

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

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): April 1, 2020 (April 1, 2020)**

**CARRIER GLOBAL CORPORATION**

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

**Delaware**  
**(State or Other Jurisdiction of Incorporation)**

**001-39220**  
**(Commission File Number)**

**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)**

**N/A**  
**(Former Name or Former Address, if Changed Since Last Report)**

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, par value \$0.01 per share</b>	<b>CARR</b>	<b>New York Stock Exchange</b>

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

Emerging growth company

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

**Item 1.01. Entry Into a Material Definitive Agreement.**

*Separation-Related Agreements*

On April 2, 2020, Carrier Global Corporation (the “Company”) entered into a Separation and Distribution Agreement with United Technologies Corporation (since renamed Raytheon Technologies Corporation) (“UTC”), pursuant to which, among other things, UTC agreed to separate into three independent, publicly traded companies – UTC, Otis Worldwide Corporation (“Otis”) and the Company (the “Separation”) – and distribute (the “Distribution”) all of the outstanding common stock of the Company to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date for the distribution. UTC distributed 866,158,910 shares of common stock of the Company in the Distribution, which was effective at 12:01 a.m., Eastern Time, on April 3, 2020 (the “Effective Time”). As a result of the Distribution, the Company is now an independent public company and its common stock is listed under the symbol “CARR” on the New York Stock Exchange.

In connection with the Separation and the Distribution, on April 2, 2020, the Company entered into various agreements with UTC and Otis to provide a framework for the Company’s relationship with UTC and Otis after the Separation and the Distribution, including the following agreements:

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

Summaries of the material terms of these agreements can be found in the Company’s information statement, dated March 16, 2020, which was included as Exhibit 99.1 to the Company’s Current Report on Form 8-K filed on March 16, 2020 (the “Information Statement”), under the section entitled “Certain Relationships and Related Party Transactions.” These summaries are incorporated herein by reference. The foregoing descriptions of these agreements set forth under this Item 1.01 are not complete and are subject to, and qualified in their entirety by reference to, the full text of the agreements, which are attached hereto as Exhibits 2.1, 10.1, 10.2, 10.3 and 10.4 and are incorporated herein by reference.

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

*Appointment of Officers*

In connection with the Separation and the Distribution, effective as of the Effective Time, the following individuals, who had been previously serving in their positions shown below, continued as executive officers of the Company as set forth in the table below:

David Gitlin	President and Chief Executive Officer
Timothy McLevish	Vice President, Chief Financial Officer
Kyle Crockett	Vice President, Controller

Biographical information about the Company’s executive officers can be found in the Information Statement under the section entitled “Management—Executive Officers Following the Distribution.” Compensation information for the Company’s named executive officers can be found in the Information Statement under the section entitled “Executive Compensation.” These sections of the Information Statement are incorporated herein by reference.

## *Appointment of Directors*

On March 16, 2020, when the Company's Registration Statement on Form 10 (File No. 001-39220), initially publicly filed with the U.S. Securities and Exchange Commission (the "SEC") on February 7, 2020 and subsequently amended, was declared effective, the members of the Board of Directors of the Company (the "Board") consisted of Gregory Marshall, Sean Moylan, Michael P. Ryan and Christopher Witzky. On March 17, 2020, the day prior to the start of when-issued trading, the size of the Board expanded to consist of five directors, and Charles M. Holley, Jr. was appointed to the Board and the Audit Committee, effective as of such date. In connection with the Separation and the Distribution, effective as of the Effective Time, the size of the Board expanded again to consist of eight directors, and each of Gregory Marshall, Sean Moylan, Michael P. Ryan and Christopher Witzky resigned from the Board. Each of John V. Faraci, Jean-Pierre Garnier, David Gitlin, John J. Greisch, Michael M. McNamara, Michael A. Todman, and Virginia M. (Gina) Wilson was appointed to the Board effective as of the Effective Time. Charles M. Holley, Jr. remains on the Board and will continue to serve as a director of the Company.

Biographical and compensation information for each of the directors appointed to the Board can be found in the Company's Information Statement under the section entitled "Directors—Board of Directors Following the Distribution" and "Director Compensation," which is incorporated by reference into this Item 5.02.

As of the effective time of their election to the Board:

- Each of Michael M. McNamara, Charles M. Holley, Jr., Michael A. Todman and Virginia M. (Gina) Wilson were appointed to serve as members of the Audit Committee of the Board and effective as of the Effective Time, Charles M. Holley, Jr. was appointed Chair of the Audit Committee;
- Each of John J. Greisch, Jean-Pierre Garnier, Charles M. Holley, Jr. and Michael A. Todman were appointed to serve as members of the Compensation Committee of the Board and John J. Greisch was appointed Chair of the Compensation Committee;
- Each of Jean-Pierre Garnier, John J. Greisch, Michael M. McNamara and Virginia M. (Gina) Wilson were appointed to serve as members of the Governance Committee of the Board and Jean-Pierre Garnier was appointed Chair of the Governance Committee; and
- John V. Faraci was appointed Executive Chairman of the Board.

## *Adoption of Compensation Plans*

In connection with the Separation and the Distribution, the Company adopted the following compensation plans effective as of the Effective Time. The named executive officers of the Company are or may become eligible to participate in these compensation plans.

- Carrier Global Corporation 2020 Long-Term Incentive Plan;
- Carrier Global Corporation Change in Control Severance Plan;
- Carrier Global Corporation Executive Annual Bonus Plan;
- Carrier Global Corporation Pension Preservation Plan; and
- French Sub-Plan for Restricted Stock Units Granted Under the Carrier Global Corporation 2020 Long-Term Incentive Plan.

Summaries of certain material features of these plans can be found in the Company's Information Statement under the sections entitled "Executive Compensation" and "Carrier Global Corporation 2020 Long-Term Incentive Plan." These summaries are incorporated herein by reference. The foregoing descriptions of these plans set forth under this Item 5.02 are not complete and are subject to, and qualified in their entirety by reference to, the full text of the plans, which are attached hereto as Exhibits 10.5, 10.6, 10.7, 10.11, and 10.13 and are incorporated herein by reference.

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

In connection with the Separation and the Distribution, the Company filed a certificate of amendment of the Certificate of Incorporation (the “Split Amendment”) with the Secretary of State of the State of Delaware on April 1, 2020, which became effective as of 11:58 p.m. on April 2, 2020. The Split Amendment increased the number of authorized shares of the common stock of the Company and effected a stock split of the outstanding shares of the common stock of the Company. The Company also filed an amended and restated Certificate of Incorporation (the “Amended and Restated Certificate of Incorporation”) with the Secretary of State of the State of Delaware on April 1, 2020, which became effective as of 11:59 p.m. on April 2, 2020. The Company also amended and restated its Bylaws (the “Amended and Restated Bylaws”), effective as of April 3, 2020. A description of the material provisions of the Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws can be found in the Information Statement, under the section entitled “Description of Carrier Capital Stock,” which is incorporated by reference into this Item 5.03. The foregoing descriptions of the Split Amendment, the Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws are not complete and are subject to, and qualified in their entirety by reference to, the full text thereof, which are attached hereto as Exhibits 3.1(a), 3.1(b) and 3.2, respectively, and are incorporated herein by reference.

**Item 5.05 Amendments to the Registrant’s Code of Ethics, or Waiver of a Provision of the Code of Ethics.**

In connection with the Separation and the Distribution, the Board adopted Governance Guidelines and a Code of Ethics. The documents are available on the Company’s website at [www.corporate.carrier.com](http://www.corporate.carrier.com). The information on the Company’s website does not constitute part of this Current Report on Form 8-K and is not incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

On April 3, 2020, the Company announced that it is withdrawing its full year 2020 outlook for sales, adjusted operating profit, and free cash flow (“2020 Outlook”) due to the impact of the COVID-19 virus.

The Company first provided its 2020 Outlook on February 10, 2020, and it reflected the limited, known impact of COVID-19 at that time. Due to the global economic slowdown, social distancing efforts and shelter-in-place directives, and the uncertainty associated with when the coronavirus restrictions will be lifted, the Company is withdrawing its 2020 Outlook. The Company expects to provide an update regarding the impact of COVID-19 on its business as well as the Company’s mitigation plan during its first quarter earnings call.

David Gitlin, President and Chief Executive Officer of the Company stated, “The COVID-19 virus has created an unprecedented public health crisis that is disrupting the lives of our families, friends, co-workers, and customers. We extend our thoughts and support to those suffering from the virus, and to the heroic healthcare professionals who are tending to the sick and working tirelessly to stop the virus in its tracks.”

Gitlin continued, “COVID-19 is having a dramatic effect on nearly every segment of the global economy. While our HVAC, refrigeration, and fire and security solutions are essential to weathering this pandemic, our customers and our operations – including those of our supply chain as well as our field and sales activities – are, nevertheless, significantly affected. Though we are pleased with our opening cash balance and our liquidity position, in addition to our Carrier 600 initiatives, we are taking aggressive cost actions given the current economic climate. We are also closely managing working capital, and will continue to review these cost cutting measures and take additional actions if necessary.”

Gitlin concluded, “We are committed to Carrier’s growth strategy and long-term future, and I am confident that our entire Carrier family will rise to the occasion to meet the challenges ahead of us.”

**Item 7.01 Regulation FD Disclosure.**

On April 3, 2020, the Company issued a press release announcing the completion of the Separation. A copy of the press release furnished herewith as Exhibit 99.1, is incorporated herein by reference, and shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

**Exhibit No. Exhibit**

<a href="#">2.1</a>	Separation and Distribution Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
<a href="#">3.1(a)</a>	Amendment to Certificate of Incorporation of Carrier Global Corporation
<a href="#">3.1(b)</a>	Amended and Restated Certificate of Incorporation of Carrier Global Corporation
<a href="#">3.2</a>	Amended and Restated Bylaws of Carrier Global Corporation
<a href="#">10.1</a>	Transition Services Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
<a href="#">10.2</a>	Tax Matters Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
<a href="#">10.3</a>	Employee Matters Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
<a href="#">10.4</a>	Intellectual Property Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation
<a href="#">10.5</a>	Carrier Global Corporation 2020 Long-Term Incentive Plan
<a href="#">10.6</a>	Carrier Global Corporation Change in Control Severance Plan
<a href="#">10.7</a>	Carrier Global Corporation Executive Annual Bonus Plan
<a href="#">10.8</a>	Carrier Global Corporation Deferred Compensation Plan
<a href="#">10.9</a>	Carrier Global Corporation Company Automatic Contribution Excess Plan
<a href="#">10.10</a>	Carrier Global Corporation LTIP Performance Share Unit Deferral Plan
<a href="#">10.11</a>	Carrier Global Corporation Pension Preservation Plan
<a href="#">10.12</a>	Carrier Global Corporation Board of Directors Deferred Stock Unit Plan
<a href="#">10.13</a>	French Sub-Plan for Restricted Stock Units Granted Under the Carrier Global Corporation 2020 Long-Term Incentive Plan
<a href="#">10.14</a>	Carrier Global Corporation Amended and Restated Savings Restoration Plan
<a href="#">99.1</a>	Press Release of Carrier Global Corporation, issued April 3, 2020
<a href="#">104</a>	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

## SIGNATURE

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

### CARRIER GLOBAL CORPORATION

By: /s/ Kevin O'Connor

Name: Kevin O'Connor

Title: Vice President, Chief Legal  
Officer

Date: April 3, 2020

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND AMONG

UNITED TECHNOLOGIES CORPORATION,

CARRIER GLOBAL CORPORATION

AND

OTIS WORLDWIDE CORPORATION

DATED AS OF APRIL 2, 2020

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EXHIBITS

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

## SEPARATION AND DISTRIBUTION AGREEMENT

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

### R E C I T A L S

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

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

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

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

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

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

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

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

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

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

#### ARTICLE I DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

“Carrier” shall have the meaning set forth in the Preamble.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Carrier Contribution” shall have the meaning set forth in the Recitals.

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

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

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

“Carrier Distribution” shall have the meaning set forth in the Recitals.

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

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

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

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

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

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

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

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

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

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



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

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

“Carrier Separation” shall have the meaning set forth in the Recitals.

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

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

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

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

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

“CPR” shall have the meaning set forth in Section 7.2.

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

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

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

“Dispute” shall have the meaning set forth in Section 7.1.

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

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

“Distributions” shall have the meaning set forth in the Recitals.

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

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

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

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

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

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

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

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

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

“Form 10s” shall mean the Carrier Form 10 and the Otis Form 10.

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

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

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

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

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

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

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

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

“Information Statements” shall mean the Carrier Information Statement and the Otis Information Statement.

“Insurance Proceeds” shall mean those monies:

- (a) received by an insured from an insurance carrier; or
- (b) paid by an insurance carrier on behalf of the insured;

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

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

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

“IRS” shall mean the U.S. Internal Revenue Service.

“IRS Ruling” shall have the meaning set forth in the Recitals.

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

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

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

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

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

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

“NYSE” shall mean the New York Stock Exchange.

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

“Otis” shall have the meaning set forth in the Preamble.

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

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

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

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

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

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

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

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

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

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

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

- (a) (i) any customer or distribution contract or agreement with a Third Party entered into prior to the Effective Time primarily related to the Otis Business and (ii) with respect to any customer or distribution contract or agreement with a Third Party entered into prior to the Effective Time that relates to the Otis Business but is not primarily related to the Otis Business, that portion of any such customer or distribution contract or agreement that relates to the Otis Business;
- (b) (i) any supply or vendor contract or agreement with a Third Party entered into prior to the Effective Time exclusively related to the Otis Business and (ii) with respect to any supply or vendor contract or agreement with a Third Party entered into prior to the Effective Time that relates to the Otis Business but is not exclusively related to the Otis Business, that portion of any such supply or vendor contract or agreement that relates to the Otis Business;
- (c) (i) any license agreement entered into prior to the Effective Time primarily related to the Otis Business and (ii) with respect to any license agreement entered into prior to the Effective Time that relates to the Otis Business but is not primarily related to the Otis Business, that portion of any such license agreement that relates to the Otis Business;
- (d) any guarantee, indemnity, representation, covenant, warranty or other contractual Liability of any of the Parties or any member of their respective Groups to the extent in respect of any other Otis Contract or Otis Liability or the Otis Business;
- (e) any contract or agreement that is expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to Otis or any member of the Otis Group;
- (f) any credit agreement, indenture, note or other financing agreement or instrument entered into by Otis and/or any member of the Otis Group in connection with the Separation, including any Otis Financing Arrangements;
- (g) any other contract or agreement not otherwise set forth herein and primarily related to the Otis Business or Otis Assets;
- (h) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with (i) any Otis Group Employee (as defined in the Employee Matters Agreement) or (ii) any consultant of the Otis Group (if such agreement is primarily related to the Otis Business or Otis Assets) that is in effect as of the Effective Time; and
- (i) any contracts, agreements or settlements set forth on Schedule 1.5, including the right to recover any amounts under such contracts, agreements or settlements.

“Otis Contribution” shall have the meaning set forth in the Recitals.

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

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

“Otis Distribution” shall have the meaning set forth in the Recitals.

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

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

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

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

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

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

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

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

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

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

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

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

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

“Otis Separation” shall have the meaning set forth in the Recitals.

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

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

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

“Parties” shall mean the parties to this Agreement.

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

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

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

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

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



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

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

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

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

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

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

“SEC” shall mean the U.S. Securities and Exchange Commission.

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

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

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

“Separation” shall have the meaning set forth in the Recitals.

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

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

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

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

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

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

“Tax” shall have the meaning set forth in the Tax Matters Agreement.

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

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

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

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

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

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

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

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

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

“UTC” shall have the meaning set forth in the Preamble.

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

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

“UTC Board” shall have the meaning set forth in the Recitals.

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

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

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

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

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

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

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

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

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

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

ARTICLE II  
THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2 Carrier Assets; Otis Assets; UTC Assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.3 Carrier Liabilities; Otis Liabilities; UTC Liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2.4 Approvals, Notifications and Delays.

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

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

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

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

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

## 2.5 Novation of Liabilities.

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

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



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

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

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

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

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

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

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

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

(i) have any member(s) of the UTC Group removed as guarantor of or obligor for any Carrier or Otis Liability to the extent that such guarantee or obligation relates to Carrier or Otis Liabilities,

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

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

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

## 2.7 Termination of Agreements.

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

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

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

## 2.8 Treatment of Shared Contracts.

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

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

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

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

## 2.9 Bank Accounts; Cash Balances.

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

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

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

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

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

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

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

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

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

2.12 Financing Arrangements; Cash Transfers.

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

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

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

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

#### 2.13 Financial Information Certifications.

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

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

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

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

### ARTICLE III THE DISTRIBUTIONS

#### 3.1 Sole and Absolute Discretion; Cooperation.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

### 3.3 Conditions to Each Distribution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 3.4 The Distributions.

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

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

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

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

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

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

ARTICLE IV  
MUTUAL RELEASES; INDEMNIFICATION

4.1 Release of Pre-Distribution Claims.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

(a) any Carrier Liability;

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

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

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

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

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

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

(a) any Otis Liability;

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

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

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

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

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

(a) any UTC Liability;

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

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

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

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

4.5 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

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

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

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

#### 4.6 Procedures for Indemnification of Third-Party Claims.

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

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

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

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

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

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

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

#### 4.7 Additional Matters.

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

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

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

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

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

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

#### 4.8 Right of Contribution.

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

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

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

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



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

## ARTICLE V CERTAIN OTHER MATTERS

### 5.1 Insurance Matters.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE VI EXCHANGE OF INFORMATION; CONFIDENTIALITY

### 6.1 Agreement for Exchange of Information.

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

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

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

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

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

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

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

6.6 Other Agreements Providing for Exchange of Information.

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

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

6.7 Production of Witnesses; Records; Cooperation.

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

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

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

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

#### 6.8 Privileged Matters.

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

(b) The Parties agree as follows:

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



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

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

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

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

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

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

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

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

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

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

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

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

#### 6.9 Confidentiality.

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

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

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

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

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

ARTICLE VII  
DISPUTE RESOLUTION

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

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

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

### 7.3 Arbitration.

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

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

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

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

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

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

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

## ARTICLE VIII FURTHER ASSURANCES AND ADDITIONAL COVENANTS

### 8.1 Further Assurances.

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

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

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

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

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

## ARTICLE IX TERMINATION

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



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

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

## ARTICLE X MISCELLANEOUS

### 10.1 Counterparts; Entire Agreement; Corporate Power.

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

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

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

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

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

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

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

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

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

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

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

If to UTC, to:

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

with a copy to:

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

If to Carrier, to:

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

with a copy to:

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

If to Otis, to:

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

with a copy to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.19 Ancillary Agreements.

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

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

*[Remainder of page intentionally left blank]*

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

UNITED TECHNOLOGIES CORPORATION

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

OTIS WORLDWIDE CORPORATION

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

CARRIER GLOBAL CORPORATION

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

*[Signature Page to Separation and Distribution Agreement]*

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**CARRIER GLOBAL CORPORATION**  
**CERTIFICATE OF AMENDMENT**  
**OF THE**  
**CERTIFICATE OF INCORPORATION**

Carrier Global Corporation (the “**Company**”), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “**DGCL**”)

**DOES HEREBY CERTIFY:**

**FIRST:** That the original certificate of incorporation of the Company was filed with the Secretary of the State of Delaware on March 15, 2019. A certificate of amendment to the certificate of incorporation of the Company was filed with the Secretary of State of the State of Delaware on July 8, 2019. A certificate of amendment to the certificate of incorporation of the Company was filed with the Secretary of State of the State of Delaware on January 24, 2020.

**SECOND:** That the board of directors of the Company (the “**Board**”) by the unanimous written consent of its members, filed with the minutes of the Board, duly adopted resolutions proposing and declaring advisable that the certificate of incorporation of the Company be amended by changing Article IV thereof, so that, as amended, said Article shall read in its entirety as follows:

**ARTICLE IV**

**Capital Stock**

A. **Authorized Capital Stock.** The Corporation shall be authorized to issue four billion two hundred fifty million (4,250,000,000) shares of capital stock which shall be divided into two classes as follows: (i) four billion (4,000,000,000) shares of common stock, par value \$0.01 per share (the “**Common Stock**”) and (ii) two hundred fifty million (250,000,000) shares of preferred stock, par value \$0.01 per share.

B. **Recapitalization.** Effective as of 11:58 p.m., Eastern Time, on April 2, 2020 (such time, the “**Recapitalization Time**”), the total number of shares of Common Stock issued and outstanding, or held by the Corporation as treasury stock, immediately prior to the Recapitalization Time shall, automatically by operation of law and without any further action on the part of the Corporation or any holders of shares of capital stock of the Corporation, be subdivided and converted into a number of shares of validly issued, fully paid and non-assessable shares of the Corporation’s Common Stock authorized for issuance pursuant to this Certificate of Incorporation equal to the number of shares of common stock, par value \$0.01 per share, of United Technologies Corporation issued and outstanding,

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but not including shares held by United Technologies Corporation as treasury stock, as of the Recapitalization Time.

C. Common Stock. Except as otherwise provided by law, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. Each share of Common Stock shall have one vote, and the Common Stock shall vote together as a single class.

**THIRD:** That in lieu of a meeting and vote of stockholders, the sole stockholder of the Company has given written consent to said amendment in accordance with the provisions of Section 228 of the DGCL.

**FOURTH:** That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 and 228 of the DGCL.

**FIFTH:** That the aforesaid amendment shall be effective upon the filing hereof.

*[Signature page follows]*

IN WITNESS WHEREOF, the Company has caused this certificate to be signed by the undersigned as of this 1<sup>st</sup> day of April, 2020.

**CARRIER GLOBAL CORPORATION**

/s/ Ariel R. David

Name: Ariel R. David

Title: Vice President, Legal & Secretary

*[Signature Page Carrier Certificate of Amendment]*

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

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

1. The name of this corporation is: Carrier Global Corporation. The original Certificate of Incorporation was filed with the Secretary of the State of Delaware on March 15, 2019 under the name “Carrier Solutions Corporation.” A Certificate of Amendment to the original Certificate of Incorporation and a Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on July 8, 2019. A Certificate of Amendment to the Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on January 24, 2020 and a Certificate of Amendment to the Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on April 1, 2020 (the Restated Certificate of Incorporation, as amended, the “Certificate of Incorporation”).
2. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL and by the written consent of its sole stockholder in accordance with Section 228 of the DGCL, and is to become effective as of 11:59 PM, Eastern Time, on April 2, 2020.
3. This Amended and Restated Certificate of Incorporation restates and amends the Certificate of Incorporation to read in its entirety as follows:

**ARTICLE I  
NAME OF CORPORATION**

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

**ARTICLE II  
REGISTERED OFFICE; REGISTERED AGENT**

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

**ARTICLE III  
PURPOSE**

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

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**ARTICLE IV  
STOCK**

Section 1. Authorized Stock. The total number of authorized shares of capital stock of the Corporation shall be four billion two hundred fifty million (4,250,000,000) shares, which shall be divided into two classes as follows: (a) four billion (4,000,000,000) shares of common stock par value \$0.01 per share (the "Common Stock") and (b) two hundred fifty million (250,000,000) shares of preferred stock par value \$0.01 per share (the "Preferred Stock").

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

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

- (a) the designation of the series, which may be by distinguishing number, letter or title;
- (b) the number of shares of the series, which number the Board may thereafter (except where otherwise provided in the certificate of designations governing such series) increase or decrease (but not below the number of shares thereof then outstanding);
- (c) the amounts payable on, and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;
- (d) the dates at which dividends, if any, shall be payable;
- (e) the redemption rights and price or prices, if any, for shares of the series;
- (f) the terms and amount of any sinking fund provided for purchase or redemption of shares of the series;

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

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

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

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

## **ARTICLE V TERM**

The term of existence of the Corporation shall be perpetual.

## **ARTICLE VI BOARD OF DIRECTORS**

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

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

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

Section 4. Removal of Directors. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director may be removed from office at any time with or without cause, at a meeting called for that purpose, by the affirmative vote of the holders of at least a majority of

the voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

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

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

## **ARTICLE VII STOCKHOLDER ACTION**

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

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

## **ARTICLE VIII DIRECTOR LIABILITY**

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

**ARTICLE IX  
AMENDMENTS TO BYLAWS**

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

**ARTICLE X  
AMENDMENTS**

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

\* \* \* \* \*

*[Signature appears on next page]*



IN WITNESS WHEREOF, the undersigned has duly executed this Amended and Restated Certificate of Incorporation, this 1<sup>st</sup> day of April, 2020.

**CARRIER GLOBAL CORPORATION**

By: /s/ Ariel R. David

Name: Ariel R. David

Title: Vice President, Legal & Secretary

*[Signature Page to Amended and Restated Certificate of Incorporation]*

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

**Incorporated under the Laws of the State of Delaware**

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These Amended and Restated Bylaws (the “Bylaws”) of Carrier Global Corporation, a Delaware corporation, are effective as of April 3, 2020.

**ARTICLE I**

**STOCKHOLDERS**

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

SECTION 1.2. Special Meeting.

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

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

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(C) If a record stockholder is the nominee for more than one beneficial owner of stock, the record stockholder may deliver a written request to call a special meeting solely with respect to the capital stock of the Corporation beneficially owned by the beneficial owner who is directing the record stockholder to sign such written request.

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

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

(2) with respect to each business proposal to be submitted for stockholder approval at the special meeting, a statement whether any Disclosing Party will deliver a proxy statement and form of proxy to holders of at least the percentage of voting power of all of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (“Voting Stock”) required under applicable law, rule or regulation to carry such proposal (such statement, a “Solicitation Statement”); and

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

Each time the Disclosing Party’s Voting Stock ownership position decreases following the delivery of the foregoing information to the Secretary, such Disclosing Party shall notify the Corporation of the decreased Voting Stock ownership position, together with any information reasonably requested by the Board of Directors to verify such position, within ten (10) days of such decrease or as of the fifth (5<sup>th</sup>) day before the special meeting, whichever is earlier.

(E) The Secretary shall not accept, and shall consider ineffective, a written request to call a special meeting pursuant to clause (A)(3) of this Section 1.2:

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

(2) that relates to an item of business that is not a proper subject for stockholder action under applicable law, rule or regulation;

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

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

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

(F) Revocations:

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

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

(a) upon the first date that, after giving effect to revocation(s) and notices of ownership position decreases, the aggregate Voting Stock ownership position of all the Disclosing Parties listed on the unrevoked written requests with respect to a Similar Item decreases to a number of shares of Voting Stock less than the Special Meeting Request Required Shares;

(b) if any Disclosing Party who has provided a Solicitation Statement does not act in accordance with the representations set forth therein; or

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

(3) If a deemed revocation of all written requests to call a special meeting has occurred after the special meeting has been called by the Secretary, the Board of Directors shall have the discretion to determine whether to proceed with the special meeting.

(G) The Board of Directors may submit its own proposal or proposals for consideration at a special meeting called at the request of one or more stockholders.

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

SECTION 1.4. Notice of Meeting. Written or printed notice, stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Corporation

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

SECTION 1.5. Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the Voting Stock, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the Board of Directors or the Chief Executive Officer or the holders of a majority of the shares present in person or by proxy and entitled to vote may adjourn the meeting from time to time, whether or not there is a quorum. No notice of the time, date and place, if any, of adjourned meetings need be given except as required by applicable law, rule or regulation. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Any business which might have been transacted at the original meeting may be transacted at any adjourned meeting at which a quorum is present.

SECTION 1.6. Organization. Meetings of stockholders shall be presided over by the Chairman of the Board of Directors, if present, or such other person as the Board of Directors may designate as chairman of the meeting, or in the absence of the foregoing, by a chairman to be chosen by the holders of a majority of the shares entitled to vote who are present in person or by proxy at the meeting. The Secretary, or in the Secretary’s absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the presiding officer of the meeting shall appoint any person present to act as secretary of the meeting. The Board of Directors shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies and such other persons as the chairman of the meeting shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting and matters which are to be voted on by ballot.

SECTION 1.7. Proxies and List of Stockholders. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the DGCL) by the stockholder, or by such stockholder’s duly authorized attorney in fact. A complete list of the stockholders entitled to

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

#### SECTION 1.8. Order of Business.

(A) Annual Meetings of Stockholders. At any annual meeting of the stockholders, only such nominations of individuals for election to the Board of Directors shall be made, and only such other business shall be conducted or considered, as shall have been properly brought before the meeting. For nominations to be properly made at an annual meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (1) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (2) otherwise properly made at the annual meeting, by or at the direction of the Board of Directors or (3) otherwise properly requested to be brought before the annual meeting by a stockholder of the Corporation in accordance with these Bylaws. For nominations of individuals for election to the Board of Directors or proposals of other business to be properly requested by a stockholder to be made at an annual meeting, a stockholder must (a) be a stockholder of record at the time of giving of notice of such annual meeting by or at the direction of the Board of Directors and at the time of the annual meeting, (b) be entitled to vote at such annual meeting and (c) comply with the procedures set forth in these Bylaws as to such business or nomination. Subject to Section 1.16 of these Bylaws, the immediately preceding sentence shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

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

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

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

SECTION 1.9. Advance Notice of Stockholder Business and Nominations.

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

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120<sup>th</sup>) day and not later than the close of business on the ninetieth (90<sup>th</sup>) day prior to the first anniversary of the preceding year's annual meeting; provided, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120<sup>th</sup>) day prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth (90<sup>th</sup>) day prior to the date of such annual meeting or the tenth (10<sup>th</sup>) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

Notwithstanding anything in the immediately preceding paragraph to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased by the Board of Directors and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.9(A) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10<sup>th</sup>) day following the day on which such public announcement is first made by the Corporation.

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

provision of the Bylaws or enable or be deemed to permit a stockholder who has previously submitted notice hereunder or under any other provision of the Bylaws to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and or resolutions proposed to be brought before a meeting of the stockholders.

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

Subject to Section 1.9(C)(4) of these Bylaws, in the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, provided, that the stockholder gives timely notice thereof (including the completed and signed questionnaire, representation and agreement required by Section 1.10 of these Bylaws), and timely updates and supplements thereof in each case in proper form, in writing, to the Secretary. To be timely, a stockholder's notice pursuant to the preceding sentence shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120<sup>th</sup>) day prior to the date of such special meeting and not later than the close of business on the later of the ninetieth (90<sup>th</sup>) day prior to the date of such special meeting or the tenth (10<sup>th</sup>) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting of stockholders, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above. In addition, to be considered timely, a stockholder's notice pursuant to the first sentence of this paragraph shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(C) Disclosure Requirements.

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

(a) As to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal, as applicable, is made: (i) the name and address of such stockholder, as they appear on the Corporation's books, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (ii) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks corresponding substantially to the



ownership of any class or series of shares of the Corporation, whether such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, and without regard to any transaction to hedge or mitigate the economic effect thereof, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a “Derivative Instrument”) directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith have any right to vote any class or series of shares of the Corporation, (D) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called “stock borrowing” agreement or arrangement, involving such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation (any of the foregoing, a “Short Interest”), (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith are entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of the immediate family sharing the same household of such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith and (I) any direct or indirect interest of such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (iii) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, if any, and (iv) any other information relating to such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, if any, that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(b) If the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, a stockholder’s notice must, in addition to the matters set forth in paragraph (a) above, also set forth: (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the

meeting and any material interest of such stockholder, such beneficial owner and each of their respective affiliates or associates or others acting in concert therewith, if any, in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration), and (iii) a description of all agreements, arrangements and understandings between such stockholder, such beneficial owner and any of their respective affiliates or associates or others acting in concert therewith, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(c) As to each individual, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also include: (i) all information relating to such individual that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such individual's written consent to being named in the Corporation's proxy statement as a nominee and to serving as a director if elected); (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 or any successor provision promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (iii) a completed and signed questionnaire, representation and agreement required by Section 1.10 of these Bylaws; and

(d) The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee. Notwithstanding anything to the contrary, only persons who are nominated in accordance with the procedures set forth in these Bylaws, including without limitation Section 1.8, Section 1.9 and Section 1.10 hereof, shall be eligible for election as directors.

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

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

(4) Nothing in this Section 1.9 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or these Bylaws. Subject to Rule 14a-8

under the Exchange Act, nothing in this Section 1.9 shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

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

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

(A) Except as set forth below, election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors, a majority of the votes cast at any meeting for the election of directors at which a quorum is present shall elect directors. For purposes of this Bylaw, a majority of votes cast shall mean that the number of shares voted "for" a director's election exceeds fifty percent (50%) of the number of votes cast with respect to that director's election. Votes cast shall include votes against in each case and exclude abstentions and broker nonvotes with respect to that director's election. Notwithstanding the foregoing, in the event of a "contested election" of directors, directors shall be elected by the vote of a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. For purposes of this Bylaw, a "contested election" shall mean any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof being made by the Secretary as of the later of (1) the close of the applicable notice of nomination period set forth in Section 1.9 of these Bylaws or under applicable law, rule or regulation and (2) the last day on which a Proxy Access Notice may be delivered in accordance

with the procedures set forth in Section 1.16, based on whether one or more notice(s) of nomination or Proxy Access Notice(s) were timely filed in accordance with said Section 1.9 and/or Section 1.16, as applicable; provided, that the determination that an election is a “contested election” shall be determinative only as to the timeliness of a notice of nomination and not otherwise as to such notice’s validity. If, prior to the tenth (10th) day before the Corporation mails its initial proxy statement in connection with such election of directors, one or more notices of nomination are withdrawn such that the number of candidates for election as director no longer exceeds the number of directors to be elected, the election shall not be considered a contested election, but in all other cases, once an election is determined to be a contested election, directors shall be elected by the vote of a plurality of the votes cast.

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

(C) Any individual who is nominated for election to the Board of Directors and included in the Corporation’s proxy materials for an annual meeting, including pursuant to Section 1.16, shall tender an irrevocable resignation, effective immediately, upon a determination by the Board of Directors or any committee thereof that (1) the information provided to the Corporation by such individual or, if applicable, by the Eligible Stockholder (or any stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) who nominated such individual, was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or (2) such individual or, if applicable, the Eligible Stockholder (including each stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) who nominated such individual, shall have breached any representations or obligations owed to the Corporation under these Bylaws.

SECTION 1.12. Inspectors of Elections; Opening and Closing the Polls. The Board of Directors shall appoint one or more inspectors, which inspector or inspectors may, but does not need to, include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for the matters upon which the stockholders will vote at a meeting.

SECTION 1.13. Stockholder Action by Written Consent; Request for Record Date, Votes Required and Contents of Written Request. All actions required or permitted to be taken by stockholders at an annual or special meeting of stockholders of the Corporation may be effected by the written consent of the holders of the Corporation entitled to vote, in accordance with this Article I and applicable law, rule or regulation. Such action shall be evidenced by a consent or consents in writing, setting forth the action so taken, which shall be (A) signed and delivered to the Secretary of the Corporation and (B) unless revoked by stockholders having the requisite votes, filed with the records of the meetings of stockholders.

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

**SECTION 1.14. Stockholder Action by Written Consent; Date and Delivery of Consents and Inspectors of Election.**

Every written consent purporting to take or authorize the taking of corporate action (each such written consent is referred to in this Section 1.14 as a “Consent”) must bear the date of signature of each stockholder who signs the Consent, and no Consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated Consent delivered in the manner required by this Section 1.14, but in no event later than one hundred and twenty (120) days after the record date, Consents signed by a sufficient number of stockholders to take such action are so delivered to the Corporation. No Consents may be dated or delivered to the Corporation until sixty (60) days after the delivery of a valid Written Request, satisfying all applicable requirements of this Section 1.14. Consents must be delivered to the Corporation at the principal executive offices of the Corporation, attention Secretary. Delivery must be made by hand or by certified or registered mail, return receipt requested. In the event of the delivery, in the manner provided by this Article I and applicable

law, rule or regulation, to the Corporation of the requisite Consent or Consents to take action and any related revocation or revocations, the Board of Directors shall appoint, or shall authorize an officer of the Corporation to appoint, one or more inspectors in accordance with the provisions of Section 1.12 for the purpose of promptly performing a ministerial review of the validity of the Consents and revocations. For the purpose of permitting the inspector or inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the inspector or inspectors certify to the Corporation that the Consents delivered to the Corporation in accordance with this Article I and applicable law, rule or regulation represent not less than the minimum number of votes necessary to take the action at a meeting at which all stockholders entitled to vote on the action are present and voting. Nothing contained in this Article I shall in any way be construed to suggest or imply that the Board or any stockholder shall not be entitled to contest the validity of any Consent or revocation thereof, whether before or after such certification by the inspector or inspectors, or to take any other action with respect thereto.

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

SECTION 1.16. Inclusion of Stockholder Director Nominations in the Corporation’s Proxy Materials. Subject to the terms and conditions set forth in these Bylaws, the Corporation shall include in its proxy statement for annual meetings of stockholders the name, together with the Required Information

(as defined in paragraph (A) below), of an eligible person nominated for election (the “Stockholder Nominee”) to the Board of Directors pursuant to this Section 1.16 by a stockholder or group of stockholders that satisfy the requirements of this Section 1.16, including qualifying as an Eligible Stockholder (as defined in paragraph (D) below) and that expressly elects at the time of providing the written notice required by this Section 1.16 (a “Proxy Access Notice”) to have its nominee(s) included in the Corporation’s proxy statement pursuant to this Section 1.16. For the purposes of this Section 1.16:

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

(2) “affiliate” and “associate” shall have the meanings ascribed thereto in Rule 405 under the Securities Act of 1933, as amended; provided, that the term “partner” as used in the definition of “associate” shall not include any limited partner that is not involved in the management of the relevant partnership; and

(3) a stockholder (including any Constituent Holder) shall be deemed to “own” only those outstanding shares of Voting Stock as to which the stockholder itself (or such Constituent Holder itself) possesses both (a) the full voting and investment rights pertaining to the shares and (b) the full economic interest in (including the opportunity for profit and risk of loss on) such shares. The number of shares calculated in accordance with the foregoing clauses (a) and (b) shall be deemed not to include (and to the extent any of the following arrangements have been entered into by affiliates of the stockholder (or of any Constituent Holder), shall be reduced by) any shares (i) sold by such stockholder or Constituent Holder (or any of either’s affiliates) in any transaction that has not been settled or closed, including any short sale, (ii) borrowed by such stockholder or Constituent Holder (or any of either’s affiliates) for any purposes or purchased by such stockholder or Constituent Holder (or any of either’s affiliates) pursuant to an agreement to resell, or (iii) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such stockholder or Constituent Holder (or any of either’s affiliates), whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of Voting Stock, in any such case which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of (x) reducing in any manner, to any extent or at any time in the future, such stockholder’s or Constituent Holder’s (or either’s affiliate’s) full right to vote or direct the voting of any such shares, and/or (y) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such stockholder or Constituent Holder (or either’s affiliate), other than any such arrangements solely involving an exchange listed multi-industry market index fund in which Voting Stock represents at the time of entry into such arrangement less than ten percent (10%) of the proportionate value of such index. For purposes of this Section 1.16, a stockholder (including any Constituent Holder) will be deemed to “own” shares held in the name of a nominee or other intermediary so long as the stockholder itself (or such Constituent Holder itself) retains the right to instruct how the shares are voted with respect to the election of directors and the right to direct the disposition thereof and possesses the full economic interest in the shares. For purposes of this Section 1.16, a stockholder’s (including any Constituent Holder’s) ownership of shares shall be deemed to (I) continue during any period in which such person has loaned such shares in the ordinary course of its business so long as such stockholder retains the unrestricted power to recall such shares on no more than five (5) business days’ notice or delegated any voting power over such shares by means of a proxy, power of attorney or other instrument or arrangement so long as such delegation is revocable at any time by

the stockholder, and (II) include, for purposes of measuring ownership for any applicable time period, ownership of Voting Stock of the Corporation's immediate predecessor. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings.

(A) For purposes of this Section 1.16, the "Required Information" that the Corporation shall include in its proxy statement is (1) the information concerning the Stockholder Nominee and the Eligible Stockholder that the Corporation determines is required to be disclosed in the Corporation's proxy statement by the regulations promulgated under the Exchange Act; and (2) if the Eligible Stockholder so elects, a Statement (as defined in paragraph (F) below). The Corporation shall also include the name of the qualifying Stockholder Nominee in its proxy card. For the avoidance of doubt, and any other provision of these Bylaws notwithstanding, the Corporation may in its sole discretion solicit against, and include in the proxy statement its own statements or other information relating to, any Eligible Stockholder and/or Stockholder Nominee, including any information provided to the Corporation with respect to the foregoing.

(B) To be timely, a stockholder's Proxy Access Notice must be delivered to the principal executive offices of the Corporation no earlier than one hundred and fifty (150) days and no later than one hundred and twenty (120) days before the one (1)-year anniversary of the date that the Corporation commenced mailing of its definitive proxy statement (as stated in such proxy statement) for the immediately preceding annual meeting with the SEC. In no event shall any adjournment or postponement of an annual meeting, the date of which has been announced by the Corporation, commence a new time period for the giving of a Proxy Access Notice.

(C) The number of Stockholder Nominees (including Stockholder Nominees that were submitted by an Eligible Stockholder for inclusion in the Corporation's proxy materials pursuant to this Section 1.16 but either are subsequently withdrawn or that the Board of Directors decides to nominate as Board of Directors' nominees or otherwise appoint to the Board of Directors) appearing in the Corporation's proxy materials with respect to an annual meeting of stockholders may not exceed the greater of (1) two (2) and (2) the largest whole number that does not exceed twenty percent (20%) of the number of directors in office as of the last day on which a Proxy Access Notice may be delivered in accordance with the procedures set forth in this Section 1.16 (such greater number, the "Permitted Number"); provided, that the Permitted Number shall be reduced by the number of directors in office with respect to whom a Proxy Access Notice was previously provided to the Corporation pursuant to this Section 1.16, other than (a) any such director whose term of office will expire at such annual meeting and who is not nominated by the Corporation at such annual meeting for another term of office and who is not seeking or agreeing to be nominated at such meeting for another term of office, and (b) any such director who at the time of such annual meeting will have served as a director continuously for at least two (2) years; provided, further, that in no circumstance shall the Permitted Number exceed the number of directors to be elected at the applicable annual meeting as noticed by the Corporation; and provided, further, that in the event the Board of Directors resolves to reduce the size of the Board of Directors effective on or prior to the date of the annual meeting, the Permitted Number shall be calculated based on the number of directors in office as so reduced. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Corporation's proxy statement pursuant to this Section 1.16 shall (i) rank such Stockholder Nominees based on the order that the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the Corporation's proxy statement in the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 1.16 exceeds the Permitted Number and (ii) explicitly specify and include the respective rankings referred to in the foregoing clause (i) in the Proxy Access Notice delivered to the Corporation with respect to all Stockholder Nominees submitted pursuant thereto. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 1.16 exceeds the Permitted Number, each Eligible Stockholder will have its highest ranking Stockholder Nominee (as ranked pursuant to the



preceding sentence) who meets the requirements of this Section 1.16 selected for inclusion in the Corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of Voting Stock each Eligible Stockholder disclosed as owned in its Proxy Access Notice submitted to the Corporation (with the understanding that an Eligible Stockholder may not ultimately have any of its Stockholder Nominees included if the Permitted Number has previously been reached). If the Permitted Number is not reached after each Eligible Stockholder has had one (1) Stockholder Nominee selected, this selection process shall continue as many times as necessary, following the same order each time, until the Permitted Number is reached. After reaching the Permitted Number of Stockholder Nominees, if any Stockholder Nominee who satisfies the eligibility requirements in this Section 1.16 thereafter withdraws, has his or her nomination withdrawn or is thereafter not submitted for director election, no other nominee or nominees shall be required to be substituted for such Stockholder Nominee and included in the Corporation's proxy statement or otherwise submitted for director election pursuant to this Section 1.16.

(D) An "Eligible Stockholder" is one or more stockholders of record who own and have owned, or are acting on behalf of one or more beneficial owners who own and have owned (in each case as defined above), in each case continuously for at least three (3) years as of both the date that the Proxy Access Notice is received by the Corporation pursuant to this Section 1.16, and as of the record date for determining stockholders eligible to vote at the annual meeting, at least three percent (3%) of the aggregate voting power of the Voting Stock (the "Proxy Access Request Required Shares"), and who continue to own the Proxy Access Request Required Shares at all times between the date such Proxy Access Notice is received by the Corporation and the date of the applicable annual meeting; provided, that the aggregate number of stockholders, and, if and to the extent that a stockholder is acting on behalf of one or more beneficial owners, of such beneficial owners, whose stock ownership is counted for the purpose of satisfying the foregoing ownership requirement may not exceed twenty (20). Two or more investment funds that are (1) under common management and investment control, (2) under common management and funded primarily by the same employers or (3) a "group of investment companies" as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940 (a "Qualifying Fund") will be treated as one stockholder for the purpose of determining the aggregate number of stockholders in this paragraph (D); provided, that each fund included within a Qualifying Fund otherwise meets the requirements set forth in this Section 1.16. No shares may be attributed to more than one group constituting an Eligible Stockholder under this Section 1.16 (and, for the avoidance of doubt, no stockholder may be a member of more than one group constituting an Eligible Stockholder). A record holder acting on behalf of one or more beneficial owners will not be counted separately as a stockholder with respect to the shares owned by beneficial owners on whose behalf such record holder has been directed in writing to act, but each such beneficial owner will be counted separately, subject to the other provisions of this paragraph (D), for purposes of determining the number of stockholders whose holdings may be considered as part of an Eligible Stockholder's holdings. For the avoidance of doubt, Proxy Access Request Required Shares will qualify as such if and only if the beneficial owner of such shares as of the date of the Proxy Access Notice has itself individually beneficially owned such shares continuously for the three (3)-year period ending on that date and through the other applicable dates referred to above (in addition to the other applicable requirements being met).

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

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

(2) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among the Eligible Stockholder (including any Constituent Holder) and its or their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each of such Eligible Stockholder's Stockholder Nominee(s), and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Eligible Stockholder (including any Constituent Holder), or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the Stockholder Nominee were a director or executive officer of such registrant;

(3) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three (3)-year holding period) verifying that, as of a date within seven (7) calendar days prior to the date the Proxy Access Notice is delivered to the Corporation, such person owns, and has owned continuously for the preceding three (3) years, the Proxy Access Request Required Shares, and such person's agreement to provide:

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

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

(4) a representation that such person:

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

(b) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Stockholder Nominee(s) being nominated pursuant to this Section 1.16;

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

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

(e) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are and will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and will

otherwise comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Section 1.16;

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

(6) an undertaking that such person agrees to:

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

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

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

In addition, no later than the final date when a Proxy Access Notice pursuant to this Section 1.16 may be timely delivered to the Corporation, a Qualifying Fund whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder must provide to the Secretary of the Corporation documentation reasonably satisfactory to the Board of Directors that demonstrates that the funds included within the Qualifying Fund satisfy the definition thereof. In order to be considered timely, any information required by this Section 1.16 to be provided to the Corporation must be supplemented (by delivery to the Secretary of the Corporation) (1) no later than ten (10) days following the record date for the applicable annual meeting, as of such record date, and (2) no later than the fifth day before the annual meeting, as of the date that is no earlier than ten (10) days prior to such annual meeting. For the avoidance of doubt, the requirement to update and supplement such information shall not permit any Eligible Stockholder or other person to change or add any proposed Stockholder Nominee or be deemed to cure any defects or limit the remedies (including without limitation under these Bylaws) available to the Corporation relating to any defect.

