$ 482
Prior service cost	15	11
Net amount recognized	<u>\$ 592</u>	<u>\$ 493</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 9% 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 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 2019, 2018 and 2017, we made \$36 million, \$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>	<u>2019</u>	<u>2018</u>
Projected benefit obligation	\$ 549	\$ 501
Accumulated benefit obligation	506	463
Fair value of plan assets	137	125

Information for pension plans with projected benefit obligations in excess of plan assets:

<i>(dollars in millions)</i>	<u>2019</u>	<u>2018</u>
Projected benefit obligation	\$ 690	\$ 616
Accumulated benefit obligation	630	564
Fair value of plan assets	270	228

The accumulated benefit obligation for all defined benefit pension plans was \$2.8 billion and \$2.5 billion at December 31, 2019 and 2018, respectively.

The components of the net periodic pension benefit are as follows:

<i>(dollars in millions)</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Pension Benefits:</b>			
Service cost	\$ 31	\$ 33	\$ 34
Interest cost	67	64	65
Expected return on plan assets	(154)	(170)	(160)
Amortization of prior service cost	2	1	2
Recognized actuarial net loss	9	16	14
Net settlement, curtailment and special termination benefits loss (gain)	4	1	(3)
Net periodic pension benefit – employer	<u>\$ (41)</u>	<u>\$ (55)</u>	<u>\$ (48)</u>

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Other changes in plan assets and benefit obligations recognized in other comprehensive loss in 2019 are as follows:

<i>(dollars in millions)</i>	2019
Current year actuarial loss	\$ 112
Amortization of actuarial loss	(9)
Amortization of prior service cost	(2)
Net settlement and curtailment gain	(4)
Other	2
Total recognized in other comprehensive loss	\$ 99
Net recognized in net periodic pension benefit and other comprehensive loss	\$ 58

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.

The estimated amount that will be amortized from accumulated other comprehensive loss into net periodic pension benefit in 2020 is as follows:

<i>(dollars in millions)</i>	
Net actuarial loss	\$ 18
Prior service cost	1
	\$ 19

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		
	2019	2018	2019	2018	2017
Discount rate					
Projected benefit obligation	2.0%	2.8%	2.8%	2.5%	2.7%
Interest cost <sup>(1)</sup>	—	—	2.7%	2.4%	2.5%
Service cost <sup>(1)</sup>	—	—	3.2%	2.8%	3.1%
Salary scale	3.4%	3.0%	3.0%	3.0%	2.6%
Expected return on plan assets	—	—	5.6%	6.0%	6.2%

Note (1) The 2019 and 2018 discount rates used to measure the service cost and interest cost applies to our significant plans. The projected benefit obligation 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

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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.

The fair values of pension plan assets at December 31, 2019 and 2018 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
<b>Asset Category</b>					
Public Equities:					
Global Equities	\$ 29	\$ —	\$ —	\$ —	\$ 29
Global Equity Commingled Funds <sup>(1)</sup>	—	141	—	—	141
Enhanced Global Equities <sup>(2)</sup>	3	3	—	—	6
Global Equity Funds at net asset value <sup>(8)</sup>	—	—	—	927	927
Private Equities <sup>(3),(8)</sup>	—	—	2	10	12
Fixed income securities:					
Governments	8	35	—	—	43
Corporate Bonds	—	169	—	—	169
Fixed income securities <sup>(8)</sup>	—	—	—	1,449	1,449
Real Estate <sup>(4),(8)</sup>	—	3	12	6	21
Other <sup>(5),(8)</sup>	—	68	—	23	91
Cash & cash equivalents <sup>(6),(8)</sup>	—	3	—	44	47
Subtotal	<u>\$ 40</u>	<u>\$ 422</u>	<u>\$ 14</u>	<u>\$ 2,459</u>	<u>\$ 2,935</u>
Other Assets & Liability <sup>(7)</sup>					18
<b>Total at December 31, 2019</b>					<u><u>\$ 2,953</u></u>
Public Equities:					
Global Equities	\$ 22	\$ —	\$ —	\$ —	\$ 22
Global Equity Commingled Funds <sup>(1)</sup>	1	115	—	—	116
Enhanced Global Equities <sup>(2)</sup>	1	4	—	—	5
Global Equity Funds at net asset value <sup>(8)</sup>	—	—	—	815	815
Private Equities <sup>(3),(8)</sup>	—	—	1	9	10
Fixed income securities:					
Governments	13	28	—	—	41
Corporate Bonds	—	136	—	—	136
Fixed income securities <sup>(8)</sup>	—	—	—	1,323	1,323
Real Estate <sup>(4),(8)</sup>	—	3	10	13	26
Other <sup>(5),(8)</sup>	—	63	—	18	81
Cash & cash equivalents <sup>(6),(8)</sup>	—	7	—	37	44
Subtotal	<u>\$ 37</u>	<u>\$ 356</u>	<u>\$ 11</u>	<u>\$ 2,215</u>	<u>\$ 2,619</u>
Other Assets & Liability <sup>(7)</sup>					16
<b>Total at December 31, 2018</b>					<u><u>\$ 2,635</u></u>