(F) The Eligible Stockholder may provide to the Secretary of the Corporation, at the time the information required by this Section 1.16 is originally provided, a written statement for inclusion in the Corporation's proxy statement for the annual meeting, not to exceed five hundred (500) words, in support of the candidacy of such Eligible Stockholder's Stockholder Nominee (the "Statement"). Notwithstanding anything to the contrary contained in this Section 1.16, the Corporation may omit from its proxy materials any information or Statement that it, in good faith, believes is materially false or misleading, omits to state any material fact, or would violate any applicable law, rule or regulation.

(G) No later than the final date when a Proxy Access Notice pursuant to this Section 1.16 may be timely delivered to the Corporation, each Stockholder Nominee must:

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

(2) complete, sign and submit all questionnaires, representations and agreements required by these Bylaws, including Section 1.9(C) and Section 1.10 of these Bylaws, or of the Corporation's directors generally; and

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

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

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

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

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

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

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

Incorporation or other applicable rules or regulation any time before the annual meeting of stockholders, shall not be eligible for election at the relevant annual meeting of stockholders.

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

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

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

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

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

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

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

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

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

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

Eligible Stockholder, the exclusion from the proxy materials pursuant to this Section 1.16 of all of the applicable stockholder's Stockholder Nominees from the applicable annual meeting of stockholders or, if the proxy statement has already been filed, the ineligibility of all of such stockholder's Stockholder Nominees to be nominated).

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

## ARTICLE II

### BOARD OF DIRECTORS

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

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

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

SECTION 2.4. Organizational and Stated Meetings. As promptly as practicable after each annual meeting of stockholders, and more frequently if the Board of Directors determines, the Board of Directors shall hold an organizational meeting for the purpose of organization and the transaction of other business. The Board of Directors may provide for stated meetings of the Board.

SECTION 2.5. Special Meetings. Special meetings of the Board of Directors may be called at the request of the Chairman of the Board of Directors, the Lead Director (if applicable), the Chief Executive Officer or any four directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place, if any, date and time of the meetings.

SECTION 2.6. Notice of Meeting. No notice need be given of any organizational or stated meeting of the Board of Directors for which the Board of Directors has fixed the date, hour and place. Notice of the date, hour and place of all other organizational and stated meetings, and of all special meetings, shall be given to each director personally, by telephone, by mail or by electronic transmission. If given by mail, the notice shall be sent to the director at his or her residence or usual place of business as the same appears on the books of the Corporation not later than four (4) days before the meeting. If given by electronic transmission, the notice shall be sent to the director not later than at any time during the day before the meeting. If given personally or by telephone, the notice shall be given not later than at any time during the day before the meeting. Neither the business to be transacted at, nor the purpose of, any organizational and stated or special meeting of the Board of Directors need be specified in the notice of such meeting. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 6.3 of these Bylaws.

SECTION 2.7. Action by Consent of Board of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors, or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 2.8. Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

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

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

SECTION 2.11. Chairman of the Board of Directors; Lead Director. The Chairman of the Board of Directors shall be annually elected from among the directors and may be the Chief Executive Officer, and the Board of Directors shall fill any vacancy in the position at such time and in such manner as the Board of Directors shall determine. The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors and stockholders at which he or she is present, and shall have such other powers and duties as may from time to time be committed to him or her by the Board of Directors.

The Board of Directors may designate the Chairman of the Board of Directors as an executive or non-executive Chairman. In addition, the Board of Directors may select a non-management director as the Corporation's "lead director" (the "Lead Director").

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

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

A majority of the members of any committee of the Board of Directors shall constitute a quorum for the transaction of business at meetings of the committee, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of the committee.

So far as practicable, members of the committees of the Board of Directors and their alternates (if any) shall be appointed at each organizational meeting of the Board of Directors and, unless sooner discharged by an affirmative vote of the majority of the Whole Board, shall hold office until the next organizational meeting of the Board of Directors and until their respective successors are appointed. In the absence or disqualification of any member of a committee of the Board of Directors, the member or members (including alternates) present at any meeting of the committee and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another director to act at the meeting in place of any absent or disqualified member.

No committee of the Board of Directors shall take any action to amend the Corporation's Certificate of Incorporation or these Bylaws, adopt any agreement to merge or consolidate the Corporation, declare any dividend or recommend to the stockholders a sale, lease or exchange of all or substantially all of the assets and property of the Corporation, a dissolution of the Corporation or a revocation of a dissolution of the Corporation. No committee of the Board of Directors shall take any action which is required in these Bylaws, in the Corporation's Certificate of Incorporation or by applicable law, rule or regulation to be taken by a vote of a specified proportion of the Whole Board.

SECTION 2.13. Removal. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time by the stockholders, with or without cause, by the affirmative vote of the holders of a majority of the then-outstanding shares of Voting Stock, voting together as a single class, at a meeting of the stockholders called for such purpose, and the vacancy or vacancies on the Board of Directors caused by any such removal may be filled by the stockholders at any such meeting at which removal occurs or at any subsequent meeting; provided, that no director elected by a class vote of less



than all the outstanding shares of the Corporation may, so long as the right to such a class vote continues in effect, be removed pursuant to this Section 2.13, except for cause and by the affirmative vote of the holders of record of a majority of the outstanding shares of such class at a meeting called for the purpose, and the vacancy in the Board of Directors caused by the removal of any such director may, so long as the right to such class vote continues in effect, be filled by the holders of the outstanding shares of such class at such meeting or at any subsequent meeting.

SECTION 2.14. Compensation of Directors. Each director of the Corporation who is not a salaried officer or employee of the Corporation, or of a subsidiary of the Corporation, may receive compensation for serving as a director and for serving as a member of any committee of the Board of Directors, and may also receive fees for attendance at any meetings of the Board of Directors or any committee of the Board of Directors, and the Board of Directors may from time to time fix the amount and method of payment of such compensation and fees. The Board of Directors may also, by vote of a majority of disinterested directors, provide for and pay fair compensation to directors rendering services to the Corporation not ordinarily rendered by directors as such.

### ARTICLE III

#### OFFICERS

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

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

SECTION 3.3. Chief Executive Officer. Under the general supervision of the Board of Directors, the Chief Executive Officer shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incident to the office which may be required by applicable law, rule or regulation and all such other duties as are properly required of the Chief Executive Officer by the Board of Directors, and, except to the extent otherwise provided in these Bylaws or by the Board of Directors, shall have general authority to execute any and all documents in the name of the Corporation and general and active supervision and control of all of the business and affairs of the Corporation. The Chief Executive Officer of the Corporation may also serve as President, if so elected by the Board of Directors. In the absence of the Chief Executive Officer, his or her duties shall be performed and his or her powers may be exercised by such other officer as shall be designated either by the Chief Executive Officer in writing or (failing such designation) by the Board of Directors.

SECTION 3.4. Duties of Other Officers. The other officers of the Corporation shall have such powers and duties not inconsistent with these Bylaws as may from time to time be conferred upon them in or pursuant to resolutions of the Board of Directors, and shall have such additional powers and duties not inconsistent with such resolutions as may from time to time be assigned to them by any competent superior officer. The Board of Directors shall assign to one or more of the officers of the Corporation the duty to record the proceedings of the meetings of the stockholders and the Board of Directors in a book to be kept for that purpose.

SECTION 3.5. Compensation of Elected Officers. The compensation of all elected officers of the Corporation shall be fixed from time to time by the Board of Directors.

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

SECTION 3.7. Term of Office and Vacancies. So far as practicable, the elected officers shall be elected at each organizational meeting of the Board of Directors, and shall hold office until the next organizational meeting of the Board of Directors and until their respective successors are elected and qualified. If a vacancy shall occur in any elected office, the Board of Directors may elect a successor for the remainder of the term. Appointed officers shall hold office at the pleasure of the Board of Directors or of the officer or officers authorized by the Board of Directors to make such appointments.

## ARTICLE IV

### STOCK AND TRANSFERS

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

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

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

Notwithstanding anything to the contrary in these Bylaws, at all times that the Corporation's stock is listed on a stock exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by such exchange, including any requirement that shares of the Corporation's stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all

information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated (if any) and uncertificated form.

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

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

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

## ARTICLE V

### INDEMNIFICATION

SECTION 5.1. Indemnification. The Corporation shall indemnify and hold harmless, in accordance with and to the full extent permitted by the laws of the State of Delaware as in effect at the time of the adoption of this Article V or as such laws may be amended from time to time (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), any person (and the heirs and legal representatives of any such person) made or threatened to be made a party to (or, in the case of directors and officers, otherwise involved in), any threatened, pending, or completed action, suit, arbitration, alternative dispute resolution procedure, legislative hearing or inquiry or proceeding, whether civil, criminal, administrative, or investigative (a "proceeding"), by reason of the fact that such person is or was a director, officer or employee of the Corporation, of any constituent corporation absorbed in a consolidation or merger or of a Subsidiary of the Corporation, or serves or served as such or in a fiduciary capacity with another enterprise at the request of the Corporation, any such constituent corporation or a Subsidiary, whether the basis of such proceeding is an alleged action in an official capacity as a director, officer or employee or in any other capacity while serving as a director, officer or employee, against all expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by any such person in connection with such proceeding.

SECTION 5.2. Advance of Expenses. In furtherance of the foregoing indemnification provisions and not in limitation thereof, the Corporation shall pay or reimburse all expenses (including attorneys' fees) reasonably incurred by any person who is or was a director or officer of the Corporation, any such constituent corporation or any Subsidiary and any such person who serves or served as such or

in a fiduciary capacity at the request of one of the foregoing entities with another enterprise in advance of the final disposition of any such proceeding, promptly upon receipt by the Corporation of an undertaking of such person to repay such expenses if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such person is not entitled to be indemnified by the Corporation. Subject to the approval of either (A) the Chief Executive Officer or (B) the General Counsel and the Chief Financial Officer acting together and upon such terms and conditions as the approving officer or officers deem appropriate, the Corporation may provide independent legal counsel or pay or reimburse the expenses (including attorneys' fees) reasonably incurred by any person who is or was an employee of the Corporation, any constituent corporation or any Subsidiary and any such person who serves or served as such or in a fiduciary capacity at the request of one of the foregoing entities with another enterprise in advance of the final disposition of any such proceeding, promptly upon receipt by the Corporation of an undertaking of such person to repay such expenses if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such person is not entitled to be indemnified by the Corporation.

SECTION 5.3. Scope of Rights. The rights provided by this Article V to any person who serves or served as a director, officer or employee of the Corporation, a constituent corporation or a Subsidiary or as such or in a fiduciary capacity with another enterprise at the request of one of the foregoing entities shall be rights of contract enforceable against the Corporation by such person, who shall be presumed to have relied upon such rights in determining to serve or continuing to serve in such capacity, and shall vest at the time such person begins serving in such capacity. In addition, the rights provided to any such person by this Article V shall survive the termination of such person's service in any such capacity. Such rights shall continue as long as such person shall be subject to any possible proceeding. No amendment of this Article V shall impair the rights of any such person arising at any time with respect to events occurring prior to such amendment.

SECTION 5.4. Board Consent for Indemnification. Notwithstanding anything contained in this Article V, except for proceedings to enforce rights provided in this Article V, the Corporation shall not be obligated under this Article V to provide any indemnification or any payment or reimbursement of expenses to any director, officer, employee or other person in connection with a proceeding (or part thereof) initiated by such person (which shall not include counterclaims or cross-claims initiated by others) unless the Board of Directors has authorized or consented to such proceeding (or part thereof) in a resolution adopted by the Board of Directors.

SECTION 5.5. Certain Definitions. For purposes of this Article V, the term "Subsidiary" shall mean any corporation, partnership, limited liability company or other entity in which the Corporation owns, directly or indirectly, a majority of the economic or voting ownership interest or voting power to elect a majority of the directors of such entity; the term "ERISA" shall mean the Employee Retirement Income Security Act of 1974 (or any successor legislation thereto), as amended and all of the rules and regulations promulgated thereunder; the term "other enterprise" shall include any corporation, partnership, limited liability company, joint venture, trust, association or other unincorporated organization or other entity and any employee benefit plan; service "at the request of the Corporation" shall include service as a director, officer, employee or fiduciary of the Corporation, a constituent corporation or a Subsidiary which imposes duties on, or involves services by, such person with respect to an employee benefit plan, its participants or beneficiaries; any excise taxes assessed on a person with respect to an employee benefit plan shall be deemed to be indemnifiable expenses; and action by a person with respect to an employee benefit plan which such person reasonably believes to be in the interest of the participants and beneficiaries of such plan shall be deemed to be action not opposed to the best interests of the Corporation.

SECTION 5.6. Non-Exclusivity of Rights. Nothing in this Article V shall limit the power of the Corporation or the Board of Directors to provide rights of indemnification and to make payment and reimbursement of expenses, including attorneys' fees, to directors, officers, employees, agents, fiduciaries and other persons otherwise than pursuant to this Article V. The rights to indemnification and to receive payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other rights which any person may have or hereafter acquire under any applicable law, rule or regulation, provision of the Certificate of Incorporation, these Bylaws, agreement or otherwise.

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

SECTION 5.8. Extension of Rights. Subject to the approval of either (A) the Chief Executive Officer or (B) the General Counsel and the Chief Financial Officer acting together and upon such terms and conditions as the approving officer or officers deem appropriate, the Corporation may provide to any person who is or was an agent or fiduciary of the Corporation, a constituent corporation, a Subsidiary or an employee benefit plan of one of such entities rights of indemnification and to receive payment or reimbursement of expenses (including in advance of the final disposition of any proceeding), including attorneys' fees, to the fullest extent of the provisions of this Article V with respect to the indemnification of and payment or reimbursement of expenses of directors and officers of the Corporation, constituent corporations, Subsidiaries or other enterprises. Any such rights, if provided, shall have the same force and effect as they would have if they were conferred in this Article V.

SECTION 5.9. Insurance. Subject to the approval of either the Chief Financial Officer or the Treasurer, the Corporation may purchase and maintain insurance in such amounts as the Board of Directors deems appropriate to protect each of itself and any person who is or was a director, officer, employee, agent or fiduciary of the Corporation, a constituent corporation, or a Subsidiary or is or was serving at the request of one of such entities as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation shall have the power to indemnify such person against such liability under the provisions of this Article V and the laws of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director, officer or employee, and each such agent or fiduciary to which rights of indemnification have been provided pursuant to Section 5.8, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current or former director, officer, employee, agent or fiduciary.

## ARTICLE VI

### MISCELLANEOUS PROVISIONS

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

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

SECTION 6.3. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6.4. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary, or at such later time as is specified therein. Except to the extent specified in such notice, no formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

SECTION 6.5. Independent Accountants. At each annual meeting, the stockholders shall appoint an independent public accountant or firm of independent public accountants to act as the Independent Accountants of the Corporation until the next annual meeting. Among other duties, it shall be the duty of the Independent Accountants so appointed to make periodic audits of the books and accounts of the Corporation. As soon as reasonably practicable after the close of the fiscal year, the stockholders shall be furnished with consolidated financial statements of the Corporation and its consolidated subsidiaries, as at the end of such fiscal year, duly certified by such Independent Accountants, subject to such notes or comments as the Independent Accountants shall deem necessary or desirable for the information of the stockholders. In case the stockholders shall at any time fail to appoint Independent Accountants or in case the Independent Accountants appointed by the stockholders shall decline to act or shall resign or otherwise become incapable of acting, the Board of Directors shall appoint Independent Accountants to discharge the duties provided for herein. Any Independent Accountants appointed pursuant to any of the provisions hereof shall be directly responsible to the stockholders, and the fees and expenses of any such Independent Accountants shall be paid by the Corporation.

SECTION 6.6. Forum and Venue. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (A) any derivative action or proceeding brought on behalf of the Corporation, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of the Corporation to the Corporation or to the Corporation's stockholders, including any claim alleging aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against the Corporation or any current or former director or officer or other employee of the Corporation arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these Bylaws (as either may be amended from time to time), (D) any action asserting a claim related to or involving the Corporation that is governed by the internal affairs doctrine or (E) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL, shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware).

## ARTICLE VII

### CONTRACTS, PROXIES, ETC.

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

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

## ARTICLE VIII

### AMENDMENTS

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

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

TRANSITION SERVICES AGREEMENT

BY AND AMONG

UNITED TECHNOLOGIES CORPORATION,

CARRIER GLOBAL CORPORATION

AND

OTIS WORLDWIDE CORPORATION

DATED AS OF APRIL 2, 2020

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Annex A: TSA Committee

## TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of April 2, 2020 (as it may be amended and in effect from time to time, this "Agreement"), is by and among United Technologies Corporation, a Delaware corporation ("UTC"), Carrier Global Corporation, a Delaware corporation ("Carrier") and Otis Worldwide Corporation, a Delaware corporation ("Otis").

### R E C I T A L S:

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

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

WHEREAS, in order to effectuate the Separation and the Distributions, UTC, Carrier and Otis have entered into a Separation and Distribution Agreement, dated as of April 2, 2020 (as it may be amended and in effect from time to time, the "Separation and Distribution Agreement"); and

WHEREAS, in order to facilitate and provide for an orderly transition in connection with the Separation and the Distributions, the Parties desire to enter into this Agreement which sets forth the terms of certain relationships and other agreements among the Parties as set forth herein;

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

### ARTICLE I DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement:

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

“Additional Services” shall have the meaning set forth in Section 2.01(b).

“Affiliate” shall have the meaning set forth in the Separation and Distribution Agreement.

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

“Ancillary Agreements” shall have the meaning set forth in the Separation and Distribution Agreement.

“Carrier” shall have the meaning set forth in the Preamble.

“Carrier Business” shall have the meaning set forth in the Separation and Distribution Agreement.

“Carrier Change of Control” means the first of the following events, if any, to occur following the Carrier Effective Time:

(i) the acquisition by any person, entity or “group” (as defined in Section 13(d) of the Exchange Act) of beneficial ownership of fifty percent (50%) or more of the combined voting power of Carrier’s then-outstanding voting securities, other than any such acquisition by Carrier, any of its Subsidiaries, any employee benefit plan of Carrier, or any of its Subsidiaries, or any Affiliates of any of the foregoing;

(ii) the merger, consolidation or other similar transaction involving Carrier, as a result of which persons who were stockholders of Carrier immediately prior to such merger, consolidation, or other similar transaction do not, immediately thereafter, own, directly or indirectly, more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the merged or consolidated company;

(iii) within any twelve (12)-month period commencing after the Carrier Effective Time, (A) the persons who were directors of Carrier at the beginning of such period shall cease to constitute at least a majority of the directors of Carrier and (B) the persons constituting a majority of the directors of Carrier shall cease to be made up of (1) persons who were directors of Carrier at the beginning of such period and (2) persons who were elected, appointed or nominated for election by at least a majority of the directors of Carrier at the time of such election, appointment or nomination who were directors of Carrier at the beginning of such period or who were previously elected, appointed or nominated pursuant to this clause (2); or

(iv) the sale, transfer or other disposition of all or substantially all of the

assets of Carrier and its Subsidiaries.

“Carrier Distribution” shall have the meaning set forth in the Recitals.

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

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

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

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

“Carrier Separation” shall have the meaning set forth in the Recitals.

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

“Charge” and “Charges” shall have the meaning set forth in Section 2.03.

“Confidential Information” shall mean all Information that is either confidential or proprietary.

“Dispute” shall have the meaning set forth in Section 8.15(a).

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

“Distributions” shall have the meaning set forth in the Recitals.

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

“e-mail” shall have the meaning set forth in Section 8.10.

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

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

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

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

“Interest Payment” shall have the meaning set forth in Section 4.02.

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

“Level of Service” shall have the meaning set forth in Section 2.02(a).

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

“Local Agreement” shall have the meaning set forth in Section 2.08.

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

“Minimum Service Period” means the period commencing on the Distribution Date and ending ninety (90) days after the Distribution Date, unless otherwise specified with respect to a particular service on the Schedules hereto.

“Otis” shall have the meaning set forth in the Preamble.

“Otis Business” shall have the meaning set forth in the Separation and Distribution Agreement.

“Otis Change of Control” means the first of the following events, if any, to occur following the Otis Effective Time:

(i) the acquisition by any person, entity or “group” (as defined in Section 13(d) of the Exchange Act) of beneficial ownership of fifty percent (50%) or more of the combined voting power of Otis’ then-outstanding voting securities, other than any such acquisition by Otis, any of its Subsidiaries, any employee benefit plan of Otis, or any of its Subsidiaries, or any Affiliates of any of the foregoing;

(ii) the merger, consolidation or other similar transaction involving Otis as a result of which persons who were stockholders of Otis immediately prior to such merger, consolidation, or other similar transaction do not, immediately thereafter, own, directly or indirectly, more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the merged or consolidated company;

(iii) within any twelve (12)-month period commencing after the Otis Effective Time, (A) the persons who were directors of Otis at the beginning of such

period shall cease to constitute at least a majority of the directors of Otis and (B) the persons constituting a majority of the directors of Otis shall cease to be made up of (1) persons who were directors of Otis at the beginning of such period and (2) persons who were elected, appointed or nominated for election by at least a majority of the directors of Otis at the time of such election, appointment or nomination who were directors of Otis at the beginning of such period or who were previously elected, appointed or nominated pursuant to this clause (2); or

(iv) the sale, transfer or other disposition of all or substantially all of the assets of Otis and its Subsidiaries.

“Otis Distribution” shall have the meaning set forth in the Recitals.

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

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

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

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

“Otis Separation” shall have the meaning set forth in the Recitals.

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

“Party” or “Parties” shall mean the parties to this Agreement.

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

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

“Routine Communication” shall mean any notice, request or communication exclusively regarding routine matters under this Agreement, including any notice, request or communication regarding operational matters under this Agreement (*e.g.*, early termination of a



Service, extension of a Service Period, billing or payment matters or other ordinary course matters relating to the provision or receipt of a Service).

“Separation” shall have the meaning set forth in the Recitals.

“Separation and Distribution Agreement” shall have the meaning set forth in the Recitals.

“Service Baseline Period” shall have the meaning set forth in Section 2.02(a).

“Service Period” shall mean, with respect to any Service, the period commencing on the applicable Distribution Date and ending on the earliest to occur of (a) the date that a Party terminates the provision of such Service pursuant to Section 5.03 and (b) the date, if any, specified for termination of such Service on the Schedules hereto, or, if no such date is specified, the date that is the eighteen (18)-month anniversary of the applicable Distribution Date.

“Service Provider” shall mean, with respect to any Service, the Party providing such Service.

“Service Provider Indemnitees” shall have the meaning set forth in Section 7.03.

“Service Recipient” shall mean, with respect to any Service, the Party receiving such Service.

“Service Recipient Indemnitees” shall have the meaning set forth in Section 7.04.

“Services” shall have the meaning set forth in Section 2.01(a).

“Subsidiary” shall mean, with respect to any Person, any corporation, limited liability company, joint venture, partnership or other entity of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has (i) the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body or (ii) the power to vote, either directly or indirectly, sufficient securities to elect half of the board of directors or similar governing body and a casting vote with respect to decisions of such board of directors or similar governing body.

“Tax” shall have the meaning set forth in the Tax Matters Agreement.

“Taxing Authority” shall mean a national, foreign, municipal, state, federal or other Governmental Authority responsible for the administration of any Tax.

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

“Termination Charges” shall mean, with respect to the termination of any Service pursuant to Section 5.03(a)(i), any and all costs, fees and expenses (other than any severance or retention costs, unless otherwise specified with respect to a particular Service on the Schedules hereto or in the other Ancillary Agreements) payable by UTC or its Subsidiaries to a Third Party directly as a result of such termination; provided, however, that UTC shall use commercially reasonable efforts to minimize any costs, fees or expenses payable to any Third Party in connection with any such termination and shall credit any resulting reductions against the Termination Charges payable by Carrier or Otis, as applicable.

“Third Party” shall mean any Person other than the Parties or any of their respective Affiliates.

“Third-Party Claim” shall mean any Action commenced by any Third Party against any Party or any of its Affiliates.

“TSA Committee” shall have the meaning set forth in Section 8.15(a).

“UTC” shall have the meaning set forth in the Preamble.

“UTC Board” shall have the meaning set forth in the Recitals.

“UTC Business” shall have the meaning set forth in the Separation and Distribution Agreement.

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

## ARTICLE II SERVICES

### Section 2.01. Services.

(a) Commencing as of the applicable Effective Time, each Service Provider agrees to provide, or to cause one or more of its Subsidiaries to provide, to the applicable Service Recipient, or any Subsidiary of such Service Recipient, the applicable services (the “Services”) set forth on the Schedules hereto.

(b) After the date of this Agreement, if (i) Carrier or Otis identifies a service that UTC provided to it or any of its Subsidiaries prior to the applicable Distribution Date that it reasonably needs in order for the Carrier Business or Otis Business, as applicable, to continue to operate in substantially the same manner in which the Carrier Business or Otis Business, as applicable, operated prior to the applicable Distribution Date, and such service was not included on the Schedules hereto (other than because the Parties agreed such service shall not be provided), or (ii) UTC identifies a service that Carrier or Otis provided to it or any of its Subsidiaries prior to the applicable Distribution Date that it reasonably needs in order for the UTC Business to continue to operate in substantially the same manner in which the UTC Business operated prior to the applicable Distribution Date, and such service was not included on the Schedules hereto (other than because the Parties agreed such service shall not be provided),

then, in each case, if such Party provides written notice to the applicable other Party within sixty (60) days after the applicable Distribution Date requesting such additional services, then the applicable other Party shall use its commercially reasonable efforts to provide such requested additional services (such requested additional services, the “Additional Services”); provided, however, that no Party shall be obligated to provide any Additional Service if it does not, in its reasonable judgment, have adequate resources to provide such Additional Service or if the provision of such Additional Service would significantly disrupt the operation of Service Provider’s business; and provided, further, that the applicable Party shall not be required to provide any Additional Services if the applicable Parties are unable to reach agreement on the terms thereof (including with respect to Charges therefor). In connection with any request for Additional Services in accordance with this Section 2.01(b), the applicable Parties shall negotiate in good faith the terms of a supplement to the applicable Schedule, which terms shall be consistent with the terms of, and the pricing methodology used for, similar Services provided under this Agreement. Upon the mutual written agreement of the applicable Parties, the supplement to the applicable Schedule shall describe in reasonable detail the nature, scope, Service Period(s), termination provisions and other terms applicable to such Additional Services in a manner similar to that in which the Services are described in the existing Schedules. Each supplement to the applicable Schedule, as agreed to in writing by the applicable Parties, shall be deemed part of this Agreement as of the date of such agreement and the Additional Services set forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.02.        Performance of Services.

(a)        Subject to Section 2.05 and unless otherwise provided with respect to a specific Service on the Schedules hereto, Service Provider shall perform (directly, through one (1) or more of its Subsidiaries, or through a Third Party service provider in accordance herewith), all Services to be provided in a manner that is substantially similar in all material respects to the analogous services provided by Service Provider or any of its applicable Subsidiaries to its applicable functional group or Subsidiary (collectively referred to as the “Level of Service”) during the one (1)-year period ending on the last day of Service Provider’s last fiscal quarter completed on or prior to the applicable Distribution Date (the “Service Baseline Period”).

(b)        Nothing in this Agreement shall require Service Provider to perform or cause to be performed any Service to the extent that the manner of such performance would constitute a violation of any applicable Law or any existing contract or agreement with a Third Party. If Service Provider is or becomes aware that any such violation is reasonably likely, Service Provider shall use commercially reasonable efforts to promptly advise Service Recipient of such potential violation, and the applicable Parties shall mutually seek an alternative that addresses such potential violation. The Parties agree to cooperate in good faith and use commercially reasonable efforts to obtain any necessary Third Party consents required under any existing contract or agreement with a Third Party to allow Service Provider to perform, or cause to be performed, all Services to be provided hereunder in accordance with the standards set forth in this Section 2.02. Service Recipient shall reimburse Service Provider for all reasonable out-of-pocket costs and expenses (if any) to the extent incurred by Service Provider or any of its Subsidiaries at any time following the First Effective Time in connection with obtaining any

such Third Party consent that is required to allow Service Provider to perform or cause to be performed such Services (it being understood that to the extent any such consent is required in respect of a Service to be provided to more than one Party hereunder, each applicable Service Recipient shall be responsible for fifty percent (50%) of such reimbursement); provided, however, that any such out-of-pocket cost or expense incurred in excess of one hundred thousand dollars (\$100,000.00) shall require advance written approval of Service Recipient; provided, further, that if Service Recipient does not provide such advance written approval and the incurrence of such cost or expense is reasonably necessary for Service Provider to provide the applicable Service in accordance with the standards set forth in this Agreement, Service Provider shall not be required to perform such Service. If the applicable Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required Third Party consent with respect to a Service, or the performance of a Service by Service Provider would constitute a violation of any applicable Law, Service Provider shall have no obligation whatsoever to perform or cause to be performed such Service.

(c) If Service Recipient requests that Service Provider perform or cause to be performed any Service in a manner that is more burdensome (with respect to service quality or quantity, other than in a *de minimis* respect) than the Level of Service during the Service Baseline Period, then the applicable Parties shall cooperate and negotiate in good faith to determine whether Service Provider will be required to provide such requested increased Level of Service. If the applicable Parties determine that Service Provider shall provide the requested increased Level of Service, then such increased Level of Service shall be documented in a written agreement signed by the applicable Parties. Each amended section of the Schedules hereto, as agreed to in writing by the applicable Parties, shall be deemed part of this Agreement as of the date of such written agreement and the Level of Service increases set forth in such written agreement shall be deemed a part of the “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(d) (i) Without prejudice to Section 8.08(b), neither Service Provider nor any of its Subsidiaries shall be required to perform or cause to be performed any of the Services for the benefit of any Third Party or any other Person other than Service Recipient and its Subsidiaries, and (ii) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 2.02 OR ARTICLE VII, EACH PARTY ACKNOWLEDGES AND AGREES (A) THAT ALL SERVICES ARE PROVIDED ON AN “AS-IS” BASIS, (B) THAT SERVICE RECIPIENT, AS APPLICABLE, ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND (C) THAT SERVICE PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES. SERVICE PROVIDER SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(e) Each Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement. No Party shall knowingly take any

action in violation of any such applicable Law that results in Liability being imposed on the other Party.

Section 2.03. Charges for Services. Unless otherwise provided with respect to a specific Service on the Schedules hereto, Service Recipient shall pay Service Provider a fee for such Services (or category of Services, as applicable) (each fee, a “Charge” and, collectively, “Charges”), which Charges shall be set forth on the applicable Schedules hereto, or if not so set forth, then, unless otherwise provided with respect to a specific Service on the Schedule hereto, based upon the cost of providing such Services as shall be agreed by the applicable Parties from time to time. During the term of this Agreement, the amount of a Charge for any Service may be modified to the extent of (a) any adjustments mutually agreed by the applicable Parties, (b) any adjustments due to a change in Level of Service requested by Service Recipient, and agreed upon by Service Provider, and (c) any adjustment in the rates or charges imposed by any Third Party provider that is providing Services, provided that Service Provider will notify Service Recipient in writing of any such change in rates at least thirty (30) days prior to the effective date of such rate change. Together with any invoice for Charges, Service Provider shall provide Service Recipient with reasonable documentation, including any additional documentation reasonably requested by Service Recipient to the extent that such documentation is in Service Provider’s or its Subsidiaries’ possession or control, to support the calculation of such Charges.

Section 2.04. Reimbursement for Out-of-Pocket Costs and Expenses. Service Recipient shall reimburse Service Provider for reasonable out-of-pocket costs and expenses to the extent incurred by Service Provider or any of its Subsidiaries at any time following the First Effective Time in connection with providing the Services to Service Recipient (including reasonable travel-related expenses) to the extent that such costs and expenses are not reflected in the Charges for such Services or otherwise reimbursed to Service Provider pursuant to another provision of this Agreement; provided, however, that any such costs or expenses (including business travel and related expenses) incurred in excess of an aggregate amount of (a) fifty thousand dollars (\$50,000.00) with respect to Carrier or Otis as Service Recipient shall require advance written approval of Carrier or Otis, as applicable, (b) fifteen thousand dollars (\$15,000.00) with respect to UTC as Service Recipient and Carrier as Service Provider shall require advance written approval of UTC and (c) fifteen thousand dollars (\$15,000.00) with respect to UTC as Service Recipient and Otis as Service Provider shall require advance written approval of UTC; provided, further, that if Service Recipient does not provide such advance written approval and the incurrence of such cost or expense is reasonably necessary for Service Provider to provide such Service in accordance with the standards set forth in this Agreement, Service Provider shall not be required to perform such Service. Any authorized travel-related expenses to the extent incurred at any time following the Effective Time in performing the Services shall be charged to Service Recipient in accordance with Service Provider’s then-applicable business travel policies.

Section 2.05. Changes in the Performance of Services.

(a) Subject to the performance standards for Services set forth in Section 2.02(a), Section 2.02(b) and Section 2.02(c), Service Provider may make changes from time to time in the manner of performing the Services if Service Provider is making similar changes in performing analogous services for itself and if Service Provider furnishes to Service Recipient

prompt and reasonable prior written notice (in content and timing) of such changes; provided, if such change shall materially adversely affect the timeliness or quality of, or the Charges for, the applicable Service, Service Recipient shall be permitted to terminate this Agreement or the applicable specific Service pursuant to Section 5.03(a)(i) without being required to (i) pay any Termination Charges pursuant to Section 5.05 or (ii) comply with the notice requirements set forth in Section 5.03(a)(i) or with clauses (x), (y) or (z) of Section 5.03(a)(i).

(b) Subject to the limitations set forth in Section 2.02(b), Service Recipient may request a change to a Service by submitting a request in writing to Service Provider describing the proposed change in reasonable detail. Service Provider shall respond to the request as soon as reasonably practicable, and the applicable Parties shall use commercially reasonable efforts to agree to arrangements for Service Provider to accommodate such change in a manner that would not adversely impact (other than *de minimis* impacts) the cost, burden, liability or risk associated with providing the applicable Service or cause any other non-commercially reasonable disruption or adverse impact on Service Provider's business. Each agreed upon change shall be documented by an amendment in writing to the applicable Schedule.

Section 2.06. Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services and agree to cooperate in good faith and to use commercially reasonable efforts to avoid a disruption in the transition of the Services from Service Provider to Service Recipient (or its designee) including to assist with exiting a Service or portion thereof, it being understood that any incremental costs and expenses incurred by Service Provider in compliance with any request of Service Recipient pursuant to this Section 2.06 will be paid by the Service Recipient. Service Recipient agrees to use commercially reasonable efforts to reduce or eliminate its and its Subsidiaries' dependency on each Service to the extent and as soon as is reasonably practicable (it being understood that this Section 2.06 shall not require Service Recipient to terminate any Service during the Minimum Service Period or otherwise prior to the initial termination date for such Service set forth on the applicable Schedule).

Section 2.07. Subcontracting. Service Provider may hire or engage one or more Third Parties to perform any or all of its obligations under this Agreement; provided, however, that (a) Service Provider shall use the same degree of care (but at least reasonable care) in selecting each such Third Party as it would if such Third Party was being retained to provide similar services to Service Provider and (b) Service Provider shall in all cases remain responsible (as primary obligor) for all of its obligations under this Agreement with respect to the scope of the Services, the performance standard for Services set forth in Section 2.02(a), Section 2.02(b) and Section 2.02(c) and the content of the Services provided to Service Recipient. Service Provider shall be liable for any breach of its obligations under this Agreement by any Third Party service provider engaged by Service Provider.

Section 2.08. Local Agreements. Each of UTC, Carrier and Otis recognize and agree that it may be necessary or desirable to separately document certain matters relating to the Services provided hereunder in various jurisdictions from time to time or to otherwise modify the scope or nature of such Services, in each case to the extent necessary to comply with applicable Law. If such an agreement or modification of any of the Services is required by applicable Law, or if the applicable Parties mutually determine entry into such an agreement or modification of

Services would be desirable, in each case in order for Service Provider or its Subsidiaries to provide any of the Services in a particular jurisdiction, Service Provider and Service Recipient shall, or shall cause their applicable Subsidiaries to, to enter into local implementing agreements (as each may be amended and in effect from time to time, each a “Local Agreement”) in form and content reasonably acceptable to the applicable Parties; provided that the execution or performance of any such Local Agreement shall in no way alter or modify any term or condition of this Agreement or the effect of any such term or condition, except to the extent expressly specified in such Local Agreement. Except as used in this Section 2.08, any references herein to this Agreement and the Services to be provided hereunder, shall include any Local Agreement and any local services to be provided thereunder. Except as expressly set forth in any Local Agreement, in the event of a conflict between the terms contained in a Local Agreement and the terms contained in this Agreement (including the applicable Schedules), the terms in this Agreement shall take precedence.

### ARTICLE III OTHER ARRANGEMENTS

#### Section 3.01. Access.

(a) Upon reasonable advance notice, and subject to the confidentiality provisions of this Agreement, Carrier shall, and shall cause its Subsidiaries to, allow UTC and its Subsidiaries and their respective Representatives reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of Carrier and its Subsidiaries (i) as reasonably necessary for UTC and its Subsidiaries to fulfill their obligations under this Agreement and, as applicable, to verify the accuracy of internal controls over information technology, reporting of financial data and related processes employed in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002 or (ii) as required to comply with any other Law or the terms of any contract with a Governmental Authority; provided that in each case (x) such access shall not unreasonably interfere with any of the business or operations of Carrier or any of its Subsidiaries and (y) in the event that Carrier determines that providing such access would violate any applicable Law or agreement or waive any attorney-client or similar privilege, then Carrier and UTC shall use commercially reasonable efforts to permit such access in a manner that avoids any such consequence. UTC agrees that all of its and its Subsidiaries’ employees shall, and that it shall use commercially reasonable efforts to cause its Representatives’ employees to, when on the property of Carrier or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Carrier or its Subsidiaries, conform to the policies and procedures of Carrier and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to UTC from time to time.

(b) Upon reasonable advance notice, and subject to the confidentiality provisions of this Agreement, Otis shall, and shall cause its Subsidiaries to, allow UTC and its Subsidiaries and their respective Representatives reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of Otis and its Subsidiaries (i) as reasonably necessary for UTC and its Subsidiaries to fulfill their obligations under this Agreement and, as applicable, to verify the accuracy of internal controls over information technology, reporting of financial data and related processes employed in connection with

verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002 or (ii) as required to comply with any other Law or the terms of any contract with a Governmental Authority; provided that in each case (x) such access shall not unreasonably interfere with any of the business or operations of Otis or any of its Subsidiaries and (y) in the event that Otis determines that providing such access would violate any applicable Law or agreement or waive any attorney-client or similar privilege, then Otis and UTC shall use commercially reasonable efforts to permit such access in a manner that avoids any such consequence. UTC agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Otis or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Otis or its Subsidiaries, conform to the policies and procedures of Otis and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to UTC from time to time.

(c) Upon reasonable advance notice, and subject to the confidentiality provisions of this Agreement, UTC shall, and shall cause its Subsidiaries to, allow Carrier, Otis and their respective Subsidiaries and Representatives reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of UTC and its Subsidiaries (i) as reasonably necessary for each of Carrier and Otis to fulfill its obligations under this Agreement and to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002 or (ii) as required to comply with any other Law or the terms of any contract with a Governmental Authority; provided that in each case (x) such access shall not unreasonably interfere with any of the business or operations of UTC or any of its Subsidiaries and (y) in the event that UTC determines that providing such access would violate any applicable Law or agreement or waive any attorney-client or similar privilege, then the applicable Parties shall use commercially reasonable efforts to permit such access in a manner that avoids any such consequence. Each of Carrier and Otis agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of UTC or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of UTC or its Subsidiaries, conform to the policies and procedures of UTC and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to Carrier or Otis, as applicable, from time to time.

Section 3.02. Controls.

(a) With respect to each Service, for the duration of the Service Period, Service Provider will continue to operate the controls and perform the corresponding testing for the Service in the same manner as is performed as of the date of this Agreement. Service Provider will promptly notify Service Recipient of any controls deficiencies or changes to controls. In the event that Service Provider reasonably determines that look-back procedures will be required for audit testing exceptions, Service Provider will provide Service Recipient a reasonable opportunity to evaluate the impact of such procedures.



(b) From the First Effective Time until the termination of this Agreement, each Service Provider agrees that Service Recipient-specific transactions will remain in testing populations for Service-applicable controls, such that such transactions will be eligible for selection and testing by the internal audit function in respect of the Sarbanes-Oxley Act of 2002.

ARTICLE IV  
BILLING; TAXES

Section 4.01. Procedure. Service Recipient shall pay, or cause to be paid, to Service Provider the fees for the Charges for the applicable Services, and, without duplication, all other costs incurred by Service Provider to the extent required by this Agreement. Amounts payable pursuant to this Agreement shall be paid by wire transfer or Automated Clearing House payment (or such other method of payment as may be agreed between the applicable Parties from time to time) to Service Provider (as directed by Service Provider), which amounts shall be due (a) in the case of recurring fees, within sixty (60) days of the last day of the calendar month for which the applicable Service is to be provided, and (b) in the case of all other amounts, within sixty (60) days of Service Recipient's receipt of each invoice for Charges, including reasonable documentation pursuant to Section 2.03. All amounts due and payable hereunder shall be paid in U.S. dollars. In the event of any billing dispute, Service Recipient shall promptly pay any undisputed amount.

Section 4.02. Late Payments. Charges not paid when due pursuant to this Agreement and which are not disputed in good faith (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within sixty (60) days of the receipt of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two percent (2%) or the maximum rate under applicable Law, whichever is lower (the "Interest Payment").

Section 4.03. Taxes. Without limiting any provisions of this Agreement, Service Recipient shall bear any and all Taxes and other similar charges (and any related interest and penalties) imposed on, or payable with respect to, any fees or charges, including any Charges, payable by it pursuant to this Agreement, including all sales, use, value-added, and similar Taxes, but excluding any Taxes on Service Provider's income. Notwithstanding anything to the contrary in the previous sentence or elsewhere in this Agreement, Service Recipient shall be entitled to withhold from any payments to Service Provider any such Taxes that Service Recipient is required by applicable Law to withhold and shall pay such Taxes to the applicable Taxing Authority.

Section 4.04. No Set-Off. Except as mutually agreed in writing by Service Provider and Service Recipient, none of Service Recipient and its Affiliates shall have any right of set-off or other similar rights with respect to any amounts owed to Service Provider or any of its Subsidiaries pursuant to this Agreement on account of any obligation owed by Service Provider or any of its Subsidiaries to Service Recipient or any of its Subsidiaries.

Section 4.05. Audit Rights. Subject to the confidentiality provisions of this Agreement, Service Provider shall, and shall cause its Affiliates to, provide, upon ten (10) business days'

prior written notice from Service Recipient, any information within Service Provider's or its Affiliates' possession that Service Recipient reasonably requests in connection with any Services being provided to Service Recipient by Service Provider or a Third Party service provider, including any applicable invoices or other supporting documentation, or in the case of a Third Party service provider, agreements documenting the arrangements between such Third Party service provider and Service Provider; provided, however, that each of UTC, Carrier and Otis shall make no more than one (1) such request to each other applicable Party during any calendar month. Service Recipient shall reimburse Service Provider for any reasonable, documented, out-of-pocket costs incurred in connection with Service Provider providing such information.

## ARTICLE V TERM AND TERMINATION

Section 5.01. Term. This Agreement shall commence at the First Effective Time and shall terminate, as between UTC and Carrier and UTC and Otis, upon the earliest to occur of (a) (i) as between UTC and Carrier, the close of business on the last day of the last Service Period with respect to any Service UTC is obligated to provide to Carrier or Carrier is obligated to provide to UTC or (ii) as between UTC and Otis, the close of business on the last day of the last Service Period with respect to any Service UTC is obligated to provide to Otis or Otis is obligated to provide to UTC, in each case, in accordance with the terms of this Agreement; and (b) the mutual written agreement of UTC and Carrier or UTC and Otis, as applicable, to terminate this Agreement in its entirety as between such Parties. Unless otherwise terminated pursuant to Section 5.03, this Agreement shall terminate with respect to each Service as of the close of business on the last day of the Service Period for such Service.

Section 5.02. Extension of a Service Period. After the date of this Agreement, if Service Recipient (a) desires to extend the Service Period for any Service, as reflected on a Schedule to this Agreement, and (b) provides written notice to Service Provider at least thirty (30) days prior to expiration of the applicable Service Period for such Service, then Service Provider shall use its commercially reasonable efforts to continue to provide such Service for the extended Service Period; provided, however, that Service Provider shall not be obligated to extend a Service Period for any Service if (x) despite the use of commercially reasonable efforts, Service Provider would be unable to provide such Service without significant disruption to its or its Subsidiaries' businesses or unreasonable expenditures of time (relative to the time required to provide such Service during the initial Service Period) or unreimbursed costs or (y) there are interdependencies among such Service and any other Services for which the Service Period will expire prior to the end of such extension, and such interdependencies cannot be addressed despite good-faith negotiations between UTC and Carrier or UTC and Otis, as applicable; provided, further, that under no circumstances will any Service Period be extended beyond the date that is the eighteen (18)-month anniversary of the applicable Distribution Date. To the extent the costs to provide such Service will increase during such extended Service Period, the applicable Parties shall negotiate in good faith the Charges for such Service, which Charges shall be determined in a manner consistent with the methodology reflected in Section 2.03 and the applicable Schedule. The applicable Parties will amend the relevant Schedule to reflect such extended Service Period and any increased Charges applicable to the Service. Such amended Schedule, as agreed to in writing by the applicable Parties, shall be deemed part of this

Agreement as of the date of such agreement, in each case subject to the terms and conditions of this Agreement.

Section 5.03. Early Termination.