Note (1) Represents commingled funds that invest primarily in common stocks.

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- 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.

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 2019 or 2018 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 2020. 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: \$127 million in 2020, \$120 million in 2021, \$123 million in 2022, \$125 million in 2023, \$126 million in 2024 and \$665 million from 2025 through 2029.

**Postretirement Benefit Plans.** The Business sponsors postretirement benefit plans that provide health and both life benefits to eligible retirees. The postretirement plans are unfunded. The benefit obligation was \$6 million at both December 31, 2019 and 2018. The net periodic benefit cost was \$0.2 million, \$0.2 million and \$0.3 million for 2019, 2018 and 2017, respectively. Other comprehensive income of \$1 million was recognized during 2019 related to changes in benefit obligations.

The projected benefit obligation discount rate was 3.0% and 3.6% at December 31, 2019 and 2018, respectively. The Net Cost discount rate was 3.6%, 3.4% and 3.7% for 2019, 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 2020, \$0.3 million in 2021, \$0.2 million in 2022, \$0.2 million in 2023, \$0.2 million in 2024 and \$1.1 million from 2025 through 2029.

**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 2019 and 2018

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is for the plan’s year-end at December 31, 2018, and December 31, 2017, 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
		2019	2018		2019	2018		
<b>Pension Fund</b>								
Metal and technology industry pension plan	N/A	<b>Green</b>	Green	No	\$ 6	\$ 6	No	September 30, 2021
Other funds					14	15		
					<u>\$ 20</u>	<u>\$ 21</u>		

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, 2019, 2018 and 2017 were as follows:

<i>(dollars in millions)</i>	2019	2018	2017
Service cost	\$ 18	\$ 22	\$ 23
Non-service pension cost	(81)	(80)	(57)
	<u>\$ (63)</u>	<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 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 net of expected forfeitures. For the years ended December 31, 2019, 2018 and 2017, \$52 million, \$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 \$11 million, \$10 million and \$8 million for the years ended December 31, 2019, 2018 and 2017, respectively. The amounts have been adjusted for the impact of the TCJA. Please see Note 14 — *Income Taxes* for additional details.

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For the years ended December 31, 2019, 2018 and 2017, the amount of cash received from the exercise of stock options was \$3 million, \$4 million and \$7 million, respectively, with an associated tax benefit realized of \$16 million, \$7 million and \$19 million, respectively. In addition, for the years ended December 31, 2019, 2018 and 2017, the associated tax benefit realized from the vesting of performance share units and other restricted awards was \$9 million, \$2 million and \$4 million, respectively. The 2019 amount was computed using current U.S. federal and state tax rates.

At December 31, 2019, there was \$62 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 2.5 years.

A summary of the transactions under all long-term incentive plans that UTC granted to Carrier employees for the year ended December 31, 2019 follows:

<i>(shares and units in thousands)</i>	Stock Options		Stock Appreciation Rights		Performance Share Units		Other Incentive Shares/ Units
	Shares	Average Price*	Shares	Average Price*	Units	Average Price*	
Outstanding at							
December 31, 2018	71	\$ 85.86	5,635	\$ 100.16	289	\$ 110.59	499
Granted	2	133.19	1,673	124.37	142	121.79	219
Ancillary**	—	—	—	—	18	95.53	—
Exercised/earned	(35)	87.18	(1,658)	89.30	(155)	95.54	(211)
Cancelled	(1)	110.83	(157)	120.41	(25)	112.39	(35)
Net Transfers <sup>(1)</sup>	(1)	95.23	665	105.29	93	108.91	121
December 31, 2019	<u>36</u>	<u>\$ 91.06</u>	<u>6,158</u>	<u>\$ 109.71</u>	<u>362</u>	<u>\$ 120.16</u>	<u>593</u>

\* Weighted-average grant/exercise price

\*\* Ancillary shares granted based on actual performance achieved on the 2016 award

Note (1) Represents net activity related to employee movement between UTC business units and other miscellaneous adjustments.