(a) Without prejudice to Service Recipient's rights with respect to Force Majeure, Service Recipient may from time to time terminate this Agreement with respect to the entirety of any Service (for the avoidance of doubt, Service Recipient may terminate any Service set forth on any part of the Schedules hereto without terminating all or any other Services set forth on the same Schedule as such terminated Service):

(i) for any reason or no reason, upon the giving of at least sixty (60) days' prior written notice (or such other number of days specified in the Schedules hereto) to Service Provider; provided, however, that any such termination (x) may not be effective prior to the end of the Minimum Service Period, (y) may only be effective as of the last day of a calendar month and (z) shall be subject to the obligation to pay any applicable Termination Charges pursuant to Section 5.05; or

(ii) if Service Provider has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to be uncured by Service Provider for a period of at least thirty (30) days after receipt by Service Provider of written notice of such failure from Service Recipient; provided, however, that Service Recipient shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the applicable Parties (undertaken in accordance with the terms of Section 8.15) as to whether Service Provider has cured the applicable breach.

(b) Service Provider may terminate this Agreement with respect to the entirety of any Service at any time upon prior written notice to Service Recipient if Service Recipient has failed to perform any of its material obligations under this Agreement with respect to such Service, including making payment of Charges for such Service when due, and such failure shall continue to be uncured by Service Recipient for a period of at least thirty (30) days after receipt by Service Recipient of a written notice of such failure from Service Provider; provided, however, that Service Provider shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the applicable Parties (undertaken in accordance with the terms of Section 8.15) as to whether Service Recipient has cured the applicable breach.

(c) UTC may terminate this Agreement with respect to all Services provided to Carrier if there is a Carrier Change of Control and with respect to all Services provided to Otis if there is an Otis Change of Control.

(d) The Schedules hereto shall be updated to reflect any terminated Service.

(a) UTC and Carrier acknowledge and agree that (a) there may be interdependencies among the Services being provided to Carrier under this Agreement; (b) upon the request of UTC or Carrier, UTC and Carrier shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that Carrier is seeking to terminate pursuant to Section 5.03 and (ii) in the case of such termination, UTC's ability to provide a particular Service to Carrier in accordance with this Agreement would be materially and adversely affected by such termination of another Service by Carrier; and (c) in the event that UTC and Carrier have determined that such interdependencies exist and such termination would materially and adversely affect UTC's ability to provide a particular Service to Carrier in accordance with this Agreement, UTC and Carrier shall (i) negotiate in good faith to amend the Schedules hereto with respect to such impacted Service prior to such termination, which amendment shall be consistent with the terms of comparable Services, and (ii) if after such negotiation, UTC and Carrier are unable to agree on such amendment, UTC's obligation to provide such Service to Carrier shall terminate automatically with such termination.

(b) UTC and Otis acknowledge and agree that (a) there may be interdependencies among the Services being provided to Otis under this Agreement; (b) upon the request of UTC or Otis, UTC and Otis shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that Otis is seeking to terminate pursuant to Section 5.03 and (ii) in the case of such termination, UTC's ability to provide a particular Service to Otis in accordance with this Agreement would be materially and adversely affected by such termination of another Service by Otis; and (c) in the event that UTC and Otis have determined that such interdependencies exist and such termination would materially and adversely affect UTC's ability to provide a particular Service to Otis in accordance with this Agreement, UTC and Otis shall (i) negotiate in good faith to amend the Schedules hereto with respect to such impacted Service prior to such termination, which amendment shall be consistent with the terms of comparable Services, and (ii) if after such negotiation, UTC and Otis are unable to agree on such amendment, UTC's obligation to provide such Service to Otis shall terminate automatically with such termination.

Section 5.05. Effect of Termination. Upon the termination of any Service pursuant to this Agreement, Service Provider shall have no further obligation to provide the terminated Service, and Service Recipient shall have no obligation to pay any future Charges relating to such Service; provided, however, that Service Recipient shall remain obligated to Service Provider for (a) the Charges owed and payable in respect of Services provided prior to the effective date of termination for such Service, and (b) any applicable Termination Charges (which, in the case of clause (b), shall not be payable in the event that Service Recipient terminates any Service pursuant to Section 5.03(a)(ii)); provided, further, that, any Termination Charges relating to fixed costs in respect of any terminated Service shall be due at the time such Service is terminated. In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement, Article I, this Article V, Article VII and Article VIII, all confidentiality obligations under this Agreement and Liability for all due and unpaid Charges, and Termination Charges shall continue to survive indefinitely.

Section 5.06. Information Transmission. Service Provider, on behalf of itself and its Subsidiaries, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, Service Recipient in accordance with Section 6.1 of the Separation and Distribution Agreement, any Information received or computed by Service Provider for the benefit of Service Recipient concerning the relevant Service during the Service Period; provided, however, that, except as otherwise agreed to in writing by the applicable Parties (a) Service Provider shall not have any obligation to provide, or cause to be provided, Information in any nonstandard format, (b) Service Provider and its Subsidiaries shall be reimbursed for their reasonable costs in accordance with Section 6.3 of the Separation and Distribution Agreement for creating, gathering, copying, transporting and otherwise providing such Information, and (c) Service Provider shall use commercially reasonable efforts to maintain any such Information in accordance with Section 6.4 of the Separation and Distribution Agreement.

ARTICLE VI  
CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS

Section 6.01. Obligations of UTC, Carrier and Otis.

(a) Subject to Section 6.04, until the third (3rd) anniversary of the date of the termination of this Agreement with respect to UTC and Carrier, each of UTC and Carrier, on behalf of itself and each of its Subsidiaries, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to UTC's Confidential Information pursuant to policies in effect as of the Effective Time, all Confidential Information concerning such other Party or its Subsidiaries or their respective businesses that is either in its possession (including Confidential Information in its possession prior to the date hereof) or furnished by such other Party or such other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement (including pursuant to Section 3.01, Section 4.05, Section 5.06 and Section 8.03), and shall not use any such Confidential Information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such Confidential Information (a) is in the public domain or is generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) is lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves known by such Party or any of its Subsidiaries to be bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such Confidential Information; or (c) is independently developed or generated without reference to or use of the Confidential Information of such other Party or any of its Subsidiaries. If any Confidential Information of a Party or any of its Subsidiaries is disclosed to such other Party or any of its Subsidiaries in connection with providing the Services, then such disclosed Confidential Information shall be used only as required to perform such Services.

(b) Subject to Section 6.04, until the third (3rd) anniversary of the date of the termination of this Agreement with respect to UTC and Otis, each of UTC and Otis, on behalf of itself and each of its Subsidiaries, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to UTC's Confidential Information pursuant to policies in effect as of the Effective Time, all Confidential

Information concerning such other Party or its Subsidiaries or their respective businesses that is either in its possession (including Confidential Information in its possession prior to the date hereof) or furnished by such other Party or such other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement (including pursuant to Section 3.01, Section 4.05, Section 5.06 and Section 8.03), and shall not use any such Confidential Information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such Confidential Information (a) is in the public domain or is generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) is lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves known by such Party or any of its Subsidiaries to be bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such Confidential Information; or (c) is independently developed or generated without reference to or use of the Confidential Information of such other Party or any of its Subsidiaries. If any Confidential Information of a Party or any of its Subsidiaries is disclosed to such other Party or any of its Subsidiaries in connection with providing the Services, then such disclosed Confidential Information shall be used only as required to perform such Services.

Section 6.02. No Release; Return or Destruction. Each Party agrees not to release or disclose, or permit to be released or disclosed, any Confidential Information of another Party pursuant to Section 6.01 to any other Person, except its Representatives who need to know such Confidential Information in their capacities as such (who shall be advised of their obligations hereunder with respect to such Confidential Information) and except in compliance with

Section 6.04. Without limiting the foregoing, when any such Confidential Information is no longer needed for the purposes contemplated by the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreements, each Party will promptly after the request of another Party either return to such other Party all such Confidential Information of such other Party in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify such other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided that the Parties may retain electronic back-up versions of such Confidential Information maintained on routine computer system back-up tapes, disks or other backup storage devices; and provided, further, that any such retained back-up information shall remain subject to the confidentiality provisions of this Agreement.

Section 6.03. Privacy and Data Protection Laws. Each Party shall comply with all applicable state, federal and foreign privacy and data protection Laws that are or that may in the future be applicable to the provision of the Services under this Agreement.

Section 6.04. Protective Arrangements. In the event that a Party or any of its Subsidiaries either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process (including from any Governmental Authority) to disclose or provide information of another Party (or any of its Subsidiaries) that is subject to the confidentiality provisions hereof, such Party shall notify such other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of such other Party, in seeking any appropriate protective order requested by such other

Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process (including by such Governmental Authority), and the disclosing Party shall promptly provide such other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII  
LIMITED LIABILITY AND INDEMNIFICATION

Section 7.01.     Limitations on Liability.

(a)     Service Provider Limitations on Liability.

(i)     SUBJECT TO SECTION 7.02, THE LIABILITIES OF UTC AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, TO CARRIER UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE SERVICES PROVIDED BY UTC TO CARRIER (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY OR PROVISION OF ANY SERVICES PROVIDED TO CARRIER OR ITS SUBSIDIARIES BY UTC UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE CHARGES PAID OR PAYABLE BY CARRIER TO UTC UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO THE SERVICES GIVING RISE TO SUCH LIABILITY.

(ii)    SUBJECT TO SECTION 7.02, THE LIABILITIES OF UTC AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, TO OTIS UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE SERVICES PROVIDED BY UTC TO OTIS (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY OR PROVISION OF ANY SERVICES PROVIDED TO OTIS OR ITS SUBSIDIARIES BY UTC UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE CHARGES PAID OR PAYABLE BY OTIS TO UTC UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO THE SERVICES GIVING RISE TO SUCH LIABILITY.

(iii) SUBJECT TO SECTION 7.02, THE LIABILITIES OF CARRIER AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, TO UTC UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE SERVICES PROVIDED BY CARRIER TO UTC (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY OR PROVISION OF ANY SERVICES PROVIDED TO UTC OR ITS SUBSIDIARIES BY CARRIER UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE CHARGES PAID OR PAYABLE BY UTC TO CARRIER UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO THE SERVICES GIVING RISE TO SUCH LIABILITY.

(iv) SUBJECT TO SECTION 7.02, THE LIABILITIES OF OTIS AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, TO UTC UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE SERVICES PROVIDED BY OTIS TO UTC (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY OR PROVISION OF ANY SERVICES PROVIDED TO UTC OR ITS SUBSIDIARIES BY OTIS UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE CHARGES PAID OR PAYABLE BY UTC TO OTIS UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO THE SERVICES GIVING RISE TO SUCH LIABILITY.

(b) Service Recipient Limitations on Liability.

(i) SUBJECT TO SECTION 7.02, EXCEPT FOR THE FAILURE OF CARRIER TO PAY FOR SERVICES, AND WITHOUT LIMITING CARRIER'S OBLIGATIONS PURSUANT TO SECTION 7.03, THE LIABILITIES OF CARRIER AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT TO UTC RELATING TO THE RECEIPT OF ANY SERVICES PROVIDED BY UTC TO CARRIER UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES (EXCLUDING ANY FEES CHARGED BY UTC FOR REIMBURSEMENT OF THIRD PARTY FEES) PAID OR PAYABLE BY CARRIER UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR



TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO ALL SERVICES PROVIDED BY UTC TO CARRIER PURSUANT THIS AGREEMENT.

(ii) SUBJECT TO SECTION 7.02, EXCEPT FOR THE FAILURE OF OTIS TO PAY FOR SERVICES, AND WITHOUT LIMITING OTIS' OBLIGATIONS PURSUANT TO SECTION 7.03, THE LIABILITIES OF OTIS AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT TO UTC RELATING TO THE RECEIPT OF ANY SERVICES PROVIDED BY UTC TO OTIS UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES (EXCLUDING ANY FEES CHARGED BY UTC FOR REIMBURSEMENT OF THIRD PARTY FEES) PAID OR PAYABLE BY OTIS UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO ALL SERVICES PROVIDED BY UTC TO OTIS PURSUANT THIS AGREEMENT.

(iii) SUBJECT TO SECTION 7.02, EXCEPT FOR THE FAILURE OF UTC TO PAY FOR SERVICES, AND WITHOUT LIMITING UTC'S OBLIGATIONS PURSUANT TO SECTION 7.03, THE LIABILITIES OF UTC AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT TO CARRIER RELATING TO THE RECEIPT OF ANY SERVICES PROVIDED BY CARRIER TO UTC UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES (EXCLUDING ANY FEES CHARGED BY CARRIER FOR REIMBURSEMENT OF THIRD PARTY FEES) PAID OR PAYABLE BY UTC UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE FIRST ANNIVERSARY OF THIS AGREEMENT) WITH RESPECT TO ALL SERVICES PROVIDED BY CARRIER TO UTC PURSUANT THIS AGREEMENT.

(iv) SUBJECT TO SECTION 7.02, EXCEPT FOR THE FAILURE OF UTC TO PAY FOR SERVICES, AND WITHOUT LIMITING UTC'S OBLIGATIONS PURSUANT TO SECTION 7.03, THE LIABILITIES OF UTC AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT TO OTIS RELATING TO THE RECEIPT OF ANY SERVICES PROVIDED BY OTIS TO UTC UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES (EXCLUDING ANY FEES CHARGED BY OTIS FOR REIMBURSEMENT OF THIRD PARTY FEES) PAID OR PAYABLE BY UTC UNDER THIS AGREEMENT OVER THE PREVIOUS TWELVE (12) MONTHS OR SINCE THE DATE OF THIS AGREEMENT (IF PRIOR TO THE

(c) IN NO EVENT SHALL ANY OF THE PARTIES, THEIR SUBSIDIARIES OR THEIR RESPECTIVE REPRESENTATIVES BE LIABLE TO ANOTHER PARTY FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, REMOTE, SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER PARTY IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT (OTHER THAN ANY SUCH LIABILITY WITH RESPECT TO A THIRD-PARTY CLAIM), AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF, ITS SUBSIDIARIES AND ITS REPRESENTATIVES ANY CLAIM FOR SUCH DAMAGES, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

(d) The limitations in Section 7.01(a)(i), Section 7.01(a)(ii), Section 7.01(a)(iii), Section 7.01(a)(iv), Section 7.01(b)(i), Section 7.01(b)(ii), Section 7.01(b)(iii), Section 7.01(b)(iv) and Section 7.01(c) shall not apply in respect of any Liability arising out of or in connection with (i) any Party's Liability for breaches of confidentiality under Article VI, (ii) the Parties' respective obligations under Section 7.03 or 7.04 or (iii) the willful misconduct or fraud of or by the Party to be charged.

Section 7.02. Obligation to Re-Perform; Liabilities. In the event of any breach of this Agreement by Service Provider with respect to the provision of any Services (with respect to which Service Provider can reasonably be expected to re-perform in a commercially reasonable manner), Service Provider shall, at the request of Service Recipient, promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the sole cost and expense of Service Provider. The remedy set forth in this Section 7.02 shall be the sole and exclusive remedy of Service Recipient for any such breach of this Agreement; provided, however, that the foregoing shall not prohibit Service Recipient from exercising its right to terminate this Agreement in accordance with the provisions of Section 5.03(a)(ii) or seeking specific performance in accordance with Section 8.16. Any request for re-performance in accordance with this Section 7.02 by Service Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than one month from the later of (x) the date on which such breach occurred and (y) the date on which such breach was reasonably discovered by Service Recipient.

Section 7.03. Third-Party Claims. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, Service Recipient shall indemnify, defend and hold harmless Service Provider, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Service Provider Indemnitees"), from and against any and all claims of Third Parties relating to, arising out of or resulting from Service Recipient's use or receipt of the Services provided by Service Provider hereunder, other than Third-Party Claims arising out of the gross negligence, willful misconduct or fraud of any Service Provider Indemnitee.

Section 7.04. Service Provider Indemnity. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this

Agreement or any other Ancillary Agreement, Service Provider shall indemnify, defend and hold harmless Service Recipient, its Subsidiaries and each of their respective Subsidiaries and Representatives, and each of the successors and assigns of any of the foregoing (collectively, the “Service Recipient Indemnitees”), from and against any and all Liabilities relating to, arising out of or resulting from the sale, delivery or provision of any Services provided by Service Provider to Service Recipient hereunder, but only to the extent that such Liability relates to, arises out of or results from Service Provider’s gross negligence, willful misconduct or fraud.

Section 7.05. Indemnification Procedures. The procedures for indemnification set forth in Article IV of the Separation and Distribution Agreement shall govern claims for indemnification under this Agreement.

ARTICLE VIII  
MISCELLANEOUS

Section 8.01. Mutual Cooperation.

(a) Each of UTC and Carrier shall, and shall cause its Subsidiaries to, cooperate with the other Party and its Subsidiaries in connection with the performance of the Services hereunder; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of such Party or its Subsidiaries; and, provided, further, that this Section 8.01(a) shall not require such Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed in writing by the applicable Parties.

(b) Each of UTC and Otis shall, and shall cause its Subsidiaries to, cooperate with the other Party and its Subsidiaries in connection with the performance of the Services hereunder; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of such Party or its Subsidiaries; and, provided, further, that this Section 8.01(b) shall not require such Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed in writing by the applicable Parties.

Section 8.02. Further Assurances. Subject to the terms of this Agreement, each Party shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party may reasonably request to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 8.03. Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by a Governmental Authority (including a Taxing Authority), standards organizations, customers or other parties to contracts with such Parties or their respective Subsidiaries under applicable Law, standards or contract provisions. If a Governmental Authority, standards organization, customer or other party to a contract with a Party or its Subsidiary exercises its right to examine or audit such Party’s or its Subsidiary’s books, records, documents or accounting practices and procedures pursuant to such applicable Law, standards or contract provisions, and such examination or audit relates to the Services, then, subject to the confidentiality provisions of this Agreement, the applicable other Party shall

provide, at the sole cost and expense of the requesting Party, all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for Information, to the extent that such assistance or Information is within the reasonable control of the cooperating Party and is related to the Services.

Section 8.04. Title to Intellectual Property. Except as expressly provided for under the terms of this Agreement, the Separation and Distribution Agreement or the Intellectual Property Agreement, Service Recipient acknowledges that it shall acquire no right, title or interest (including any license rights or rights of use) in any intellectual property that is owned or licensed by Service Provider, by reason of the provision of the Services hereunder. Service Recipient shall not remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by Service Provider, and Service Recipient shall reproduce any such notices on any and all copies thereof. Service Recipient shall not attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by Service Provider, and Service Recipient shall promptly notify Service Provider of any such attempt, regardless of whether by Service Recipient or any Third Party, of which Service Recipient becomes aware.

Section 8.05. Independent Contractors. The Parties each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship between or among any of the Parties. Employees performing Services hereunder do so on behalf of, under the direction of, and as employees of, Service Provider, and Service Recipient shall have no right, power or authority to direct such employees, unless otherwise specified with respect to a particular Service on the Schedules hereto.

Section 8.06. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one (1) or more counterparts, all of which shall be considered one (1) and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties.

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

(c) UTC represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, and each of Carrier and Otis represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, as follows:

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

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it and is enforceable in accordance with the terms hereof.

(d) Each Party acknowledges and agrees that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by e-mail in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by e-mail in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of another Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 8.07. Governing Law. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 8.08. Assignability.

(a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that (i) Carrier may not assign its rights or delegate its obligations under this Agreement without the express prior written consent of UTC, (ii) Otis may not assign its rights or delegate its obligations under this Agreement without the express prior written consent of UTC, (iii) UTC may not assign its rights or delegate its obligations with respect to Carrier under this Agreement without the express prior written consent of Carrier and (iv) UTC may not assign its rights or delegate its obligations with respect to Otis under this Agreement without the express prior written consent of Otis.

(b) Notwithstanding the foregoing and without limiting UTC's rights pursuant to Section 5.03(c), no consent shall be required pursuant to Section 8.08(a) for the assignment of a Party's rights and obligations under the Separation and Distribution Agreement, this Agreement and the other Ancillary Agreements in whole (*i.e.*, the assignment of such Party's rights and obligations under the Separation and Distribution Agreement, this Agreement and all the other Ancillary Agreements all at the same time) in connection with a merger, consolidation

or other business combination of such Party with or into any other Person or a sale of all or substantially all of the assets of such Party to another Person, in each case so long as the resulting, surviving or acquiring Person assumes all the obligations of such applicable Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the Party or Parties whose consent would otherwise be required pursuant to Section 8.08(a). The Parties agree that if Carrier or Otis divests a business or portion of a business to a third party buyer while such business (or portion thereof, as applicable) is receiving Services under this Agreement, and the unavailability of the Services for the remaining applicable Service Period would materially and adversely impact such divested business (or portion thereof, as applicable) or Carrier's or Otis', as applicable, ability to successfully complete such divestiture, upon the written request of Carrier or Otis, as applicable, UTC and Carrier or Otis, as applicable, will cooperate in good faith and use commercially reasonable efforts to agree on a mutually acceptable and commercially reasonable plan to permit such divested business (or portion thereof, as applicable), but, for clarity, not any portion of the applicable third party buyer's businesses or operations other than solely such divested business (or portion thereof, as applicable), to continue to receive the applicable Services during the remaining applicable Service Period consistent with the terms and conditions hereof, such plan to include, if mutually acceptable and commercially reasonable, any appropriate set-up or similar activities to segregate, as appropriate, the services provided to the divested business (or portion thereof, as applicable) from those provided to Carrier or Otis, as appropriate, and if and when such plan to segregate the services for such divested business (or portion thereof, as applicable) is mutually agreed (or if not mutually agreed, so long as UTC and Carrier or Otis, as applicable, shall have determined that such plan is not necessary after cooperating in good faith), UTC shall provide such services to such divested business (or portion thereof, as applicable) on the terms set out herein; provided that (a) the third party buyer, pursuant to an agreement with Carrier or Otis, as applicable, assumes all obligations of Carrier or Otis, as applicable, under this Agreement in respect of such divested business (or portion thereof) and such applicable Services which agreement shall be in form and substance reasonably satisfactory to UTC, and shall also specify that other than the preparation for and provision of the applicable Services and any necessary interaction with the third party buyer in connection therewith, UTC need only communicate and interact with Carrier or Otis, as applicable, and not such third party buyer, including with respect to invoicing, for which UTC shall invoice Carrier or Otis, as applicable, and Carrier or Otis, as applicable, shall remit payment to UTC, (b) notwithstanding the foregoing clause (a) and in addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, Carrier or Otis, as applicable, shall indemnify, defend and hold harmless UTC, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing, from and against any and all Liabilities relating to, arising out of or resulting from the sale, delivery or provision of any such Services to such third party buyer (except to the extent that such Liability relates to, arises out of or results from UTC's gross negligence, willful misconduct or fraud), and (c) the provision of such applicable Services to such third party buyer shall be not be materially more burdensome to UTC, its Subsidiaries and each of their respective Representatives (either alone or in the aggregate with all other Services hereunder) than the provision of such applicable Services prior to such divestiture, including by requiring no greater amount or frequency of any such Services and being subject to no greater requirements or standards (other than the segregation of the services as contemplated above); provided, further, that under no

circumstances shall UTC be required to agree to provide any such applicable Services to such third party buyer if doing so would adversely impact (other than *de minimis* impacts) the cost, burden, liability or risk associated with providing such applicable Services compared to the cost, burden, liability and risk associated with providing such applicable Services to Carrier or Otis, as applicable, prior to such divestiture, or otherwise cause any other non-*de minimis* disruption to or adverse impact on the UTC Business.

Section 8.09. Third-Party Beneficiaries. Except as provided in Article VII with respect to the Service Provider Indemnitees and the Service Recipient Indemnitees in their respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder; and (b) there are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 8.10. Notices. Except with respect to a Routine Communication (which shall be governed by Section 8.15), all notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and except as provided herein shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by certified mail, return receipt requested, or by electronic mail ("e-mail"), so long as confirmation of receipt of such e-mail is requested and received, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8.10):

If to UTC, to:

United Technologies Corporation  
10 Farm Springs Road  
Farmington, CT 06032  
Attention: Sean Moylan  
E-mail: Sean.Moylan@utc.com

If to Carrier, to:

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

If to Otis, to:

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

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

Section 8.11. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable provision to effect the original intent of the Parties.

Section 8.12. Force Majeure. No Party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation hereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. Without limiting the termination rights contained in this Agreement, in the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such Force Majeure, (a) provide written notice to the applicable other Parties of the nature and extent of such Force Majeure; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable (and in no event later than the date that the affected Party resumes analogous performance under any other agreement or for itself, its Affiliates or any Third Party) unless this Agreement has previously been terminated under Article V or this Section 8.12. Service Recipient shall be (i) relieved of the obligation to pay Charges for the affected Service(s) throughout the duration of such Force Majeure and (ii) entitled to permanently terminate such Service(s) if the delay or failure in providing such Services because of a Force Majeure shall continue to exist for more than thirty (30) consecutive days (it being understood that Service Recipient shall not be required to provide any advance notice of such termination to Service Provider).

Section 8.13. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.14. Waivers of Default. Waiver by any Party of any default by another Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate



as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 8.15. Dispute Resolution.

(a) Prior to the First Effective Time, the Parties shall establish a committee (the “TSA Committee”) that shall initially consist of the six individuals set forth on Annex A hereto. Each of UTC, Carrier and Otis may replace any member of the TSA Committee appointed by such Party at any time upon notice to the other Parties in accordance with Section 8.10. The TSA Committee shall be responsible for monitoring and managing all matters related to any of the transactions contemplated by this Agreement and shall use commercially reasonable efforts to meet monthly (or with such other frequency mutually agreed by each of the applicable Parties) for the purposes of reviewing and discussing cooperatively and in good faith the status of the Services, including any approaching terminations of Service Periods and the effective transition of Services from Service Provider to Service Recipient in connection therewith. Notwithstanding the requirements of Section 8.10, any Routine Communication shall be delivered via e-mail (with confirmation of receipt requested and received) to the members of the TSA Committee appointed by the relevant Party or Parties. For all Routine Communications other than Routine Communications which are exclusively related to ordinary course payment or billing of a Service, a copy shall also be delivered via e-mail (with confirmation of receipt requested and received) to the Persons listed in Section 8.10 with respect to the relevant Party or Parties. All decisions by the TSA Committee or any subcommittee thereof shall be effective only if mutually agreed by each of the applicable Parties implicated in the applicable matter. The Parties shall utilize the procedures set forth in Section 8.15(b) to resolve any matters as to which the TSA Committee is not able to reach a decision. In the event of any controversy, dispute or claim (a “Dispute”) arising out of or relating to any Party’s rights or obligations under this Agreement (whether arising in contract, tort or otherwise), calculation or allocation of the costs of any Service or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), such Dispute shall be resolved by submitting such Dispute first to the TSA Committee, and the members of the TSA Committee from the Parties involved in such Dispute shall seek to resolve such Dispute through informal good-faith negotiation. In the event that the relevant members of the TSA Committee fail to meet, or if they meet and fail to resolve a Dispute within twenty (20) business days, then either Party involved in such Dispute may pursue the remedy set forth in Section 8.15(b).

(b) If the procedures set forth in Section 8.15(a) have been followed with respect to a Dispute and such Dispute remains unresolved, such Dispute shall be resolved in accordance with the dispute resolution process referred to in Article VII of the Separation and Distribution Agreement.

(c) In any Dispute regarding the amount of a Charge or a Termination Charge, if such Dispute is finally resolved pursuant to the dispute resolution process set forth or referred to in Section 8.15(a) or Section 8.15(b) and it is determined that the Charge or the Termination Charge, as applicable, that Service Provider has invoiced Service Recipient, and that Service Recipient has paid to Service Provider, is greater or less than the amount that the Charge or the Termination Charge, as applicable, should have been, then (i) if it is determined that Service Recipient has overpaid the Charge or the Termination Charge, as applicable, Service Provider

shall within ten (10) days after such determination reimburse Service Recipient an amount of cash equal to such overpayment, plus the Interest Payment, accruing from the date of payment by Service Recipient to the time of reimbursement by Service Provider; and (ii) if it is determined that Service Recipient has underpaid the Charge or the Termination Charge, as applicable, Service Recipient shall within ten (10) days after such determination reimburse Service Provider an amount of cash equal to such underpayment, plus the Interest Payment, accruing from the date such payment originally should have been made by Service Recipient to the time of payment by Service Recipient.

Section 8.16. Specific Performance. Subject to Section 8.15, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its rights or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach are inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties. Unless otherwise agreed in writing, Service Provider shall continue to provide Services and the Parties shall honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of Section 8.15 and this Section 8.16 with respect to all matters not subject to such Dispute; provided, however, that this obligation shall only exist during the term of this Agreement.

Section 8.17. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom enforcement of such waiver, amendment, supplement or modification is sought.

Section 8.18. Precedence of Schedules. Each Schedule attached to or referenced in this Agreement is hereby incorporated into and shall form a part of this Agreement; provided, however, that the terms contained in such Schedule shall only apply with respect to the Services provided under that Schedule. In the event of a conflict between the terms contained in an individual Schedule and the terms in the body of this Agreement, the terms in the Schedule shall take precedence with respect to the Services under such Schedule only. No terms contained in individual Schedules shall otherwise modify the terms of this Agreement.

Section 8.19. Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Annexes and Exhibits hereto) and not to any particular provision of this Agreement; (c) Article, Section, Exhibit, Annex and Schedule references are to the Articles, Sections, Exhibits, Annexes and Schedules to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of

similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by Law to close in New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; (j) unless expressly stated to the contrary in this Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to April 2, 2020; (k) the word “extent” and the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such word or phrase shall not merely mean “if”; and (l) any local currency conversion to U.S. dollars shall be based on the appropriate foreign exchange conversion rate for the then-current month, based upon the average for such month, as calculated consistently with how such local currency conversion was calculated in the twelve (12)-month period prior to the date of this Agreement.

Section 8.20. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this Agreement.

*[Remainder of page intentionally left blank]*

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

UNITED TECHNOLOGIES CORPORATION

By: /s/ Michael R. Dumais

Name: Michael R. Dumais

Title: Executive Vice President, Operations & Strategy

CARRIER GLOBAL CORPORATION

By: /s/ Kyle Crockett

Name: Kyle Crockett

Title: Vice President, Controller

OTIS WORLDWIDE CORPORATION

By: /s/ Michael P. Ryan

Name: Michael P. Ryan

Title: Vice President, Controller

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**TAX MATTERS AGREEMENT**

**BY AND AMONG**

**UNITED TECHNOLOGIES CORPORATION,**

**CARRIER GLOBAL CORPORATION**

**AND**

**OTIS WORLDWIDE CORPORATION**

**DATED AS OF APRIL 2, 2020**

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## TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT, dated as of April 2, 2020 (this “Agreement”), is by and among United Technologies Corporation, a Delaware corporation (“UTC”), Carrier Global Corporation, a Delaware corporation and a wholly owned subsidiary of UTC (“Carrier”) and Otis Worldwide Corporation, a Delaware corporation and a wholly owned subsidiary of UTC (“Otis” and, together with Carrier, the “SpinCos” and each, a “SpinCo”) (collectively, the “Companies” and each a “Company”).

### R E C I T A L S

WHEREAS, UTC, Carrier, and Otis have entered into a Separation and Distribution Agreement, dated as of April 2, 2020 (the “Separation and Distribution Agreement”), providing for the separation of the Carrier Group from the UTC Group and the Otis Group and the separation of the Otis Group from the UTC Group and the Carrier Group;

WHEREAS, pursuant to the terms of the Separation and Distribution Agreement, among other things, UTC has taken or will take the following actions: (a) (i) contribute the Carrier Assets to Carrier and cause Carrier to assume the Carrier Liabilities, in actual or constructive exchange for (A) the issuance by Carrier to UTC of Carrier Shares and (B) the transfer by Carrier to UTC of some or all of the proceeds of the Carrier Financing Arrangements, in an amount approximately equal to \$11,000,000,000 (the “Carrier Debt Proceeds” and such contribution, the “Carrier Contribution”) and (ii) transfer the Carrier Debt Proceeds to one or more third-party creditors of UTC (the “Carrier Debt Repayment”) in connection with the Plan of Reorganization; (b) effect the Carrier Distribution; (c) (i) contribute the Otis Assets to Otis and cause Otis to assume the Otis Liabilities, in actual or constructive exchange for (A) the issuance by Otis to UTC of Otis Shares and (B) the transfer by Otis to UTC of some or all of the proceeds of the Otis Financing Arrangements, in an amount approximately equal to \$6,300,000,000 (the “Otis Debt Proceeds” and such contribution, the “Otis Contribution”) and (ii) transfer the Otis Debt Proceeds to one or more third-party creditors of UTC (the “Otis Debt Repayment”) in connection with the Plan of Reorganization; and (d) effect the Otis Distribution;

WHEREAS, for Federal Income Tax purposes, it is intended that each of the Internal Distributions, the Carrier Distribution (together with the Carrier Contribution), and the Otis Distribution (together with the Otis Contribution) shall qualify as a transaction that is generally tax-free pursuant to Section 355(a) (or Sections 355(a) and 368(a)(1)(D)) of the Code;

WHEREAS, as of the date hereof, UTC is the common parent of an affiliated group (as defined in Section 1504 of the Code) of corporations, including Otis and Carrier, which has elected to file consolidated Federal Income Tax Returns;

WHEREAS, as a result of the Carrier Distribution, Carrier and its subsidiaries will cease to be members of the affiliated group of which UTC is the common parent (the “Carrier Deconsolidation”);

WHEREAS, as a result of the Otis Distribution, Otis and its subsidiaries will cease to be members of the affiliated group of which UTC is the common parent (the “Otis Deconsolidation”);

WHEREAS, the Parties desire to provide for and agree upon the allocation between the Parties of liabilities for Taxes arising prior to, as a result of, and subsequent to the Distributions, and to provide for and agree upon other matters relating to Taxes;

NOW THEREFORE, in consideration of the mutual agreements contained herein, the Parties hereby agree as follows:

**Section 1. Definition of Terms.** For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement:

“Action” shall have the meaning set forth in the Separation and Distribution Agreement.

“Adjustment Request” shall mean any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset, and (c) any claim for refund or credit of Taxes previously paid.

“Affiliate” shall mean any entity that is directly or indirectly “controlled” by either the Person in question or an Affiliate of such Person. “Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. The term Affiliate shall refer to Affiliates of a Person as determined immediately after the relevant Distribution.

“Agreement” shall mean this Tax Matters Agreement.

“business day” shall have the meaning set forth in the Separation and Distribution Agreement.

“Capital Stock” shall mean all classes or series of capital stock, including (a) common stock, (b) all options, warrants and other rights to acquire such capital stock and (c) all instruments properly treated as stock for U.S. Federal Income Tax purposes.

“Carrier” shall have the meaning provided in the first sentence of this Agreement, and references herein to Carrier shall include any entity treated as a successor to Carrier.

“Carrier Active Trade or Business” shall mean the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by Carrier and its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the Carrier Distribution (as described in the IRS Ruling Request and the Representation Letters), as conducted immediately prior to the Carrier Distribution.

“Carrier Adjustment” shall mean any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent Carrier would be exclusively liable for any

resulting Tax under this Agreement or exclusively entitled to receive any resulting Tax Benefit under this Agreement.

“Carrier Affiliated Group” shall mean the affiliated group (as defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which Carrier is the common parent.

“Carrier Business” shall have the meaning set forth in the Separation and Distribution Agreement.

“Carrier Carryback” shall mean any net operating loss, net capital loss, excess tax credit, or other similar Tax item of any member of the Carrier Group that may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Tax Law.

“Carrier CFO Certificate” shall have the meaning set forth in Section 7.02(e)(i).

“Carrier Contribution” shall have the meaning provided in the Recitals.

“Carrier Debt Proceeds” shall have the meaning provided in the Recitals.

“Carrier Debt Repayment” shall have the meaning provided in the Recitals.

“Carrier Deconsolidation” shall have the meaning provided in the Recitals.

“Carrier Deconsolidation Date” shall mean the last date on which Carrier qualifies as a member of the affiliated group (as defined in Section 1504 of the Code) of which UTC is the common parent.

“Carrier Distribution” shall mean the distribution by UTC of all the Carrier Shares *pro rata* to holders of UTC Shares.

“Carrier Distribution Date” shall have the meaning set forth in the Separation and Distribution Agreement.

“Carrier Federal Consolidated Income Tax Return” shall mean any United States Federal Income Tax Return for the affiliated group (as defined in Section 1504 of the Code) of which Carrier is the common parent.

“Carrier Foreign Distribution” shall have the meaning set forth on Schedule 7.02(d)(iii).

“Carrier Foreign SpinCo” shall have the meaning set forth on Schedule 7.02(d)(iii).

“Carrier Foreign SpinCo Holdings” shall have the meaning set forth on Schedule 7.02(d)(iii).

“Carrier Group” shall mean Carrier and its Affiliates, as determined immediately after the Carrier Distribution.

“Carrier Group Employee” shall have the meaning set forth in the Employee Matters Agreement.

“Carrier/Otis Filing Date” shall have the meaning set forth in Section 7.05(e)(iii)(A).

“Carrier Post-Deconsolidation Period” shall mean any Post-Deconsolidation Period determined by reference to the Carrier Deconsolidation Date.

“Carrier Pre-Deconsolidation Period” shall mean any Pre-Deconsolidation Period determined by reference to the Carrier Deconsolidation Date.

“Carrier Proposed Acquisition Transaction” shall mean a Proposed Acquisition Transaction with respect to Carrier.

“Carrier Separate Return” shall mean any Separate Return of Carrier or any member of the Carrier Group.

“Carrier Shares” shall have the meaning set forth in the Separation and Distribution Agreement.

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

“Companies” and “Company” shall have the meaning provided in the first sentence of this Agreement.

“Compensatory Equity Interests” shall have the meaning set forth in Section 6.02(a).

“Contributions” shall mean the Carrier Contribution and the Otis Contribution, taken together.

“Debt Reallocation” shall mean (a) (i) any actual or deemed assumption of UTC debt by Carrier in connection with the Carrier Contribution, (ii) the receipt by UTC of the Carrier Debt Proceeds, and (iii) the Carrier Debt Repayment, and (b) (i) any actual or deemed assumption of UTC debt by Otis in connection with the Otis Contribution, (ii) the receipt by UTC of the Otis Debt Proceeds, and (iii) the Otis Debt Repayment.

“Deconsolidation Date” shall mean the Carrier Deconsolidation Date or the Otis Deconsolidation Date, as the context requires.

“DGCL” shall mean the Delaware General Corporation Law.

“Distribution Date” shall have the meaning set forth in the Separation and Distribution Agreement.

“Distributions” shall mean the Carrier Distribution and the Otis Distribution, taken together.

“Effective Time” shall have the meaning set forth in the Separation and Distribution Agreement.

“Employee Matters Agreement” shall have the meaning set forth in the Separation and Distribution Agreement.

“External Separation Transaction” shall mean each of (a) the Carrier Contribution and the Carrier Distribution, (b) the Otis Contribution and the Otis Distribution, and (c) the Debt Reallocation.

“Federal Income Tax” shall mean any Tax imposed by Subtitle A of the Code, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

“Federal Other Tax” shall mean any Tax imposed by the federal government of the United States other than any Federal Income Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

“Fifty-Percent or Greater Interest” shall have the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code.

“Final Determination” shall mean the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of a State, local, or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or a comparable agreement under the laws of a State, local, or foreign taxing jurisdiction; (d) by any allowance of a refund or credit in respect of an overpayment of Income Tax or Other Tax, but only after the expiration of all Tax Periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Income Tax or Other Tax; or (e) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the Parties.

“First Effective Time” shall have the meaning set forth in the Separation and Distribution Agreement.

“Foreign Income Tax” shall mean any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, which is an income tax as defined in Treasury Regulations Section 1.901-2, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

“Foreign Other Tax” shall mean any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, other than any Foreign Income Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

“Foreign Separations” shall mean the internal restructuring transactions intended to effect the separation of (a) the UTC Assets and UTC Liabilities from the Carrier Assets and Carrier Liabilities and/or the Otis Assets and Otis Liabilities, (b) the Carrier Assets and Carrier Liabilities from the UTC Assets and UTC Liabilities and/or the Otis Assets and Otis Liabilities, and/or (c) the Otis Assets and Otis Liabilities from the UTC Assets and UTC Liabilities and/or the Carrier Assets and Carrier Liabilities, in each case, held by certain subsidiaries of UTC

organized in jurisdictions outside of the United States (including through the transfer of equity interests in any such subsidiary).

“Foreign Tax” shall mean any Foreign Income Taxes or Foreign Other Taxes.

“Foreign Tax-Free Status” shall mean, with respect to (a) each of the Foreign Separations, the qualification thereof for non-recognition of income or gain (or similar treatment) for Foreign Income Tax purposes under the laws of the relevant foreign jurisdiction and (b) any Foreign Separation that is covered by a Tax Opinion/Ruling or other written guidance addressing the Foreign Tax treatment thereof, the qualification of such transaction for the Foreign Tax treatment set forth in such Tax Opinion/Ruling or other written guidance.

“Former Carrier Group Employee” shall have the meaning set forth in the Employee Matters Agreement.

“Former Otis Group Employee” shall have the meaning set forth in the Employee Matters Agreement.

“Former UTC Group Employee” shall have the meaning set forth in the Employee Matters Agreement.

“Governmental Authority” shall have the meaning set forth in the Separation and Distribution Agreement.

“Group” shall mean the UTC Group, the Carrier Group, the Otis Group, or any combination thereof, as the context requires.

“Income Tax” shall mean any Federal Income Tax, State Income Tax or Foreign Income Tax.

“Internal Distributions” shall mean the separation of (a) the UTC Assets and UTC Liabilities from the Carrier Assets and Carrier Liabilities and/or the Otis Assets and Otis Liabilities, (b) the Carrier Assets and Carrier Liabilities from the UTC Assets and UTC Liabilities and/or the Otis Assets and Otis Liabilities, and/or (c) the Otis Assets and Otis Liabilities from the UTC Assets and UTC Liabilities and/or the Carrier Assets and Carrier Liabilities, in each case, (i) held by certain subsidiaries of UTC and (ii) in a transaction intended to qualify, for Federal Income Tax purposes, as a distribution that is generally tax-free pursuant to Section 355(a) (or Sections 355(a) and 368(a)(1)(D)) of the Code.

“Internal Separation Transaction” shall mean any internal restructuring transaction, other than the Internal Distributions, that is (a) undertaken pursuant to the Plan of Reorganization and (b) covered by a Tax Opinion/Ruling addressing the Federal Income Tax treatment thereof.

“IRS” shall mean the U.S. Internal Revenue Service.

“IRS Ruling Request” shall mean the request for private letter rulings filed by UTC on July 31, 2019 with the IRS (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendments or supplements to such request.

“Joint Adjustment” shall mean any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest that is not a Carrier Adjustment, an Otis Adjustment, or a UTC Adjustment.

“Joint Return” shall mean any Return of a member of the UTC Group or a SpinCo Group that is not a Separate Return.

“Notified Action” shall have the meaning set forth in Section 7.04(a).

“Other Tax” shall mean any Federal Other Tax, State Other Tax, or Foreign Other Tax.

“Otis” shall have the meaning provided in the first sentence of this Agreement, and references herein to Otis shall include any entity treated as a successor to Otis.

“Otis Active Trade or Business” shall mean the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by Otis and its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the Otis Distribution (as described in the IRS Ruling Request and the Representation Letters), as conducted immediately prior to the Otis Distribution.

“Otis Affiliated Group” shall mean the affiliated group (as defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which Otis is the common parent.

“Otis Adjustment” shall mean any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent Otis would be exclusively liable for any resulting Tax under this Agreement or exclusively entitled to receive any resulting Tax Benefit under this Agreement.

“Otis Business” shall have the meaning set forth in the Separation and Distribution Agreement.

“Otis Carryback” shall mean any net operating loss, net capital loss, excess tax credit, or other similar Tax item of any member of the Otis Group that may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Tax Law.

“Otis CFO Certificate” shall have the meaning set forth in Section 7.02(e)(ii).

“Otis Contribution” shall have the meaning provided in the Recitals.

“Otis Debt Proceeds” shall have the meaning provided in the Recitals.

“Otis Debt Repayment” shall have the meaning provided in the Recitals.

“Otis Deconsolidation” shall have the meaning provided in the Recitals.

“Otis Deconsolidation Date” shall mean the last date on which Otis qualifies as a member of the affiliated group (as defined in Section 1504 of the Code) of which UTC is the common parent.

“Otis Distribution” shall mean the distribution by UTC of all the Otis Shares *pro rata* to holders of UTC Shares.

“Otis Distribution Date” shall have the meaning set forth in the Separation and Distribution Agreement.

“Otis Federal Consolidated Income Tax Return” shall mean any United States Federal Income Tax Return for the affiliated group (as defined in Section 1504 of the Code) of which Otis is the common parent.

“Otis Foreign Distribution” shall have the meaning set forth on Schedule 7.02(d)(iv).

“Otis Foreign SpinCo” shall have the meaning set forth on Schedule 7.02(d)(iv).

“Otis Foreign SpinCo Holdings” shall have the meaning set forth on Schedule 7.02(d)(iv).

“Otis Group” shall mean Otis and its Affiliates, as determined immediately after the Otis Distribution.

“Otis Group Employee” shall have the meaning set forth in the Employee Matters Agreement.

“Otis Post-Deconsolidation Period” shall mean any Post-Deconsolidation Period determined by reference to the Otis Deconsolidation Date.

“Otis Pre-Deconsolidation Period” shall mean any Pre-Deconsolidation Period determined by reference to the Otis Deconsolidation Date.

“Otis Proposed Acquisition Transaction” shall mean a Proposed Acquisition Transaction with respect to Otis.

“Otis Separate Return” shall mean any Separate Return of Otis or any member of the Otis Group.

“Otis Shares” shall have the meaning set forth in the Separation and Distribution Agreement.

“Parties” shall mean the parties to this Agreement.

“Past Practices” shall have the meaning set forth in Section 4.05(a).

“Payment Date” shall mean (a) with respect to any UTC Federal Consolidated Income Tax Return, the due date for any required installment of estimated Taxes determined under Section 6655 of the Code, the due date (determined without regard to extensions) for filing the Tax Return determined under Section 6072 of the Code, and the date the Tax Return is filed, and (b) with respect to any other Tax Return, the corresponding dates determined under applicable Tax Law; in each case, taking into account any automatic or validly elected extensions, deferrals or postponements of the due date for payment of any such estimated Taxes or any Tax shown on such Tax Return, as applicable.

“Payor” shall have the meaning set forth in Section 5.02(a).



“Person” shall mean any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or a Governmental Authority or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for Federal Income Tax purposes.

“Plan of Reorganization” shall have the meaning set forth in the Separation and Distribution Agreement.

“Post-Deconsolidation Period” shall mean any Tax Period beginning after the relevant Deconsolidation Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the relevant Deconsolidation Date.

“Pre-Deconsolidation Period” shall mean any Tax Period ending on or prior to the relevant Deconsolidation Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the relevant Deconsolidation Date.

“Prime Rate” shall have the meaning set forth in the Separation and Distribution Agreement.

“Private Letter Ruling” shall mean the private letter ruling issued to UTC on December 13, 2019 in response to the IRS Ruling Request.

“Privilege” shall mean any privilege that may be asserted under applicable law, including, any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“Proposed Acquisition Transaction” shall mean, with respect to a SpinCo, a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulations Section 1.355-7, or any other Treasury Regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by the management or shareholders of such SpinCo, is a hostile acquisition, or otherwise, as a result of which such SpinCo would merge or consolidate with any other Person or as a result of which any Person or Persons would (directly or indirectly) acquire, or have the right to acquire, from such SpinCo and/or one or more holders of outstanding shares of Capital Stock of such SpinCo, a number of shares of Capital Stock of such SpinCo that would, when combined with any other changes in ownership of Capital Stock of such SpinCo pertinent for purposes of Section 355(e) of the Code, comprise 45% or more of (a) the value of all outstanding shares of stock of such SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding shares of voting stock of such SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by such SpinCo of a shareholder rights plan or (ii) issuances by such SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person’s performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting

power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or Treasury Regulations promulgated under Section 355(e) of the Code shall be incorporated into this definition and its interpretation.

“PTEP” shall mean any earnings and profits of a foreign corporation that would be excluded from gross income pursuant to Section 959 of the Code.

“Representation Letters” shall mean the representation letters and any other materials (including, without limitation, a Ruling Request and any related supplemental submissions to the IRS or other Tax Authority) delivered by, or on behalf of, UTC, Carrier, Otis or others to a Tax Advisor (or a Tax Authority) in connection with the issuance by such Tax Advisor (or Tax Authority) of a Tax Opinion/Ruling.

“Required Party” shall have the meaning set forth in Section 5.02(a).

“Reserve” shall mean a financial statement reserve, in accordance with generally accepted accounting principles, pursuant to ASC Topic 740, excluding, for the avoidance of doubt, any reserve related to Taxes imposed with respect to the Transactions.

“Responsible Company” shall mean, with respect to any Tax Return, the Company having responsibility for filing such Tax Return.

“Responsible SpinCo(s)” shall have the meaning set forth in Section 10.02(e)(i).

“Restriction Period” shall mean the period beginning on the date hereof and ending on the two-year anniversary of the Second Distribution.

“Retention Date” shall have the meaning set forth in Section 9.01.

“Ruling Request” shall mean the IRS Ruling Request and/or any other request filed with the IRS or any other Tax Authority requesting rulings regarding the Tax consequences of any transactions contemplated by the Plan of Reorganization (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendments or supplements to such request.

“Second Distribution” shall have the meaning set forth in the Separation and Distribution Agreement.

“Section 7.02(e) Acquisition Transaction” shall mean any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 30% instead of 45%.

“Section 336(e) Election” shall have the meaning set forth in Section 7.06.

“Separate Return” shall mean (a) in the case of any Tax Return of any member of a SpinCo Group (including any consolidated, combined or unitary return), any such Tax Return that does not include any member of the UTC Group and (b) in the case of any Tax Return of any member of the UTC Group (including any consolidated, combined or unitary return), any such Tax Return that does not include any member of a SpinCo Group.

“Separation and Distribution Agreement” shall have the meaning set forth in the Recitals.

“Separation-Related Tax Contest” shall mean any Tax Contest in which the IRS, another Tax Authority or any other Person asserts a position that could reasonably be expected to adversely affect the (a) U.S. Tax-Free Status of any Internal Distribution or Internal Separation Transaction or any External Separation Transaction or (b) Foreign Tax-Free Status of any Foreign Separation.

“Shared Taxes” shall have the meaning set forth in Section 7.05(d).

“Specified Acquisition” shall have the meaning set forth on Schedule 7.07.

“Specified Income Taxes” shall mean (a) all Income Taxes imposed pursuant to any settlement, Final Determination, judgment or otherwise and (b) all accounting, legal and other professional fees, and court costs incurred in connection with such Income Taxes, in each case, resulting from an adjustment, pursuant to a Final Determination, with respect to any Transaction not intended to qualify for non-recognition of income or gain (or similar treatment) for Income Tax purposes.

“Specified Matter” shall have the meaning set forth on Schedule 10.02(e).

“Specified Percentage Interest” shall have the meaning set forth on Schedule 7.07.

“Specified Tax Contest” shall mean any Tax Contest in which the IRS, another Tax Authority or any other Person asserts a position that could reasonably be expected to increase the Specified Income Taxes imposed on any member of the UTC Group or any member of a SpinCo Group.

“SpinCo” and “SpinCos” shall have the meaning provided in the first sentence of this Agreement, and references herein to any SpinCo shall include any entity treated as a successor to such SpinCo.

“SpinCo Adjustment” shall mean a Carrier Adjustment and/or an Otis Adjustment, as the context requires.

“SpinCo Group” shall mean the Carrier Group and/or the Otis Group, as the context requires.

“SpinCo Reserved Income Taxes” shall mean, in the case of Carrier, Income Taxes for which Carrier is responsible pursuant to Section 2.02(a)(i), 2.03(a)(i), or 2.04(a)(i) and, in the case of Otis, Income Taxes for which Otis is responsible pursuant to Section 2.02(a)(ii), 2.03(a)(ii), or 2.04(a)(ii).

“SpinCo Separate Return” shall mean a Carrier Separate Return and/or an Otis Separate Return, as the context requires.

“State Income Tax” shall mean any Tax imposed by any State of the United States (or by any political subdivision of any such State) or the District of Columbia, or any city or municipality located therein, which is imposed on or measured by net income, including state and local franchise or similar Taxes measured by net income, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

“State Other Tax” shall mean any Tax imposed by any State of the United States (or by any political subdivision of any such State) or the District of Columbia, or any city or municipality located therein, other than any State Income Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

“Straddle Period” shall mean any Tax Period that (a) with respect to Carrier, begins on or before and ends after the Carrier Deconsolidation Date or (b) with respect to Otis, begins on or before and ends after the Otis Deconsolidation Date.

“Tax” or “Taxes” shall mean any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, *ad valorem*, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value added, alternative minimum, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any Governmental Authority or political subdivision thereof, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

“Tax Advisor” shall mean any Tax counsel or accountant of recognized national standing in the United States (or, in the case of any Tax Opinion/Ruling that is an opinion regarding the Foreign Tax treatment of any Foreign Separation, in the relevant foreign jurisdiction(s)).

“Tax Advisor Dispute” shall have the meaning set forth in Section 14.

“Tax Attribute” shall mean a net operating loss, net capital loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit or any other Tax Item that could reduce a Tax.

“Tax Authority” shall mean, with respect to any Tax, the Governmental Authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

“Tax Benefit” shall mean any reduction in liability for Tax as a result of any loss, deduction, refund, credit, or other item reducing Taxes otherwise payable.

“Tax Contest” shall mean an audit, review, examination, assessment or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund).

“Tax Item” shall mean, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

“Tax Law” shall mean the law of any Governmental Authority or political subdivision thereof relating to any Tax.

“Tax Opinion/Ruling” shall mean (a) each opinion of a Tax Advisor or ruling by the IRS or another Tax Authority delivered or issued to UTC or any of its subsidiaries in connection with, and regarding the Federal Income Tax treatment of, (i) any External Separation Transaction, (ii) any Internal Distribution, or (iii) any other internal restructuring transaction undertaken pursuant to the Plan of Reorganization that is intended to qualify for non-recognition treatment for Federal Income Tax purposes and (b) each opinion of a Tax Advisor or ruling by a Tax Authority delivered or issued to UTC or any of its subsidiaries in connection with, and regarding the Foreign Tax treatment of, any Foreign Separation.

“Tax Period” shall mean, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

“Tax Records” shall mean any Tax Returns, Tax Return workpapers, documentation relating to any Tax Contests, and any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority.

“Tax-Related Losses” shall mean (a) all federal, state, local and foreign Taxes imposed pursuant to any settlement, Final Determination, judgment or otherwise (including Taxes required to be reflected on any Tax Return prepared in accordance with Section 4.05(b)); (b) all accounting, legal and other professional fees, and court costs incurred in connection with such Taxes; and (c) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by UTC (or any UTC Affiliate) or any SpinCo (or any SpinCo Affiliate) in respect of the liability of shareholders, whether paid to shareholders or to the IRS or any other Tax Authority; in each case, resulting from the failure of, (i) any External Separation Transaction, any Internal Distribution, or any Internal Separation Transaction to have U.S. Tax-Free Status, or (ii) any Foreign Separation to have Foreign Tax-Free Status.

“Tax Return” or “Return” shall mean any report of Taxes due, any claim for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document filed or required to be filed under the Code or other Tax Law, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

“Transactions” shall mean the External Separation Transactions and the other transactions contemplated by the Separation and Distribution Agreement (including the Internal Distributions, the Internal Separation Transactions, the Foreign Separations, and the other transactions contemplated by the Plan of Reorganization).

“Transition Services Agreement” shall have the meaning set forth in the Separation and Distribution Agreement.

“Treasury Regulations” shall mean the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

“Unqualified Tax Opinion” shall mean an unqualified opinion of a Tax Advisor on which UTC may rely to the effect that a transaction will not (a) affect the U.S. Tax-Free Status of any External Separation Transaction or any Internal Distribution or (b) adversely affect any of the conclusions set forth in any Tax Opinion/Ruling regarding the U.S. Tax-Free Status of any External Separation Transaction or any Internal Distribution; *provided*, that any Tax opinion obtained in connection with a proposed acquisition of Capital Stock of any SpinCo or any entity that was a “distributing corporation” or “controlled corporation” in any Internal Distribution entered into during the Restriction Period shall not qualify as an Unqualified Tax Opinion unless such Tax opinion concludes that such proposed acquisition will not be treated as “part of a plan (or series of related transactions),” within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes (x) the Carrier Distribution, (y) the Otis Distribution, or (z) any Internal Distribution. Any such opinion must assume that (i) the External Separation Transactions and/or the Internal Distributions, as relevant, would have qualified for U.S. Tax-Free Status if the transaction in question did not occur and (ii) except to the extent expressly ruled otherwise by the IRS in the Private Letter Ruling, (A) the Specified Acquisition is “part of a plan (or series of related transactions)” with each of the Distributions for purposes of Section 355(e) of the Code and (B) the Specified Acquisition resulted in one or more persons acquiring directly or indirectly common stock representing no less than the Specified Percentage Interest in each of the SpinCos and their respective Subsidiaries for purposes of Section 355(e) of the Code.

“U.S. Tax-Free Status” shall mean, with respect to (a) each External Separation Transaction and each Internal Distribution, the qualification thereof (i) as a transaction described in Section 368(a)(1)(D) and/or Section 355(a) of the Code, (ii) as a transaction in which the stock distributed thereby is “qualified property” for purposes of Sections 355(c)(2) and 361(c)(2) of the Code and (iii) as a transaction in which UTC, Carrier, Otis, and the members of their respective Groups (as relevant) recognize no income or gain for Federal Income Tax purposes pursuant to Sections 355, 361 and 1032 of the Code, other than (x) income or gain recognized pursuant to Sections 367(a), 367(b) and/or 1248 of the Code and the Treasury Regulations promulgated under such provisions (assuming, for this purpose, that any available elections to avoid the recognition of income or gain for Federal Income Tax purposes under such provisions have been duly and timely made), or (y) intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code; and (b) any Internal Separation Transaction, the qualification of such transaction for the Federal Income Tax treatment set forth in such Tax Opinion/Ruling.

“UTC” shall have the meaning provided in the first sentence of this Agreement, and references herein to UTC shall include any entity treated as a successor to UTC.

“UTC Adjustment” shall mean any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent UTC would be exclusively liable for any resulting Tax under this Agreement or exclusively entitled to receive any resulting Tax Benefit under this Agreement.

“UTC Affiliated Group” shall mean the affiliated group (as defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which UTC is the common parent.

“UTC/Carrier Filing Date” shall have the meaning set forth in Section 7.05(d)(ii).

“UTC Federal Consolidated Income Tax Return” shall mean any United States Federal Income Tax Return for the UTC Affiliated Group.

“UTC Foreign Combined Income Tax Return” shall mean (a) a consolidated, combined or unitary or other similar Foreign Income Tax Return or (b) any Foreign Income Tax Return with respect to any profit and/or loss sharing group, group payment or similar group or fiscal unity, in the case of each of clauses (a) and (b), that actually includes, by election or otherwise, one or more members of the UTC Group together with one or more members of a SpinCo Group; *provided*, that, for the avoidance of doubt, in the case of a Foreign Income Tax Return of a member of a SpinCo Group that (x) is required to be filed with respect to a Straddle Period and (y) would otherwise (without regard to this proviso) be a UTC Foreign Combined Income Tax Return, any portion of such Foreign Income Tax Return reflecting Tax Items with respect to any Post-Deconsolidation Period (i) shall in no event be a UTC Foreign Combined Income Tax Return and (ii) shall instead be a Separate Return of such member of the relevant SpinCo Group.

“UTC Group” shall mean UTC and its Affiliates, excluding any entity that is a member of a SpinCo Group.

“UTC Group Employee” shall have the meaning set forth in the Employee Matters Agreement.

“UTC/Otis Filing Date” shall have the meaning set forth in Section 7.05(d)(i).

“UTC Separate Return” shall mean any Separate Return of UTC or any member of the UTC Group.

“UTC Shares” shall have the meaning set forth in the Separation and Distribution Agreement.

“UTC State Combined Income Tax Return” shall mean a consolidated, combined or unitary Tax Return with respect to State Income Taxes that actually includes, by election or otherwise, one or more members of the UTC Group and one or more members of a SpinCo Group.

## **Section 2. Allocation of Tax Liabilities.**

### *Section 2.01 General Rule.*

(a) *UTC Liability.* UTC shall be liable for, and shall indemnify and hold harmless each SpinCo Group from and against any liability for, Taxes that are allocated to UTC under this Section 2.

(b) *Carrier Liability.* Carrier shall be liable for, and shall indemnify and hold harmless the UTC Group and the Otis Group from and against any liability for, Taxes that are allocated to Carrier under this Section 2.

(c) *Otis Liability.* Otis shall be liable for, and shall indemnify and hold harmless the UTC Group and the Carrier Group from and against any liability for, Taxes that are allocated to Otis under this Section 2.

*Section 2.02 Allocation of United States Federal Income Tax and Federal Other Tax.* Except as otherwise provided in Section 2.05, Federal Income Tax and Federal Other Tax shall be allocated as follows:

(a) *Allocation of Tax Relating to UTC Federal Consolidated Income Tax Returns.* With respect to any UTC Federal Consolidated Income Tax Return, UTC shall be responsible for any and all Federal Income Taxes due or required to be reported on any such Tax Return (including any increase in such Tax as a result of a Final Determination); *provided*, that:

(i) subject to Section 2.02(a)(iii), Carrier shall be responsible for any such Federal Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Carrier Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Carrier Distribution Date (including, for the avoidance of doubt, Carrier and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Carrier Distribution Date and (y) such matter exclusively relates to the Carrier Business;

(ii) subject to Section 2.02(a)(iii), Otis shall be responsible for any such Federal Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Otis Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Otis Distribution Date (including, for the avoidance of doubt, Otis and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Otis Distribution Date and (y) such matter exclusively relates to the Otis Business; and

(iii) irrespective of whether any amounts described in this clause (iii) are attributable to any matter described in clause (i)(x) or (ii)(x) of this Section 2.02(a), each of UTC, Carrier, and Otis shall be responsible for any and all installment payments (and any adjustments to any prior installment payments), in each case, that are required to be paid after the earlier to occur of the Carrier Distribution Date or the Otis Distribution Date by UTC pursuant to Section 965(h) (2) or (3) of the Code, in the proportions set forth on Schedule 2.02(a)(iii) (it being understood that (x) to the extent any such installment payment or adjustment is required to be paid after the Carrier Distribution Date and prior to the Otis Distribution Date, UTC shall be responsible for the amount for which Otis would otherwise be responsible pursuant to this Section 2.02(a)(iii) and (y) to the extent any such installment payment or adjustment is required to be paid after the Otis Distribution Date and prior to the Carrier Distribution Date, UTC shall be responsible for the amount for which Carrier would otherwise be responsible pursuant to this Section 2.02(a)(iii)).



(b) *Allocation of Tax Relating to Federal Separate Income Tax Returns.* (i) UTC shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any UTC Separate Return; (ii) Carrier shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Carrier Separate Return; and (iii) Otis shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Otis Separate Return; in each case, including any increase in such Tax as a result of a Final Determination.

(c) *Allocation of Federal Other Tax.* (i) UTC shall be responsible for any and all Federal Other Taxes due with respect to or required to be reported on any (A) UTC Separate Return or (B) Joint Return that UTC or any member of the UTC Group is obligated to file under the Code; (ii) Carrier shall be responsible for any and all Federal Other Taxes due with respect to or required to be reported on any (A) Carrier Separate Return or (B) Joint Return that Carrier or any member of the Carrier Group is obligated to file under the Code; and (iii) Otis shall be responsible for any and all Federal Other Taxes due with respect to or required to be reported on any (A) Otis Separate Return or (B) Joint Return that Otis or any member of the Otis Group is obligated to file under the Code; in each case, including any increase in such Tax as a result of a Final Determination.

*Section 2.03 Allocation of State Income and State Other Taxes.* Except as otherwise provided in Section 2.05, State Income Tax and State Other Tax shall be allocated as follows:

(a) *Allocation of Tax Relating to UTC State Combined Income Tax Returns.* With respect to any UTC State Combined Income Tax Return, UTC shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any such Tax Return (including any increase in such Tax as a result of a Final Determination); *provided*, that:

(i) Carrier shall be responsible for any such State Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Carrier Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Carrier Distribution Date (including, for the avoidance of doubt, Carrier and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Carrier Distribution Date and (y) such matter exclusively relates to the Carrier Business; and

(ii) Otis shall be responsible for any such State Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Otis Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Otis Distribution Date (including, for the avoidance of doubt, Otis and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Otis Distribution Date and (y) such matter exclusively relates to the Otis Business.

(b) *Allocation of Tax Relating to State Separate Income Tax Returns.* (i) UTC shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any UTC Separate Return; (ii) Carrier shall be responsible for any and all State Income Taxes

due with respect to or required to be reported on any Carrier Separate Return; and (iii) Otis shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any Otis Separate Return; in each case, including any increase in such Tax as a result of a Final Determination.

(c) *Allocation of State Other Tax.* (i) UTC shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any (A) UTC Separate Return or (B) Joint Return that UTC or any member of the UTC Group is obligated to file under applicable Tax Law; (ii) Carrier shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any (A) Carrier Separate Return or (B) Joint Return that Carrier or any member of the Carrier Group is obligated to file under applicable Tax Law; and (iii) Otis shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any (A) Otis Separate Return or (B) Joint Return that Otis or any member of the Otis Group is obligated to file under applicable Tax Law; in each case, including any increase in such Tax as a result of a Final Determination.

*Section 2.04 Allocation of Foreign Taxes.* Except as otherwise provided in Section 2.05, Foreign Income Tax and Foreign Other Tax shall be allocated as follows:

(a) *Allocation of Tax Relating to UTC Foreign Combined Income Tax Returns.* UTC shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any UTC Foreign Combined Income Tax Return (including any increase in such Tax as a result of a Final Determination); *provided*, that:

(i) Carrier shall be responsible for any such Foreign Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Carrier Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Carrier Distribution Date (including, for the avoidance of doubt, Carrier and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Carrier Distribution Date and (y) such matter exclusively relates to the Carrier Business; and

(ii) Otis shall be responsible for any such Foreign Income Taxes with respect to any Tax Period (or portion thereof) ending on or prior to the Otis Distribution Date (including any increase in such Tax as a result of a Final Determination) to the extent (x) such Tax is imposed with respect to any matter for which UTC or any of its Subsidiaries immediately prior to the Otis Distribution Date (including, for the avoidance of doubt, Otis and its Subsidiaries) reflected a Reserve in its financial statements immediately prior to the Otis Distribution Date and (y) such matter exclusively relates to the Otis Business.

(b) *Allocation of Tax Relating to Foreign Separate Income Tax Returns.* (i) UTC shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any UTC Separate Return; (ii) Carrier shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any Carrier Separate Return; and (iii) Otis shall be responsible for any and all Foreign Income Taxes due with respect to or

required to be reported on any Otis Separate Return; in each case, including any increase in such Tax as a result of a Final Determination.

(c) *Allocation of Foreign Other Tax.* (i) UTC shall be responsible for any and all Foreign Other Taxes due with respect to or required to be reported on any (A) UTC Separate Return or (B) Joint Return that UTC or any member of the UTC Group is obligated to file under applicable Tax Law; (ii) Carrier shall be responsible for any and all Foreign Other Taxes due with respect to or required to be reported on any (A) Carrier Separate Return or (B) Joint Return that Carrier or any member of the Carrier Group is obligated to file under applicable Tax Law; and (iii) Otis shall be responsible for any and all Foreign Other Taxes due with respect to or required to be reported on any (A) Otis Separate Return or (B) Joint Return that Otis or any member of the Otis Group is obligated to file under applicable Tax Law; in each case, including any increase in such Tax as a result of a Final Determination.

*Section 2.05 Certain Transaction and Other Taxes.*

(a) *Carrier Liability.* Carrier shall be liable for, and shall indemnify and hold harmless the UTC Group and the Otis Group from and against any liability for:

(i) any stamp, sales and use, gross receipts, or other transfer Taxes imposed by any Tax Authority on any member of the Carrier Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any value-added or goods and services Tax imposed by any Tax Authority on any transfer occurring pursuant to the Transactions to the extent any member of the Carrier Group is the transferee with respect to the relevant transfer;

(iii) any Tax (other than Tax-Related Losses and Specified Income Taxes) (A) resulting from a breach by Carrier of any covenant made by Carrier in this Agreement, the Separation and Distribution Agreement, or any Ancillary Agreement or (B) imposed under Section 965(l)(1) of the Code as a result of Carrier or any member of the Carrier Group becoming an expatriated entity at any time during the ten-year period beginning on December 22, 2017 (within the meaning of Section 965(l) of the Code); and

(iv) any Tax-Related Losses and Specified Income Taxes for which Carrier is responsible pursuant to Section 7.05.

The amounts for which Carrier is liable pursuant to Section 2.05(a)(i), (ii), and (iii) shall include all accounting, legal, and other professional fees and court costs incurred in connection with the relevant Taxes.

(b) *Otis Liability.* Otis shall be liable for, and shall indemnify and hold harmless the UTC Group and the Carrier Group from and against any liability for:

(i) any stamp, sales and use, gross receipts, or other transfer Taxes imposed by any Tax Authority on any member of the Otis Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any value-added or goods and services Tax imposed by any Tax Authority on any transfer occurring pursuant to the Transactions to the extent any member of the Otis Group is the transferee with respect to the relevant transfer;

(iii) any Tax (other than Tax-Related Losses and Specified Income Taxes) (A) resulting from a breach by Otis of any covenant made by Otis in this Agreement, the Separation and Distribution Agreement, or any Ancillary Agreement or (B) imposed under Section 965(l)(1) of the Code as a result of Otis or any member of the Otis Group becoming an expatriated entity at any time during the ten-year period beginning on December 22, 2017 (within the meaning of Section 965(l) of the Code); and

(iv) any Tax-Related Losses and Specified Income Taxes for which Otis is responsible pursuant to Section 7.05.

The amounts for which Otis is liable pursuant to Section 2.05(b)(i), (ii), and (iii) shall include all accounting, legal, and other professional fees and court costs incurred in connection with the relevant Taxes.

(c) *UTC Liability.* UTC shall be liable for, and shall indemnify and hold harmless each SpinCo Group from and against any liability for:

(i) Any stamp, sales and use, gross receipts, or other transfer Taxes imposed by any Tax Authority on any member of the UTC Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any value-added or goods and services Tax imposed by any Tax Authority on any transfer occurring pursuant to the Transactions to the extent any member of the UTC Group is the transferee with respect to the relevant transfer;

(iii) any Tax (other than Tax-Related Losses and Specified Income Taxes) (A) resulting from a breach by UTC of any covenant made by UTC in this Agreement, the Separation and Distribution Agreement, or any Ancillary Agreement or (B) imposed under Section 965(l)(1) of the Code as a result of UTC or any member of the UTC Group becoming an expatriated entity at any time during the ten-year period beginning on December 22, 2017 (within the meaning of Section 965(l) of the Code); and

(iv) any Tax-Related Losses and Specified Income Taxes for which UTC is responsible pursuant to Section 7.05.

The amounts for which UTC is liable pursuant to Section 2.05(c)(i), (ii), and (iii) shall include all accounting, legal, and other professional fees and court costs incurred in connection with the relevant Taxes.

### **Section 3. Proration of Taxes for Straddle Periods.**

(a) *General Method of Proration.* In the case of any Straddle Period, Tax Items shall be apportioned between Pre-Deconsolidation Periods and Post-Deconsolidation Periods in accordance with the principles of Treasury Regulations Section 1.1502-76(b) as reasonably

interpreted and applied by UTC. With respect to each UTC Federal Consolidated Income Tax Return for a taxable year that includes a Distribution, UTC may determine in its sole discretion whether to make a ratable election under Treasury Regulations Section 1.1502-76(b)(2)(ii) with respect to a SpinCo. Each SpinCo shall, and shall cause each member of such SpinCo Group to, take all actions necessary to give effect to any such election.

(b) *Transactions Treated as Extraordinary Item.* In determining the apportionment of Tax Items between Pre-Deconsolidation Periods and Post-Deconsolidation Periods, any Tax Items relating to the Transactions shall be treated as extraordinary items described in Treasury Regulations Section 1.1502-76(b)(2)(ii)(C) and shall (to the extent arising on or prior to the relevant Deconsolidation Date) be allocated to the relevant Pre-Deconsolidation Period(s), and any Taxes related to such items shall be treated under Treasury Regulations Section 1.1502-76(b)(2)(iv) as relating to such extraordinary item and shall (to the extent arising on or prior to the relevant Deconsolidation Date) be allocated to the relevant Pre-Deconsolidation Period(s).

#### **Section 4. Preparation and Filing of Tax Returns.**

*Section 4.01 General.* Except as otherwise provided in this Section 4, Tax Returns shall be prepared and filed when due (taking into account extensions) by the Person obligated to file such Tax Returns under the Code or applicable Tax Law. The Companies shall, and shall cause their respective Affiliates to, provide assistance and cooperation to one another in accordance with Section 8 with respect to the preparation and filing of Tax Returns (including by providing information required to be provided pursuant to Section 8).

*Section 4.02 UTC's Responsibility.* UTC has the exclusive obligation and right to prepare and file, or to cause to be prepared and filed:

(a) UTC Federal Consolidated Income Tax Returns for any Tax Periods ending before, on or after any Deconsolidation Date;

(b) UTC State Combined Income Tax Returns, UTC Foreign Combined Income Tax Returns and any other Joint Returns that UTC reasonably determines are required to be filed (or that UTC chooses to be filed) by UTC or any member of the UTC Group for Tax Periods ending before, on or after any Deconsolidation Date; and

(c) UTC Separate Returns and SpinCo Separate Returns that UTC reasonably determines are required to be filed by the Companies or any of their Affiliates for Tax Periods ending before, on or after any Deconsolidation Date (limited, in the case of SpinCo Separate Returns, to such Tax Returns as are required to be filed (taking into account extensions) on or before the relevant Deconsolidation Date).

*Section 4.03 Carrier's Responsibility.* Carrier shall prepare and file, or shall cause to be prepared and filed, all Tax Returns required to be filed by or with respect to members of the Carrier Group other than those Tax Returns that UTC is required or entitled to prepare and file under Section 4.02. The Tax Returns required to be prepared and filed by Carrier under this Section 4.03 shall include (a) any Carrier Federal Consolidated Income Tax Return for Tax

Periods ending after the Carrier Deconsolidation Date and (b) Carrier Separate Returns required to be filed (taking into account extensions) after the Carrier Deconsolidation Date.

*Section 4.04 Otis's Responsibility.* Otis shall prepare and file, or shall cause to be prepared and filed, all Tax Returns required to be filed by or with respect to members of the Otis Group other than those Tax Returns that UTC is required or entitled to prepare and file under Section 4.02. The Tax Returns required to be prepared and filed by Otis under this Section 4.04 shall include (a) any Otis Federal Consolidated Income Tax Return for Tax Periods ending after the Otis Deconsolidation Date and (b) Otis Separate Returns required to be filed (taking into account extensions) after the Otis Deconsolidation Date.

*Section 4.05 Tax Accounting Practices.*

(a) *General Rule.* Except as otherwise provided in Section 4.05(b), with respect to any Tax Return that a SpinCo has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 4.03 or Section 4.04, for any Pre-Deconsolidation Period or any Straddle Period (or any Tax Period beginning after the relevant Deconsolidation Date to the extent items reported on such Tax Return could reasonably be expected to affect items reported on any Tax Return that UTC has the obligation or right to prepare and file for any Pre-Deconsolidation Period or any Straddle Period), such Tax Return shall be prepared in accordance with past practices, accounting methods, elections or conventions ("Past Practices") used with respect to the Tax Returns in question (unless there is no reasonable basis for the use of such Past Practices), and to the extent any items are not covered by Past Practices (or in the event that there is no reasonable basis for the use of such Past Practices), in accordance with reasonable Tax accounting practices selected by such SpinCo. Except as otherwise provided in Section 4.05(b), UTC shall prepare any Tax Return that it has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 4.02, in accordance with reasonable Tax accounting practices selected by UTC.

(b) *Reporting of Transactions.* Except to the extent otherwise required (x) by a change in applicable law or (y) as a result of a Final Determination, (i) none of UTC, Carrier, or Otis shall (and shall not permit or cause any member of its respective Group to) take any position that is inconsistent with the treatment of (A) any External Separation Transaction, any Internal Distribution, or any Internal Separation Transaction, in each case, as having U.S. Tax-Free Status (or analogous status under state or local law) or (B) any Foreign Separation intended to have Foreign Tax-Free Status as having such status, and (ii) no SpinCo shall (and shall not permit or cause any member of the relevant SpinCo Group to) take any position with respect to any material item of income, deduction, gain, loss, or credit on a Tax Return, or otherwise treat such item in a manner that is inconsistent with the manner such item is reported on a Tax Return required to be prepared or filed by UTC pursuant to Section 4.02 (including, without limitation, the claiming of a deduction previously claimed on any such Tax Return); *provided, however*, that, notwithstanding anything to the contrary herein, (1) if UTC determines that (x) notwithstanding the receipt of the Tax Opinion/Ruling with respect to the Carrier Foreign Distribution and the Otis Foreign Distribution, either or both of the Carrier Foreign Distribution and the Otis Foreign Distribution do not qualify for Foreign Tax-Free Status, or (y) there has been a change in relevant facts after the Deconsolidation Date as a result of which (I) any External Separation Transaction, any Internal Distribution, or any Internal Separation

Transaction does not qualify for U.S. Tax-Free Status or (II) any Foreign Separation intended to have Foreign Tax-Free Status does not qualify for such status, then (2) UTC shall promptly notify Carrier and Otis in writing and, following such notice, each of the Parties shall report the Carrier Foreign Distribution and/or the Otis Foreign Distribution or such External Separation Transaction, Internal Distribution, Internal Separation Transaction, or Foreign Separation, as applicable, in the manner set forth in such notice (and shall not be permitted to take positions inconsistent with such notice).

*Section 4.06 Consolidated or Combined Tax Returns.* Each SpinCo will elect and join, and will cause its respective Affiliates to elect and join, in filing any UTC State Combined Income Tax Returns and any Joint Returns that UTC determines are required to be filed or that UTC chooses to file pursuant to Section 4.02(b). With respect to any Tax Return relating to any Tax Period (or portion thereof) ending on or prior to the Carrier Distribution Date, which Tax Return otherwise would be a Carrier Separate Return, Carrier will elect and join, and will cause its respective Affiliates to elect and join, in filing consolidated, unitary, combined, or other similar joint Tax Returns, to the extent each entity is eligible to join in such Tax Returns, upon UTC's request. With respect to any Tax Return relating to any Tax Period (or portion thereof) ending on or prior to the Otis Distribution Date, which Tax Return otherwise would be an Otis Separate Return, Otis will elect and join, and will cause its respective Affiliates to elect and join, in filing consolidated, unitary, combined, or other similar joint Tax Returns, to the extent each entity is eligible to join in such Tax Returns, upon UTC's request. In the event that, following the Carrier Distribution Date or the Otis Distribution Date, as applicable, UTC or a member of the UTC Group makes a Tax election with respect to a UTC Foreign Combined Income Tax Return and determines that the making of such Tax election would have a material impact on the Tax liability or Tax attributes of any member of the Carrier Group or the Otis Group, as applicable, in a Tax Period ending after the relevant Distribution Date, UTC shall provide written notice of such determination to the relevant SpinCo Group within a reasonable period of time following such determination.

*Section 4.07 Right to Review Tax Returns.*

*(a) General.* The Company that has responsibility for preparing and filing any material Tax Return under this Agreement shall make such Tax Return (or the relevant portions thereof) and related workpapers available for review by the other Company or Companies, as applicable, if requested, to the extent the requesting party (i) is or would reasonably be expected to be liable for Taxes reflected on such Tax Return, (ii) is or would reasonably be expected to be liable for any additional Taxes owing as a result of adjustments to the amount of such Taxes reported on such Tax Return, (iii) has or would reasonably be expected to have a claim for Tax Benefits under this Agreement in respect of items reflected on such Tax Return, or (iv) reasonably requires such documents to confirm compliance with the terms of this Agreement; *provided, however*, that notwithstanding anything in this Agreement to the contrary, UTC shall not be required to make any UTC Federal Consolidated Income Tax Return available for review by any other Company. The Company that has responsibility for preparing and filing such Tax Return under this Agreement shall use reasonable efforts to make such Tax Return (or the relevant portions thereof) and related workpapers available for review as required under this paragraph sufficiently in advance of the due date for filing of such Tax Return to provide the requesting Party (or Parties) with a meaningful opportunity to review and comment on such Tax Return and

shall consider such comments in good faith. The relevant Companies shall attempt in good faith to resolve any material disagreement arising out of the review of such Tax Return and, failing such resolution, any material disagreement shall be resolved in accordance with the provisions of Section 14 as promptly as practicable.

(b) *Execution of Returns Prepared by Other Party.* In the case of any Tax Return that is required to be prepared by one Company under this Agreement and that is required by law to be signed by another Company (or by its authorized representative), the Company that is legally required to sign such Tax Return shall not be required to sign such Tax Return under this Agreement unless there is at least a “reasonable basis” (or comparable standard under state, local or foreign law) for the Tax treatment of each material item reported on the Tax Return.

*Section 4.08 SpinCo Carrybacks and Claims for Refund.*

(a) Carrier hereby agrees that, unless UTC consents in writing, (i) no Adjustment Request with respect to any Joint Return shall be filed, and (ii) any available elections to waive the right to claim in any Carrier Pre-Deconsolidation Period with respect to any Joint Return any Carrier Carryback arising in a Carrier Post-Deconsolidation Period shall be made, and no affirmative election shall be made to claim any such Carrier Carryback; *provided, however*, that the Parties agree that any such Adjustment Request shall be made with respect to any Carrier Carryback related to Federal or State Income Taxes, upon the reasonable request of Carrier, if (x) such Carrier Carryback is necessary to prevent the loss of the Federal and/or State Income Tax Benefit of such Carrier Carryback (including, but not limited to, an Adjustment Request with respect to a Carrier Carryback of a federal or state capital loss arising in a Carrier Post-Deconsolidation Period to a Carrier Pre-Deconsolidation Period) and (y) such Adjustment Request will cause no Tax detriment to UTC, the UTC Group or any member of the UTC Group. Any Adjustment Request to which UTC consents under this Section 4.08(a) shall be prepared and filed by the Responsible Company with respect to the Tax Return to be adjusted.

(b) Otis hereby agrees that, unless UTC consents in writing, (i) no Adjustment Request with respect to any Joint Return shall be filed, and (ii) any available elections to waive the right to claim in any Otis Pre-Deconsolidation Period with respect to any Joint Return any Otis Carryback arising in an Otis Post-Deconsolidation Period shall be made, and no affirmative election shall be made to claim any such Otis Carryback; *provided, however*, that the Parties agree that any such Adjustment Request shall be made with respect to any Otis Carryback related to Federal or State Income Taxes, upon the reasonable request of Otis, if (x) such Otis Carryback is necessary to prevent the loss of the Federal and/or State Income Tax Benefit of such Otis Carryback (including, but not limited to, an Adjustment Request with respect to an Otis Carryback of a federal or state capital loss arising in an Otis Post-Deconsolidation Period to an Otis Pre-Deconsolidation Period) and (y) such Adjustment Request will cause no Tax detriment to UTC, the UTC Group or any member of the UTC Group. Any Adjustment Request to which UTC consents under this Section 4.08(b) shall be prepared and filed by the Responsible Company with respect to the Tax Return to be adjusted.



(a) If the UTC Affiliated Group has a Tax Attribute, the portion, if any, of such Tax Attribute apportioned to a SpinCo or any member of a SpinCo Group and treated as a carryover to the first Post-Deconsolidation Period of such SpinCo (or such member) shall be determined by UTC in accordance with Treasury Regulations Sections 1.1502-21, 1.1502-21T, 1.1502-22, 1.1502-79 and, if applicable, 1.1502-79A.

(b) No Tax Attribute with respect to consolidated Federal Income Tax of the UTC Affiliated Group, other than those described in Section 4.09(a), and no Tax Attribute with respect to any consolidated, combined or unitary State or Foreign Income Tax, in each case, arising in respect of a Joint Return shall be apportioned to any SpinCo or any member of any SpinCo Group, except as UTC (or such member of the UTC Group as UTC shall designate) determines is otherwise required under applicable law.

(c) UTC shall use commercially reasonable efforts to determine or cause its designee to determine the portion, if any, of any Tax Attribute that must (absent a Final Determination to the contrary) be apportioned to a SpinCo or any member of a SpinCo Group in accordance with this Section 4.09 and applicable law and the amount of Tax basis and earnings and profits (including, for the avoidance of doubt, PTEP) to be apportioned to a SpinCo or any member of a SpinCo Group in accordance with this Section 4.09 and applicable law, and shall provide written notice of the calculation thereof to such SpinCo as soon as reasonably practicable after UTC or its designee prepares such calculation. For the absence of doubt, UTC shall not be liable to any SpinCo or any member of any SpinCo Group for any failure of any determination under this Section 4.09 to be accurate or sustained under applicable law, including as the result of any Final Determination.

(d) Any written notice delivered by UTC pursuant to Section 4.09(c) shall be binding on the relevant SpinCo and each member of the relevant SpinCo Group and shall not be subject to dispute resolution; *provided* that UTC shall consider in good faith any reasonable comments the relevant SpinCo may timely provide with respect to such written notice. Except to the extent otherwise required by a change in applicable law or pursuant to a Final Determination, no SpinCo shall take any position (whether on a Tax Return or otherwise) that is inconsistent with the information contained in any such written notice.

**Section 4.10**      *Gain Recognition Agreements.* Each SpinCo shall, and shall cause its applicable domestic subsidiaries to, enter into a new “gain recognition agreement” within the meaning of Treasury Regulations Section 1.367(a)-8(b)(1)(iv) and (c)(5) with respect to each of the transfers notified in writing by UTC to such SpinCo within 180 days following the relevant Distribution Date in order to avoid the occurrence of any “triggering event” within the meaning of Treasury Regulations Section 1.367(a)-8(j) that would otherwise occur as a result of the Transactions.

**Section 4.11**      *Transfer Pricing.* If, as the result of any Final Determination relating to intercompany transfer pricing with respect to any item or items reflected on any Income Tax Return of a member of any Company Group for a Pre-Deconsolidation Period, there is an increase in Income Taxes payable for such Tax Period by any member of such Company Group,

then, upon the reasonable written request of, and at the expense of, the relevant Company, the other Companies, as relevant, shall (and shall cause their respective Affiliates to) amend any Tax Returns of any member of such other Company Group(s), as applicable, to the extent such amendment would result in a corresponding or correlative reduction in Taxes otherwise payable by a member of such other Company Group(s) and shall promptly pay over any Tax Benefit actually realized in cash as a result of such amendment (determined on a “with or without” basis); *provided, however*, that no Company (or any Affiliates of any Company) shall (a) have any obligation to amend any Tax Return pursuant to this Section 4.11 to the extent doing so would have an adverse effect on such Company or any of its Affiliates that is material or (b) be obligated to make a payment otherwise required pursuant to this Section 4.11 to the extent making such payment would place such Company (or any of its Affiliates) in a less favorable net after-Tax position than such Company (or such Affiliate) would have been in if the relevant Tax Benefit had not been realized. If a Company or one of its Affiliates pays over any amount pursuant to the preceding sentence and such Tax Benefit is subsequently disallowed or adjusted, the Parties shall promptly make appropriate payments (including in respect of any interest paid or imposed by any Tax Authority) to reflect such disallowance or adjustment.

## **Section 5. Tax Payments.**

*Section 5.01 Payment of Taxes with Respect to Tax Returns.* Subject to Section 5.02, (a) the Responsible Company with respect to any Tax Return shall pay any Tax required to be paid to the applicable Tax Authority on or before the relevant Payment Date, and (b) in the case of any adjustment pursuant to a Final Determination with respect to any Tax Return, the Responsible Company shall pay to the applicable Tax Authority when due (taking into account any automatic or validly elected extensions, deferrals or postponements) any additional Tax due with respect to such Tax Return required to be paid as a result of such adjustment pursuant to a Final Determination.

### *Section 5.02 Indemnification Payments.*

(a) If any Company (the “Payor”) is required pursuant to Section 5.01 (or otherwise under applicable Tax Law) to pay to a Tax Authority a Tax for which another Company (the “Required Party”) is liable, in whole or in part, under this Agreement (including, for the avoidance of doubt, any administrative or judicial deposit required to be paid by the Payor to a Tax Authority or other Governmental Authority to pursue any Tax Contest, to the extent the Required Party would be liable under this Agreement for any Tax resulting from such Tax Contest), the Required Party shall reimburse the Payor within 15 days of delivery by the Payor to the Required Party of an invoice (which invoice shall not be delivered prior to the due date for payment of such Tax to the applicable Tax Authority, taking into account any automatic or validly elected extensions, deferrals or postponements) for the amount due from the Required Party, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. If the amount to be paid by the Required Party pursuant to this Section 5.02 is in respect of any Tax in excess of \$25 million required to be paid by the Payor to a single Tax Authority on or prior to a single due date (taking into account any automatic or validly elected extensions, deferrals or postponements), then the Required Party shall pay the Payor such amount no later than the later of (i) seven business days after delivery by the Payor to the Required Party of an invoice for the amount due, accompanied

by a statement detailing the Taxes required to be paid and describing in reasonable detail the particulars relating thereto and (ii) three business days prior to the due date for the payment of such Tax (taking into account any automatic or validly elected extensions, deferrals or postponements).

(b) All indemnification payments under this Agreement shall be made by UTC directly to Carrier and/or Otis, by Carrier directly to UTC and/or Otis, and by Otis directly to UTC and/or Carrier; *provided, however*, that if the Companies mutually agree with respect to any such indemnification payment, (i) any member of the UTC Group, on the one hand, may make such indemnification payment to any member of the relevant SpinCo Group, on the other hand, (ii) any member of the Carrier Group, on the one hand, may make such indemnification payment to any member of the UTC Group or the Otis Group, as applicable, on the other hand, and (iii) any member of the Otis Group, on the one hand, may make such indemnification payment to any member of the UTC Group or the Carrier Group, as applicable, on the other hand.

## **Section 6. Tax Benefits.**

### *Section 6.01 Tax Benefits.*

(a) Except as set forth below, (i) UTC shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of (A) Income Taxes and Other Taxes for which UTC is liable hereunder and (B) Foreign Income Taxes reported on any Tax Return for a Tax Period ending on or prior to (or including) the relevant Deconsolidation Date to the extent such refund results in a disallowance or adjustment of any foreign Tax credit claimed by the UTC Group (and any interest payable to the applicable Tax Authority as a result of such disallowance or adjustment), (ii) Carrier shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Income Taxes and Other Taxes for which Carrier is liable hereunder, (iii) Otis shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Income Taxes and Other Taxes for which Otis is liable hereunder, and (iv) a Company receiving a refund to which another Company is entitled hereunder in whole or in part shall pay over such refund (or portion thereof) to such other Company within 30 days after such refund is received; it being understood that, with respect to any refund (or any interest thereon received from the applicable Tax Authority) of Shared Taxes or Taxes for which more than one Company is liable under Section 2.02(a)(iii) or Section 7.05(c)(i), each Company shall be entitled to the portion of such refund (or interest thereon) that reflects its proportionate liability for such Taxes.

(b) If (i) (A) a member of the Carrier Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination or reporting required by clause (x) or clause (y) of Section 4.05(b), in each case, that increases Taxes for which a member of the UTC Group or Otis Group is liable hereunder (or reduces any Tax Attribute of a member of the UTC Group or Otis Group) and such Tax Benefit would not have arisen but for such adjustment or reporting (determined on a “with and without” basis), (B) a member of the Otis Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination or reporting required by clause (x) or clause (y) of Section 4.05(b), in each case, that increases Taxes for which a member of the UTC Group or Carrier Group is liable hereunder (or reduces any Tax Attribute of a member of the UTC Group or Carrier Group) and such Tax Benefit would

not have arisen but for such adjustment or reporting (determined on a “with and without” basis), or (C) a member of the UTC Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination or reporting required by clause (x) or clause (y) of Section 4.05(b), in each case, that increases Taxes for which a member of any SpinCo Group is liable hereunder (or reduces any Tax Attribute of a member of any SpinCo Group) and such Tax Benefit would not have arisen but for such adjustment or reporting (determined on a “with and without” basis), and (ii) the aggregate Tax Benefit realized or realizable by such member of such SpinCo Group or such member of the UTC Group, as applicable, as a result of such adjustment or reporting would reasonably be expected to exceed \$5 million, then, such SpinCo or UTC, as the case may be, shall make a payment to UTC, Otis, or Carrier, as appropriate, within 30 days following such actual realization of the Tax Benefit, in an amount equal to such Tax Benefit actually realized in cash (including any Tax Benefit actually realized as a result of the payment); *provided, however*, that no Company (or any Affiliates of any Company) shall be obligated to make a payment otherwise required pursuant to this Section 6.01(b) to the extent making such payment would place such Company (or any of its Affiliates) in a less favorable net after-Tax position than such Company (or such Affiliate) would have been in if the relevant Tax Benefit had not been realized. If a Company or one of its Affiliates pays over any amount pursuant to the preceding sentence and such Tax Benefit is subsequently disallowed or adjusted, the Parties shall promptly make appropriate payments (including in respect of any interest paid or imposed by any Tax Authority) to reflect such disallowance or adjustment.