The weighted-average grant date fair value of stock options and stock appreciation rights granted by UTC during 2019, 2018 and 2017 was \$21.02, \$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 2019, 2018 and 2017 was \$112.76, \$131.42 and \$111.00 respectively. The total fair value of awards vested during the years ended December 31, 2019, 2018 and 2017 was \$48 million, \$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, 2019, 2018, and 2017 was \$80 million, \$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 \$45 million, \$14 million and \$18 million during the years ended December 31, 2019, 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, 2019:

<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	6,083	\$ 109.31	\$ 246	6.1 years	3,333	\$ 98.4	\$ 171	4.3 years
Performance Share Units/ Restricted Stock	1,006	\$ —	\$ 151	1.7 years				

\* Weighted-average exercise price per share

\*\* Weighted-average contractual remaining term in years

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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, 2019 and 2018. 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:

	2019	2018	2017
Expected volatility	18.8% - 19.7%	17.5% - 21.1%	19%
Weighted-average volatility	20%	18%	19%
Expected term (in years)	6.5 - 6.6	6.5-6.6	6.5
Expected dividend yield	2.4%	2.2%	2.4%
Risk-free rate	2.3% - 2.7%	1.3% - 2.7%	0.5% - 2.5%

Expected volatilities are based on the returns of UTC 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, 2019, 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
<b>Balance at December 31, 2017</b>	<b>\$ (393)</b>	<b>\$ (222)</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ (617)</b>
Other comprehensive loss before reclassifications, net	(441)	(209)	—	—	(650)
Amounts reclassified, pre-tax	—	17	—	2	19
Tax expense reclassified	—	33	—	—	33
<b>Balance at December 31, 2018</b>	<b>\$ (834)</b>	<b>\$ (381)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,215)</b>
Other comprehensive loss before reclassifications, net	52	(109)	—	—	(57)
Amounts reclassified, pre-tax	2	11	—	—	13
Tax expense reclassified	—	15	—	—	15
ASU 2018-02 adoption impact	—	(9)	—	—	(9)
<b>Balance at December 31, 2019</b>	<b>\$ (780)</b>	<b>\$ (473)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,253)</b>

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 in 2017 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.

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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 through December 31, 2017. 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>	2019	2018	2017
United States	\$ 1,460	\$ 2,360	\$ 1,620
Foreign	\$ 1,212	\$ 1,482	\$ 1,434
Total	\$ 2,672	\$ 3,842	\$ 3,054

On December 22, 2017 Public Law 115-97 “An Act to Provide for Reconciliation to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018” was enacted. This law is commonly referred to as the Tax Cuts and Jobs Act of 2017 (“TCJA”).

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, in 2018 it recorded the international taxes associated with the future remittance of these earnings. 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, 2019, such undistributed earnings were approximately \$6 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, 2019, 2018 and 2017 consisted of the following components:

<i>(dollars in millions)</i>	2019	2018	2017
Current:			
United States:			
Federal	\$ 262	\$ 479	1,318
State	72	119	99
Foreign	305	342	342
	<u>639</u>	<u>940</u>	<u>1,759</u>
Future:			
United States:			
Federal	(14)	(37)	22
State	(2)	24	2
Foreign	(106)	146	4
	<u>(122)</u>	<u>133</u>	<u>28</u>
Income tax expense	<u>517</u>	<u>1,073</u>	<u>1,787</u>
Attributable to items credited to UTC Net Investment	\$ (36)	\$ (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:

<i>(dollars in millions)</i>	2019	2018	2017
Statutory U.S. federal income tax rate	21.0%	21.0%	35.0%
State income taxes	2.5%	2.6%	1.8%
Tax on international activities	2.5%	4.4%	(3.4)%
Tax audit settlements	(5.6)%	—%	(0.4)%
U.S. tax reform adoption	—%	—%	26.1%
Other	(1.0)%	(0.1)%	(0.6)%
Effective income tax rate	<u>19.4%</u>	<u>27.9%</u>	<u>58.5%</u>

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The 2019 effective tax rate reflects a net tax benefit of \$149 million as a result of the filing by a subsidiary of Carrier to participate in an amnesty program offered by the Italian Tax Authority and conclusion of the audit by the Examination Division of the Internal Revenue Service for the UTC 2014, 2015 and 2016 tax years.