(c) No later than 30 days after a Tax Benefit described in Section 6.01(b) is actually realized in cash by a member of the UTC Group or a member of a SpinCo Group, UTC (if a member of the UTC Group actually realizes such Tax Benefit) or such SpinCo (if a member of a SpinCo Group actually realizes such Tax Benefit) shall provide the other Company (or Companies) with a written calculation of the amount payable to such other Company (or Companies) by UTC or such SpinCo pursuant to this Section 6. In the event that UTC or any SpinCo disagrees with any such calculation described in this Section 6.01(c), UTC or such SpinCo shall so notify the other Company (or Companies) in writing within 30 days of receiving the written calculation set forth above in this Section 6.01(c). UTC, Carrier, and/or Otis, as applicable, shall endeavor in good faith to resolve such disagreement, and, failing that, the amount payable under this Section 6 shall be determined in accordance with the provisions of Section 14 as promptly as practicable.

(d) Carrier shall be entitled to any refund that is attributable to, and would not have arisen but for, a Carrier Carryback pursuant to the proviso set forth in Section 4.08(a); *provided, however*, that Carrier shall indemnify and hold the members of the UTC Group harmless from and against any and all collateral Tax consequences resulting from or caused by any such Carrier Carryback, including (but not limited to) the loss or postponement of any benefit from the use of Tax Attributes generated by a member of the UTC Group or an Affiliate thereof if (x) such Tax Attributes expire unutilized, but would have been utilized but for such Carrier Carryback, or (y) the use of such Tax Attributes is postponed to a later Tax Period than the Tax Period in which such Tax Attributes would have been utilized but for such Carrier Carryback. Any such payment of such refund made by UTC to Carrier pursuant to this Section 6.01(d) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a UTC Group Tax Attribute to a Tax Period in respect of which such refund is received) that would affect the amount to which Carrier

is entitled, and an appropriate adjusting payment shall be made by Carrier to UTC such that the aggregate amount paid pursuant to this Section 6.01(d) equals such recalculated amount.

(e) Otis shall be entitled to any refund that is attributable to, and would not have arisen but for, an Otis Carryback pursuant to the proviso set forth in Section 4.08(b); *provided, however*, that Otis shall indemnify and hold the members of the UTC Group harmless from and against any and all collateral Tax consequences resulting from or caused by any such Otis Carryback, including (but not limited to) the loss or postponement of any benefit from the use of Tax Attributes generated by a member of the UTC Group or an Affiliate thereof if (x) such Tax Attributes expire unutilized, but would have been utilized but for such Otis Carryback, or (y) the use of such Tax Attributes is postponed to a later Tax Period than the Tax Period in which such Tax Attributes would have been utilized but for such Otis Carryback. Any such payment of such refund made by UTC to Otis pursuant to this Section 6.01(e) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a UTC Group Tax Attribute to a Tax Period in respect of which such refund is received) that would affect the amount to which Otis is entitled, and an appropriate adjusting payment shall be made by Otis to UTC such that the aggregate amount paid pursuant to this Section 6.01(e) equals such recalculated amount.

**Section 6.02**      *UTC, Carrier, and Otis Income Tax Deductions in Respect of Certain Equity Awards and Incentive Compensation.*

(a) *Allocation of Deductions.* To the extent permitted by applicable law, Income Tax deductions arising by reason of exercises of options or vesting or settlement of stock appreciation rights, restricted stock units, performance stock units, or deferred stock units, in each case, following the relevant Distribution, with respect to UTC stock, Carrier stock, or Otis stock (such options, stock appreciation rights, restricted stock units, performance stock units, and deferred stock units, collectively, "Compensatory Equity Interests") held by any Person shall be claimed (i) in the case of a UTC Group Employee or Former UTC Group Employee, solely by the UTC Group, (ii) in the case of a Carrier Group Employee or Former Carrier Group Employee, solely by the Carrier Group, (iii) in the case of an Otis Group Employee or Former Otis Group Employee, solely by the Otis Group, and (iv) in the case of a non-employee director, by the Company for which the director serves as a director following the Distributions (*provided*, that in the case of any director who serves on the board of directors of two or more of UTC, Carrier, or Otis, each Company shall be entitled only to the deductions arising in respect of its own stock or equity awards).

(b) *Withholding and Reporting.* Tax reporting and withholding with respect to Compensatory Equity Interests shall be governed by Section 4.02(i) of the Employee Matters Agreement.

**Section 7.**      **Tax-Free Status.**

**Section 7.01**      *Representations.*

(a) Each of UTC, Carrier, and Otis hereby represents and warrants that (i) it has reviewed each Ruling Request, the Representation Letters, and the Tax Opinions/Rulings and (ii) subject

to any qualifications therein, all information, representations and covenants contained therein that relate to such Company or any member of its Group are true, correct and complete.

(b) Each of Carrier and Otis hereby represents and warrants that it has no plan or intention of taking any action, or failing to take any action (or causing or permitting any member of its Group to take or fail to take any action), that could reasonably be expected to cause any representation or factual statement made in this Agreement, the Separation and Distribution Agreement, any Representation Letters, the Ruling Request, any of the Ancillary Agreements, or any of the Tax Opinions/Rulings to be untrue.

(c) Each of Carrier and Otis hereby represents and warrants (solely with respect to itself) that, during the two-year period ending on the Carrier Distribution Date or the Otis Distribution Date, as applicable, there was no “agreement, understanding, arrangement, substantial negotiations or discussions” (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Carrier Group or the Otis Group, as applicable, or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding an acquisition of all or a significant portion of the Carrier Capital Stock (or the Capital Stock of any member of the Carrier Group that was a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Internal Distribution or any predecessor of Carrier or such member of the Carrier Group) or the Otis Capital Stock (or the Capital Stock of any member of the Otis Group that was a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Internal Distribution or any predecessor of Otis or such member of the Otis Group), as applicable; *provided, however*, that no representation is made regarding the absence of any “agreement, understanding, arrangement, substantial negotiations or discussions” (as such terms are defined in Treasury Regulations 1.355-7(h)) by any one or more officers or directors of UTC (or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors) who are not officers or directors of Carrier or Otis, as applicable.

*Section 7.02      Restrictions on Carrier and Otis.*

(a) Each of Carrier and Otis agrees that it will not take or fail to take, and will not cause or permit any of its respective Affiliates to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements, any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling. Each of Carrier and Otis agrees that it will not take or fail to take, and will not cause or permit any of its respective Affiliates to take or fail to take, any action where such action or failure to act would, or could reasonably be expected to, prevent U.S. Tax-Free Status or Foreign Tax-Free Status.

(b) Carrier agrees that, from the date hereof until the first day after the Restriction Period, it will (and will cause its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) to) (i) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the Carrier Active Trade or Business and (ii) not engage in any transaction that would result in it ceasing to be engaged in the Carrier Active

Trade or Business for purposes of Section 355(b)(2) of the Code. Carrier further agrees that, from the date hereof until the first day after the Restriction Period, it will cause each member of the Carrier Group that was a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Internal Distribution (and such member’s “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code)) to (x) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the relevant Internal Distribution (as described in the IRS Ruling Request, relevant Representation Letters, and/or relevant Tax Opinion/Ruling), as conducted immediately prior to the relevant Internal Distribution and (y) not engage in any transaction that would result in such member ceasing to be engaged in the active conduct of such trade or business for purposes of Section 355(b)(2) of the Code.

(c) Otis agrees that, from the date hereof until the first day after the Restriction Period, it will (and will cause its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) to) (i) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the Otis Active Trade or Business and (ii) not engage in any transaction that would result in it ceasing to be engaged in the Otis Active Trade or Business for purposes of Section 355(b)(2) of the Code. Otis further agrees that, from the date hereof until the first day after the Restriction Period, it will cause each member of the Otis Group that was a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Internal Distribution (and such member’s “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code)) to (x) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the relevant Internal Distribution (as described in the IRS Ruling Request, relevant Representation Letters, and/or relevant Tax Opinion/Ruling), as conducted immediately prior to the relevant Internal Distribution and (y) not engage in any transaction that would result in such member ceasing to be engaged in the active conduct of such trade or business for purposes of Section 355(b)(2) of the Code.

(d)

(i) Carrier agrees that, from the date hereof until the first day after the Restriction Period, it will not:

(A) enter into any Carrier Proposed Acquisition Transaction or, to the extent Carrier has the right to prohibit any Carrier Proposed Acquisition Transaction, permit any Carrier Proposed Acquisition Transaction to occur (whether by (1) redeeming rights under a shareholder rights plan, (2) finding a tender offer to be a “permitted offer” under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Carrier Proposed Acquisition Transaction, or (3) approving any Carrier Proposed Acquisition Transaction, whether for purposes of Section 203 of the DGCL or any similar corporate statute, any “fair price” or other provision of Carrier’s charter or bylaws or otherwise),

(B) merge or consolidate with any other Person or liquidate or partially liquidate,

(C) in a single transaction or series of transactions (1) sell or transfer (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of the assets that were transferred to Carrier pursuant to the Carrier Contribution, (2) sell or transfer to any Person that is not a member of Carrier's "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) 30% or more of the gross assets of the Carrier Active Trade or Business, or (3) sell or transfer 30% or more of the consolidated gross assets of Carrier and its Affiliates,

(D) redeem or otherwise repurchase (directly or through a Carrier Affiliate) any Carrier Capital Stock, or rights to acquire Carrier Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment by Revenue Procedure 2003-48),

(E) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of Carrier Capital Stock (including, without limitation, through the conversion of one class of Carrier Capital Stock into another class of Carrier Capital Stock),

(F) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling) that, in the aggregate (and taking into account any other transactions described in this subparagraph (d)), would be reasonably likely to have the effect of causing or permitting one or more persons to acquire, directly or indirectly, Capital Stock representing a Fifty-Percent or Greater Interest in Carrier or otherwise jeopardize the U.S. Tax-Free Status of the Carrier Distribution, the Otis Distribution, or any Internal Distribution, or

(G) cause or permit any member of the Carrier Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution to take any action or enter into any transaction described in the preceding clauses (B), (C), (D), (E) or (F) (substituting references therein to "Carrier", the "Carrier Contribution," the "Carrier Active Trade or Business" and "Carrier Capital Stock" with references to the relevant corporation, the transfer of assets to such corporation pursuant to the Transactions, the active conduct of the trade or business(es) relied upon with respect to such Internal Distribution (as described in the IRS Ruling Request, relevant Representation Letters, and/or relevant Tax Opinion/Ruling) for purposes of Section 355(b)(2) of the Code, and the Capital Stock of such corporation),



unless, in each case, prior to taking any such action set forth in the foregoing clauses (A) through (G), (x) Carrier shall have requested that UTC obtain a private letter ruling (or, if applicable, a supplemental private letter ruling) from the IRS and/or any other applicable Tax Authority in accordance with Section 7.04(b) and (d) to the effect that such transaction will not affect the U.S. Tax-Free Status of any External Separation Transaction or any Internal Distribution, and UTC shall have received such a private letter ruling in form and substance satisfactory to UTC in its discretion (and in determining whether a private letter ruling is satisfactory, UTC may consider, among other factors, the appropriateness of any underlying assumptions and management's representations made in connection with such private letter ruling), (y) Carrier shall have provided UTC with an Unqualified Tax Opinion in form and substance satisfactory to UTC in its discretion (and in determining whether an opinion is satisfactory, UTC may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion) or (z) UTC shall have waived the requirement to obtain such private letter ruling or Unqualified Tax Opinion.

(ii) Otis agrees that, from the date hereof until the first day after the Restriction Period, it will not:

(A) enter into any Otis Proposed Acquisition Transaction or, to the extent Otis has the right to prohibit any Otis Proposed Acquisition Transaction, permit any Otis Proposed Acquisition Transaction to occur (whether by (1) redeeming rights under a shareholder rights plan, (2) finding a tender offer to be a "permitted offer" under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Otis Proposed Acquisition Transaction, or (3) approving any Otis Proposed Acquisition Transaction, whether for purposes of Section 203 of the DGCL or any similar corporate statute, any "fair price" or other provision of Otis's charter or bylaws or otherwise),

(B) merge or consolidate with any other Person or liquidate or partially liquidate,

(C) in a single transaction or series of transactions (1) sell or transfer (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of the assets that were transferred to Otis pursuant to the Otis Contribution, (2) sell or transfer to any Person that is not a member of Otis's "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) 30% or more of the gross assets of the Otis Active Trade or Business, or (3) sell or transfer 30% or more of the consolidated gross assets of Otis and its Affiliates,

(D) redeem or otherwise repurchase (directly or through an Otis Affiliate) any Otis Capital Stock, or rights to acquire Otis Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment by Revenue Procedure 2003-48),

(E) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of Otis Capital Stock (including, without

limitation, through the conversion of one class of Otis Capital Stock into another class of Otis Capital Stock),

(F) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling) that, in the aggregate (and taking into account any other transactions described in this subparagraph (d)), would be reasonably likely to have the effect of causing or permitting one or more persons to acquire, directly or indirectly, Capital Stock representing a Fifty-Percent or Greater Interest in Otis or otherwise jeopardize the U.S. Tax-Free Status of the Carrier Distribution, the Otis Distribution, or any Internal Distribution, or

(G) cause or permit any member of the Otis Group that was a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Internal Distribution to take any action or enter into any transaction described in the preceding clauses (B), (C), (D), (E) or (F) (substituting references therein to “Otis”, the “Otis Contribution,” the “Otis Active Trade or Business” and “Otis Capital Stock” with references to the relevant corporation, the transfer of assets to such corporation pursuant to the Transactions, the active conduct of the trade or business(es) relied upon with respect to such Internal Distribution (as described in the IRS Ruling Request, relevant Representation Letters, and/or relevant Tax Opinion/Ruling) for purposes of Section 355(b)(2) of the Code, and the Capital Stock of such corporation),

unless, in each case, prior to taking any such action set forth in the foregoing clauses (A) through (G), (x) Otis shall have requested that UTC obtain a private letter ruling (or, if applicable, a supplemental private letter ruling) from the IRS and/or any other applicable Tax Authority in accordance with Section 7.04(b) and (d) to the effect that such transaction will not affect the U.S. Tax-Free Status of any External Separation Transaction or any Internal Distribution, and UTC shall have received such a private letter ruling in form and substance satisfactory to UTC in its discretion (and in determining whether a private letter ruling is satisfactory, UTC may consider, among other factors, the appropriateness of any underlying assumptions and management’s representations made in connection with such private letter ruling), (y) Otis shall have provided UTC with an Unqualified Tax Opinion in form and substance satisfactory to UTC in its discretion (and in determining whether an opinion is satisfactory, UTC may consider, among other factors, the appropriateness of any underlying assumptions and management’s representations if used as a basis for the opinion) or (z) UTC shall have waived the requirement to obtain such private letter ruling or Unqualified Tax Opinion.

(iii) Carrier agrees that, from the date hereof until the first day after the Restriction Period, unless UTC consents in writing, it will not (and will not cause or permit any of its Affiliates to) (A) cease to control Carrier Foreign SpinCo or Carrier Foreign SpinCo Holdings, (B) dispose of any shares of Carrier Foreign SpinCo or Carrier Foreign SpinCo Holdings that were held at the time of the Carrier Foreign Distribution by Carrier or any of its Affiliates, (C) sell, transfer, or otherwise dispose of any assets, or otherwise take any action, in each case, that would be intended, or would reasonably be expected, to

result in the shares of either (1) Carrier Foreign SpinCo or (2) Carrier Foreign SpinCo Holdings having a value greater than 10% of the total value of the shares of Carrier, or (D) take any action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling) that, in the aggregate, would be reasonably likely to jeopardize the Foreign Tax-Free Status of the Carrier Foreign Distribution. For the avoidance of doubt, this Section 7.02(d)(iii) shall be interpreted in a manner consistent with the Income Tax Act (Canada).

(iv) Otis agrees that, from the date hereof until the first day after the Restriction Period, unless UTC consents in writing, it will not (and will not cause or permit any of its Affiliates to) (A) cease to control Otis Foreign SpinCo or Otis Foreign SpinCo Holdings, (B) dispose of any shares of Otis Foreign SpinCo or Otis Foreign SpinCo Holdings that were held at the time of the Otis Foreign Distribution by Otis or any of its Affiliates, (C) sell, transfer, or otherwise dispose of any assets, or otherwise take any action, in each case, that would be intended, or would reasonably be expected, to result in the shares of either (1) Otis Foreign SpinCo or (2) Otis Foreign SpinCo Holdings having a value greater than 10% of the total value of the shares of Otis, or (D) take any action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation or covenant made in any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling) that, in the aggregate, would be reasonably likely to jeopardize the Foreign Tax-Free Status of the Otis Foreign Distribution. For the avoidance of doubt, this Section 7.02(d)(iv) shall be interpreted in a manner consistent with the Income Tax Act (Canada).

(e) *Certain Acquisitions of Carrier Capital Stock or Otis Capital Stock.*

(i) If Carrier proposes to enter into any Section 7.02(e) Acquisition Transaction or, to the extent Carrier has the right to prohibit any Section 7.02(e) Acquisition Transaction, proposes to permit any Section 7.02(e) Acquisition Transaction to occur, in each case, during the period from the date hereof until the first day after the Restriction Period, Carrier shall provide UTC, no later than ten days following the signing of any written agreement with respect to the Section 7.02(e) Acquisition Transaction, with a written description of such transaction (including the type and amount of Carrier Capital Stock to be issued in such transaction) and a certificate of the Chief Financial Officer of Carrier to the effect that the Section 7.02(e) Acquisition Transaction is not a Carrier Proposed Acquisition Transaction or any other transaction to which the requirements of Section 7.02(d)(i) apply (a "Carrier CFO Certificate").

(ii) If Otis proposes to enter into any Section 7.02(e) Acquisition Transaction or, to the extent Otis has the right to prohibit any Section 7.02(e) Acquisition Transaction, proposes to permit any Section 7.02(e) Acquisition Transaction to occur, in each case, during the period from the date hereof until the first day after the Restriction Period, Otis shall provide UTC, no later than ten days following the signing of any written agreement with respect to the Section 7.02(e) Acquisition Transaction, with a written description of such transaction (including the type and amount of Otis Capital Stock to be issued in such transaction) and a certificate of the Chief Financial Officer of Otis to the effect that the

Section 7.02(e) Acquisition Transaction is not an Otis Proposed Acquisition Transaction or any other transaction to which the requirements of Section 7.02(d)(ii) apply (an “Otis CFO Certificate”).

*Section 7.03 Restrictions on UTC.* UTC agrees that it will not take or fail to take, or cause or permit any member of the UTC Group to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements, any Representation Letters, any Ruling Request, or any Tax Opinion/Ruling. UTC agrees that it will not take or fail to take, or cause or permit any member of the UTC Group to take or fail to take, any action where such action or failure to act would or could reasonably be expected to prevent U.S. Tax-Free Status or Foreign Tax-Free Status.

*Section 7.04 Procedures Regarding Opinions and Rulings.*

(a) If any SpinCo (such as SpinCo, the “Requesting SpinCo”) notifies UTC that it desires to take one of the actions described in clauses (A) through (G) of Section 7.02(d)(i) or (ii), as applicable (a “Notified Action”), UTC and the Requesting SpinCo shall reasonably cooperate to attempt to obtain the private letter ruling or Unqualified Tax Opinion referred to in Section 7.02(d)(i) or (ii), as applicable, unless UTC shall have waived the requirement to obtain such private letter ruling or Unqualified Tax Opinion.

(b) *Rulings or Unqualified Tax Opinions at SpinCo’s Request.* At the reasonable request of the Requesting SpinCo pursuant to Section 7.02(d)(i) or (ii), as applicable, UTC shall cooperate with the Requesting SpinCo and use commercially reasonable efforts to seek to obtain, as expeditiously as reasonably practicable, a private letter ruling from the IRS (or if applicable, a supplemental private letter ruling) or an Unqualified Tax Opinion for the purpose of permitting the Requesting SpinCo to take the Notified Action. Further, in no event shall UTC be required to file any request for a private letter ruling under this Section 7.04(b) unless the Requesting SpinCo represents that (i) it has reviewed the request for such private letter ruling, and (ii) all information and representations, if any, relating to any member of the relevant SpinCo Group, contained in the related documents are (subject to any qualifications therein) true, correct and complete. The Requesting SpinCo shall reimburse UTC for all reasonable costs and expenses incurred by the UTC Group in obtaining a private letter ruling or Unqualified Tax Opinion requested by the Requesting SpinCo within 15 business days after receiving an invoice from UTC therefor.

(c) *Rulings or Tax Opinions at UTC’s Request.* UTC shall have the right to seek a private letter ruling (or other ruling) from the IRS (and/or any other applicable Tax Authority, or if applicable, a supplemental private letter ruling or other ruling) concerning any Transaction (including the impact of any transaction thereon) or an Unqualified Tax Opinion (or other opinion of a Tax Advisor with respect to any of the Transactions) at any time in its sole and absolute discretion. If UTC determines to seek such a private letter ruling (or other ruling) or an Unqualified Tax Opinion (or other opinion), each SpinCo shall (and shall cause each of its Affiliates to) cooperate with UTC and take any and all actions reasonably requested by UTC in connection with obtaining the private letter ruling (or other ruling) or Unqualified Tax Opinion

(or other opinion) (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS (and/or any other applicable Tax Authority) or any Tax Advisor; *provided*, that no SpinCo shall be required to make (or cause any of its Affiliate to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control). UTC, Carrier, and Otis shall each bear its own costs and expenses in obtaining such a private letter ruling (or other ruling) or an Unqualified Tax Opinion (or other opinion) requested by UTC.

(d) *Ruling Process Control.* Each of Carrier and Otis hereby agrees that UTC shall have sole and exclusive control over the process of obtaining any private letter ruling (or other ruling), and that only UTC shall apply for such a private letter ruling (or other ruling). In connection with obtaining a private letter ruling pursuant to Section 7.04(b), UTC shall (i) keep the Requesting SpinCo informed in a timely manner of all material actions taken or proposed to be taken by UTC in connection therewith; (ii) (A) reasonably in advance of the submission of any related private letter ruling documents provide the Requesting SpinCo with a draft copy thereof, (B) reasonably consider the Requesting SpinCo's comments on such draft copy, and (C) provide the Requesting SpinCo with a final copy; and (iii) UTC shall provide the Requesting SpinCo with notice reasonably in advance of, and the Requesting SpinCo shall have the right to attend, any formally scheduled meetings with the IRS (subject to the approval of the IRS) that relate to such private letter ruling. None of Carrier, Otis, or their respective directly or indirectly controlled Affiliates shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning any Transaction that is the subject of a Tax Opinion/Ruling (including the impact of any transaction on any of the foregoing).

*Section 7.05      Liability for Tax-Related Losses and Specified Income Taxes.*

(a)

(i) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.05(c), Carrier shall be responsible for, and shall indemnify and hold harmless UTC, Otis, their respective Affiliates and each of their respective officers, directors and employees from and against, 100% of any Tax-Related Losses that are attributable to or result from any one or more of the following: (A) the acquisition, after the Carrier Effective Time, of all or a portion of Carrier's Capital Stock and/or its or its subsidiaries' assets (including any Capital Stock of any member of the Carrier Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) by any means whatsoever by any Person, (B) any "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Carrier Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding transactions or events that cause the Carrier Distribution or any Internal Distribution to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, Capital Stock of Carrier or any member of the Carrier Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution, in each case, representing a

Fifty-Percent or Greater Interest therein, (C) any action or failure to act by Carrier after the Carrier Distribution (including, without limitation, any amendment to Carrier's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of Carrier Capital Stock (including, without limitation, through the conversion of one class of Carrier Capital Stock into another class of Carrier Capital Stock), (D) any act or failure to act by Carrier or any Carrier Affiliate described in Section 7.02 (regardless whether such act or failure to act is covered by a private letter ruling, Unqualified Tax Opinion or waiver described in clause (x), (y) or (z) of Section 7.02(d)(i) or in a Carrier CFO Certificate described in Section 7.02(e)(i)), or (E) any breach by Carrier of its agreement and representations set forth in Section 7.01 (other than Section 7.01(a)).

(ii) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.05(c), Otis shall be responsible for, and shall indemnify and hold harmless UTC, Carrier, their respective Affiliates and each of their respective officers, directors and employees from and against, 100% of any Tax-Related Losses that are attributable to or result from any one or more of the following: (A) the acquisition, after the Otis Effective Time, of all or a portion of Otis's Capital Stock and/or its or its subsidiaries' assets (including any Capital Stock of any member of the Otis Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) by any means whatsoever by any Person, (B) any "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Otis Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding transactions or events that cause the Otis Distribution or any Internal Distribution to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, Capital Stock of Otis or any member of the Otis Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution, in each case, representing a Fifty-Percent or Greater Interest therein, (C) any action or failure to act by Otis after the Otis Distribution (including, without limitation, any amendment to Otis's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of Otis Capital Stock (including, without limitation, through the conversion of one class of Otis Capital Stock into another class of Otis Capital Stock), (D) any act or failure to act by Otis or any Otis Affiliate described in Section 7.02 (regardless whether such act or failure to act is covered by a private letter ruling, Unqualified Tax Opinion or waiver described in clause (x), (y) or (z) of Section 7.02(d)(ii) or in an Otis CFO Certificate described in Section 7.02(e)(ii)), or (E) any breach by Otis of its agreement and representations set forth in Section 7.01 (other than Section 7.01(a)).

(b) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.05(c), UTC shall be responsible for, and shall indemnify and hold harmless Carrier, Otis, their respective Affiliates and each of their respective officers, directors and employees from and against, 100% of any Tax-Related Losses that are

attributable to, or result from any one or more of the following: (i) the acquisition, after the relevant Effective Time, of all or a portion of UTC's Capital Stock and/or its or its subsidiaries' assets (including any Capital Stock of any member of the UTC Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) by any means whatsoever by any Person, (ii) any "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the UTC Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding transactions or events that cause the Carrier Distribution, the Otis Distribution, or any Internal Distribution to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, Capital Stock of UTC or any member of the UTC Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution, in each case, representing a Fifty-Percent or Greater Interest therein, or (iii) any act or failure to act by UTC or a member of the UTC Group described in Section 7.03.

(c)

(i) To the extent that any Tax-Related Loss is subject to indemnity under two or more of Sections 7.05(a)(i), (a)(ii), and (b), responsibility for such Tax-Related Loss shall be shared by Carrier, Otis, and/or UTC, as applicable, according to relative fault.

(ii) Notwithstanding anything in Section 7.05(b) or (c)(i) or any other provision of this Agreement or the Separation and Distribution Agreement to the contrary:

(A) with respect to (1) any Tax-Related Loss resulting from the application of Section 355(e) or Section 355(f) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in UTC or any member of the UTC Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) and (2) any other Tax-Related Loss, in each case, resulting, in whole or in part, from an acquisition after the Carrier Distribution of any Capital Stock or assets of Carrier (or any Carrier Affiliate) by any means whatsoever by any Person or any action or failure to act by Carrier affecting the voting rights of Carrier, Carrier shall be responsible for, and shall indemnify and hold harmless UTC, Otis, their respective Affiliates, and each of their respective officers, directors and employees from and against, 100% of such Tax-Related Loss;

(B) with respect to (1) any Tax-Related Loss resulting from the application of Section 355(e) or Section 355(f) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in UTC or any member of the UTC Group that was a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution) and (2) any other Tax-Related Loss, in each case, resulting, in whole or in part, from an acquisition after the Otis Distribution of any Capital Stock or assets of Otis (or any Otis Affiliate) by any means whatsoever by any Person or any action or failure to act by Otis affecting the voting rights of Otis, Otis shall be

responsible for, and shall indemnify and hold harmless UTC, Carrier, their respective Affiliates, and each of their respective officers, directors and employees from and against, 100% of such Tax-Related Loss;

(C) for purposes of calculating the amount and timing of any Tax-Related Loss for which Carrier is responsible under this Section 7.05, Tax-Related Losses shall be calculated by assuming that UTC, the UTC Affiliated Group, each member of the UTC Group, Otis, the Otis Affiliated Group, and each member of the Otis Group (1) pay Tax at the highest marginal corporate Tax rates in effect in each relevant Tax Period and (2) have no Tax Attributes in any relevant Tax Period; and

(D) for purposes of calculating the amount and timing of any Tax-Related Loss for which Otis is responsible under this Section 7.05, Tax-Related Losses shall be calculated by assuming that UTC, the UTC Affiliated Group, each member of the UTC Group, Carrier, the Carrier Affiliated Group, and each member of the Carrier Group (1) pay Tax at the highest marginal corporate Tax rates in effect in each relevant Tax Period and (2) have no Tax Attributes in any relevant Tax Period.

(iii) Notwithstanding anything in Section 7.05(a) or (c)(i) or any other provision of this Agreement or the Separation and Distribution Agreement to the contrary, with respect to (A) any Tax-Related Loss resulting from the application of Section 355(e) or Section 355(f) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in Carrier, Otis, or any member of either SpinCo Group that was a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Internal Distribution) and (B) any other Tax-Related Loss, in each case, resulting, in whole or in part, from an acquisition after the Carrier Distribution or the Otis Distribution, as applicable, of any Capital Stock or assets of UTC (or any UTC Affiliate) by any means whatsoever by any Person (other than as a result of an acquisition in any Internal Distribution or Internal Separation Transaction), UTC shall be responsible for, and shall indemnify and hold harmless Carrier, Otis, their respective Affiliates and each of their respective officers, directors and employees from and against, 100% of such Tax-Related Loss.

(d) *Allocation of Certain Separation-Related Taxes.* Each of UTC, Carrier, and Otis shall be liable for, and shall indemnify and hold harmless the relevant SpinCo Group(s) and/or the UTC Group, as applicable, from and against any liability for the following amounts in the proportions set forth on Schedule 7.05(d) (the amounts described in clauses (i) and (ii), collectively, “Shared Taxes”):

(i) Tax-Related Losses with respect to Income Taxes, except to the extent (A) such Tax is a Tax-Related Loss for which Carrier, Otis, and/or UTC is responsible pursuant to Section 7.05(a)(i), (a)(ii), or (b), respectively, or (B) UTC, Carrier, or Otis would otherwise be responsible for such amounts pursuant to Section 7.05(c); and



(ii) any Specified Income Taxes imposed on any member of the UTC Group or any member of any SpinCo Group.

(e) Notwithstanding any other provision of this Agreement or the Separation and Distribution Agreement to the contrary:

(i) Carrier shall pay UTC and/or Otis, as applicable, the amount for which Carrier has an indemnification obligation under this Section 7.05: (A) in the case of (1) Tax-Related Losses described in clause (a) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (a) of the definition of Specified Income Taxes, in each case, no later than the later of (x) seven business days after delivery by UTC and/or Otis, as applicable, to Carrier of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date UTC or Otis, as applicable, files, or causes to be filed, the applicable Tax Return for the year of the relevant transaction, as applicable (the "UTC/Otis Filing Date") (*provided*, that if such Tax-Related Losses or Specified Income Taxes arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of "Final Determination," then Carrier shall pay UTC and/or Otis, as applicable, no later than the later of (x) seven business days after delivery by UTC and/or Otis, as applicable, to Carrier of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date for making payment with respect to such Final Determination) and (B) in the case of (1) Tax-Related Losses described in clause (b) or (c) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (b) of the definition of Specified Income Taxes, no later than the later of (x) seven business days after delivery by UTC and/or Otis, as applicable, to Carrier of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) two business days after the date UTC and/or Otis, as applicable pays such Tax-Related Losses or Specified Income Taxes.

(ii) Otis shall pay UTC and/or Carrier, as applicable, the amount for which Otis has an indemnification obligation under this Section 7.05: (A) in the case of (1) Tax-Related Losses described in clause (a) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (a) of the definition of Specified Income Taxes, in each case, no later than the later of (x) seven business days after delivery by UTC and/or Carrier, as applicable, to Otis of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date UTC or Carrier, as applicable, files, or causes to be filed, the applicable Tax Return for the year of the relevant transaction, as applicable (the "UTC/Carrier Filing Date") (*provided*, that if such Tax-Related Losses or Specified Income Taxes arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of "Final Determination," then Otis shall pay UTC and/or Carrier, as applicable, no later than the later of (x) seven business days after delivery by UTC and/or Carrier, as applicable, to Otis of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date for making payment with respect to such Final Determination) and (B) in the case of (1) Tax-Related Losses described in clause (b) or (c) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (b) of the definition of Specified Income Taxes, no later than the later of (x) seven

business days after delivery by UTC and/or Carrier, as applicable, to Otis of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) two business days after the date UTC and/or Carrier, as applicable pays such Tax-Related Losses or Specified Income Taxes.

(iii) UTC shall pay Carrier and/or Otis, as applicable, the amount for which UTC has an indemnification obligation under this Section 7.05: (A) in the case of (1) Tax-Related Losses described in clause (a) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (a) of the definition of Specified Income Taxes, in each case, no later than the later of (x) seven business days after delivery by Carrier and/or Otis, as applicable, to UTC of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) three business days prior to the date Carrier or Otis, as applicable, files, or causes to be filed, the applicable Tax Return for the year of the relevant transaction, as applicable (the “Carrier/Otis Filing Date”) (*provided*, that if such Tax-Related Losses or Specified Income Taxes arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of “Final Determination,” then UTC shall pay Carrier and/or Otis, as applicable, no later than the later of (x) seven business days after delivery by Carrier and/or Otis, as applicable, to UTC of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) than three business days prior to the date for making payment with respect to such Final Determination); and (B) in the case of (1) Tax-Related Losses described in clause (b) or (c) of the definition of Tax-Related Losses or (2) Specified Income Taxes described in clause (b) of the definition of Specified Income Taxes, no later than the later of (x) seven business days after delivery by Carrier and/or Otis, as applicable, to UTC of an invoice for the amount of such Tax-Related Losses or Specified Income Taxes or (y) two business days after the date Carrier or Otis, as applicable, pays such Tax-Related Losses or Specified Income Taxes.

*Section 7.06 Section 336(e) Election.* If UTC determines, in its sole discretion, that one or more protective elections under Section 336(e) of the Code (each, a “Section 336(e) Election”) shall be made with respect to the Carrier Distribution, the Otis Distribution, and/or any of the Internal Distributions, the relevant SpinCo(s) shall (and shall cause any relevant member of such SpinCo Group(s) to) join with UTC and/or any relevant member of the UTC Group, as applicable, in the making of any such election and shall take any action reasonably requested by UTC or that is otherwise necessary to give effect to any such election (including making any other related election). If a Section 336(e) Election is made with respect to the Carrier Distribution, the Otis Distribution, and/or any of the Internal Distributions, then this Agreement shall be amended in such a manner as is determined by UTC in good faith to take into account such Section 336(e) Election(s), including by requiring that, in the event (a) any Contribution, Distribution, or Internal Distribution fails to have U.S. Tax-Free Status and (b) a Company (or such Company’s Group) that does not have exclusive responsibility pursuant to this Agreement for Tax-Related Losses arising from such failure actually realizes in cash a Tax Benefit from the step-up in Tax basis resulting from the relevant Section 336(e) Election(s), such Company shall pay over to the Company that has exclusive responsibility pursuant to this Agreement for such Tax-Related Losses any such Tax Benefits realized (*provided*, that, if such Tax-Related Losses are Shared Taxes or Taxes for which more than one Company is liable under Section 7.05(c)(i), the Company that actually realizes in cash the Tax Benefit resulting from the

relevant Section 336(e) Election shall pay over to each of the other Companies responsible for such Taxes the percentage of any such Tax Benefits realized that corresponds to each such Company's percentage share of such Taxes).

*Section 7.07 Certain Assumptions.* For purposes of this Agreement (including the restrictions and covenants and obligations of the Parties set forth in this Section 7, the requirements for an Unqualified Tax Opinion, and any other provision of this Agreement or determination hereunder relating to the U.S. Tax-Free Status of the External Separation Transactions or the Internal Distributions (or the application of Section 355(e) of the Code thereto)), it shall be assumed that, except to the extent expressly ruled otherwise by the IRS in the Private Letter Ruling or in a supplemental private letter ruling, (a) the Specified Acquisition is "part of a plan (or series of related transactions)" with each of the Distributions for purposes of Section 355(e) of the Code, and (b) the Specified Acquisition resulted in one or more persons acquiring directly or indirectly common stock representing no less than the Specified Percentage Interest in each of the SpinCos for purposes of Section 355(e) of the Code.

## **Section 8. Assistance and Cooperation.**

### *Section 8.01 Assistance and Cooperation.*

(a) Each of the Companies shall provide (and shall cause its Affiliates to provide) the other Companies and their respective agents, including accounting firms and legal counsel, with such cooperation or information as they may reasonably request in connection with (i) preparing and filing Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making available, upon reasonable notice, all information and documents in their possession relating to the other Companies and their respective Affiliates as provided in Section 9. Each of the Companies shall also make available to the other Companies, as reasonably requested and available, personnel (including employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes.

(b) Any information or documents provided under this Section 8 or Section 9 shall be kept confidential by the Company or Companies receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. Notwithstanding any other provision of this Agreement or any other agreement, in no event shall any of the Companies or any of their respective Affiliates be required to provide the other Companies or any of their respective Affiliates or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that any of the Companies determine that the provision of any information to the other Companies or their respective Affiliates could be commercially detrimental, violate any law or agreement or waive any Privilege, the Parties shall use reasonable best efforts to permit compliance with their obligations under this Section 8 or Section 9 in a manner that avoids any such harm or consequence.

*Section 8.02 Income Tax Return Information.* UTC, Carrier, and Otis acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Carrier, Otis, or UTC pursuant to Section 8.01 or this Section 8.02. UTC, Carrier, and Otis acknowledge that failure to comply with the deadlines set forth herein or reasonable deadlines otherwise set by Carrier, Otis, or UTC could cause irreparable harm. Each Company shall provide to each of the other Companies information and documents relating to its Group required by such other Company to prepare its Tax Returns. Any information or documents required by the Company that is responsible to prepare such Tax Returns under this Agreement shall be provided in such form as the preparing Company reasonably requests and in sufficient time for such Tax Returns to be filed on a timely basis; *provided*, that, this Section 8.02 shall not apply to information governed by Section 4.09. In the event that, following the relevant Distribution Date, any SpinCo receives notice from any Tax Authority that any Foreign Income Taxes reported on any Tax Return for a Tax Period ending on or prior to (or including) the relevant Deconsolidation Date may be subject to adjustment, such SpinCo shall provide written notice thereof to UTC promptly following receipt of such notice.

*Section 8.03 Reliance by UTC.* If any member of either SpinCo Group supplies information to a member of the UTC Group in connection with a Tax liability and an officer of a member of the UTC Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then, upon the written request of UTC identifying the information being so relied upon, the Chief Financial Officer of the relevant SpinCo (or any officer of such SpinCo as designated by the Chief Financial Officer of such SpinCo) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Each of Carrier and Otis agrees to indemnify and hold harmless each member of the UTC Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the Carrier Group or the Otis Group, respectively, having supplied, pursuant to this Section 8, a member of the UTC Group with inaccurate or incomplete information in connection with a Tax liability.

*Section 8.04 Reliance by Carrier.* If any member of the UTC Group or Otis Group supplies information to a member of the Carrier Group in connection with a Tax liability and an officer of a member of the Carrier Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of Carrier identifying the information being so relied upon, the Chief Financial Officer of UTC or Otis, as applicable, (or any officer of UTC or Otis, as applicable, as designated by the Chief Financial Officer of UTC or Otis, as applicable) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Each of UTC and Otis agrees to indemnify and hold harmless each member of the Carrier Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the UTC Group or the Otis Group, respectively, having supplied, pursuant to this Section 8, a member of the Carrier Group with inaccurate or incomplete information in connection with a Tax liability; *provided*, that, this Section 8.04 shall not apply to information governed by Section 4.09.

*Section 8.05 Reliance by Otis.* If any member of the UTC Group or Carrier Group supplies information to a member of the Otis Group in connection with a Tax liability and an

officer of a member of the Otis Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of Otis identifying the information being so relied upon, the Chief Financial Officer of UTC or Carrier, as applicable, (or any officer of UTC or Carrier, as applicable, as designated by the Chief Financial Officer of UTC or Carrier, as applicable) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Each of UTC and Carrier agrees to indemnify and hold harmless each member of the Otis Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the UTC Group or the Carrier Group, respectively, having supplied, pursuant to this Section 8, a member of the Otis Group with inaccurate or incomplete information in connection with a Tax liability; *provided*, that, this Section 8.05 shall not apply to information governed by Section 4.09.

## **Section 9. Tax Records.**

*Section 9.01 Retention of Tax Records.* Each Company shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Group for the relevant Pre-Deconsolidation Period(s), and UTC shall preserve and keep all other Tax Records relating to Taxes of the Groups for the relevant Pre-Deconsolidation Periods, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (a) the expiration of any applicable statutes of limitations, or (b) seven years after the relevant Deconsolidation Date (such later date, the "Retention Date"). After the Retention Date, each Company may dispose of such Tax Records upon 90 days' prior written notice to the other Companies. If, prior to the Retention Date, a Company reasonably determines that any Tax Records that it would otherwise be required to preserve and keep under this Section 9 are no longer material in the administration of any matter under the Code or other applicable Tax Law and the other Companies agree, then such first Company may dispose of such Tax Records upon 90 days' prior notice to the other Companies. Any notice of an intent to dispose given pursuant to this Section 9.01 shall include a list of the Tax Records to be disposed of describing in reasonable detail the files, books, or other records being disposed. The notified Companies shall have the opportunity, at their cost and expense, to copy or remove, within such 90-day period, all or any part of such Tax Records.

*Section 9.02 Access to Tax Records.* The Companies and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records for Pre-Deconsolidation Periods to the extent reasonably required by the other Companies in connection with the preparation of financial accounting statements, audits, litigation, or the resolution of items under this Agreement.

## **Section 10. Tax Contests.**

*Section 10.01 Notice.* Each of the Companies shall provide prompt notice to the other(s) of any written communication from a Tax Authority regarding any pending or threatened Tax audit, assessment or proceeding or other Tax Contest for which it may be entitled to indemnification by the other Company or Companies hereunder. Such notice shall include copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable

detail. The failure of one Company to notify the other(s) of such communication in accordance with the immediately preceding sentences shall not relieve either of the other Companies of any liability or obligation to pay such Tax or make indemnification payments under this Agreement, except to the extent that the failure timely to provide such notification actually prejudices the ability of such other Company to contest such Tax liability or increases the amount of such Tax liability.

*Section 10.02 Control of Tax Contests.*

(a) *Separate Company Taxes and Joint Returns with Respect to Other Taxes.* In the case of any Tax Contest with respect to any (i) Separate Return or (ii) Joint Return with respect to Other Taxes, the Company having liability for the Tax shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e).

(b) *UTC Federal Consolidated Income Tax Return and UTC State Combined Income Tax Return.* In the case of any Tax Contest with respect to any UTC Federal Consolidated Income Tax Return or UTC State Combined Income Tax Return, UTC shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e)(i).

(c) *UTC Foreign Combined Income Tax Return.* In the case of any Tax Contest with respect to any UTC Foreign Combined Income Tax Return, UTC shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 10.02(e)(i).

(d) *Other Joint Returns.* In the case of any Tax Contest with respect to any Joint Return (other than any UTC Federal Consolidated Income Tax Return, UTC State Combined Income Tax Return, UTC Foreign Combined Income Tax Return, or Joint Return with respect to Other Taxes), (i) UTC shall control the defense or prosecution of the portion of the Tax Contest, if any, directly and exclusively related to any UTC Adjustment, including settlement of any such UTC Adjustment, (ii) Carrier shall control the defense or prosecution of the portion of the Tax Contest, if any, directly and exclusively related to any Carrier Adjustment, including settlement of any such Carrier Adjustment, (iii) Otis shall control the defense or prosecution of the portion of the Tax Contest, if any, directly and exclusively related to the Otis Adjustment, including settlement of any such Otis Adjustment, and (iv) the relevant Companies shall jointly control the defense or prosecution of Joint Adjustments and any and all administrative matters not directly and exclusively related to any UTC Adjustment or SpinCo Adjustment. In the event of any disagreement regarding any matter described in clause (iv), the provisions of Section 14 shall apply.

(e) *Separation-Related and Certain Other Tax Contests.*

(i) In the event of any:

(A) (x) Separation-Related Tax Contest as a result of which Carrier and/or Otis (the “Responsible SpinCo(s)”) could reasonably be expected to become

exclusively liable for any Tax or Tax-Related Losses or (y) Tax Contest as a result of which the Responsible SpinCo(s) could reasonably be expected to become liable for any SpinCo Reserved Income Taxes, and, in each case, which UTC has the right to administer and control pursuant to Section 10.02(a), (b) or (c), (1) UTC shall consult with the Responsible SpinCo(s) reasonably in advance of taking any significant action in connection with such Tax Contest, (2) UTC shall offer the Responsible SpinCo(s) a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (3) UTC shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, and (4) UTC shall provide the Responsible SpinCo(s) copies of any written materials relating to such Tax Contest received from the relevant Tax Authority; and

(B) (x) Separation-Related Tax Contest as a result of which the Responsible SpinCo(s) could reasonably be expected to become liable for any portion of any Tax or Tax-Related Losses pursuant to Section 7.05(c)(i) or (y) Tax Contest as a result of which the Responsible SpinCo(s) could reasonably be expected become liable for any Shared Taxes, and, in each case, which UTC has the right to administer and control pursuant to Section 10.02(a), (b) or (c), (1) UTC shall keep the Responsible SpinCo(s) reasonably informed with respect to such Tax Contest, (2) UTC shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, and (3) UTC shall provide the Responsible SpinCo(s) copies of any written materials relating to such Tax Contest received from the relevant Tax Authority.

(ii) In the event of any (x) Separation-Related Tax Contest with respect to any Carrier Separate Return as a result of which UTC and/or Otis could reasonably be expected to become liable for any Tax or Tax-Related Losses or (y) Specified Tax Contest with respect to any Carrier Separate Return as a result of which UTC and/or Otis could reasonably be expected to become liable for any Specified Income Taxes, (A) Carrier shall consult with UTC and/or Otis, as applicable, reasonably in advance of taking any significant action in connection with such Tax Contest, (B) Carrier shall consult with UTC and/or Otis, as applicable, and offer UTC and/or Otis, as applicable, a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (C) Carrier shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, (D) UTC and/or Otis, as applicable, shall be entitled to participate in such Tax Contest and receive copies of any written materials relating to such Tax Contest received from the relevant Tax Authority, and (E) Carrier shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of UTC and/or Otis, as relevant, which consent shall not be unreasonably withheld; *provided, however*, that in the case of any (1) Separation-Related Tax Contest (I) as a result of which UTC could reasonably be expected to become liable for any Tax or Tax-Related Losses pursuant to Section 7.05(b) or Section 7.05(c)(i) or (II) with respect to any Specified Matter, or (2) Tax Contest as a result of which UTC could reasonably be expected become liable for any Shared Taxes, and, in each case, which Carrier has the right to

administer and control pursuant to Section 10.02(a), UTC shall have the right to elect to assume control of such Tax Contest, in which case the provisions of Section 10.02(e)(i)(B) shall apply.

(iii) In the event of any (x) Separation-Related Tax Contest with respect to any Otis Separate Return as a result of which UTC and/or Carrier could reasonably be expected to become liable for any Tax or Tax-Related Losses or (y) Specified Tax Contest with respect to any Otis Separate Return as a result of which UTC and/or Carrier could reasonably be expected to become liable for any Specified Income Taxes, (A) Otis shall consult with UTC and/or Carrier, as applicable, reasonably in advance of taking any significant action in connection with such Tax Contest, (B) Otis shall consult with UTC and/or Carrier, as applicable, and offer UTC and/or Carrier, as applicable, a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (C) Otis shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, (D) UTC and/or Carrier, as applicable, shall be entitled to participate in such Tax Contest and receive copies of any written materials relating to such Tax Contest received from the relevant Tax Authority, and (E) Otis shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of UTC and/or Carrier, as relevant, which consent shall not be unreasonably withheld; *provided, however*, that in the case of any (1) Separation-Related Tax Contest (I) as a result of which UTC could reasonably be expected to become liable for any portion of any Tax or Tax-Related Losses pursuant to Section 7.05(c)(i) or (II) with respect to any Specified Matter or (2) Tax Contest as a result of which UTC could reasonably be expected become liable for any Shared Taxes, and, in each case, which Otis has the right to administer and control pursuant to Section 10.02(a), UTC shall have the right to elect to assume control of such Tax Contest, in which case the provisions of Section 10.02(e)(i)(B) shall apply.

(f) *Power of Attorney.* Carrier shall (and shall cause each member of the Carrier Group to) execute and deliver to UTC (or such member of the UTC Group as UTC shall designate) or Otis (or such member of the Otis Group as Otis shall designate), as applicable, any power of attorney or other similar document reasonably requested by UTC (or such designee) or Otis (or such designee), respectively, in connection with any Tax Contest controlled by UTC or Otis, respectively, described in this Section 10. Otis shall (and shall cause each member of the Otis Group to) execute and deliver to UTC (or such member of the UTC Group as UTC shall designate) or Carrier (or such member of the Carrier Group as Carrier shall designate), as applicable, any power of attorney or other similar document reasonably requested by UTC (or such designee) or Carrier (or such designee), respectively, in connection with any Tax Contest controlled by UTC or Carrier, respectively, described in this Section 10.

**Section 11. Effective Date; Termination of Prior Intercompany Tax Allocation Agreements.** This Agreement shall be effective as of the Effective Time.

*Section 11.01* As of the Carrier Effective Time, (a) all prior intercompany Tax allocation agreements or arrangements solely between or among UTC and/or any of its Subsidiaries (including for this purpose, members of the Otis Group if the Otis Effective Time shall not yet have occurred, but excluding members of the Carrier Group), on the one hand, and Carrier and/or



members of the Carrier Group, on the other hand, shall be terminated, and (b) amounts due under such agreements or arrangements as of the date on which the Carrier Effective Time occurs shall be settled. Upon such termination and settlement, no further payments by or to UTC or such Subsidiaries or by or to Carrier or such members of the Carrier Group, with respect to such agreements or arrangements shall be made, and all other rights and obligations resulting from such agreements or arrangements shall cease at such time. Any payments pursuant to such agreements shall be disregarded for purposes of computing amounts due under this Agreement; *provided*, that to the extent appropriate, as determined by UTC, payments made pursuant to such agreements or arrangements shall be credited to Carrier or UTC, respectively, in computing their respective obligations pursuant to this Agreement, in the event that such payments relate to a Tax liability that is the subject matter of this Agreement for a Tax Period that is the subject matter of this Agreement.

*Section 11.02* As of the Otis Effective Time, (a) all prior intercompany Tax allocation agreements or arrangements solely between or among UTC and/or any of its Subsidiaries (including for this purpose, members of the Carrier Group if the Carrier Effective Time shall not yet have occurred, but excluding members of the Otis Group), on the one hand, and Otis and/or members of the Otis Group, on the other hand, shall be terminated, and (b) amounts due under such agreements or arrangements as of the date on which the Otis Effective Time occurs shall be settled. Upon such termination and settlement, no further payments by or to UTC or such Subsidiaries or by or to Otis or such members of the Otis Group, with respect to such agreements or arrangements shall be made, and all other rights and obligations resulting from such agreements or arrangements shall cease at such time. Any payments pursuant to such agreements or arrangements shall be disregarded for purposes of computing amounts due under this Agreement; *provided*, that to the extent appropriate, as determined by UTC, payments made pursuant to such agreements or arrangements shall be credited to Otis or UTC, respectively, in computing their respective obligations pursuant to this Agreement, in the event that such payments relate to a Tax liability that is the subject matter of this Agreement for a Tax Period that is the subject matter of this Agreement.

**Section 12. Survival of Obligations.** The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

**Section 13. Treatment of Payments; Tax Gross Up.**

*Section 13.01 Treatment of Tax Indemnity and Tax Benefit Payments.* In the absence of any change in Tax treatment under the Code or other applicable Tax Law, for all Income Tax purposes, the Companies agree to treat, and to cause their respective Affiliates to treat, (a) any indemnity payment required by this Agreement or by the Separation and Distribution Agreement to be made (i) by UTC to a SpinCo as a contribution by UTC to the relevant SpinCo and (ii) by a SpinCo to UTC as a distribution by the relevant SpinCo to UTC, in each case, occurring immediately prior to the relevant Distribution with respect to such SpinCo; and (b) any payment of interest or State Income Taxes by or to a Tax Authority, as taxable or deductible, as the case may be, to the Company entitled under this Agreement to retain such payment or required under this Agreement to make such payment. The Parties shall cooperate in good faith (including, where relevant, by using commercially reasonable efforts to establish local payment

arrangements between each Party's Subsidiaries) to minimize or eliminate, to the extent permissible under applicable law, any Tax that would otherwise be imposed with respect to any payment required by this Agreement or by the Separation and Distribution Agreement (or maximize the ability to obtain a credit for, or refund of, any such Tax).

*Section 13.02 Tax Gross Up.* If notwithstanding the manner in which payments described in Section 13.01(a) were reported, there is a Tax liability or an adjustment to a Tax liability of a Company as a result of its receipt of a payment pursuant to this Agreement or the Separation and Distribution Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment that the Company receiving such payment would otherwise be entitled to receive.

*Section 13.03 Interest.* Anything herein to the contrary notwithstanding, to the extent one Company makes a payment of interest to another Company under this Agreement with respect to the period from (a) the date that the payor was required to make a payment to the payee to (b) the date that the payor actually made such payment, the interest payment shall be treated as interest expense to the payor (deductible to the extent provided by law) and as interest income by the payee (includible in income to the extent provided by law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the payor or increase in Tax to the payee.

**Section 14. Disagreements.** The Companies desire that collaboration will continue among them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in good faith all disagreements regarding their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (a "Tax Advisor Dispute") between any member of the UTC Group and any member of any SpinCo Group (or between any member of the Carrier Group and any member of the Otis Group) as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, representatives of the Tax departments of the relevant Companies shall negotiate in good faith to resolve the Tax Advisor Dispute. If such good faith negotiations do not resolve the Tax Advisor Dispute, then such Tax Advisor Dispute shall be resolved pursuant to the procedures set forth in Article VII of the Separation and Distribution Agreement; *provided*, that each of the mediators or arbitrators selected in accordance with Article VII of the Separation and Distribution Agreement must be Tax Advisors. Nothing in this Section 14 will prevent any Company from seeking injunctive relief if any delay resulting from the efforts to resolve the Tax Advisor Dispute through the procedures set forth in Article VII of the Separation and Distribution Agreement could result in serious and irreparable injury to such Company. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, UTC, Carrier, and Otis are the only members of their respective Groups entitled to commence a dispute resolution procedure under this Agreement, and each of UTC, Carrier, and Otis will cause its respective Group members not to commence any dispute resolution procedure other than through such Party as provided in this Section 14.

**Section 15. Late Payments.** Any amount owed by one Party to another Party under this Agreement that is not paid when due shall bear interest at the Prime Rate plus two percent, compounded semiannually, from the due date of the payment to the date paid.

**Section 16. Expenses.** Except as otherwise provided in this Agreement, each Party and its Affiliates shall bear their own expenses incurred in connection with the preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

**Section 17. General Provisions.**

*Section 17.01 Addresses and Notices.* All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and except as provided herein, shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by certified mail, return receipt requested, or by electronic mail (“e-mail”), so long as confirmation of receipt of such e-mail is requested and received, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 17.01):

If to UTC, to:

United Technologies Corporation  
10 Farm Springs Road  
Farmington, Connecticut 06032  
Attention: Ross Kearney, Corporate VP – Taxes  
E-mail: Ross.kearney@utc.com

with a copy to:

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

If to Carrier, to:

Carrier Global Corporation  
13995 Pasteur Boulevard  
Palm Beach Gardens, Florida 33418  
Attention: Michael Cenci, VP, Tax  
E-mail: Michael.Cenci@carrier.com

with a copy to:

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

If to Otis, to:

Otis Worldwide Corporation  
One Carrier Place  
Farmington, Connecticut 06032  
Attention: Gregory Marshall, VP, Tax  
E-mail: Gregory.Marshall@otis.com

with a copy to:

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

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

*Section 17.02 Binding Effect.* This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

*Section 17.03 Waiver.* Waiver by a Party of any default by another Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of any other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

*Section 17.04 Severability.* If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

*Section 17.05 Authority.* UTC represents on behalf of itself and each other member of the UTC Group, Carrier represents on behalf of itself and each other member of the Carrier Group and Otis represents on behalf of itself and each other member of the Otis Group, as follows:

(a) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement; and

(b) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

*Section 17.06 Further Action.* Prior to, on, and after the First Effective Time, each Party hereto shall cooperate with the other Parties, at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including the execution and delivery to the other Parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other Parties in accordance with Section 10, and to make all filings with any Governmental Authority, and to take all such other actions as such Party may reasonably be requested to take by the other Parties from time to time, consistent with the terms of this Agreement, in order to effectuate the provisions and purposes of this Agreement.

*Section 17.07 Integration.* This Agreement, together with each of the exhibits and schedules appended hereto, contain the entire agreement among the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings among the Parties other than those set forth herein and in

the Separation and Distribution Agreement and the other Ancillary Agreements. This Agreement, the Separation and Distribution Agreement, and the other Ancillary Agreements together govern the arrangements in connection with the Separation and the Distributions and would not have been entered independently. In the event of any inconsistency between this Agreement and the Separation and Distribution Agreement, or any other agreements relating to the transactions contemplated by the Separation and Distribution Agreement, with respect to matters addressed herein, the provisions of this Agreement shall control (it being understood that the terms pursuant to which any transition services related to Tax matters shall be provided under the Transition Services Agreement shall be governed by the Transition Services Agreement).

*Section 17.08 Construction.* The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and shall not be strictly construed for or against any Party. The captions, titles and headings included in this Agreement are for convenience only, and do not affect this Agreement's construction or interpretation. Unless otherwise indicated, all "Section" references in this Agreement are to sections of this Agreement.

*Section 17.09 No Double Recovery.* No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged Party has been fully compensated under any other provision of this Agreement or under any other agreement or action at law or equity. Unless expressly required in this Agreement, a Party shall not be required to exhaust all remedies available under other agreements or at law or equity before recovering under the remedies provided in this Agreement.

*Section 17.10 Counterparts.* Each Party acknowledges that it and each other Party may execute this Agreement by facsimile, stamp or mechanical signature and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by e-mail in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by e-mail in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

*Section 17.11 Governing Law.* This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

*Section 17.12 Amendment.* No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or

modification is in writing and signed by the authorized representatives of the Parties against whom it is sought to enforce such waiver, amendment, supplement or modification; *provided*, that from the First Effective Time to the Second Effective Time, provisions of this Agreement may be waived, amended, supplemented or modified (a) if the Carrier Distribution occurs prior to the Otis Distribution, without the consent of Carrier, so long as such waiver, amendment, supplement or modification does not adversely affect in any material respect any provisions of, or obligations under, this Agreement that are for the benefit of Carrier, or materially prejudice or otherwise adversely affect in any material respect any rights of Carrier or any member of its Group under this Agreement and (b) if the Otis Distribution occurs prior to the Carrier Distribution, without the consent of Otis, so long as such waiver, amendment, supplement or modification does not adversely affect in any material respect any provisions of, or obligations under, this Agreement that are for the benefit of Otis or materially prejudice or otherwise adversely affect in any material respect any rights of Otis or any member of its Group under this Agreement.

*Section 17.13 SpinCo Subsidiaries.* If, at any time, either Carrier or Otis acquires or creates one or more subsidiaries that are includable in the Carrier Group or the Otis Group, respectively, they shall be subject to this Agreement and all references to the Carrier Group or the Otis Group, as applicable, herein shall thereafter include a reference to such subsidiaries.

*Section 17.14 Successors.* This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to any of the Parties (including but not limited to any successor of UTC, Carrier, or Otis succeeding to the Tax Attributes of either under Section 381 of the Code), to the same extent as if such successor had been an original Party to this Agreement.

*Section 17.15 Injunctions.* Subject to the provisions of Section 14, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

*[Remainder of page intentionally left blank]*

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

UNITED TECHNOLOGIES CORPORATION

By: /s/ Michael R. Dumais

Name: Michael R. Dumais

Title: Executive Vice President, Operations & Strategy

CARRIER GLOBAL CORPORATION

By: /s/ Kyle Crockett

Name: Kyle Crockett

Title: Vice President, Controller

OTIS WORLDWIDE CORPORATION

By: /s/ Michael P. Ryan

Name: Michael P. Ryan

Title: Vice President, Controller

EMPLOYEE MATTERS AGREEMENT  
BY AND AMONG  
UNITED TECHNOLOGIES CORPORATION,  
CARRIER GLOBAL CORPORATION  
AND  
OTIS WORLDWIDE CORPORATION  
DATED AS OF APRIL 2, 2020

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## EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of April 2, 2020 (this "Agreement"), is by and among United Technologies Corporation, a Delaware corporation ("UTC"), Carrier Global Corporation, a Delaware corporation ("Carrier"), and Otis Worldwide Corporation, a Delaware corporation ("Otis"). UTC, Otis and Carrier are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

### R E C I T A L S:

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

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

WHEREAS, to effectuate the Separation and Distributions, UTC, Carrier and Otis have entered into a Separation and Distribution Agreement, dated as of April 2, 2020 (the "Separation Agreement");

WHEREAS, in addition to the matters addressed by the Separation Agreement, the Parties desire to enter into this Agreement that is an Ancillary Agreement to set forth the terms and conditions of certain employment, compensation and benefit matters; and

WHEREAS, the Parties acknowledge that this Agreement, the Separation Agreement and the other Ancillary Agreements represent the integrated agreement of UTC, Carrier and Otis relating to the Separation and Distributions, are being entered into together and would not have been entered into independently.

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

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ARTICLE I  
DEFINITIONS

Section 1.01. Definitions. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in the Separation Agreement. For purposes of this Agreement, the following terms shall have the meanings set forth below.

“Agreement” has the meaning set forth in the Preamble to this Agreement and shall include all amendments, modifications and changes hereto entered into pursuant to Section 9.07.

“Applicable Exchange” means, as of any applicable time, the securities exchange that is the principal market for UTC, Carrier or Otis Shares, as applicable.

“Benefit Plan” means any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee or Former Employee, or to any family member, dependent, or beneficiary of any such Employee or Former Employee including cash or deferred arrangement plans, profit sharing plans, post-employment programs, pension plans, thrift plans, supplemental pension plans, welfare plans, stock option, stock purchase, stock appreciation rights, restricted stock units, performance stock units, other equity-based compensation and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, adoption assistance, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, that the term “Benefit Plan” does not include any government-sponsored benefits.

“Carrier” has the meaning set forth in the Preamble.

“Carrier Adjusted Stock Value” means the product of (a) the Carrier Stock Value and (b) the Carrier Distribution Ratio.

“Carrier Adjustment Ratio” means the quotient, obtained by dividing (a) the UTC Pre-Separation Stock Value by (b) the Carrier Stock Value.

“Carrier Awards” means Carrier DSU Awards, Carrier Option Awards, Carrier PSU Awards, Carrier RSU Awards, Carrier SAR Awards, cash-settled Otis DSU Awards, and cash-settled Post-Separation UTC DSU Awards held by Carrier Transferred Directors, collectively.

“Carrier Benefit Plan” means any Benefit Plan established, sponsored, maintained or contributed to by a member of the Carrier Group as of or after the Effective Time, including any Benefit Plans retained or adopted by Carrier pursuant to Sections 2.03(a) and 2.03(c).

“Carrier Board” means the Board of Directors of Carrier.

“Carrier Deferred Compensation Plans” means the Carrier Deferred Compensation Plans established pursuant to Sections 2.03(a) and 6.02.

“Carrier Distribution Ratio” means a number equal to one (1).

“Carrier DSU Award” means an award of deferred stock units settled in cash or in stock relating to Carrier Shares that is assumed by the relevant Party in accordance with Section 4.02(g).

“Carrier DSU Plan” means the Carrier Board of Directors Deferred Stock Unit Plan established by Carrier as of the Effective Time pursuant to Sections 2.03(a) and 4.01(a).

“Carrier Flexible Benefit Plans” means the Carrier Welfare Plans that provide dependent care and medical benefits under Section 125 of the Code.

“Carrier Group Employees” has the meaning set forth in Section 3.01(a)(i).

“Carrier Individual Agreement” means any individual (a) employment contract or offer letter, (b) retention, severance or change in control agreement, (c) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation or equalization of Taxes and living standards in the host country) or (d) other agreement containing restrictive covenants (including confidentiality, non-competition and non-solicitation provisions) between a member of a Group, on the one hand, and (i) a Carrier Group Employee or (ii) a Former Carrier Group Employee, on the other hand, in each case, as in effect immediately prior to the Carrier Distribution Date.

“Carrier LTIP” means the Carrier 2020 Long-Term Incentive Plan established by Carrier as of the Effective Time pursuant to Sections 2.03(a) and 4.01(a).

“Carrier Option Award” means an award of options to purchase Carrier Shares assumed by Carrier pursuant to the Carrier LTIP in accordance with Sections 4.02(a) and 4.02(b).

“Carrier PSU Award” means an award of performance-based stock units relating to Carrier Shares assumed by Carrier pursuant to the Carrier LTIP in accordance with Section 4.02(f) or pursuant to the Carrier PSU Deferral Plan in accordance with Section 6.02.

“Carrier Pension Preservation Plan (Post-2005)” means the Carrier Pension Preservation Plan which is a Carrier Deferred Compensation Plan established pursuant to Sections 2.03(a) and 6.02.

“Carrier PSU Deferral Plan” means the Carrier LTIP Performance Share Unit Deferral Plan which is a Carrier Deferred Compensation Plan established pursuant to Sections 2.03(a) and 6.02.

“Carrier RSU Award” means an award of time-based restricted stock units relating to Carrier Shares assumed by Carrier pursuant to the Carrier LTIP in accordance with Section 4.02(e).

“Carrier SAR Award” means an award of stock appreciation rights relating to Carrier Shares assumed by Carrier pursuant to the Carrier LTIP in accordance with Sections 4.02(c) and 4.02(d).

“Carrier Savings Plan” means the Carrier Employee Savings Plan established pursuant to Sections 2.03(a) and 5.02(b).

“Carrier Savings Restoration Plan” means the Carrier Savings Restoration Plan which is a Carrier Deferred Compensation Plan established pursuant to Sections 2.03(a) and 6.02.

“Carrier Separation” has the meaning set forth in the Recitals.

“Carrier Distribution” has the meaning set forth in the Recitals.

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

“Carrier Stock Value” means the simple average of the volume-weighted average per share price of Carrier Shares trading on the Applicable Exchange during each of the two (2) consecutive full Trading Sessions occurring immediately after the third full Trading Session after the Effective Time.

“Carrier Transferred Director” means each Carrier director as of the Effective Time who served on the UTC Board immediately prior to the Effective Time.

“Carrier Value Factor” means the quotient, rounded to four decimal places, obtained by dividing (a) the product of (i) the Carrier Distribution Ratio and (ii) the UTC Pre-Separation Stock Value, by (b) the sum of (i) the Carrier Adjusted Stock Value, (ii) the Otis Adjusted Stock Value, and (iii) the UTC Post-Separation Stock Value.

“Carrier Welfare Plan” means a Welfare Plan established, sponsored, maintained or contributed to by any member of the Carrier Group for the benefit of Carrier Group Employees and Former Carrier Group Employees, including any Welfare Plan retained or adopted by Carrier pursuant to Sections 2.03(a), 2.03(c) and 8.01.

“COBRA” means the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Section 601 *et seq.* of ERISA and at Section 4980B of the Code and any similar foreign, state or local laws.

“Distributions” has the meaning set forth in the Recitals.

“Employee” means any UTC Group Employee, Carrier Group Employee or Otis Group Employee.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Former Carrier Group Employee” means any individual (a) who, as of the Effective Time, is a former employee of UTC or any of its Subsidiaries or former Subsidiaries, and (b) whose most recent employment with UTC or any of its Subsidiaries or former Subsidiaries was with a member of the Carrier Group or the Carrier Business (and for the avoidance of doubt, without regard to any recordkeeping conventions).

“Former Employees” means Former UTC Group Employees, Former Carrier Group Employees and Former Otis Group Employees.

“Former Otis Group Employee” means any individual (a) who, as of the Effective Time, is a former employee of UTC or any of its Subsidiaries or former Subsidiaries, and (b) whose most recent employment with UTC or any of its Subsidiaries or former Subsidiaries was with a member of the Otis Group or the Otis Business (and for the avoidance of doubt, without regard to any recordkeeping conventions).

“Former UTC Group Employee” means any individual who (a) as of the Effective Time, is a former employee of UTC or any of its Subsidiaries or former Subsidiaries and (b) is not a Former Carrier Group Employee or a Former Otis Group Employee (and for the avoidance of doubt, without regard to any recordkeeping conventions).

“Labor Agreement” has the meaning set forth in Section 2.01.

“Otis” has the meaning set forth in the Preamble.

“Otis Adjusted Stock Value” means the product of (a) the Otis Stock Value and (b) the Otis Distribution Ratio.

“Otis Adjustment Ratio” means the quotient, obtained by dividing (a) the UTC Pre-Separation Stock Value by (b) the Otis Stock Value.

“Otis Awards” means Otis DSU Awards, Otis Option Awards, Otis PSU Awards, Otis RSU Awards, Otis SAR Awards, cash-settled Carrier DSU Awards and cash-settled Post-Separation UTC DSU Awards held by Otis Transferred Directors, collectively.

“Otis Benefit Plan” means any Benefit Plan established, sponsored, maintained or contributed to by a member of the Otis Group as of or after the Effective Time, including any Benefit Plans retained or adopted by Otis pursuant to Sections 2.03(b) and 2.03(d).

“Otis Board” means the Board of Directors of Otis.

“Otis Deferred Compensation Plans” means the Otis Deferred Compensation Plans established pursuant to Sections 2.03(b) and 6.02.

“Otis Distribution” has the meaning set forth in the Recitals.

“Otis Distribution Ratio” means a number equal to one-half (0.5).

“Otis DSU Award” means an award of deferred stock units settled in cash or in stock relating to Otis Shares that is assumed by the relevant Party in accordance with Section 4.02(g).

“Otis DSU Plan” means the Otis Board of Directors Deferred Stock Unit Plan established by Otis as of the Effective Time pursuant to Sections 2.03(b) and 4.01.

“Otis Flexible Benefit Plans” means the Otis Welfare Benefit Plans that provide dependent care and medical benefits under Section 125 of the Code.

“Otis Group Employees” has the meaning set forth in Section 3.01(a)(ii).

“Otis Individual Agreement” means any individual (a) employment contract or offer letter, (b) retention, severance or change in control agreement, (c) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation or equalization of Taxes and living standards in the host country) or (d) other agreement containing restrictive covenants (including confidentiality, non-competition and non-solicitation provisions) between a member of a Group, on the one hand, and (i) an Otis Group Employee or (ii) a Former Otis Group Employee, on the other hand, as in effect immediately prior to the Otis Distribution Date.

“Otis LTIP” means the Otis Long-Term Incentive Plan established by Otis as of the Effective Time pursuant to Sections 2.03(b) and 4.01.

“Otis Option Award” means an award of options to purchase Otis Shares assumed by Otis pursuant to the Otis LTIP in accordance with Sections 4.02(a) and 4.02(b).

“Otis Pension Preservation Plan (Post-2005)” means the Otis Pension Preservation Plan which is an Otis Deferred Compensation Plan established pursuant to Sections 2.03(b) and 6.02.

“Otis PSU Award” means an award of performance-based stock units relating to Otis Shares assumed by Otis pursuant to the Otis LTIP in accordance with Section 4.02(f) or pursuant to the Otis PSU Deferral Plan in accordance with Section 6.02.

“Otis PSU Deferral Plan” means the Otis LTIP Performance Share Unit Deferral Plan which is an Otis Deferred Compensation Plan established pursuant to Sections 2.03(b) and 6.02.

“Otis Puerto Rico Savings Plan” means the Otis Elevator Puerto Rico Retirement Savings Plan established by Otis pursuant to Sections 2.03(b) and 5.02(c).

“Otis RSU Award” means an award of time-based restricted stock units relating to Otis Shares assumed by Otis pursuant to the Otis LTIP in accordance with Section 4.02(e).

“Otis SAR Award” means an award of stock appreciation rights relating to Otis Shares assumed by Otis pursuant to the Otis LTIP in accordance with Sections 4.02(c) and 4.02(d).

“Otis Savings Plan” means the Otis Savings Plan established pursuant to Sections 2.03(b) and 5.02(c).

“Otis Savings Plans” has the meaning set forth in Section 5.02(c).

“Otis Savings Restoration Plan” means the Otis Savings Restoration Plan which is an Otis Deferred Compensation Plan established pursuant to Sections 2.03(b) and 6.02.



“Otis Separation” has the meaning set forth in the Recitals.

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

“Otis Stock Value” means the simple average of the volume-weighted average per share price of Otis Shares trading on the Applicable Exchange during each of the two (2) consecutive full Trading Sessions occurring immediately after the third full Trading Session after the Effective Time.

“Otis Transferred Director” means each Otis director as of the Effective Time who served on the UTC Board immediately prior to the Effective Time.

“Otis Value Factor” means the quotient, rounded to four decimal places, obtained by dividing (a) the product of (i) the Otis Distribution Ratio and (ii) the UTC Pre-Separation Stock Value, by (b) the sum of (i) the Otis Adjusted Stock Value, (ii) the Carrier Adjusted Stock Value, and (iii) the UTC Post-Separation Stock Value.

“Otis Welfare Plan” means a Welfare Plan established, sponsored, maintained or contributed to by any member of the Otis Group for the benefit of Otis Group Employees and Former Otis Group Employees, including any Welfare Plan retained or adopted by Otis pursuant to Sections 2.03(b), 2.03(d) and 8.01.

“Party” or “Parties” has the meaning set forth in the Preamble.

“Post-Separation UTC Awards” means (a) Post-Separation UTC DSU Awards, (b) Post-Separation UTC Option Awards, (c) Post-Separation UTC PSU Awards, (d) Post-Separation UTC RSU Awards, (e) Post-Separation SAR Awards, and (f) cash-settled Carrier DSU Awards and cash-settled Otis DSU Awards held by UTC Non-Employee Directors who will continue to serve on the UTC Board immediately following the Effective Time (regardless of whether such individuals are Otis Transferred Directors or Carrier Transferred Directors immediately following the Effective Time), collectively.

“Post-Separation UTC DSU Awards” means a UTC DSU Award settled in cash or in stock relating to UTC Shares that is assumed by the relevant Party as adjusted as of the Effective Time in accordance with Section 4.02(g).

“Post-Separation UTC Option Award” means a UTC Option Award adjusted as of the Effective Time in accordance with Sections 4.02(a) and 4.02(b).

“Post-Separation UTC PSU Award” means a UTC PSU Award adjusted as of the Effective Time in accordance with Section 4.02(f).

“Post-Separation UTC RSU Award” means a UTC RSU Award adjusted as of the Effective Time in accordance with Section 4.02(e).

“Post-Separation UTC SAR Award” means a UTC SAR Award adjusted as of the Effective Time in accordance with Sections 4.02(c) and 4.02(d).

“Requesting Party” has the meaning set forth in Section 9.04.

“Restricted Employees” has the meaning set forth in Section 3.04(a).

“Securities Act” means the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

“Separation” has the meaning set forth in the Recitals.

“Separation Agreement” has the meaning set forth in the Recitals.

“Trading Session” means the period of time during any given calendar day, commencing with the determination of the opening price on the Applicable Exchange and ending on the determination of the closing price on the Applicable Exchange during the regular trading session, in which trading in UTC Shares, Carrier Shares or Otis Shares (as applicable) is permitted on the Applicable Exchange.

“Transferred Account Balances” has the meaning set forth in Section 8.03.

“UTC” has the meaning set forth in the Preamble.

“UTC Adjustment Ratio” means the quotient, obtained by dividing (a) the UTC Pre-Separation Stock Value by (b) the UTC Post-Separation Stock Value.

“UTC Award” means each UTC DSU Award, UTC Option Award, UTC PSU Award, UTC RSU Award and UTC SAR Award.

“UTC Benefit Plan” means any Benefit Plan established, sponsored or maintained by UTC or any of its Subsidiaries immediately prior to the Effective Time, but excluding any (i) Carrier Benefit Plan, including any plan transferred to and assumed by Carrier pursuant to Sections 2.03(a) and 2.03(c), and (ii) any Otis Benefit Plan, including any plan transferred to and assumed by Otis pursuant to Sections 2.03(b) and 2.03(d).

“UTC Bifurcated Deferred Compensation Plan” means each of the UTC Savings Restoration Plan, the UTC Pension Preservation Plan (Post-2005), the UTC Deferred Compensation Plan, the UTC Company Automatic Contribution Excess Plan, the UTC LTIP PSU Deferral Plan, the Retirement Plan for Third Country National Employees and the Internationally Mobile Employee Retirement Plan.

“UTC Board” has the meaning set forth in the Recitals.

“UTC Compensation Committee” means the Compensation Committee of the UTC Board.

“UTC DSU Award” means an award representing a contractual right to receive UTC Shares or the cash value thereof granted pursuant to the UTC DSU Plan that is outstanding immediately prior to the Effective Time.

“UTC DSU Plan” means the UTC Board of Directors Deferred Stock Unit Plan.

“UTC Flexible Benefit Plans” means the UTC Welfare Plans that provide dependent care and medical benefits under Section 125 of the Code.

“UTC Group Employees” has the meaning set forth in Section 3.01(a)(iii).

“UTC Individual Agreement” means any individual (a) employment contract or offer letter, (b) retention, severance or change in control agreement, (c) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation or equalization of Taxes and living standards in the host country) or (d) other agreement containing restrictive covenants (including confidentiality, non-competition and non-solicitation provisions) between a member of a Group, on the one hand, and (i) a UTC Group Employee or (ii) a Former UTC Group Employee, on the other hand, as in effect immediately prior to the Distribution Date.

“UTC LTIP” means each of the United Technologies Corporation 2018 Long-Term Incentive Plan, the United Technologies Corporation Long-Term Incentive Plan, and the Rockwell Collins, Inc. 2015 Long-Term Incentives Plan, as assumed by UTC.

“UTC Non-Employee Director” means an individual who serves or served as a non-employee director of the UTC Board.

“UTC Option Award” means an award of options to purchase UTC Shares granted pursuant to a UTC LTIP that is outstanding as of immediately prior to the Effective Time.

“UTC Pension Preservation Plan (Pre-2005)” means the UTC Pension Preservation Plan, as in effect on December 31, 2004.

“UTC Pension Preservation Plan (Post-2005)” means the UTC Pension Preservation Plan, as in effect on January 1, 2005.

“UTC Post-Separation Stock Value” means the simple average of the volume-weighted average per share price of UTC Shares trading on the Applicable Exchange during each of the two (2) consecutive full Trading Sessions occurring immediately after the third full Trading Session after the Effective Time.

“UTC Pre-Separation Stock Value” means the closing price per share of UTC Shares trading “regular way with due bills” during the last full Trading Session immediately prior to the Effective Time.

“UTC PSU Award” means an award of performance-based stock units relating to UTC Shares granted pursuant to a UTC LTIP that is outstanding immediately prior to the Effective Time.

“UTC Puerto Rico Savings Plan” means the United Technologies Company Puerto Rico Savings Plan.

“UTC Represented Savings Plan” means the United Technologies Corporation Represented Employee Savings Plan.

“UTC Retained Deferred Compensation Plan” means each of the Rockwell Collins 2005 Non-Qualified Retirement Savings Plan, the Rockwell Collins Pre-2005 Non-Qualified Retirement Savings Plan, the Rockwell Collins 2005 Deferred Compensation Plan, the Rockwell Collins 2005 Non-Qualified Pension Plan, the B/E Aerospace 2010 Deferred Compensation Plan, the Sundstrand Corporation Deferred Compensation Plan, the Goodrich Corp Savings Benefit Restoration Plan, the UTC Pension Preservation Plan, As Amended and Restated Effective January 1, 1996, the UTC Pension Preservation Plan (Pre-2005) and each other nonqualified deferred compensation plan sponsored by a member of the UTC Group prior to the Effective Time that is not a UTC Bifurcated Deferred Compensation Plan.

“UTC Retirement Plan” means the United Technologies Corporation Retirement Plan.

“UTC RSU Award” means an award of restricted stock units with respect to UTC Shares granted pursuant to a UTC LTIP that is outstanding as of immediately prior to the Effective Time.

“UTC SAR Award” means an award of stock appreciation rights with respect to UTC Shares granted pursuant to a UTC LTIP that is outstanding as of immediately prior to the Effective Time.

“UTC Savings Plan” means the United Technologies Corporation Employee Savings Plan.

“UTC Shares” means the shares of common stock, par value \$1.00 per share, of UTC.

“UTC Value Factor” means the quotient, obtained by dividing (a) the UTC Pre-Separation Stock Value, by (b) the sum of (i) the Carrier Adjusted Stock Value, (ii) the Otis Adjusted Stock Value, and (iii) the UTC Post-Separation Stock Value.

“UTC Welfare Plan” means any UTC Benefit Plan that is a Welfare Plan.

“Welfare Plan” means any “welfare plan” (as defined in Section 3(1) of ERISA) or a “cafeteria plan” under Section 125 of the Code, and any benefits offered thereunder, and any other plan offering health benefits (including medical, prescription drug, dental, vision, mental health, substance abuse and retiree health), disability benefits, or life, accidental death and dismemberment, and business travel insurance, pre-Tax premium conversion benefits, dependent care assistance programs, employee assistance programs, paid time-off programs, contribution funding toward a health savings account, flexible spending accounts, supplemental unemployment benefits or severance.

ARTICLE II  
GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 2.01. General Principles. All provisions herein shall be subject to the requirements of all applicable Law and any collective bargaining, works council or similar agreement or arrangement with any labor union, works council or other labor representative (each, a "Labor Agreement"). Notwithstanding anything in this Agreement to the contrary, if the terms of a Labor Agreement or applicable Law require that any Assets or Liabilities be retained or assumed by, or transferred to, a Party in a manner that is different than what is set forth in this Agreement, such retention, assumption or transfer shall be made in accordance with the terms of such Labor Agreement and applicable Law and shall not be made as otherwise set forth in this Agreement; provided that, in such case, the Parties shall take all necessary action to preserve the economic terms of the allocation of Assets and Liabilities contemplated by this Agreement. The provisions of this Agreement shall apply in respect of all jurisdictions.

(a) Acceptance and Assumption of Carrier Liabilities. Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Carrier Distribution, Carrier and the applicable Carrier Designees shall accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a Carrier Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any such Liabilities arising out of claims made by UTC's, Carrier's or Otis's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Carrier Group or the Otis Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Carrier Group or the Otis Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Carrier Group Employees and Former Carrier Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under a Carrier Benefit Plan, taking into account the Carrier Benefit Plan's assumption of Liabilities with respect to Carrier Group Employees and Former Carrier Group Employees, that were originally the Liabilities of the corresponding UTC Benefit Plan with respect to periods prior to the Effective Time;

(iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination of employment of all Carrier Group Employees and Former Carrier Group Employees; and

(iv) any and all Liabilities expressly assumed or retained by any member of the Carrier Group pursuant to this Agreement.

(b) *Acceptance and Assumption of Otis Liabilities.* Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Otis Distribution, Otis and the applicable Otis Designees shall accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered an Otis Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any such Liabilities arising out of claims made by UTC's, Carrier's or Otis's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Carrier Group or the Otis Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Carrier Group or the Otis Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Otis Group Employees and Former Otis Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under an Otis Benefit Plan, taking into account the Otis Benefit Plan's assumption of Liabilities with respect to Otis Group Employees and Former Otis Group Employees, that were originally the Liabilities of the corresponding UTC Benefit Plan with respect to periods prior to the Effective Time;

(iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination of employment of all Otis Group Employees and Former Otis Group Employees; and

(iv) any and all Liabilities expressly assumed or retained by any member of the Otis Group pursuant to this Agreement.

(c) *Acceptance and Assumption of UTC Liabilities.* Except as otherwise provided by this Agreement, on or prior to the Effective Time, but in any case prior to the Distribution, UTC and certain members of the UTC Group designated by UTC shall accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a UTC Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are

based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any such Liabilities arising out of claims made by UTC's, Carrier's or Otis's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the UTC Group, the Carrier Group or the Otis Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the UTC Group, the Carrier Group or the Otis Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation, equity compensation, commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any UTC Group Employees and Former UTC Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims under a UTC Benefit Plan, taking into account a corresponding assumption of Liabilities by the Carrier Benefit Plans and Otis Benefit Plans with respect to Carrier Group Employees, Otis Group Employees, Former Carrier Group Employees and Former Otis Group Employees, respectively, that were originally the Liabilities of such UTC Benefit Plan with respect to periods prior to the Effective Time;

(iii) any and all Liabilities arising out of, relating to or resulting from the employment, or termination of employment of all UTC Group Employees and Former UTC Group Employees; and

(iv) any and all Liabilities expressly assumed or retained by any member of the UTC Group pursuant to this Agreement.

(d) *Unaddressed Liabilities.* To the extent that this Agreement does not address particular Liabilities under any Benefit Plan and the Parties later determine that they should be allocated in connection with the Distributions, the Parties shall agree in good faith on the allocation, taking into account the handling of comparable Liabilities under this Agreement.

Section 2.02. Service Credit.

(a) As of the Effective Time, the Carrier Benefit Plans shall, and Carrier shall cause each member of the Carrier Group to, recognize each Carrier Group Employee's and each Former Carrier Group Employee's full service with UTC or any of its Subsidiaries or predecessor entities at or before the Effective Time, to the same extent that such service was recognized by UTC for similar purposes prior to the Effective Time as if such full service had been performed for a member of the Carrier Group, for purposes of eligibility, vesting and determination of level of benefits under any Carrier Benefit Plans.

In addition, for any Employee who commences employment after the Effective Time with a member of the Carrier Group, each Carrier Benefit Plan intended to be qualified under

Section 401(a) of the Code shall recognize for each such Employee service during the two (2)-year period immediately following the Effective Time with any member of the Otis Group or the UTC Group for purposes of vesting and participation (to the extent such employee is otherwise eligible under such plan and commences employment with a member of the Carrier Group during such two (2)-year period) but not for purposes of benefit accrual under any Carrier Benefit Plan.

(b) As of the Effective Time, the Otis Benefit Plans shall, and Otis shall cause each member of the Otis Group to, recognize each Otis Group Employee's and each Former Otis Group Employee's full service with UTC or any of its Subsidiaries or predecessor entities at or before the Effective Time, to the same extent that such service was recognized by UTC for similar purposes prior to the Effective Time as if such full service had been performed for a member of the Otis Group, for purposes of eligibility, vesting and determination of level of benefits under any such Otis Benefit Plan.

In addition, for any Employee who commences employment after the Effective Time with a member of the Otis Group, each Otis Benefit Plan intended to be qualified under Section 401(a) of the Code shall recognize for each such Employee service during the two (2)-year period immediately following the Effective Time with any member of the Carrier Group or the UTC Group for purposes of vesting and participation (to the extent such employee is otherwise eligible under such plan and commences employment with a member of the Otis Group during such two (2)-year period) but not for purposes of benefit accrual under any Otis Benefit Plan.

(c) For any Employee who commences employment after the Effective Time with a member of the UTC Group, each UTC Benefit Plan intended to be qualified under Section 401(a) of the Code shall recognize for each such Employee service during the two (2)-year period immediately following the Effective Time with any member of the Carrier Group or the Otis Group for purposes of vesting and participation (to the extent such employee is otherwise eligible under such plan and commences employment with a member of the UTC Group during such two (2)-year period) but not for purposes of benefit accrual under any UTC Benefit Plan.

Section 2.03. Adoption and Transfer and Assumption of Benefit Plans.

(a) *Adoption by Carrier of Benefit Plans.* As of no later than the Effective Time, Carrier shall adopt Benefit Plans (and related trusts, if applicable) as contemplated and in accordance with the terms of this Agreement.

(b) *Adoption by Otis of Benefit Plans.* As of no later than the Effective Time, Otis shall adopt Benefit Plans (and related trusts, if applicable) as contemplated and in accordance with the terms of this Agreement.

(c) *Retention by Carrier of Carrier Plans.* From and after the Effective Time, Carrier shall retain all of the Carrier Benefits Plans, including all related Liabilities and Assets, and any related trusts and other funding vehicles and insurance contracts of any of such plans other than as specifically provided in this Agreement; provided, however, that Carrier may make such changes, modifications or amendments to such Carrier Benefit Plans as may be required by applicable Law or to reflect the Separation Agreement, including limiting participation in any such Carrier Benefit Plan to Carrier Group Employees and Former Carrier Group Employees who



participated in the corresponding UTC Benefit Plan immediately prior to the Effective Time. Nothing in this Agreement shall preclude Carrier, at any time after the Effective Time, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any Carrier Benefit Plan, any benefit under any Carrier Benefit Plan or any trust, insurance policy or funding vehicle related to any Carrier Benefit Plan, or any employment or other service arrangement with Carrier Group Employees, independent contractors or vendors (to the extent permitted by Law).

(d) *Retention by Otis of Otis Plans.* From and after the Effective Time, Otis shall retain all of the Otis Benefits Plans, including all related Liabilities and Assets, and any related trusts and other funding vehicles and insurance contracts of any of such plans other than as specifically provided in this Agreement; provided, however, that Otis may make such changes, modifications or amendments to such Otis Benefit Plans as may be required by applicable Law or to reflect the Separation Agreement, including limiting participation in any such Otis Benefit Plan to Otis Group Employees and Former Otis Group Employees who participated in the corresponding UTC Benefit Plan immediately prior to the Effective Time. Nothing in this Agreement shall preclude Otis, at any time after the Effective Time, from amending, merging, modifying, terminating, eliminating, reducing or otherwise altering in any respect any Otis Benefit Plan, any benefit under any Otis Benefit Plan or any trust, insurance policy or funding vehicle related to any Otis Benefit Plan, or any employment or other service arrangement with Otis Group Employees, independent contractors or vendors (to the extent permitted by Law).

(e) *Plans Not Required to Be Adopted.* With respect to any Benefit Plan not addressed in this Agreement, the Parties shall agree in good faith on the treatment of such plan taking into account the handling of any comparable plan under this Agreement and, notwithstanding that neither Carrier nor Otis shall have an obligation to continue to maintain any such plan with respect to the provision of future benefits from and after the Effective Time, Carrier shall remain obligated to pay or provide any previously accrued or incurred benefits to the Carrier Group Employees and Former Carrier Group Employees consistent with Section 2.01(a) of this Agreement and Otis shall remain obligated to pay or provide any previously accrued or incurred benefits to the Otis Group Employees and Former Otis Group Employees consistent with Section 2.01(b) of this Agreement.

(f) *Information and Operation.* Each Party shall use its commercially reasonable efforts to provide the other Party with information describing each Benefit Plan election made by an Employee or Former Employee that may have application to such Party's Benefit Plans from and after the Effective Time, and each Party shall use its commercially reasonable efforts to administer its Benefit Plans using those elections. Each Party shall, upon reasonable request, use its commercially reasonable efforts to provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's operation or administration of its Benefit Plans.

(g) *No Duplication or Acceleration of Benefits.* Notwithstanding anything to the contrary in this Agreement, the Separation Agreement or any Ancillary Agreement, no participant in any Benefit Plan shall receive service credit or benefits to the extent that receipt of such service credit or benefits would result in duplication of benefits provided to such participant by the corresponding Benefit Plan or any other plan, program or arrangement sponsored or

maintained by a member of the Group that sponsors the corresponding Benefit Plan. Furthermore, unless expressly provided for in this Agreement, the Separation Agreement, or any Ancillary Agreement, or required by applicable Law, no provision in this Agreement shall be construed to create any right to accelerate vesting, distributions, or entitlements under any Benefit Plan sponsored or maintained by a member of the Carrier Group, a member of the Otis Group or a member of the UTC Group on the part of any Employee or Former Employee.

(h) *Beneficiaries; Dependents.* References in this Agreement to Carrier Group Employees, Former Carrier Group Employees, Otis Group Employees, Former Otis Group Employees, UTC Group Employees, Former UTC Group Employees, Carrier Transferred Directors, Otis Transferred Directors, and UTC Non-Employee Directors shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable.