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 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 certain 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 tax effects of temporary differences and tax carryforwards which gave rise to future income tax benefits and payables at December 31, 2019 and 2018 are as follows:

<i>(dollars in millions)</i>	2019	2018
<b>Future income tax benefits:</b>		
Insurance and employee benefits	\$ 76	\$ 76
Other asset basis differences	128	126
Other liability basis differences	556	331
Tax loss carryforward	236	159
Tax credit carryforwards	55	60
Valuation allowances	(128)	(107)
	<u>\$ 923</u>	<u>\$ 645</u>
<b>Future income taxes payable:</b>		
Intangible assets	\$ 392	\$ 403
Other asset basis differences	297	165
	<u>\$ 689</u>	<u>\$ 568</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, 2019, 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
<b>Expiration period:</b>		
2020-2024	\$ 52	\$ 8
2025-2029	105	3
2030-2039	41	1
Indefinite	882	43
Total	<u>\$ 1,080</u>	<u>\$ 55</u>

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**Unrecognized Tax Benefits.** At December 31, 2019, Carrier had gross tax-effected unrecognized tax benefits of \$166 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, 2019, 2018 and 2017 is as follows:

<i>(dollars in millions)</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Balance at January 1	\$ 316	\$ 290	\$ 243
Additions for tax positions related to the current year	30	27	54
Additions for tax positions of prior years	14	3	17
Reductions for tax positions of prior years	(19)	(4)	(20)
Settlements	(175)	—	(4)
Balance at December 31	<u>\$ 166</u>	<u>\$ 316</u>	<u>\$ 290</u>
Gross interest expense related to unrecognized tax benefits	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 4</u>
Total accrued interest balance at December 31	<u>\$ 25</u>	<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 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 the second quarter of 2019, a subsidiary of Carrier that was engaged in litigation before the Italian Supreme Court filed for participation in the Italian amnesty program. 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 \$166 million, including pre-tax interest of approximately \$16 million.

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.

It is reasonably possible that a net increase within the range of \$14 million to \$18 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, 2019, 2018 and 2017, the Business recorded net pre-tax restructuring costs totaling \$126 million, \$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>	<u>2019</u>	<u>2018</u>	<u>2017</u>
HVAC	\$ 56	\$ 20	\$ 36
Refrigeration	14	23	13
Fire & Security	53	34	57
Eliminations and other	3	3	5
Total	<u>\$ 126</u>	<u>\$ 80</u>	<u>\$ 111</u>

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Restructuring charges incurred in the years ended December 31, 2019, 2018 and 2017 primarily relate to actions initiated during 2019, 2018 and 2017, and were recorded as follows:

<i>(dollars in millions)</i>	2019	2018	2017
Cost of sales	\$ 36	\$ 36	\$ 48
Selling, general, & administrative	90	44	63
<b>Total</b>	<b>\$ 126</b>	<b>\$ 80</b>	<b>\$ 111</b>

**2019 Actions.** During 2019, the Business recorded net pre-tax restructuring costs totaling \$110 million for restructuring actions initiated in 2019, consisting of \$29 million in Cost of sales and \$81 million in Selling, general and administrative expenses. The 2019 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 2019 restructuring actions:

<i>(dollars in millions)</i>	Severance	Facility Exit, Lease Termination and Other Costs	Total
Balance at January 1, 2019	\$ —	\$ —	\$ —
Net pre-tax restructuring costs	102	8	110
Utilization, foreign exchange and other costs	(60)	(7)	(67)
<b>Balance at December 31, 2019</b>	<b>\$ 42</b>	<b>\$ 1</b>	<b>\$ 43</b>

The following table summarizes expected, incurred and remaining costs for the 2019 restructuring actions by segment:

<i>(dollars in millions)</i>	Expected Costs	Costs Incurred During 2019	Remaining Costs at December 31, 2019
HVAC	\$ 53	\$ (51)	\$ 2
Refrigeration	16	(14)	2
Fire & Security	49	(43)	6
Eliminations and other	2	(2)	—
<b>Total</b>	<b>\$ 120</b>	<b>\$ (110)</b>	<b>\$ 10</b>