### ARTICLE III ASSIGNMENT OF EMPLOYEES

#### Section 3.01. Active Employees.

(a) *Assignment and Transfer of Employees.* Effective as of no later than the Effective Time and except as otherwise agreed by the Parties, (i) UTC shall have taken, or caused the applicable member of the UTC Group to take, such actions as are necessary to ensure that each individual who is intended to be an employee of the Carrier Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the UTC Human Resources department or otherwise taken in accordance with applicable Law) (collectively, the “Carrier Group Employees”) is employed by a member of the Carrier Group as of immediately after the Effective Time, (ii) UTC shall have taken, or caused the applicable member of the UTC Group to take, such actions as are necessary to ensure that each individual who is intended to be an employee of the Otis Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or an approved leave of absence or otherwise taken in accordance with applicable Law) (collectively, the “Otis Group Employees”) is employed by a member of the Otis Group as of immediately after the Effective Time, and (iii) UTC shall have taken, or caused the applicable member of the UTC Group to take, such actions as are necessary to ensure that (A) each individual who is intended to be an employee of the UTC Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the UTC Human Resources department or otherwise taken in accordance with applicable Law) and (B) any other individual employed by the UTC Group as of the Effective Time who is not a Carrier Group Employee or Otis Group Employee (collectively, the “UTC Group Employees”) is employed by a member of the UTC Group as of immediately after the Effective Time. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(b) *At-Will Status.* Nothing in this Agreement shall create any obligation on the part of any member of the Carrier Group, any member of the Otis Group or any member of the UTC Group to (i) continue the employment of any Employee or permit the return from a leave of

absence for any period after the date of this Agreement (except as required by applicable Law) or (ii) change the employment status of any Employee from “at-will,” to the extent that such Employee is an “at-will” employee under applicable Law.

(c) *Severance.* The Parties acknowledge and agree that the Separation, the Distributions and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 3.01 shall not be deemed an involuntary termination of employment entitling any Employee to severance payments or severance benefits.

(d) *Not a Change in Control.* The Parties acknowledge and agree that neither the consummation of the Separation, the Distributions nor any transaction contemplated by this Agreement, the Separation Agreement or any other Ancillary Agreement shall be deemed a “change in control,” “change of control” or term of similar import for purposes of any Benefit Plan sponsored or maintained by any member of the UTC Group, the Carrier Group or the Otis Group.

(e) *Payroll and Related Taxes.* Carrier shall (i) be responsible for all payroll obligations, Tax withholding and reporting obligations, and associated government audit assessments; and (ii) furnish a Form W-2 or similar earnings statement, in each case, for all Employees employed by a member of the Carrier Group with respect to the period during which they were employed by a member of the Carrier Group before the Distribution Date and for all Carrier Group Employees following the Distribution Date. Otis shall (A) be responsible for all payroll obligations, Tax withholding and reporting obligations, and associated government audit assessments; and (B) furnish a Form W-2 or similar earnings statement, in each case, for all Employees employed by a member of the Otis Group with respect to the period during which they were employed by a member of the Otis Group before Distribution Date and for all Otis Group Employees following the Distribution Date. UTC shall (i) be responsible for all payroll obligations, Tax withholding and reporting obligations, and associated government audit assessments; and (ii) furnish a Form W-2 or similar earnings statement, in each case, for all Employees employed by a member of the UTC Group with respect to the period during which they were employed by a member of the UTC Group before Distribution Date and for all UTC Group Employees following the Distribution Date.

Section 3.02. Individual Agreements. Effective as of no later than the Distribution Date, Carrier, Otis and UTC, as applicable, shall assign, or cause an applicable member of the respective UTC Group, Carrier Group or Otis Group to assign (i) the Carrier Individual Agreements to a member of the Carrier Group and Carrier shall agree or cause an applicable member of the Carrier Group to agree to accept and be bound by the provisions of the Carrier Individual Agreements, (ii) the Otis Individual Agreements to a member of the Otis Group and Otis shall agree or cause an applicable member of the Otis Group to agree to accept and be bound by the provisions of the Otis Individual Agreements, and (iii) the UTC Individual Agreements to a member of the UTC Group and UTC shall agree or cause an applicable member of the UTC Group to accept and be bound by the provisions of the UTC Individual Agreements; provided, however, that to the extent that assignment of any such agreement is not permitted by the terms of such agreement or by applicable Law, effective as of the Distribution Date, each member of the Carrier Group (in the case of each Carrier Individual Agreement), Otis Group (in the case of each Otis Individual Agreement) or the UTC Group (in the case of each UTC Individual Agreement) shall be considered to be a successor to each member of the Carrier Group, Otis Group or UTC

Group, as applicable, for purposes of, and a third-party beneficiary with respect to, such agreement, such that each member of the Carrier Group, Otis Group or UTC Group, as applicable, shall enjoy all of the rights and benefits under such agreement (including rights and benefits as a third-party beneficiary) as well as assume the potential associated liabilities, with respect to the business operations of the Carrier Group, Otis Group or UTC Group, as applicable; provided, further, that in no event shall any Party be permitted to enforce (A) any Carrier Individual Agreement (including any agreement containing non-competition or non-solicitation covenants) against a Carrier Group Employee for action taken in such individual's capacity as a Carrier Group Employee other than on behalf of the Carrier Group as requested by the Carrier Group in its capacity as a third-party beneficiary, (B) any Otis Individual Agreement (including any agreement containing non-competition or non-solicitation covenants) against an Otis Group Employee for action taken in such individual's capacity as an Otis Group Employee other than on behalf of the Otis Group as requested by the Otis Group in its capacity as a third-party beneficiary and (C) any UTC Individual Agreement (including any agreement containing non-competition or non-solicitation covenants) against a UTC Employee for action taken in such individual's capacity as a UTC Group Employee other than on behalf of the UTC Group as requested by the UTC Group in its capacity as a third-party beneficiary; provided, further, that with respect to any Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee who was employed by a member of the UTC Group within twelve (12) months prior to the Effective Time, UTC shall retain the right to enforce, and shall be a third-party beneficiary with respect to, any non-competition covenant as applied to the business of the UTC Group contained in any Carrier Individual Agreement or Otis Individual Agreement against such Carrier Group Employee or Otis Group Employee for a period of twelve (12) months after the Effective Time.

Section 3.03. Consultation with Labor Representatives; Labor Agreements. The Parties shall cooperate to notify, inform and/or consult with any labor union, works council or other labor representative regarding the Separation and Distributions to the extent required by Law or a Labor Agreement. No later than as of immediately before the Effective Time, Carrier shall have taken, or caused another member of the Carrier Group to take, all actions that are necessary (if any) for Carrier or another member of the Carrier Group to (a) assume any Labor Agreements in effect with respect to Carrier Group Employees and Former Carrier Group Employees (excluding obligations thereunder with respect to any Otis Group Employees, Former Otis Group Employees, UTC Group Employees or Former UTC Group Employees, to the extent applicable) and (b) unless otherwise provided in this Agreement, assume and honor any obligations of the UTC Group or Otis Group under any Labor Agreements as such obligations relate to Carrier Group Employees and Former Carrier Group Employees. No later than as of immediately before the Effective Time, Otis shall have taken, or caused another member of the Otis Group to take, all actions that are necessary (if any) for Otis or another member of the Otis Group to (a) assume any Labor Agreements in effect with respect to Otis Group Employees and Former Otis Group Employees (excluding obligations thereunder with respect to any Carrier Group Employees, Former Carrier Group Employees, UTC Group Employees or Former UTC Group Employees, to the extent applicable) and (b) unless otherwise provided in this Agreement, assume and honor any obligations of the UTC Group or Carrier Group under any Labor Agreements as such obligations relate to Otis Group Employees and Former Otis Group Employees. No later than as of immediately before the Effective Time, UTC shall have taken, or caused another member of the UTC Group to take, all actions that are necessary (if any) for UTC or another member of the UTC

Group to (a) assume any Labor Agreements in effect with respect to UTC Employees and Former UTC Employees (excluding obligations thereunder with respect to any Carrier Group Employees, Former Carrier Group Employees, Otis Group Employees or Former Otis Group Employees, to the extent applicable) and (b) assume and honor any obligations of the Carrier Group or Otis Group under any Labor Agreements as such obligations relate to UTC Group Employees and Former UTC Group Employees.

Section 3.04. Non-Solicitation.

(a) *Non-Solicitation.* Each Party agrees that, for a period of eighteen (18) months from the Effective Time, such Party shall, and shall cause each member in its Group, to not solicit for employment any individual who is an employee of a member of the other Groups at the level of P6/M6, P7/M7, E1, E2, E3, E4, or E5 as of immediately prior to the Effective Time (“Restricted Employees”); provided that the foregoing restrictions shall not apply to: (i) any Restricted Employee who responds to general solicitations not targeted at the Restricted Employees, (ii) any Restricted Employee who terminates employment at least six (6) months prior to the applicable solicitation, (iii) the solicitation of a Restricted Employee whose employment was involuntarily terminated by the employing Party in a severance qualifying termination before the employment discussions with the soliciting Party commenced, and (iv) any Restricted Employee whose prospective employment is agreed to in writing by the soliciting Party and the employing Party, or in the case of a Restricted Employee who is not currently employed, the Party who last employed Restricted Employee.

(b) *Remedies; Enforcement.* Each Party acknowledges and agrees that (i) injury to the employing Party from any breach by another Party of the obligations set forth in this Section 3.04 would be irreparable and impossible to measure and (ii) the remedies at Law for any breach or threatened breach of this Section 3.04, including monetary damages, would therefore be inadequate compensation for any loss and the employing Party shall have the right to specific performance and injunctive or other equitable relief in accordance with this Section 3.04, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. Each Party understands and acknowledges that the restrictive covenants and other agreements contained in this Section 3.04 are an essential part of this Agreement and the transactions contemplated hereby. It is the intent of the Parties that the provisions of this Section 3.04 shall be enforced to the fullest extent permissible under applicable Law applied in each jurisdiction in which enforcement is sought. If any particular provision or portion of this Section 3.04 shall be adjudicated to be invalid or unenforceable, such provision or portion thereof shall be deemed amended to the minimum extent necessary to render such provision or portion valid and enforceable, such amendment to apply only with respect to the operation of such provision or portion thereof in the particular jurisdiction in which such adjudication is made.

ARTICLE IV  
EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION

Section 4.01. General Rules and Adoption of Equity Plans.

(a) *Treatment of Equity Awards.* Each UTC Award that is outstanding as of immediately prior to the Effective Time shall be treated as described below in this Article IV;

provided, however, that, prior to the Effective Time, the UTC Compensation Committee (i) may provide for different treatment with respect to some or all of the UTC Awards held by Employees located outside of the United States to the extent that the UTC Compensation Committee deems such treatment necessary or appropriate, including to avoid adverse tax consequences to such Employees, and (ii) shall, if the Carrier Distribution and the Otis Distribution do not occur on the same day, appropriately modify the adjustment methodology described below in a manner that is intended to achieve the same adjustment results taking into account the timing of the Carrier Distribution and the Otis Distribution. Any such adjustments made by the UTC Compensation Committee pursuant to the foregoing sentence shall be deemed incorporated by reference herein as if fully set forth below and shall be binding on the Parties and their respective Affiliates. Effective as of no later than immediately prior to the Effective Time, Carrier shall establish the Carrier LTIP and Carrier DSU Plan and Otis shall establish the Otis LTIP and the Otis DSU Plan, which plans shall have substantially the same terms as those of the UTC LTIP and the UTC DSU Plan, respectively, as of immediately prior to the Effective Time. Carrier may make such changes, modifications or amendments to the Carrier LTIP and the Carrier DSU Plan and Otis may make such changes, modifications or amendments to the Otis LTIP and the Otis DSU Plan, in each case, as may be required by applicable Law or as are necessary and appropriate to reflect the Separation or to permit the implementation of the provisions of Article IV or Section 6.02.

(b) *Assumption of DSU Plan Liabilities.* As of the Effective Time, Carrier shall, and shall cause the Carrier DSU Plan, and Otis shall, and shall cause the Otis DSU Plan, to assume all Liabilities under the UTC DSU Plan for the benefits of Carrier Transferred Directors and Otis Transferred Directors who are not otherwise UTC Non-Employee Directors, respectively, determined as of immediately prior to the Effective Time, and the UTC Group and the UTC DSU Plan shall be relieved of all Liabilities for those benefits. UTC shall, or shall cause a member of the UTC Group to, assume and retain all Liabilities under the UTC DSU Plan for the benefits of UTC Non-Employee Directors but not with respect to the benefits of any director who ceases as of the Effective Time to be a director of UTC and becomes a Carrier Transferred Director or Otis Transferred Director. On and after the Effective Time, Carrier Transferred Directors and Otis Transferred Directors who are not otherwise UTC Non-Employee Directors shall cease to be participants in the UTC DSU Plan.

Section 4.02. Equity Incentive Awards.

(a) *Vested Option Awards.* Each UTC Option Award that is outstanding and vested as of immediately prior to the Effective Time shall be converted, as of the Effective Time, into a Post-Separation UTC Option Award, a Carrier Option Award and an Otis Option Award and shall, except as otherwise provided in this Section 4.02(a), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC Option Award immediately prior to the Effective Time; provided, however, that from and after the Effective Time:

(i) the number of UTC Shares subject to such Post-Separation UTC Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (B) the UTC Value Factor;

(ii) the number of Carrier Shares subject to such Carrier Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (B) the Carrier Value Factor;

(iii) the number of Otis Shares subject to such Otis Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (B) the Otis Value Factor;

(iv) the per share exercise price of such Post-Separation UTC Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (B) the UTC Adjustment Ratio;

(v) the per share exercise price of such Carrier Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio; and

(vi) the per share exercise price of such Otis Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

Following the Effective Time, (A) the exercise period for a Post-Separation UTC Option held by an Carrier Group Employee or Otis Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer, (B) the exercise period for an Carrier Option held by a UTC Group Employee or Otis Group Employee, shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer and (C) the exercise period for a Carrier Option held by an Otis Group Employee or UTC Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer.

Notwithstanding anything to the contrary in this Section 4.02(a), the exercise price of, and the number of UTC Shares, Carrier Shares, and Otis Shares subject to, each Post-Separation UTC Option Award, Carrier Option Award, and Otis Option Award, respectively, and the terms and conditions of exercise of such options shall be determined in a manner consistent with the requirements of Section 409A of the Code, as applicable.

(b) *Unvested Option Awards.* Each UTC Option Award that is outstanding and unvested as of immediately prior to the Effective Time (including any UTC Option Award that vests on or after the Distribution Date) shall be treated as follows:

(i) if the holder of such award is a UTC Group Employee, such award shall be converted, as of the Effective Time, into a Post-Separation UTC Option Award and shall, except as otherwise provided in this Section 4.02(b), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC Option Award prior to the Effective Time;

provided, however, that (A) the number of UTC Shares underlying such Post-Separation UTC Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (2) the UTC Adjustment Ratio, and (B) the per share exercise price of such Post-Separation UTC Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (2) the UTC Adjustment Ratio;

(ii) if the holder of such award is a Carrier Group Employee, such award shall be converted, as of the Effective Time, into a Carrier Option Award and shall, except as otherwise provided in this Section 4.02(b), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC Option Award prior to the Effective Time; provided, however, that (A) the number of Carrier Shares underlying such Carrier Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (2) the Carrier Adjustment Ratio, and (B) the per share exercise price of such Carrier Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (2) the Carrier Adjustment Ratio; and

(iii) if the holder of such award is an Otis Group Employee, such award shall be converted, as of the Effective Time, into an Otis Option Award and shall, except as otherwise provided in this Section 4.02(b), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC Option Award prior to the Effective Time; provided, however, that (A) the number of Otis Shares underlying such Otis Option Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC Option Award immediately prior to the Effective Time by (2) the Otis Adjustment Ratio, and (B) the per share exercise price of such Otis Option Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC Option Award immediately prior to the Effective Time by (2) the Otis Adjustment Ratio.

Notwithstanding anything to the contrary in this Section 4.02(b), the exercise price of, and the number of UTC Shares, Carrier Shares, and Otis Shares subject to, each Post-Separation UTC Option Award, Carrier Option Award, and Otis Option Award, respectively, and the terms and conditions of exercise of such options shall be determined in a manner consistent with the requirements of Section 409A of the Code, as applicable.

(c) *Vested SAR Awards.* Each UTC SAR Award that is outstanding and vested as of immediately prior to the Effective Time shall be converted, as of the Effective Time, into a Post-Separation UTC SAR Award, a Carrier SAR Award and an Otis SAR Award and shall, except as otherwise provided in this Section 4.02(c), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC SAR Award immediately prior to the Effective Time; provided, however, that from and after the Effective Time:



(i) the number of UTC Shares subject to such Post-Separation UTC SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the UTC Value Factor;

(ii) the number of Carrier Shares subject to such Carrier SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the Carrier Value Factor;

(iii) the number of Otis Shares subject to such Otis SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the Otis Value Factor;

(iv) the per share exercise price of such Post-Separation UTC SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the UTC Adjustment Ratio;

(v) the per share exercise price of such Carrier SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio; and

(vi) the per share exercise price of such Otis SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (A) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

Following the Effective Time, (A) the exercise period for a Post-Separation UTC SAR held by an Otis Group Employee, or Carrier Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer, (B) the exercise period for an Otis SAR held by a UTC Group Employee, or Carrier Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer, and (C) the exercise period for a Carrier SAR held by an Otis Group Employee, or UTC Group Employee shall be the ten (10)-year period commencing on the original grant date, regardless of termination from post-separation employer.

Notwithstanding anything to the contrary in this Section 4.02(c), the exercise price of, and the number of UTC Shares, Carrier Shares, and Otis Shares subject to, each Post-Separation UTC SAR Award, Carrier SAR Award, and Otis SAR Award, respectively, and the terms and conditions of exercise of such SARs shall be determined in a manner consistent with the requirements of Section 409A of the Code, as applicable.

(d) *Unvested SAR Awards.* Each UTC SAR Award that is outstanding and unvested as of immediately prior to the Effective Time (including any UTC SAR Award that vests on or after the Distribution Date) shall be treated as follows:

(i) if the holder of such award is a UTC Group Employee, such award shall be converted, as of the Effective Time, into a Post-Separation UTC SAR Award and shall, except as otherwise provided in this Section 4.02(d), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC SAR Award prior to the Effective Time; provided, however, that (A) the number of UTC Shares underlying such Post-Separation UTC SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the UTC Adjustment Ratio, and (B) the per share exercise price of such Post-Separation UTC SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the UTC Adjustment Ratio;

(ii) if the holder of such award is a Carrier Group Employee, such award shall be converted, as of the Effective Time, into a Carrier SAR Award and shall, except as otherwise provided in this Section 4.02(d), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC SAR Award prior to the Effective Time; provided, however, that (A) the number of Carrier Shares underlying such Carrier SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the Carrier Adjustment Ratio, and (B) the per share exercise price of such Carrier SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the Carrier Adjustment Ratio; and

(iii) if the holder of such award is an Otis Group Employee, such award shall be converted, as of the Effective Time, into an Otis SAR Award and shall, except as otherwise provided in this Section 4.02(d), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC SAR Award prior to the Effective Time; provided, however, that (A) the number of Otis Shares underlying such Otis SAR Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the Otis Adjustment Ratio, and (B) the per share exercise price of such Otis SAR Award shall be equal to the quotient, rounded up to the nearest whole cent, obtained by dividing (1) the per share exercise price of the corresponding UTC SAR Award immediately prior to the Effective Time by (2) the Otis Adjustment Ratio.

Notwithstanding anything to the contrary in this Section 4.02(d), the exercise price of, and the number of UTC Shares, Carrier Shares, and Otis Shares subject to, each Post-Separation UTC SAR Award, Carrier SAR Award, and Otis SAR Award, respectively, and the terms and conditions of exercise of such SARs shall be determined in a manner consistent with the requirements of Section 409A of the Code, as applicable.

(e) *RSU Awards.* Each UTC RSU Award that is outstanding and unvested as of immediately prior to the Effective Time (including any UTC RSU Awards that vest on or after the Distribution Date) shall be treated as follows:

(i) if the holder of such award is a UTC Group Employee or a Former UTC Group Employee, such award shall be converted, as of the Effective Time, into a Post-Separation UTC RSU Award and shall, except as otherwise provided in this Section 4.02(e), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC RSU Award prior to the Effective Time; provided, however, that the number of UTC Shares underlying such Post-Separation UTC RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC RSU Award immediately prior to the Effective Time by (B) the UTC Adjustment Ratio;

(ii) if the holder of such award is a Carrier Group Employee or a Former Carrier Group Employee, such award shall be converted, as of the Effective Time, into a Carrier RSU Award and shall, except as otherwise provided in this Section 4.02(e), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC RSU Award prior to the Effective Time; provided, however, that the number of Carrier Shares underlying such Carrier RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC RSU Award immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio; and

(iii) if the holder of such award is an Otis Group Employee or a Former Otis Group Employee, such award shall be converted, as of the Effective Time, into an Otis RSU Award and shall, except as otherwise provided in this Section 4.02(e), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC RSU Award prior to the Effective Time; provided, however, that the number of Otis Shares underlying such Otis RSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC RSU Award immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

(f) *PSU Awards.* Each UTC PSU Award that is outstanding and deferred under the PSU Deferral Plan as of immediately prior to the Effective Time shall be treated as described in Section 6.02. Each other UTC PSU Award that is outstanding as of immediately prior to the Effective Time shall be treated as follows:

(i) if the holder of such award is a UTC Group Employee or a Former UTC Group Employee, such award shall be converted, as of the Effective Time, into a Post-Separation UTC PSU Award and shall, except as otherwise provided in this Section 4.02(f), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC PSU Award prior to the Effective Time; provided, however, that (A) prior to the Effective Time, the UTC Compensation Committee shall determine the number of UTC Shares earned under such award based on its determination as to the level of achievement of performance objectives and (B) as of the Effective Time, the number of UTC Shares underlying such UTC PSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC PSU Award immediately prior to the Effective Time (as determined by the UTC Compensation Committee pursuant to clause (A) hereof) and (2) the UTC Adjustment Ratio;

(ii) if the holder of such award is a Carrier Group Employee or a Former Carrier Group Employee, such award shall be converted, as of the Effective Time, into a Carrier PSU Award and shall, except as otherwise provided in this Section 4.02(f), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC PSU Award prior to the Effective Time; provided, however, that (A) if the performance goals applicable to such UTC PSU Award relate to the performance of UTC, prior to the Effective Time, the UTC Compensation Committee shall determine the number UTC Shares earned under such award based on its determination as to the level of achievement of performance objectives and (B) the number of Carrier Shares underlying such Carrier PSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC PSU Award immediately prior to the Effective Time (as determined by the UTC Compensation Committee pursuant to clause (A) hereof, if applicable) by (2) the Carrier Adjustment Ratio; and

(iii) if the holder of such award is an Otis Group Employee or a Former Otis Group Employee, such award shall be converted, as of the Effective Time, into an Otis PSU Award and shall, except as otherwise provided in this Section 4.02(f), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC PSU Award prior to the Effective Time; provided, however, that (A) if the performance goals applicable to such UTC PSU Award relate to the performance of UTC, prior to the Effective Time, the UTC Compensation Committee shall determine the number UTC Shares earned under such award based on its determination as to the level of achievement of performance objectives and (B) the number of Otis Shares underlying such Otis PSU Award shall be equal to the product, rounded down to the nearest whole number of shares, obtained by multiplying (1) the number of UTC Shares subject to the corresponding UTC PSU Award immediately prior to the Effective Time (as determined by the UTC Compensation Committee pursuant to clause (A) hereof, if applicable) by (2) the Otis Adjustment Ratio.

Following the Effective Time, the Post-Separation UTC PSU Awards, the Carrier PSU Awards for which the applicable performance goals related to UTC performance prior to the Effective Time, and the Otis PSU Awards for which the applicable performance goals related to UTC performance prior to the Effective Time, shall be time-vesting awards for the number of shares determined under Section 4.02(f)(i), Section 4.02(f)(ii), or Section 4.02(f)(iii), as applicable, that vest based on the otherwise applicable vesting schedule without regard to the achievement of the performance objectives at the end of the otherwise applicable performance measurement period.

(g) *DSU Awards.*

(i) *Vested DSU Awards (Basket).* Each UTC DSU Award that is outstanding and vested as of immediately prior to the Effective Time shall be converted, as of the Effective Time, into a Post-Separation UTC DSU Award, a Carrier DSU Award and an Otis DSU Award and each award shall, except as otherwise provided in this Section 4.02(g), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC DSU Award prior to the Effective Time; provided, however, that from and after the Effective Time (i) the number of UTC Shares subject to the Post-Separation UTC DSU Award shall be equal to the number of UTC Shares subject to the corresponding UTC DSU Award immediately prior to the

Effective Time, (ii) the number of Carrier Shares subject to the Carrier DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the UTC DSU Award immediately prior to the Effective Time by (B) the Carrier Distribution Ratio, and (iii) the number of Otis Shares subject to the Otis DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the UTC DSU Award immediately prior to the Effective Time by (B) the Otis Distribution Ratio.

(ii) *Unvested DSU Awards (Concentrated)*. Each UTC DSU Award that is outstanding and unvested as of immediately prior to the Effective Time shall be treated as follows:

(A) if the holder of such award is a UTC Non-Employee Director who will continue to serve on the UTC Board immediately following the Effective Time (regardless of whether such individual is an Otis Transferred Director or Carrier Transferred Director immediately following the Effective Time) or is a former UTC Non-Employee Director who immediately following the Effective Time does not become an Otis Transferred Director or Carrier Transferred Director, such award shall be converted, as of the Effective Time, into a Post-Separation UTC DSU Award and shall, except as otherwise provided in this Section 4.02(g), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC DSU Award prior to the Effective Time; provided, however, that the number of UTC Shares underlying such Post-Separation UTC DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC DSU Award immediately prior to the Effective Time by (B) the UTC Adjustment Ratio;

(B) if the holder of such award is a UTC Non-Employee Director who will become a Carrier Transferred Director (and not continue as a UTC Non-Employee Director) immediately following the Effective Time, such award shall be converted, as of the Effective Time, into a Carrier DSU Award and shall, except as otherwise provided in this Section 4.02(g), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC DSU Award prior to the Effective Time; provided, however, that the number of Carrier Shares underlying such Carrier DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC DSU Award immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio; and

(C) if the holder of such award is a UTC Non-Employee Director who will become an Otis Transferred Director (and not continue as a UTC Non-Employee Director) immediately following the Effective Time, such award shall be converted, as of the Effective Time, into an Otis DSU Award and shall, except as otherwise provided in this Section 4.02(g), be subject to the same terms and conditions after the Effective Time as were applicable to such UTC DSU Award prior to the Effective Time; provided, however, that the number of Otis Shares underlying such Otis DSU Award shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares subject to the corresponding UTC DSU Award immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

Following the Effective Time, (1) the UTC DSU Plan shall provide that each UTC Non-Employee Director who continues to serve on the UTC Board immediately following the Effective Time (regardless of whether such individual is also an Otis Transferred Director or a Carrier Transferred Director) and each former UTC Non-Employee Director who does not become an Otis Transferred Director or Carrier Transferred Director immediately following the Effective Time shall remain a participant in the UTC DSU Plan with respect to such individual's UTC Post-Separation DSU Awards, Carrier DSU Awards and Otis DSU Awards; provided that, upon settlement of the Carrier DSU Awards and Otis DSU Awards, such awards shall be paid in cash by UTC, (2) the Carrier DSU Plan shall provide that each UTC Non-Employee Director who will become a Carrier Transferred Director (and not also a UTC Non-Employee Director) immediately following the Effective Time shall become a participant in the Carrier DSU Plan with respect to such individual's UTC Post-Separation DSU Awards, Carrier DSU Awards and Otis DSU Awards; provided that, upon settlement of the Post-Separation UTC DSU Awards and Otis DSU Awards, such awards shall be paid in cash by Carrier, and (3) the Otis DSU Plan shall provide that each UTC Non-Employee Director who will become an Otis Transferred Director (and not also a UTC Non-Employee Director) immediately following the Effective Time shall become a participant in the Otis DSU Plan with respect to such individual's UTC Post-Separation DSU Awards, Carrier DSU Awards and Otis DSU Awards; provided that, upon settlement of the Post-Separation UTC DSU Awards and Carrier DSU Awards, such awards shall be paid in cash by Otis.

(iii) *Separation of Service.* For the avoidance of doubt, the adjustments made to UTC DSU Awards, including the adjustment of such awards into Carrier DSU Awards or Otis DSU Awards shall not result in a separation of service entitling a participant under the UTC DSU Plan, Carrier DSU Plan or Otis DSU Plan to a distribution.

(h) *Miscellaneous Award Terms.* None of the Separation, the Distributions or any employment transfer described in Section 3.01(a) shall constitute a termination of employment for any Employee or non-employee director for purposes of any Post-Separation UTC Award, Carrier Award, or any Otis Award. Further, a non-employee director transfer, as detailed in Section 4.02(g), shall not constitute a separation from service for any non-employee director for purposes of any DSU Awards.

(i) *Settlement; Tax Withholding and Reporting.*

(i) Settlement. Except as otherwise provided in Section 4.02(g), after the Effective Time, Post-Separation UTC Awards, regardless of by whom held, shall be settled by UTC; Carrier Awards, regardless of by whom held, shall be settled by Carrier; and Otis Awards, regardless of by whom held, shall be settled by Otis.

(ii) Withholding.

(A) Upon the vesting, payment or settlement, as applicable, of Carrier Awards, Carrier shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of each Carrier Group Employee or Former Carrier Group Employee and for ensuring the collection and transfer of applicable employee withholding Taxes by the Carrier stock plan administrator (1) to UTC or a member of the UTC Group designated by UTC with respect to each UTC Group Employee or Former UTC Group Employee (with UTC or

the designated member of the UTC Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to UTC Group Employees and Former UTC Group Employees to the applicable Governmental Authority) and (2) to Otis or a member of the Otis Group designated by Otis with respect to each Otis Group Employee or Former Otis Group Employee (with Otis or the designated member of the Otis Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to Otis Group Employees and Former Otis Group Employees to the applicable Governmental Authority).

(B) Upon the vesting, payment or settlement, as applicable, of Otis Awards, Otis shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of each Otis Group Employee or Former Otis Group Employee and for ensuring the collection and transfer of applicable employee withholding Taxes by the Otis stock plan administrator (1) to UTC or a member of the UTC Group designated by UTC with respect to each UTC Group Employee or Former UTC Group Employee (with UTC or the designated member of the UTC Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to UTC Group Employees and Former UTC Group Employees to the applicable Governmental Authority) and (2) to Carrier or a member of the Carrier Group designated by Carrier with respect to each Carrier Group Employee or Former Carrier Group Employee (with Carrier or the designated member of the Carrier Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to Carrier Group Employees and Former Carrier Group Employees to the applicable Governmental Authority).

(C) Upon the vesting, payment or settlement, as applicable, of Post-Separation UTC Awards, UTC shall be solely responsible for ensuring the satisfaction of all applicable Tax withholding requirements on behalf of each UTC Group Employee or Former UTC Group Employee and for ensuring the collection and transfer of applicable employee withholding Taxes by the UTC stock plan administrator (1) to Carrier or a member of the Carrier Group designated by Carrier with respect to each Carrier Group Employee or Former Carrier Group Employee (with Carrier or the designated member of the Carrier Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to Carrier Group Employees and Former Carrier Group Employees to the applicable Governmental Authority) and (2) to Otis or a member of the Otis Group designated by Otis with respect to each Otis Group Employee or Former Otis Group Employee (with Otis or the designated member of the Otis Group being responsible for remittance of the applicable employee Taxes and payment and remittance of the applicable employer Taxes relating to Otis Group Employees and Former Otis Group Employees to the applicable Governmental Authority).

(iii) Reporting. Following the Effective Time, (A) UTC shall be responsible for all income Tax reporting in respect of Post-Separation UTC Awards, Carrier Awards and Otis Awards held by UTC Group Employees, Former UTC Group Employees, UTC Non-Employee Directors who will continue to serve on the UTC Board immediately following the Effective Time (regardless of whether such individuals are Otis Transferred Directors or Carrier Transferred Directors immediately following the Effective Time), and each former UTC Non-Employee Director who does not become an Otis Transferred Director or Carrier Transferred Director immediately following the Effective Time, (B) Otis shall be responsible for all income

Tax reporting in respect of Post-Separation UTC Awards, Carrier Awards and Otis Awards held by Otis Group Employees, Former Otis Group Employees, and Transferred Otis Directors, and (C) Carrier shall be responsible for all income Tax reporting in respect of Post-Separation UTC Awards, Carrier Awards and Otis Awards held by Carrier Group Employees and Former Carrier Group Employees, and Transferred Carrier Directors.

(iv) Forfeitures. Following the Effective Time, if any Post-Separation UTC Award shall fail to become vested or fail to be exercised prior to the applicable expiration date, such Post-Separation UTC Award shall be forfeited to UTC, if any Carrier Award shall fail to become vested or fail to be exercised prior to the applicable expiration date, such Carrier Award shall be forfeited to Carrier and if any Otis Award shall fail to become vested or fail to be exercised prior to the applicable expiration date, such Otis Award shall be forfeited to Otis.

(j) Cooperation. Each of the Parties shall establish an appropriate administration system to administer, in an orderly manner, (i) exercises of Carrier Option Awards, Carrier SAR Awards, Otis Option Awards, Otis SAR Awards, Post-Separation UTC Option Awards, and Post-Separation UTC SAR Awards, in each case, that were vested immediately prior to the Effective Time, and (ii) the withholding and reporting requirements with respect to all awards. Each of the Parties shall work together to unify and consolidate all indicative data and payroll and employment information on regular timetables and make certain that each applicable Person's data and records in respect of such awards are correct and updated on a timely basis. The foregoing shall include information required for Tax withholding and remittance, compliance with trading windows, and compliance with the requirements of the Exchange Act and other applicable Laws. In order to facilitate the foregoing matters, each of the Parties shall maintain, at its own expense, UBS as its stock plan administrator (or such other party as may be agreed by Carrier, Otis and UTC) and maintain the payroll data aggregation process established by UTC in advance of the Separation, in each case, for the period commencing on the Distribution Date and ending no earlier than the earlier of (i) the seventh (7th) anniversary of the Effective Time and (ii) the date on which there no longer outstanding any Carrier Option Awards, Carrier SAR Awards, Otis Option Awards, Otis SAR Awards, Post-Separation UTC Option Awards, and Post-Separation UTC SAR Awards, in each case, that were vested immediately prior to the Effective Time. In the event that any Party, after the Effective Time, chooses to use a different payroll data aggregation process, the "new" process must be mutually agreed upon by the UTC, Otis and Carrier Payroll/Tax organizations.

(k) Registration and Other Regulatory Requirements. Carrier agrees to file a registration statement on Form S-8 (and, solely with respect to Carrier Awards for which the underlying Carrier Shares are not eligible for registration on Form S-8, a registration statement on Form S-3 or Form S-1) with respect to, and to cause to be registered pursuant to the Securities Act, the Carrier Shares authorized for issuance under the Carrier LTIP Plan, as required pursuant to the Securities Act, not later than the Effective Time and in any event before the date of issuance of any Carrier Shares pursuant to the Carrier LTIP Plan. Otis agrees to file a registration statement on Form S-8 (and, solely with respect to Otis Awards for which the underlying Otis Shares are not eligible for registration on Form S-8, a registration statement on Form S-3 or Form S-1) with respect to, and to cause to be registered pursuant to the Securities Act, the Otis Shares authorized for issuance under the Otis LTIP Plan, as required pursuant to the Securities Act, not later than the Effective Time and in any event before the date of issuance of any Otis Shares pursuant to the Otis



LTIP Plan. The Parties shall take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 4.02(k).

Section 4.03. Cash Payment for Fractional Shares.

(a) Each Employee and Former Employee holding a UTC Award immediately prior to the Effective Time shall receive a cash payment (rounded down to the next whole dollar) with respect to such UTC Award equal the difference between (i) the value of such UTC Award calculated immediately prior to the Effective Time calculated based on the UTC Pre-Separation Stock Value and (ii) the value of the Post-Separation UTC Award, Otis Award, and/or Carrier Award actually received by such Employee or Former Employee pursuant to Section 4.02(a) through (f) in respect of such UTC Award calculated based on the Carrier Stock Value, the Otis Stock Value and/or the UTC Post-Separation Stock Value, as applicable.

(b) Such cash payment shall be made by UTC with respect to any UTC Group Employee or Former UTC Group Employee, by Carrier with respect to any Carrier Group Employee or Former Carrier Group Employer or by Otis, with respect to any Otis Group Employee or Former Otis Group Employee.

(c) Any cash payment made pursuant to this Section 4.03 shall be subject to applicable withholding and shall be made within ninety (90) days immediately following the Effective Time but in no event later than March 15 of the year following the Effective Time (or at such later date as is necessary to avoid the application of additional taxes and penalties under Section 409A of the Code). Any payment made under this Section 4.03 may be reduced so that such payment does not result in any award being deemed deferred compensation subject to, or noncompliant deferred compensation under, Section 409A of the Code.

Section 4.04. Non-Equity Incentive Plans.

(a) No later than immediately prior to the Effective Time, Carrier and Otis shall each adopt, or have in place, an executive annual bonus plan, covering Carrier Group Employees and Otis Group Employees, respectively.

(b) From and following the Effective Time, the Carrier Group shall retain pursuant to Section 2.03(b) any incentive plan for the exclusive benefit of Carrier Group Employees and Former Carrier Group Employees and as from January 1, 2020, shall be solely responsible for all Liabilities thereunder, including Liabilities arising before, on or after the Distribution Date, and the UTC Group shall have no responsibility for the Liabilities thereunder.

(c) From and following the Effective Time, the Otis Group shall retain pursuant to Section 2.03(c) any incentive plan for the exclusive benefit of Otis Group Employees and Former Otis Group Employees and as from January 1, 2020, shall be solely responsible for all Liabilities thereunder, including liabilities arising before, on or after the Distribution Date and the UTC Group shall have no responsibility for the Liabilities thereunder.

Section 4.05. Director Compensation. UTC shall be responsible for the payment of any fees for service on the UTC Board that are payable before, at, or after the Effective Time, and Carrier and Otis shall not have any responsibility for any such payments, except as otherwise

provided in Section 4.02(g) or Article VI. With respect to any Carrier non-employee director, Carrier shall be responsible for the payment of any fees for service on the Carrier Board that are payable at any time after the Effective Time and with respect to any Otis non-employee director, Otis shall be responsible for the payment of any fees for service on the Otis Board that are payable at any time after the Effective Time. Notwithstanding the foregoing, Carrier and Otis shall commence paying annual retainers to Carrier Transferred Directors and Otis Transferred Directors, respectively, in respect of the annual board compensation period in which the Effective Time occurs; provided that (a) if UTC has already paid such annual retainers to UTC Non-Employee Directors prior to the Effective Time, then within thirty (30) days after the Distribution Date, Carrier and Otis shall each pay UTC an amount equal to the portion of such payment that is attributable to the service of Carrier Transferred Directors and Otis Transferred Director, respectively, after the Distribution Date (other than any amount that is subject to a deferral election and is credited or will be credited to any such director's account under the Carrier DSU Plan or the Otis DSU Plan), and (b) if UTC has not yet paid such annual retainers prior to the Effective Time, then within thirty (30) days after the Distribution Date, UTC shall pay Carrier and Otis an amount equal to the portion of such payment that is attributable to service prior to the Distribution Date to UTC by Carrier Transferred Directors and Otis Transferred Directors, respectively.

## ARTICLE V U.S. QUALIFIED RETIREMENT PLANS

### Section 5.01. UTC Employee Retirement Plan.

(a) *Retention of the UTC Retirement Plan.* Except as set forth in this Article V, as of the day following the Effective Time, UTC shall assume and retain the UTC Employee Retirement Plan as of the Effective Time and no member of the Carrier Group or the Otis Group shall assume or retain any Liability with respect to the UTC Retirement Plan. Following the Effective Time, no Carrier Group Employee or Otis Group Employee shall be credited with any additional service under the UTC Retirement Plan, except as contemplated by Section 5.01(b).

(b) *Separation from Service; Grow-in.* UTC shall, or shall cause another member of the UTC Group to, amend the UTC Retirement Plan to provide that for the two (2)-year period commencing at the Effective Time, each Carrier Group Employee and Otis Group Employee who is a participant in the UTC Retirement Plan shall be given credit for service with members of the Carrier Group and the Otis Group for purposes of eligibility for early retirement, the "Rule of 65" benefits and "Rule of 100" benefits under the UTC Retirement Plan (but not for purposes of accruing additional benefits under the UTC Retirement Plan) and shall not be entitled to a distribution during such two (2)-year period until such participant is no longer employed by any member of the Otis Group, Carrier Group or UTC Group, subject to the terms of the UTC Retirement Plan. In no case shall Former Carrier Group Employees or Former Otis Group Employees receive any additional credit for service pursuant to this section.

### Section 5.02. UTC Savings Plans.

(a) *UTC Savings Plans.* As of the Effective Time, UTC shall retain, and no member of the Carrier Group or Otis Group shall assume or retain sponsorship of, or any Assets or Liabilities with respect to, the UTC Employee Savings Plan, the UTC Represented Employees

Savings Plan, and the UTC Puerto Rico Savings Plan (the UTC Puerto Rico Savings Plan, together with the UTC Represented Savings Plan and UTC Savings Plan, the “UTC Savings Plans”), other than with respect to the rollover of account balances described in Section 5.02(c). Prior to the Effective Time, UTC shall, or shall cause a member of the UTC Group to, (i) cause each Carrier Group Employee and Otis Group Employee to be fully vested in his or her accounts, if any, under the UTC Savings Plans as of the Effective Time and (ii) amend the UTC Savings Plan and UTC Represented Savings Plan to provide that any Otis Group Employee or Carrier Group Employee who becomes an employee of any member of the UTC Group after the Effective Time shall receive credit for participation and vesting under the UTC Savings Plans (other than the UTC Puerto Rico Savings Plan) with respect to such employee’s service with any member of the Carrier Group or the Otis Group during the two (2)-year period commencing on the Effective Time (to the extent such employee is otherwise eligible and commences employment with a member of the UTC Group within such two-year period).

(b) *Carrier Savings Plans.* Carrier shall, or shall cause a member of the Carrier Group, to establish the Carrier Savings Plan, tax qualified defined contribution plans, no later than as of the Effective Time for Carrier Group Employees who participate in the UTC Savings Plan and UTC Represented Savings Plan, respectively, immediately prior to the Effective Time. Carrier shall be responsible for taking all necessary, reasonable and appropriate action to establish, maintain and administer the Carrier Savings Plan so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code and as soon as reasonably practicable following the Effective Time, Carrier shall take all steps reasonably necessary to obtain a favorable determination from the IRS or obtain an opinion as to such qualification of such Carrier Savings Plan. No later than immediately prior to the Effective Time, Carrier Group Employees shall cease active participation in the UTC Savings Plans, and no later than the Effective Time, Carrier Group Employees shall be eligible to commence participation in the Carrier Savings Plan. Any minimum age or service requirements contained in the Carrier Savings Plan with respect to eligibility to participate generally or eligibility to share in any employer contributions under such plan shall be waived or deemed satisfied for Carrier Group Employees to the extent waived or satisfied under the UTC Savings Plans immediately prior to the Effective Time. The Carrier Savings Plan shall provide that any UTC Group Employee or Otis Group Employee who becomes an employee of any member of the Carrier Group after the Effective Time shall receive credit for participation and vesting under the Carrier Savings Plan with respect to such employee’s service with any member of the UTC Group or the Otis Group during the two (2)-year period commencing on the Effective Time (to the extent such employee is otherwise eligible to participate and commences employment with a member of the Carrier Group during such two year period).

(c) *Otis Savings Plans.* Otis shall, or shall cause a member of the Otis Group, to establish the Otis Savings Plan and the Otis Puerto Rico Savings Plan (the Otis Puerto Rico Savings Plan together with the Otis Savings Plan, the “Otis Savings Plans”), tax qualified defined contribution plans, no later than as of the Effective Time for Otis Group Employees who participate in the UTC Savings Plan and Otis Puerto Rico Savings Plan, respectively, immediately prior to the Effective Time. Otis shall be responsible for taking all necessary, reasonable and appropriate action to establish, maintain and administer the Otis Savings Plans so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code (or Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011, as applicable)

and, as soon as reasonably practicable following the Effective Time, Otis shall take all steps reasonably necessary to obtain a favorable determination or obtain an opinion from the IRS or the Puerto Rico Treasury Department as to such qualification of such Otis Savings Plans, as applicable. No later than immediately prior to the Effective Time, Otis Group Employees shall cease active participation in the UTC Savings Plans, and no later than the Effective Time, Otis Group Employees shall be eligible to commence participation in the Otis Savings Plans. Any minimum age or service requirements contained in the Otis Savings Plans with respect to eligibility to participate generally or eligibility to share in any employer contributions under such plan shall be waived or deemed satisfied for Otis Group Employees to the extent waived or satisfied under the UTC Savings Plans immediately prior to the Effective Time. The Otis Savings Plans (other than the Otis Puerto Rico Savings Plan) shall provide that any UTC Group Employee or Carrier Group Employee who becomes an employee of any member of the Otis Group after the Effective Time shall receive credit for participation and vesting under the Otis Savings Plans with respect to such employee's employment with any member of the UTC Group or the Carrier Group during the two (2)-year period commencing on the Effective Time (to the extent such employee is otherwise eligible to participate and commences employment with a member of the Otis Group during such two year period).

(d) *Rollover of Account Balances.* As soon as practicable after the Effective Time, UTC, Carrier and Otis shall take any and all actions as may be required to permit each Carrier Group Employee and Otis Group Employee to elect to make rollover contributions of "eligible rollover distributions" (within the meaning of Section 402(c)(4) of the Code if applicable) in cash in an amount equal to the entire eligible rollover distribution distributable to such Carrier Group Employee and Otis Group Employee from the UTC Savings Plans to Carrier Savings Plan and Otis Savings Plans, respectively.