**2018 Actions.** During 2019, the Business recorded net pre-tax restructuring costs totaling \$16 million for restructuring actions initiated in 2018, consisting of \$7 million in Cost of sales and \$9 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 and 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	\$ 31	\$ 2	\$ 33
Net pre-tax restructuring costs	8	8	16
Utilization, foreign exchange and other costs	(30)	(9)	(39)
<b>Balance at December 31, 2019</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ 10</b>

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The following table summarizes expected, incurred and remaining costs for the 2018 restructuring actions by segment:

<i>(dollars in millions)</i>	Expected Costs	Costs Incurred During 2018	Costs Incurred During 2019	Remaining Costs at December 31, 2019
HVAC	\$ 24	\$ (17)	\$ (7)	\$ —
Refrigeration	26	(21)	—	5
Fire & Security	34	(22)	(9)	3
Eliminations and other	3	(3)	—	—
<b>Total</b>	<b>\$ 87</b>	<b>\$ (63)</b>	<b>\$ (16)</b>	<b>\$ 8</b>

**2017 Actions.** During 2019, the Business did not incur any costs related to restructuring actions initiated in 2017. 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 and Other Costs	Total
Balance at January 1, 2017	\$ —	\$ —	\$ —
Net pre-tax restructuring costs	74	2	76
Utilization, foreign exchange and other costs	(33)	(1)	(34)
Balance 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	11	5	16
Net pre-tax restructuring costs	(1)	1	—
Utilization, foreign exchange and other costs	(7)	(1)	(8)
<b>Balance at December 31, 2019</b>	<b>\$ 3</b>	<b>\$ 5</b>	<b>\$ 8</b>

As of December 31, 2019, remaining expected costs related to 2017 restructuring programs are not significant.

**2016 Actions.** During 2019, the Business did not incur any restructuring costs related to actions initiated in 2016 and prior. As of December 31, 2019, we have \$5 million of accrual balances remaining related to 2016 and prior actions.

**NOTE 16: EQUITY METHOD INVESTMENTS**

Carrier had 30 and 31 uncombined domestic and foreign affiliates as of December 31, 2019 and 2018, 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%.

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Summarized financial information for equity method investments is reflected below.

<i>(dollars in millions)</i>	2019	2018	
Current assets	\$ 4,324	\$ 4,123	
Noncurrent assets	2,058	1,703	
Total assets	6,382	5,826	
Current liabilities	2,310	2,204	
Noncurrent liabilities	592	445	
Total liabilities	2,902	2,649	
Total net equity of investees	3,480	3,177	

<i>(dollars in millions)</i>	2019	2018	2017
Net sales	\$ 9,622	\$ 9,142	\$ 8,697
Gross profit	1,741	1,673	1,606
Income from continuing operations	578	645	561
Net income	578	645	561

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. During the Business' assessment of potential impairment indicators related to its equity method investments during 2019, the Business 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 third quarter of 2019. There were no other material impairments of Carrier's investments during the historical periods presented.

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, 2019, 2018 and 2017, Product sales in the Combined Statements of Operations included sales to equity method investees of \$1.8 billion, \$1.9 billion and \$1.9 billion, respectively. During the years ended December 31, 2019, 2018 and 2017, respectively, Cost of products sold in the Combined Statements of Operations included purchases from equity method investees of \$368 million, \$355 million and \$378 million (as corrected from approximately \$600 million in both 2018 and 2017). Carrier had receivables from equity method investees of \$137 million and \$101 million at December 31, 2019 and 2018, respectively. Carrier also had payables to equity method investees of \$55 million and \$74 million at December 31, 2019 and 2018, respectively. The receivables and payables were included in Account receivable, net and Accounts payable, respectively, on the Combined Balance Sheets.

**NOTE 17: OTHER INCOME (EXPENSE), NET**

<i>(dollars in millions)</i>	2019	2018	2017
Transaction gains	\$ —	\$ 799	\$ 379
Impairment of equity method investment (Note 16)	(108)	—	—
Other	106	138	196
Total	\$ (2)	\$ 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.

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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 at both December 31, 2019 and December 31, 2018 recorded within Accrued liabilities. For additional information regarding the environmental indemnifications, see Note 20 — *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, 2019 and 2018 are as follows:

<i>(dollars in millions)</i>	2019	2018
Balance as of January 1	\$ 473	\$ 500
Warranties and performance guarantees issued	182	171
Settlement made	(164)	(191)
Other	(3)	(7)
Balance as of December 31	<u>\$ 488</u>	<u>\$ 473</u>

### NOTE 19: LEASES

We adopted ASU 2016-02, *Leases (Topic 842)* and its related amendments (collectively, the New Lease Accounting Standard) effective January 1, 2019, and elected the modified retrospective approach in which results for periods before 2019 were not adjusted for the new standard and the cumulative effect of the change in accounting was recognized through retained earnings at the date of adoption.

The New Lease Accounting Standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the Combined Balance Sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the Combined Statement of Operations. In addition, this standard requires a lessor to classify leases as either 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.

We have elected certain of the practical expedients available under the New Lease Accounting Standard. We have applied the practical expedient which allows prospective transition to the New Lease Accounting Standard on January 1, 2019. Under the transition practical expedient, we did not reassess lease classification, embedded leases or initial direct costs. We have applied the practical expedient for short-term leases, whereby a lease ROU asset and liability is not recognized and the expense is recognized in a straight-line basis over the lease term. In addition, we have lease agreements with lease and non-lease components, for which we have elected the practical expedients to combine these components for certain equipment leases. Additionally, for certain equipment leases, we apply a portfolio approach to effectively account for the operating lease right-of-use assets and liabilities. The adoption of the New Lease Accounting Standard did not have a material effect on our Combined Statement of Operations or Combined Statement of Cash Flows. Upon adoption, we recorded an \$894 million right-of-use asset and a \$901 million lease liability. The adoption of the New Lease Accounting Standard had an immaterial impact on UTC Net Investment.

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We enter into lease agreements for the use of real estate space, vehicles, information technology equipment and certain other equipment under operating and finance leases. We determine if an arrangement contains a lease at inception. Operating leases are included in Operating lease right-of-use assets, Accrued liabilities and Operating lease liabilities in our Combined Balance Sheet. Finance leases are not considered significant to our Combined Balance Sheet or Combined Statement of Operations.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use an incremental borrowing rate, consistent with that of UTC, based on the information available at commencement date in determining the present value of lease payments, and use the implicit rate when readily determinable. We determine our incremental borrowing rate through market sources including relevant industry rates. Our lease right-of-use assets also include any lease pre-payments and exclude lease incentives. Certain of our leases include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease. We exclude variable payments from lease right-of-use assets and lease liabilities, to the extent not considered fixed, and instead, expense variable payments as incurred. Variable lease expense and lease expense for short duration contracts is not a material component of lease expense. Our leases generally have remaining lease terms of 1 to 25 years, some of which include options to extend leases. The majority of our leases with options to extend are up to 3 years with the ability to terminate the lease within 1 year. The exercise of lease renewal options is at our sole discretion and our lease right-of-use assets and liabilities reflect only the options we are reasonably certain that we will exercise. Lease expense is recognized on a straight-line basis over the lease term.

Operating lease expense for the year ended December 31, 2019, was \$206 million.

Supplemental cash flow information related to operating leases was as follows:

	<b>Year Ended December 31, 2019</b>	
<i>(dollars in millions)</i>		
Operating cash flows used for the measurement of operating lease liabilities	\$	(201)
Operating lease right-of-use assets obtained in exchange for operating lease obligations	\$	136

Operating lease right-of-use assets and liabilities are reflected on our Combined Balance Sheet as follows:

	<b>December 31, 2019</b>	
<i>(dollars in millions, except lease term and discount rate)</i>		
Operating lease right-of-use assets	\$	832
Accrued liabilities		(163)
Operating lease liabilities		(682)
Total operating lease liabilities	\$	(845)

Supplemental information related to operating leases was as follows:

	<b>December 31, 2019</b>
Weighted-Average Remaining Lease Term (in years)	8.0
Weighted-Average Discount Rate	3.6%

Carrier has historically operated as a part of UTC and currently uses UTC's weighted-average discount rate. This rate may differ when Carrier operates on a stand-alone basis.

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Undiscounted maturities of operating lease liabilities, including options to extend lease terms that are reasonably certain of being exercised, as of December 31, 2019 are as follows:

<i>(dollars in millions, except lease term and discount rate)</i>	
	Operating
2020	\$ 182
2021	151
2022	121
2023	97
2024	73
Thereafter	315
Total undiscounted lease payments	939
Less imputed interest	(94)
Total discounted lease payments	\$ 845

Prior to the adoption of the New Lease Accounting Standard, rental commitments on an undiscounted basis were approximately \$685 million at December 31, 2018, under long-term non-cancelable operating leases and were 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 thereafter. Rent expense was \$167 million and \$164 million in 2018 and 2017, respectively.

### NOTE 20: 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.

**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, 2019 and 2018, the outstanding liability for environmental obligations was \$217 million and \$215 million, respectively, of which \$14 million and \$15 million is included in Accrued liabilities and \$203 million and \$200 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.

The amounts recorded for asbestos-related liabilities are based on currently available information and assumptions that we believe are reasonable and are made with input from outside actuarial experts. The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately \$255 million to \$290 million. Where no amount within a range of estimates is more likely, the minimum is accrued. We have recorded the minimum amount of \$255 million, which is principally recorded in Other long-term liabilities on the Combined Balance Sheet as of December 31, 2019. This amount is on a pre-tax basis, not discounted, and excludes the Business' legal fees to defend the asbestos claims, which will continue to be expensed by the Business as they are incurred. In addition, the Business has an insurance recovery receivable for probable asbestos related recoveries of approximately \$104 million, which is included primarily in Other assets on the Combined Balance Sheet as of December 31, 2019.

**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 21: 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, 2019, 2018 and 2017, segment results are presented in accordance with this new structure. The Carrier operating segments 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, smoke and carbon monoxide 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.

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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.

**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:

<i>(dollars in millions)</i>	Net sales			Operating profit		
	2019	2018	2017	2019	2018	2017
HVAC	\$ 9,712	\$ 9,713	\$ 9,045	\$ 1,563	\$ 1,720	\$2,001
Refrigeration	3,792	4,095	3,823	532	1,353	562
Fire & Security	5,500	5,531	5,324	708	726	639
Total Segment	19,004	19,339	18,192	2,803	3,799	3,202
Eliminations and other	(396)	(425)	(378)	(156)	(24)	(32)
General corporate expenses	—	—	—	(156)	(138)	(140)
Combined	\$ 18,608	\$ 18,914	\$ 17,814	\$ 2,491	\$ 3,637	\$3,030

Total assets are not presented for each segment as they are not presented to or reviewed by the CODM.

<i>(dollars in millions)</i>	Segment Assets			Capital Expenditures			Depreciation & Amortization		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
HVAC	\$ 1,953	\$ 1,844	\$ 1,630	\$ 150	\$ 149	\$ 148	\$ 160	\$ 164	\$ 173
Refrigeration	989	998	1,017	30	40	36	34	36	33
Fire & Security	1,728	1,764	1,698	50	45	50	123	141	152
Total Segment	4,670	4,606	4,345	230	234	234	317	341	358
Eliminations and other	10	(4)	(10)	13	29	92	18	16	14
Combined	\$ 4,680	\$ 4,602	\$ 4,335	\$ 243	\$ 263	\$ 326	\$ 335	\$ 357	\$ 372
Cash and cash equivalents	952	1,129	1,324						
Other assets, current	327	378	341						
Total Current Assets	\$ 5,959	\$ 6,109	\$ 6,000						

Segment assets in the table above represents accounts receivable, contract assets, current, and inventories, 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, 2019, 2018 and 2017. Long-lived assets are net fixed assets attributed to the specific geographic regions:

<i>(dollars in millions)</i>	External Net sales			Long-Lived Assets		
	2019	2018	2017	2019	2018	2017
United States Operations	\$ 9,594	\$ 9,415	\$ 8,686	\$ 701	\$ 700	\$ 727
International Operations:						
Europe	5,327	5,711	5,323	439	451	480
Asia Pacific	2,813	2,853	2,782	241	244	222
Other	874	935	1,023	282	258	255
	\$18,608	\$18,914	\$17,814	\$1,663	\$1,653	\$1,684

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Segment sales disaggregated by product versus service for the year ended December 31, 2019, 2018 and 2017 are as follows:

<i>(dollars in millions)</i>	2019	2018	2017
<b>Sales Type</b>			
Product	\$ 8,279	\$ 8,395	\$ 7,902
Service	1,433	1,318	1,143
Total HVAC sales	9,712	9,713	9,045
Product	3,405	3,665	3,427
Service	387	430	396
Total Refrigeration sales	3,792	4,095	3,823
Product	4,072	4,039	3,824
Service	1,428	1,492	1,500
Total Fire & Security sales	5,500	5,531	5,324
Total segment sales	19,004	19,339	18,192
Eliminations and other	(396)	(425)	(378)
Combined	<u>\$ 18,608</u>	<u>\$ 18,914</u>	<u>\$ 17,814</u>

**Major Customers.** There were no customers that individually accounted for 10% or more of the Business' combined Net sales for the years ended December 31, 2019, 2018 and 2017.

**NOTE 22: SUBSEQUENT EVENTS**

The Business evaluated events and transactions occurring subsequent to December 31, 2019 through February 7, 2020, the date the Combined Financial Statements were issued and concluded that there were no subsequent events that required recognition or disclosure.

*Events Subsequent to Original Issuance of Combined Financial Statements (Unaudited)*

In connection with the reissuance of the Combined Financial Statements, the Business has evaluated subsequent events through March 11, 2020, the date the Combined Financial Statements were available to be reissued.

On February 10, 2020, Carrier entered into a Revolving Credit Agreement providing for a \$2.0 billion unsecured, unsubordinated 5-year revolving credit facility and a Term Loan Credit Agreement providing for a \$1.75 billion unsecured, unsubordinated 3-year term loan credit facility. Carrier expects to draw upon the Term Loan Credit Agreement in full and use the proceeds to make a cash distribution to UTC prior to the separation of Carrier from UTC. The Term Loan Credit Agreement will initially be guaranteed by UTC and the UTC guarantee will terminate upon the distribution of shares of Carrier common stock to UTC shareholders in connection with the separation of Carrier from UTC.

On February 27, 2020, Carrier issued \$9.25 billion of unsecured, unsubordinated notes consisting of the following: \$500 million of 1.923% notes due 2023, \$2.0 billion of 2.242% notes due 2025, \$1.25 billion of 2.493% notes due 2027, \$2.0 billion of 2.722% notes due 2030, \$1.5 billion of 3.377% notes due 2040 and \$2.0 billion of 3.577% notes due 2050 (together, the "Notes").

Carrier used the net proceeds from the sale of the Notes to make a cash distribution to UTC. Each series of Notes initially will be guaranteed on an unsecured, unsubordinated basis by UTC. Each of the UTC guarantees will terminate upon the distribution of shares of Carrier common stock to UTC shareowners in connection with the separation of Carrier from UTC.

## Schedule II

**Carrier Global Corporation**  
(A Business of United Technologies Corporation)

**Valuation and Qualifying Accounts**  
As of and for the Years Ended December 31, 2019, 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	141
<b>Provision charged to income</b>	<b>18</b>
<b>Doubtful accounts written off (net)</b>	<b>(45)</b>
<b>Other adjustments<sup>(1)</sup></b>	<b><u>(69)</u></b>
<b>Balance, December 31, 2019</b>	<b><u>\$ 45</u></b>

*(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	107
<b>Additions charged to income tax expense</b>	<b>41</b>
<b>Reductions credited to income tax expense</b>	<b>(16)</b>
<b>Other adjustments</b>	<b><u>(4)</u></b>
<b>Balance, December 31, 2019</b>	<b><u>\$ 128</u></b>

(1) Includes \$61 million of the prior year allowance for doubtful accounts which has been reflected as a direct reduction in Trade receivables.

## Important Notice Regarding the Availability of Materials

UNITED TECHNOLOGIES CORPORATION



You are receiving this communication because you hold securities in United Technologies Corporation ("UTC"). UTC has released informational materials regarding the separation of (1) UTC's Carrier business (covering heating, ventilation and air conditioning, refrigeration, fire and security solutions businesses) and (2) UTC's Otis business (covering elevator and escalator manufacturing, installation and service businesses) from UTC's other businesses, that are now available for your review. **This notice provides instructions on how to access UTC materials for informational purposes only.**

The separation will occur by means of a pro rata distribution by UTC of all of the outstanding common stock of (1) Carrier Global Corporation ("Carrier") and (2) Otis Worldwide Corporation ("Otis") to UTC's shareowners. The materials consist of: (1) the Information Statement, plus any supplements, that Carrier has prepared in connection with the separation, and (2) the Information Statement, plus any supplements, that Otis has prepared in connection with the separation.

You may view the materials online at [www.materialnotice.com](http://www.materialnotice.com) and easily request a paper or e-mail copy (see reverse side).

**See the reverse side for instructions on how to access materials.**

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**Materials Available to VIEW or RECEIVE:**



Carrier Global Corporation Information Statement

Otis Worldwide Corporation Information Statement

**How to View Online:**

Visit: [www.materialnotice.com](http://www.materialnotice.com). Have the information that is printed in the box marked by the arrow above.

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