(e) *Plan Fiduciaries.* For all periods on and after the Effective Time, the Parties agree that the applicable fiduciaries of each of the UTC Savings Plans, Carrier Savings Plan and the Otis Savings Plans, respectively, shall have the authority with respect to the UTC Savings Plans, Carrier Savings Plan and Otis Savings Plans, respectively, to determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

## ARTICLE VI NONQUALIFIED DEFERRED COMPENSATION PLANS

Section 6.01. UTC Retained Nonqualified Deferred Compensation Plans. As of no later than the Effective Time, except as set forth in Sections 4.02(g) and 6.02, the UTC Group shall assume and retain, and no member of the Carrier Group or the Otis Group shall assume or retain, sponsorship of all UTC Retained Deferred Compensation Plans, and from and after the Effective Time, all Assets and Liabilities thereunder shall be Assets and Liabilities of the UTC Group. All UTC Shares notionally credited to participants' accounts under any of the UTC Retained Deferred Compensation Plans immediately prior to the Effective Time shall be adjusted from and after the Effective Time so that the number of UTC Shares notionally credited as of the Effective Time to each participant's account shall be equal to the product, rounded to three decimal places, obtained by multiplying (a) the number of UTC Shares notionally credited under such UTC

Retained Deferred Compensation Plan to such participant immediately prior to the Effective Time by (b) the UTC Adjustment Ratio. Prior to the Effective Time, UTC shall provide Carrier with a list of Carrier Group Employees and Otis with a list of Otis Group Employees, in each case, who are participants in the UTC Retained Deferred Compensation Plans. If an Otis Group Employee on such list terminates employment with the Otis Group, Otis shall, or shall cause a member of the Otis Group to, provide written notice to UTC of such employee's termination of employment within twenty (20) days of such employee's termination of employment. If a Carrier Group Employee on such list terminates employment with the Carrier Group, Carrier shall, or shall cause a member of the Carrier Group to, provide written notice to UTC of such employee's termination of employment within twenty (20) days of such employee's termination of employment. Notwithstanding the foregoing, (i) Carrier shall be liable, and shall reimburse UTC, for any Liabilities of UTC arising with respect to the UTC Retained Deferred Compensation Plans as a result of any failure by a member of the Carrier Group to provide proper notice of an employment termination that directly results in the inability of UTC to administer the UTC Retained Deferred Compensation Plans in compliance with Section 409A of the Code with respect to any Carrier Group Employee who participated thereunder, and (ii) Otis shall be liable, and shall reimburse UTC, for any Liabilities of UTC arising with respect to the UTC Retained Deferred Compensation Plans as a result of any failure by a member of the Otis Group to provide proper notice of an employment termination that directly results in the inability of UTC to administer the UTC Retained Deferred Compensation Plans in compliance with Section 409A of the Code with respect to any Otis Group Employee who participated thereunder.

Section 6.02. UTC Bifurcated Nonqualified Deferred Compensation Plans. As of no later than the Effective Time, Carrier shall establish the Carrier Deferred Compensation Plans and Otis shall establish the Otis Deferred Compensation Plans, which plans shall have substantially the same terms as of immediately prior to the Effective Time as the UTC Bifurcated Nonqualified Deferred Compensation Plans. Carrier and Otis may make such changes, modifications or amendments to the Carrier Deferred Compensation Plans and the Otis Deferred Compensation Plans, respectively, as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those provided under the UTC Bifurcated Deferred Compensation Plans to participants in the UTC Bifurcated Deferred Compensation Plans immediately prior to the Effective Time.

(a) *Assumption of Liabilities in General.* As of the Effective Time, except as otherwise provided in Section 6.02(b), Carrier shall, and shall cause the Carrier Deferred Compensation Plans, and Otis shall, and shall cause the Otis Deferred Compensation Plans, to assume all Liabilities under the UTC Bifurcated Deferred Compensation Plans for the benefits of Carrier Group Employees and Former Carrier Group Employees and Otis Group Employees and Former Otis Group Employees, respectively, determined as of immediately prior to the Effective Time, and the UTC Group and the UTC Bifurcated Deferred Compensation Plans shall be relieved of all Liabilities for those benefits. UTC shall, or shall cause a member of the UTC Group to, assume and retain all Liabilities under the UTC Bifurcated Compensation Plans for the benefits of UTC Group Employees and Former UTC Group Employees. On and after the Effective Time, Carrier Group Employees, Former Carrier Group Employees, Otis Group Employees, and Former Otis Group Employees shall cease to be participants in the UTC Bifurcated Deferred Compensation Plans.

(b) *Assumption of Liabilities under UTC Pension Preservation Plan (Post-2005).* As of the Effective Time, Carrier shall, and shall cause the applicable Carrier Pension Preservation Plan (Post-2005), and Otis shall, and shall cause the applicable Otis Pension Preservation Plan (Post-2005), to assume all Liabilities under the UTC Pension Preservation Plan (Post-2005) for the benefits of Carrier Group Employees and Otis Group Employees, respectively, determined as of immediately prior to the Effective Time, and the UTC Group and the UTC Pension Preservation Plan (Post-2005) shall be relieved of all Liabilities for those benefits. UTC shall, or shall cause a member of the UTC Group to, assume and retain all Liabilities under the UTC Pension Preservation Plan (Post-2005) for the benefits of UTC Group Employees and Former Employees, including, for the avoidance of doubt, any benefits in pay status to Former Employees. On and after the Effective Time, Carrier Group Employees and Otis Group Employees shall cease to be participants in the UTC Pension Preservation Plan (Post-2005).

(c) *Adjustment of UTC Shares.* All UTC Shares notionally credited to a participant's accounts under any of the UTC Bifurcated Deferred Compensation Plans immediately prior to the Effective Time (including as a UTC PSU Award deferred under the UTC PSU LTIP Deferral Plan or a UTC deferred stock unit credited under the UTC Savings Restoration Plan or UTC Deferred Compensation Plan) shall be adjusted from and after the Effective Time so that with respect to a participant in the UTC Bifurcated Deferred Compensation Plans immediately following the Effective Time, the number of UTC Shares notionally credited as of the Effective Time under a UTC Bifurcated Deferred Compensation Plan shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares notionally credited under such UTC Bifurcated Deferred Compensation Plan immediately prior to the Effective Time by (B) the UTC Adjustment Ratio, (i) with respect to a participant in the Carrier Deferred Compensation Plans immediately following the Effective Time, the number of Carrier Shares notionally credited as of the Effective Time under a Carrier Deferred Compensation Plan shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares notionally credited under such UTC Bifurcated Deferred Compensation Plan immediately prior to the Effective Time by (B) the Carrier Adjustment Ratio and (ii) with respect to a participant in the Otis Deferred Compensation Plans immediately following the Effective Time, the number of Otis Shares notionally credited as of the Effective Time under an Otis Deferred Compensation Plan shall be equal to the product, rounded to three decimal places, obtained by multiplying (A) the number of UTC Shares notionally credited under such UTC Deferred Compensation Plan immediately prior to the Effective Time by (B) the Otis Adjustment Ratio.

(d) *Investment Alternatives.* As of no later than the Effective Time, the Carrier Savings Restoration Plan shall provide that (i) distributions from the Carrier stock fund shall be in cash and not in kind and (ii) an amount equal to the value of notional Carrier Shares held in a participant's Carrier stock fund account may, at the election of the applicable participant, be notionally invested in any other investment alternative available under the Carrier Savings Restoration Plan. As of no later than the Effective Time, the Otis Savings Restoration Plan shall provide that (i) distributions from the Otis stock fund shall be in cash and not in kind and (ii) an amount equal to the value of notional Otis Shares held in a participant's Otis stock fund account may, at the election of the applicable participant, be notionally invested in any other investment alternative available under the Otis Savings Restoration Plan.

(e) *Deferred PSU Awards.* Deferred UTC PSU Awards that have been adjusted pursuant to Section 6.02(b) into (i) deferred Carrier UTC PSU Awards for Carrier Group Employees and Former Carrier Group Employees shall be subject to the terms of the Carrier PSU Deferral Plan and (ii) deferred Otis UTC PSU Awards for Otis Group Employees and Former Otis Group Employees shall be subject to the terms of the Otis PSU Deferral Plan.

ARTICLE VII  
NON-U.S. RETIREMENT PLANS

Section 7.01. Retention of UK Pension Scheme. UTC shall assume and retain the UTC (UK) Pension Scheme as of the Effective Time, and no member of the Carrier Group or the Otis Group shall assume or retain any Assets or Liabilities with respect to the UTC (UK) Pension Scheme. Following the Effective Time, no Carrier Group Employees or Otis Group Employees shall be credited with any additional service under the UTC (UK) Pension Scheme. Carrier Group Employees and Otis Group Employees who actively participated in the UTC Pension Scheme immediately prior to the Effective Time shall participate in defined contribution pension plans made available by members of the Carrier Group or Otis Group, respectively, after the Effective Time.

ARTICLE VIII  
WELFARE BENEFIT PLANS

Section 8.01. Welfare Plans.

(a) *Establishment of Carrier Welfare Plans and Otis Welfare Plans.* Except as otherwise provided in this Article VIII, as of no later than the Effective Time, Carrier shall establish the Carrier Welfare Plans and Otis shall establish the Otis Welfare Plans, in each case, with terms substantially similar to the UTC Welfare Plans, and in all cases, with such changes, modifications or amendments as may be required by applicable Law or as are necessary and appropriate to reflect the Separation. In addition, the Carrier Group and Otis Group shall retain the right to modify, amend, alter or terminate the terms of any Carrier Welfare Plans and Otis Welfare Plans, respectively, to the same extent that the UTC Group had such rights under the corresponding UTC Welfare Plan.

(b) *Allocation of Welfare Plan Assets and Liabilities.* Effective as of the Effective Time (i) UTC shall, or shall cause a member of the UTC Group to, retain or assume, as applicable, and be responsible for all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of UTC Group Employees or Former UTC Group Employees under the UTC Welfare Plans before, at or after the Effective Time; (ii) Carrier shall, or shall cause a member of the Carrier Group to, retain or assume, as applicable, and be responsible for all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of Carrier Group Employees or Former Carrier Group Employees under the UTC Welfare Plans and Carrier Welfare Plans before, at or after the Effective Time; and (iii) the Otis Group shall retain or assume, as applicable, and be responsible for all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of Otis Group Employees or Former Otis Group Employees under UTC Welfare Plans and Otis Welfare Plans before, at or after the Effective Time. Any Liabilities

incurred or paid by the UTC Group under the UTC Welfare Plans with respect to Carrier Group Employees or Former Carrier Group Employees shall be subject to reimbursement, if applicable, by the Carrier Group in accordance with Section 9.04. Any Liabilities incurred or paid by the UTC Group after the Effective Time under the UTC Welfare Plans with respect to Otis Group Employees or Former Otis Group Employees shall be subject to reimbursement, if applicable, by the Otis Group in accordance with Section 9.04. Except as provided in this Article VIII, no UTC Welfare Plan shall provide coverage to any Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee after the Effective Time.

(c) *Waiver of Conditions; Benefit Maximums.* Carrier shall, or shall cause a member of the Carrier Group to, and Otis shall or shall cause a member of the Otis Group to, use commercially reasonable efforts to cause the Carrier Welfare Plans and Otis Welfare Plans, respectively, to:

(i) with respect to initial enrollment as of the Effective Time, waive (x) all limitations as to preexisting conditions, exclusions and service conditions with respect to participation and coverage requirements for any Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee, as applicable, other than limitations that were in effect with respect to such employees or former employees under the applicable UTC Welfare Plan as of immediately prior to the Effective Time; and (y) any waiting period limitation or evidence of insurability requirement other than limitations or requirements that were in effect with respect to such employees or former employees under the applicable UTC Welfare Plans as of immediately prior to the Effective Time; and

(ii) take into account (x) with respect to aggregate annual, lifetime or similar maximum benefits available under the Carrier Welfare Plans or Otis Welfare Plans, respectively, a Carrier Group Employee's, Former Carrier Group Employee's, Otis Group Employee's and Former Otis Group Employee's, as applicable, prior claim experience under the UTC Welfare Plans; and (y) any eligible expenses incurred by a Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee, as applicable, during the portion of the plan year of the applicable UTC Welfare Plan ending as of the Effective Time under such Carrier Welfare Plan or Otis Welfare Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employees or former employees for the applicable plan year to the same extent as such expenses were taken into account by UTC for similar purposes prior to the Effective Time as if such amounts had been paid in accordance with such Carrier Welfare Plan or Otis Welfare Plan, as applicable.

Section 8.02. COBRA. The UTC Group shall assume and retain Liability for and be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the UTC Welfare Plans with respect to any UTC Group Employees and any Former UTC Group Employees who incur a qualifying event under COBRA before, as of, or after the Effective Time. Effective as of the Effective Time, the Carrier Group shall assume and retain Liabilities and be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the Carrier Welfare Plans with respect to any Carrier Group Employees or Former Carrier Group Employees who incur a qualifying event or loss of coverage under the Carrier Welfare Plans and/or the UTC Welfare Plans before, as of, or after the



Effective Time. Effective as of the Effective Time, the Otis Group shall assume and retain Liability and be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, and the corresponding provisions of the Otis Welfare Plans with respect to any Otis Group Employees or Former Otis Group Employees who incur a qualifying event or loss of coverage under the Otis Welfare Plans and/or the UTC Welfare Plans before, as of, or after the Effective Time. The Parties agree that the consummation of the transactions contemplated by the Separation Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 8.03. Flexible Benefit Plans. The Parties shall take all steps necessary or appropriate so that the account balances (whether positive or negative) (the “Transferred Account Balances”) under the UTC Flexible Benefit Plans of each Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee who has elected to participate therein in the year in which the Effective Time occurs shall be transferred, as soon as practicable after the Effective Time, from the UTC Flexible Benefit Plans to the corresponding Carrier Flexible Benefit Plans and Otis Flexible Benefit Plans, as applicable. Carrier shall, and shall cause the Carrier Flexible Benefit Plans to, assume and retain responsibility, and the UTC Group shall be relieved of all responsibility, as of the Effective Time for all outstanding dependent care and medical care claims under the UTC Flexible Benefit Plans of each Carrier Group Employee or Former Carrier Group Employee for the year in which the Effective Time occurs and shall assume and agree to perform the obligations of the analogous UTC Flexible Benefit Plans from and after the Effective Time. Otis shall, and shall cause the Otis Flexible Benefit Plans to, assume and retain responsibility, and the UTC Group shall be relieved of all responsibility, as of the Effective Time for all outstanding dependent care and medical care claims under the Otis Flexible Benefit Plans of each Otis Group Employee or Former Otis Group Employee for the year in which the Effective Time occurs and shall assume and agree to perform the obligations of the analogous UTC Flexible Benefit Plans from and after the Effective Time. As soon as practicable after the Effective Time, and in any event within thirty (30) days after the amount of the Transferred Account Balances is determined or such later date as mutually agreed upon by the Parties, (i) UTC shall pay Carrier the net aggregate amount of the Transferred Account Balances for Carrier Group Employees and Former Carrier Group Employees if such amount is positive, and Carrier shall pay UTC the net aggregate amount of the Transferred Account Balances for Carrier Group Employees and Former Carrier Group Employees if such amount is negative and (ii) UTC shall pay Otis the net aggregate amount of the Transferred Account Balances for Otis Group Employees and Former Otis Group Employees if such amount is positive, and Otis shall pay UTC the net aggregate amount of the Transferred Account Balances for Otis Group Employees and Former Otis Group Employees if such amount is negative.

Section 8.04. Vacation, Holidays and Leaves of Absence. From and following the Effective Time: (a) the Carrier Group shall assume and retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Carrier Group Employee and Former Carrier Group Employees, unless otherwise required by applicable Law; (b) the Otis Group shall assume and retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Otis Group Employee and Former Carrier Group Employee, unless otherwise required by applicable Law; and (c) the UTC Group shall assume and retain all Liabilities with respect to

vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each UTC Group Employee and Former Carrier Group Employee.

Section 8.05. Disability Plans. UTC shall retain all Liabilities for long-term disability benefits with respect to any Employee or Former Employee who is receiving or who subsequently becomes eligible to receive long-term disability benefits under the UTC Welfare Plan that provides long-term disability benefits but only with respect to benefits (including any group health benefits that UTC may provide to participants receiving long-term disability benefits) arising from long-term disability claims incurred by any Carrier Group Employee, Former Carrier Group Employee, Otis Group Employee or Former Otis Group Employee prior to the Effective Time (other than, in the case of Liabilities for long-term disability benefits (including any group health benefits that may be provided to participants receiving long-term disability benefits) with respect to claims incurred under a Carrier Welfare Plan or Otis Welfare Plan, that provides long-term disability benefits, which will be retained by Carrier or Otis respectively). For this purpose, a disability claim shall be considered incurred on the date of the occurrence of the event or condition giving rise to disability.

Section 8.06. Life Insurance. UTC shall retain all Liabilities under the UTC Welfare Benefit Plan that provides life insurance benefits for covered life insurance claims incurred prior to the Effective Time by Employees and Former Employees, other than any Liabilities with respect to claims incurred by a Carrier Group Employee or Former Carrier Group Employee under a life insurance plan of Carrier or incurred by an Otis Group Employee or Former Otis Group Employee under a life insurance plan of Otis, which Liabilities will be retained by Carrier or Otis, respectively. The applicable Carrier Welfare Benefit Plan and Otis Welfare Benefit Plan shall be responsible for all Liabilities with respect to life insurance claims incurred after the Effective Time by Carrier Employees and Otis Employees, respectively. For these purposes, a claim shall be deemed to be incurred on the date of the death of the insured person.

Section 8.07. Retiree Medical. UTC shall, or shall cause a member of the UTC Group to, assume and retain, and no member of the Carrier Group or Otis Group shall assume or retain any Liabilities with respect to (i) the UTC subsidized retiree medical coverage with respect to each Employee and Former Employee who qualifies for coverage as of December 31, 2019, and (ii) access only retiree medical coverage with respect to Former Group Employees.

Section 8.08. Severance, Retention and Unemployment Compensation. From and following the Effective Time, (a) the Carrier Group shall assume and retain any and all Liabilities to, or relating to, Carrier Group Employees and Former Carrier Group Employees in respect of severance, retention and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Effective Time, (b) the Otis Group shall assume and retain any and all Liabilities to, or relating to, Otis Group Employees and Former Otis Group Employees in respect of severance, retention and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Effective Time, and (c) the UTC Group shall assume and retain any and all Liabilities to, or relating to, UTC Group Employees and Former UTC Group Employees in respect of severance, retention and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Effective Time.

Section 8.09. Workers' Compensation. The treatment of workers' compensation claims shall be governed by Section 5.1 of the Separation Agreement.

Section 8.10. Insurance Contracts. To the extent that any Welfare Plan is funded through the purchase of an insurance contract or is subject to any stop loss contract, the Parties shall cooperate and use their commercially reasonable efforts to replicate such insurance contracts for Carrier or Otis, as applicable (except to the extent that changes are required under applicable Law or filings by the respective insurers), and to maintain any pricing discounts or other preferential terms for both Carrier or Otis for a reasonable term. None of the Parties shall be liable for failure to obtain such insurance contracts, pricing discounts, or other preferential terms for any other Party. Each Party shall be responsible for any additional premiums, charges or administrative fees that such Party may incur pursuant to this Section 8.10.

Section 8.11. Third-Party Vendors. Except as provided below, to the extent that any Welfare Plan is administered by a third-party vendor, the Parties shall cooperate and use their commercially reasonable efforts to replicate any contract with such third-party vendor for UTC, Carrier or Otis, as applicable, and to maintain any pricing discounts or other preferential terms for UTC, Carrier and Otis, collectively, for a reasonable term. None of the Parties shall be liable for failure to obtain such pricing discounts or other preferential terms for any other Party. Each Party shall be responsible for any additional premiums, charges or administrative fees that such Party may incur pursuant to this Section 8.11.

## ARTICLE IX MISCELLANEOUS

Section 9.01. Information Sharing and Access.

(a) *Sharing of Information.* Subject to any limitations imposed by applicable Law, each of UTC, Carrier and Otis (acting directly or through members of the UTC Group, Carrier Group or the Otis Group, respectively) shall provide to the other Party and its authorized agents and vendors all information necessary (including information for purposes of determining benefit eligibility, participation, vesting, calculation of benefits) on a timely basis under the circumstances for the Party to perform its duties under this Agreement. Such information shall include information relating to equity awards under stock plans. To the extent that such information is maintained by a third-party vendor, each Party shall use its commercially reasonable efforts to require the third-party vendor to provide the necessary information and assist in resolving discrepancies or obtaining missing data.

(b) *Transfer of Personnel Records and Authorization.* Subject to any limitation imposed by applicable Law and to the extent that it has not done so before the Effective Time, UTC shall transfer to Carrier and Otis any and all employment records (including any Form I-9, Form W-2, Form W-4 or other IRS or state forms) with respect to Carrier Group Employees, Former Carrier Group Employees, Otis Group Employees and Former Otis Group Employees, as applicable, and other records reasonably required by Carrier or Otis, as applicable, to enable Carrier or Otis, as applicable, to properly carry out its obligations under this Agreement. Such transfer of records generally shall occur as soon as administratively practicable at or after the

Effective Time. Each Party shall permit the other Party reasonable access to its Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

(c) *Access to Records.* To the extent not inconsistent with this Agreement, the Separation Agreement or any applicable privacy protection Laws or regulations, reasonable access to Employee-related and benefit plan related records after the Effective Time shall be provided to members of the UTC Group, members of the Carrier Group and members of the Otis Group pursuant to the terms and conditions of Article VI of the Separation Agreement.

(d) *Maintenance of Records.* With respect to retaining, destroying, transferring, sharing, copying and permitting access to all Employee-related information, UTC, Carrier and Otis shall comply with all applicable Laws, regulations and internal policies, and shall indemnify and hold harmless each other from and against any and all Liability, Actions, and damages that arise from a failure (by the indemnifying Party or its Subsidiaries or their respective agents) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

(e) *Cooperation.* Each Party shall use commercially reasonable efforts to cooperate and work together to unify, consolidate and share (to the extent permissible under applicable privacy/data protection Laws) all relevant documents, resolutions, government filings, data, payroll, employment and benefit plan information on regular timetables and cooperate as needed with respect to (i) any claims under or audit of or litigation with respect to any employee benefit plan, policy or arrangement contemplated by this Agreement, (ii) efforts to seek a determination letter, private letter ruling or advisory opinion from the IRS or U.S. Department of Labor on behalf of any employee benefit plan, policy or arrangement contemplated by this Agreement, (iii) any filings that are required to be made or supplemented to the IRS, U.S. Pension Benefit Guaranty Corporation, U.S. Department of Labor or any other Governmental Authority, and (iv) any audits by a Governmental Authority or corrective actions, relating to any Benefit Plan, labor or payroll practices; provided, however, that requests for cooperation must be reasonable and not interfere with daily business operations.

(f) *Confidentiality.* Notwithstanding anything in this Agreement to the contrary, all confidential records and data relating to Employees to be shared or transferred pursuant to this Agreement shall be subject to Section 6.9 of the Separation Agreement and the requirements of applicable Law.

Section 9.02. Preservation of Rights to Amend. Except as set forth in this Agreement, the rights of each member of the UTC Group, each member of the Carrier Group and each member of the Otis Group to amend, waive, or terminate any plan, arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 9.03. Fiduciary Matters. UTC, Carrier and Otis each acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good-faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such

actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 9.04. Reimbursement of Costs and Expenses. The Parties shall promptly reimburse one another, upon reasonable request of the Party requesting reimbursement (the “Requesting Party”) as soon as practicable, but in any event within thirty (30) days of receipt of an invoice detailing all costs, expenses and other Liabilities paid or incurred by the Requesting Party (or any of its Affiliates), and any other substantiating documentation as the other Party shall reasonably request, that are, or have been made pursuant to this Agreement, the responsibility of the other Party (or any of its Affiliates) including those Liabilities, if any, under Section 8.01(b).

Section 9.05. Dispute Resolution. The dispute resolution procedures set forth in Article VII of the Separation Agreement shall apply to any dispute, controversy or claim arising out of or relating to this Agreement.

Section 9.06. No Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder. There are no third-party beneficiaries of this Agreement, and this Agreement shall not provide any third person with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any employee benefit plan or affect the applicable plan sponsor’s right to amend or terminate any employee benefit plan pursuant to the terms of such plan. The provisions of this Agreement are solely for the benefit of the Parties, and no current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement.

Section 9.07. Incorporation of Separation Agreement Provisions. Article X of the Separation Agreement (other than Section 10.19 (Ancillary Agreements)) is incorporated herein by reference and shall apply to this Agreement as if set forth herein *mutatis mutandis*.

*[Remainder of page intentionally left blank]*

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

UNITED TECHNOLOGIES CORPORATION

By: /s/ Michael R. Dumais

Name: Michael R. Dumais

Title: Executive Vice President,  
Operations & Strategy

OTIS WORLDWIDE CORPORATION

By: /s/ Michael P. Ryan

Name: Michael P. Ryan

Title: Vice President, Controller

CARRIER GLOBAL CORPORATION

By: /s/ Kyle Crockett

Name: Kyle Crockett

Title: Vice President, Controller

*[Signature Page to Employee Matters Agreement]*

**INTELLECTUAL PROPERTY AGREEMENT**

**by and among**

**UNITED TECHNOLOGIES CORPORATION,**

**OTIS WORLDWIDE CORPORATION**

**and**

**CARRIER GLOBAL CORPORATION**

**Dated as of April 2, 2020**

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## INTELLECTUAL PROPERTY AGREEMENT

This INTELLECTUAL PROPERTY AGREEMENT (this “Agreement”), dated as of April 2, 2020, is by and among United Technologies Corporation, a Delaware corporation (“UTC”), Otis Worldwide Corporation, a Delaware corporation (“Otis”), and Carrier Global Corporation, a Delaware corporation (“Carrier”) (each, a “Party” and together, the “Parties”).

### RECITALS

WHEREAS, UTC, Otis and Carrier have entered into that certain Separation and Distribution Agreement, of even date herewith (the “SDA”), pursuant to which UTC and its subsidiaries will undertake a series of transactions following which UTC will separate into three independent, publicly traded companies: (i) UTC, comprising Collins Aerospace and Pratt & Whitney, a systems supplier to the commercial aerospace and defense industry, (ii) Otis, a manufacturer of people-moving products, such as elevators, escalators and moving walkways, and (iii) Carrier, a provider of HVAC, refrigeration, fire, security and building automation technologies;

WHEREAS, pursuant to Section 2.10 of the SDA, UTC, Otis and Carrier agreed to enter into this Agreement;

WHEREAS, each of the Parties and their respective affiliates are currently owners of, and in possession of, certain Intellectual Property Rights (as defined herein), which Intellectual Property Rights may have been developed or acquired by such Party independently, or jointly with either or both the other Parties, or assigned to it by either or both of the other Parties prior to the date hereof;

WHEREAS, a result of the corporate relationship between each of the Parties, and not necessarily pursuant to a written agreement, prior to the date hereof, each Party has had access to, and the right to use certain Intellectual Property Rights of one or both of the other Parties as required for its business;

WHEREAS, in connection with the transactions contemplated by the SDA, the Parties wish to confirm their respective ownership of certain Intellectual Property Rights (as defined herein), and with respect to certain other Intellectual Property Rights transfer ownership thereof from an Assignor Party (as defined herein) to an Assignee Party (as defined herein), and each Assignee Party wishes to receive ownership of such Intellectual Property Rights; and

WHEREAS, in connection with the transactions contemplated by the SDA, the Parties wish to either grant, or confirm the prior grants of, certain rights and licenses with respect to certain Intellectual Property Rights from each Licensor Party (as defined herein) to a Licensee Party (as defined herein), and each Licensee Party wishes to receive such license grants on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and in the SDA (and other agreements entered into in connection with the SDA), and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

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# ARTICLE I

## DEFINITIONS

1.1 Defined Terms. For the purposes of this Agreement, the following terms shall have the following meanings. Capitalized terms used but not otherwise defined in this Article I or elsewhere in this Agreement shall have the meaning ascribed to such terms in the SDA. For the avoidance of doubt, for purposes of Section 2.1, Section 3.1, and Section 4.1, respectively, (a) any reference to an Assignor Party, a Licensor Party, or a Party, respectively, shall be deemed to refer to other relevant members of such Assignor Group, such Licensor Group, or such Party's Group, respectively and (b) any obligation of an Assignor Party, a Licensor Party, or a Party, respectively, shall include an obligation to cause such relevant members of such Assignor Group, such Licensor Group, or such Party's Group, respectively, to satisfy such obligation; in each case, as the context requires.

"AAA Rules" shall have the meaning defined in Section 8.2.2.

"Affiliate" shall mean, for the purpose of this Agreement and notwithstanding its meaning in the SDA, with respect to a Party, another member of the Party Group to which the Party belongs.

"Agreement" shall have the meaning defined in the preamble.

"Assigned Intellectual Property Rights" shall have the meaning defined in Section 2.1.1.

"Assignee Group" shall mean one of the UTC Group, the Otis Group, or the Carrier Group of which an Assignee Party is a member.

"Assignee Party" shall mean the Party, as the context requires, other than the Assignor Party, to whom Intellectual Property Rights are assigned from the Assignor Party pursuant to the terms hereof.

"Assignor Group" shall mean one of the UTC Group, the Otis Group, or the Carrier Group of which the Assignor Party is a member.

"Assignor Party" shall mean one of the Parties, as the context requires, in its capacity as an assignor of Intellectual Property Rights to another Party pursuant to the terms hereof.

"Carrier" shall have the meaning defined in the preamble.

"Confidential Information" shall have the meaning defined in Section 6.2.

"Contemplated to be Used" shall mean that there are contemporaneous books or records, whether in hard copy or electronic or digital format (including emails, databases and other file formats) evidencing a specific, good faith intention of future use, created in the ordinary course of business consistent with past practice.

“Copyrights” shall mean copyrights and other equivalent rights in copyrightable subject matter in works of authorship (including software), and including all registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof.

“Dispute” shall have the meaning defined in Section 8.2.

“Excluded Agreement” shall mean (a) each Negotiated Agreement and (b) each Third Party Agreement; provided that, notwithstanding the foregoing, and without limitation, for the purposes of this Agreement, an Excluded Agreement shall not include any IWA or any work performed, without an express written agreement, by a member of an Assignor Group or a Licensor Group as Performer for a member of an Assignee Group or a Licensee Group as Requester, respectively, or vice versa. A non-inclusive (and not necessarily representative) listing of Excluded Agreements is provided in Schedule 5.0.

“Exploit” shall mean, with respect to a particular item of Intellectual Property Rights, to do all things with such Intellectual Property Rights (subject to Article VI), including (a) to make, have made, use (including for development), import, offer for sale, and sell any product or service under any Patents within such Intellectual Property Rights; (b) to copy, display, perform, create derivative works based upon, and distribute any works under, any Copyrights within such Intellectual Property Rights; and (c) to use Trade Secrets and other confidential or proprietary information within such Intellectual Property Rights. For the avoidance of doubt, a right to Exploit in any manner a particular item of Intellectual Property Rights does not include the right to Exploit in any manner any other Intellectual Property Rights, including any separate background Intellectual Property Rights from or with which the item was created or derived, or which is necessary or desirable for a particular use of the item.

“Funded” or “Funding” by an entity shall mean paid for by that entity through one or more cash contributions. For the purposes of this definition, U.S. Government funds or the funds of any other third party or entity shall not be considered.

“Future Affiliate Provision” shall mean a term or provision of any agreement governing Intellectual Property Rights as between or among the Parties that was negotiated and entered into on arm’s-length terms at any time prior to the Effective Time between or among members of different Party Groups (a) pursuant to which a licensor Party grants or purports to grant to the Party or Parties licensed under such agreement a license to the Intellectual Property Rights of any future Affiliate (including in the case of UTC, Raytheon Company) of the licensor Party, (b) imposing or purporting to impose any non-compete or other similar limitation on the business of any future Affiliate (including in the case of UTC, the business of Raytheon Company) of a Party, in favor of another Party or Parties, or (c) requiring or purporting to require the payment to a licensor Party of any incremental royalty or other charge on the business or products of any future Affiliate (including in the case of UTC, Raytheon Company) of the Party that is the licensee under such agreement, except to the extent that such future Affiliate avails itself of the license to which such royalty pertains. Each Party agrees that to the extent such Party is the beneficiary of a Future Affiliate Provision, such Party hereby waives and disclaims, and will not seek to enforce or claim the benefit of, such Future Affiliate Provision, such waiver, disclaimer and covenant being for the sole benefit of the other Parties, their Party Groups, and their future Affiliates.

“Intellectual Property Rights” shall mean any and all intellectual property and industrial property rights throughout the world, whether registered or unregistered, including intellectual property and industrial property rights protected or represented by, arising under, or associated with (a) Patents; (b) Copyrights; (c) Trade Secrets; and (d) any other similar or equivalent intellectual property or proprietary rights anywhere in the world; provided, however, that Trademarks are expressly excluded from the definition of Intellectual Property Rights.

“Invention Disclosure” shall mean a written description of an invention, or potential invention, submitted to any member of a Party Group for review for patenting.

“IWA” shall mean, as of a relevant date, the contractual terms and conditions prescribed for inter-entity work authorizations by Section 43 of the United Technologies Corporate Policy Manual or a predecessor thereof as of the relevant date, including the terms and conditions governing Intellectual Property Rights therein.

“Licensed Intellectual Property Rights” shall have the meaning defined in Section 3.1.1.

“Licensed Patents” shall mean with respect to a particular Licensor Group and Licensee Group, the Patents owned or freely licensable by the Licensor Group, that absent a license of the scope granted to the Licensee Group pursuant to Section 3.1 hereof, would be infringed by the operation of the business of the Licensee Group (including the making, selling, offering for sale, using or importing of the products or services of the Licensee Group). In addition, for the purpose of the forgoing determination as to whether a Patent is infringed as of the Effective Time, a Patent that issues after the Effective Time to the extent based upon a Patent Application or Invention Disclosure in existence before the Effective Time, shall be deemed to have been in existence from the date immediately prior to the Effective Time.

“Licensee Group” shall mean one of the UTC Group, the Otis Group, or the Carrier Group of which the Licensee Party is a member.

“Licensee Group Field” shall mean the field of the business of the applicable Licensee Group, including the manufacture, sale, support and service of products, and the provision of services, of one or more members of the applicable Licensee Group, as of the Effective Time and the natural extension thereof.

“Licensee Party” shall mean one of the Parties, as the context requires, other than the Licensor Party, to whom Licensed Intellectual Property Rights are granted from the Licensor Party pursuant to the terms hereof.

“Licensor Group” shall mean one of the UTC Group, the Otis Group, or the Carrier Group of which the Licensor Party is a member.

“Licensor Party” shall mean one of the Parties, as the context requires, in its capacity as a grantor of Licensed Intellectual Property Rights to another Party pursuant to the terms hereof.

“Negotiated Agreement” shall mean any agreement governing Intellectual Property Rights as between or among the Parties that was negotiated and entered into on arm’s-length terms at any time prior to the Effective Time between or among members of different Party

Groups, including any and all such agreements identified in Schedule 5.0; provided that, notwithstanding the foregoing, and without limitation, for the purposes of this Agreement, a Negotiated Agreement shall not include any (i) IWA, (ii) work performed, without an express written agreement, by any member of a Party Group as Performer for another member or members of a Party Group as Requester or (iii) agreement between or among members of different Party Groups to the extent including a Future Affiliate Provision.

“Otis” shall have the meaning defined in the preamble.

“Party” and “Parties” shall have the meaning defined in the preamble to this Agreement.

“Party Group” shall mean each of the UTC Group, the Otis Group, and the Carrier Group.

“Patent” shall mean any issued patent, including any utility patent, design patent, utility model, and inventor’s certificate, or any like governmental grant or registration for the protection of inventions, including any patent granted by the United States Patent and Trademark Office (the “USPTO”), the European Patent Office (the “EPO”) or any foreign equivalent thereof, including any issued patent that is continuation, divisional, continuation-in-part, extension, confirmation, reissue, reexamination, renewal, correction or substitution of an issued patent. In addition, unless the context otherwise requires, the term Patent shall include any Patent Application.

“Patent Application” means any application for a Patent, including any provisional or PCT or similar application, before an applicable governmental office anywhere in the world, including the USPTO and the EPO.

“Performer” shall mean, with respect to services, an entity meeting at least one of the following two conditions: (a) the entity is a “Performer,” as defined in an IWA issued to the entity by the “Requester” defined in the IWA, with respect to the services, and/or (b) the entity performed the services at the request of a Requester as part of a joint project with the Requester, with respect to which no IWA was expressly issued nor any Negotiated Agreement entered with the Requester, and the entity received Funding from the Requester for the services (which Funded the services in full, or in full jointly with the Performer but with no contribution from any other entity) and delivered results of the services to the Requester.

“Performer Background IPR” shall mean, with respect to services performed by the Performer at the request of the Requester, all Intellectual Property Rights held by Performer at the time of such services, other than Performer Foreground-Delivered IPR and Performer Foreground-Undelivered IPR, that would be necessary to Exploit Performer Foreground-Delivered IPR.

“Performer Foreground-Delivered IPR” shall mean, with respect to services performed by the Performer at the request of the Requester, all Intellectual Property Rights that were conceived or created by the Performer in the course of such performance, directly or by a Performer Service Provider, and delivered to the Requester.

“Performer Foreground-Undelivered IPR” shall mean, with respect to services performed by the Performer at the request of the Requester, all Intellectual Property Rights that were conceived or created by the Performer in the course of such performance, directly or by a Performer Service Provider, and not delivered to the Requester.

“Performer Service Provider” shall mean, with respect to services performed by the Performer at the request of the Requester, any Affiliate (other than the Requester), supplier, service provider, or other Person performing any aspect of the services on behalf of the Performer.

“Person” shall mean an individual, partnership, corporation, limited liability company, joint venture, association or other form of business organization (whether or not regarded as a legal entity under applicable law), trust or other entity or organization.

“Received Information and Materials” shall have the meaning defined in Section 6.1.

“Requester” shall mean, with respect to services, an entity meeting at least one of the following two conditions: (a) the entity is a “Requester,” as defined in an IWA issued by the entity to the “Performer” defined in such IWA, with respect to the services, and/or (b) the entity requested the services from the Performer as part of a joint project with the Performer, with respect to which no IWA was expressly issued nor any Negotiated Agreement entered with the Performer, and the entity Funded the services (in full independently, or in full jointly with the Performer but with no contribution from any other entity) and received delivery of results of the services from the Performer.

“Requester Foreground IPR” shall mean, with respect to services requested by the Requester from the Performer, all Intellectual Property Rights conceived or created by the Requester, directly or by a Requester Service Provider, in connection with such services.

“Requester Service Provider” shall mean, with respect to services performed by the Performer at the request of the Requester, any Affiliate (other than the Performer), supplier, service provider, or other Person performing any aspect of the Requester’s obligations in connection with such services.

“SDA” shall have the meaning defined in the recitals.

“Third Party Agreement” shall mean any Agreement, entered into at any time prior to the Effective Time, between or among (a) a third party, on the one hand, and (b) any member or members of the Party Groups, including any and all such agreements identified in Schedule 5.0; provided that, notwithstanding the foregoing, and without limitation, for the purposes of this Agreement, a Third Party Agreement shall not include any agreement between or among members of different Party Groups to the extent including a Future Affiliate Provision.

“Trade Secrets” shall mean rights in information or know how, regardless of form, including ideas, inventions, designs, drawings, specifications, product configurations, prototypes, models, improvements, technical data and other data, databases, formulae, algorithms and mathematical embodiments, laboratory notebooks, pricing and cost information, plans, proposals, processes, procedures, schematics, manufacturing techniques, business methods,

customer lists and supplier lists, and Invention Disclosures, that (a) derives economic value, actual or potential, from not being, and is not, generally known or readily ascertainable by proper means and (b) is the subject of efforts that are reasonable under the circumstances to maintain the confidentiality or secrecy thereof.

“Trademarks” shall mean trademark rights, whether registered or unregistered, including in trademarks, service marks, trade names, brand names, certification marks, collective marks, Internet domain names and registrations, logos, slogans, symbols, trade dress and designs, and including all registrations, renewals, and applications for registration of the foregoing.

“United Technologies Trademarks” shall mean all Trademarks to the extent consisting of or containing “UTC,” “United Technologies Corporation,” “United Technologies,” “UTX,” the UTC Icon, “ACE,” “Achieving Competitive Excellence,” all ACE logos, “ESP,” “Employee Scholar Program,” all ESP logos, “ITC360,” all ITC360 logos, and any variations or derivatives of any of the foregoing, and any Trademarks that are confusingly similar thereto.

“UTC” shall have the meaning defined in the preamble.

“UTC Icon” shall mean the symbol, also known as the UTC gear logo, identified as the “UTC Icon” in the UTC “Corporate Identity Guidelines – Brand Basics” document attached as Schedule 4.1.1, regardless of color or size, and any variant thereof.

“UTC NDA” shall have the meaning defined in Section 6.4.

## ARTICLE II

### ASSIGNMENT OF SOLELY OWNED INTELLECTUAL PROPERTY RIGHTS

#### 2.1 Assigned Intellectual Property Rights

2.1.1 Assignments by an Assignor Party. Subject to Section 3.2, each Assignor Party, on behalf of itself and the other members of the Assignor Group, hereby irrevocably assigns to the applicable Assignee Party, and agrees to irrevocably assign to the applicable Assignee Party, all of its and the other members of the Assignor Group’s rights, title and interest in and to any and all Intellectual Property Rights owned by the Assignor Party or another member of the Assignor Group that meets one or more of the following descriptions:

(a) the Intellectual Property Rights are Requester Foreground IPR conceived or created in the course of services concerning which the Assignee Party or another member of the Assignee Group was the Requester, and the Assignor Party or another member of the Assignor Group was the Performer; or

(b) the Intellectual Property Rights are Performer Foreground-Delivered IPR conceived or created in the course of services concerning which the Assignee Party or another member of the Assignee Group was the Requester, and the Assignor Party or another member of the Assignor Group was the Performer; or



(c) the Intellectual Property Rights are Performer Foreground-Undelivered IPR conceived or created in the course of services concerning which the Assignor Party or another member of the Assignor Group was the Requester, and the Assignee Party or another member of the Assignee Group was the Performer

(collectively, “Assigned Intellectual Property Rights”).

### ARTICLE III

#### LICENSING OF INTELLECTUAL PROPERTY RIGHTS

##### 3.1 Licensed Intellectual Property Rights

3.1.1 License Grants by a Licensor Party. Subject to Section 3.2, a Licensor Party, on behalf of itself and the other members of the Licensor Group, and solely to the extent the Licensor Party or another member of the Licensor Group has the right to do so, hereby grants and agrees to grant to the applicable Licensee Party and the other members of the Licensee Group, subject to the field restriction of Section 3.1.2, a royalty-free, nonexclusive, perpetual, irrevocable, fully paid-up, worldwide right and license, with the right to sublicense as provided in Section 3.1.3, to Exploit Intellectual Property Rights that are owned by the Licensor Party or another member of the Licensor Group immediately following the assignments pursuant to Article II and meet one or more of the following descriptions with respect to the relevant Licensee Party:

(a) the Intellectual Property Rights are rights under Licensed Patents or other Intellectual Property Rights that, in each case, as of the Effective Time, are either (A) used in connection with, or necessary for the ongoing conduct of, the current business of the Licensee Party or another member of the Licensee Group, or (B) Contemplated to be Used in the business of the Licensee Party, or another member of the Licensee Group, in the Licensee Group Field; provided, however, that the license granted in this Section 3.1.1(a) does not apply to the Intellectual Property Rights received under or otherwise governed by an Excluded Agreement; and/or

(b) the Intellectual Property Rights are embodied in an invention, or proposed invention, that is both (i) described in a Patent or Invention Disclosure held by the Licensor Party or another member of the Licensor Group and (ii) conceived by at least one inventor who, at the time of conception, was employed by a member of the Licensee Group, a non-inclusive list of which inventions and proposed inventions are provided in Schedule 3.1.1(b), provided, however, that the license granted in this Section 3.1.1(b) does not apply to an invention conceived under or otherwise governed by an Excluded Agreement; and/or

(c) the Intellectual Property Rights are subject to an assignment to the Licensor Party in Section 2.1.1(b) concerning Performer Foreground-Delivered IPR conceived or created in the course of services concerning which the Licensor Party or another member of the Licensor Group was the Requester and the Licensee Party or another member of the Licensee Group was the Performer; and/or

(d) the Intellectual Property Rights are Performer Background IPR or Patent rights of the Licensor Party or another member of the Licensor Group and is necessary for the Licensee Party or another member of the Licensee Party to Exploit the Performer Foreground-Delivered IPR in the Licensee Group Field, provided, however, that the license granted in this Section 3.1.1(d) applies only to the extent necessary for the Licensee Party or another member of the Licensee Group to Exploit the Performer Foreground-Delivered IPR in the Licensee Group Field.

(collectively, "Licensed Intellectual Property Rights").

3.1.2 Field Restriction. The licenses granted in Section 3.1.1 are limited to, and a Licensee Party and the other members of the Licensee Group will have the right to Exploit, only the Licensed Intellectual Property Rights within the Licensee Group Field, except for the purposes of research and development at a stage encompassed within U.S. Department of Defense Technology Readiness Levels 1-6 or NASA Technology Readiness Levels 1-6; provided that (a) such research is not intended for use outside the Licensee Group Field, and (b) in the course of research conducted for a third party outside the Licensee Group Field, neither the Licensee Party nor any member of the Licensee Group (nor any of their respective officers, directors, employees, contractors, agents or sublicensees) shall disclose such Intellectual Property Rights to the third party.

3.1.3 Sublicense of Licensed Intellectual Property Rights. A Licensee Party or another member of the Licensee Group may sublicense its rights in Licensed Intellectual Property Rights hereunder, solely in support of its respective businesses (and not independent of its current or future products and related services). In all cases in which the exercise of sublicense rights hereunder reasonably requires disclosure of Licensed Intellectual Property Rights to a third party, the applicable member of the Licensee Group will disclose such Licensed Intellectual Property Rights (a) solely on a "need to know" basis, (b) provided that the Person to receive Licensed Intellectual Property Rights first agrees in writing to terms of confidentiality and non-use at least as restrictive as those provided in this Agreement, and (c) provided that the Licensee Party ensures the performance of, and accepts joint and several responsibility for the performance by each of the sublicensees of, the obligations of the Licensee Party and the other members of the Licensee Group under this Agreement.

3.1.4 Improvements. Each of the licenses granted in Section 3.1.1, subject to the restrictions of Section 3.1.2 and Section 3.1.3, includes the right of a Licensee Party and other members of the Licensee Group to make improvements to such Licensed Intellectual Property Rights. Neither a Licensor Party nor any member of the Licensor Group will have any rights to any such improvements, and as between a Licensee Party and a Licensor Party, the Licensee Party or applicable member of the Licensee Group will own all such improvements made by the Licensee Party or such member of the Licensee Group to Licensed Intellectual Property Rights.

3.1.5 No Implied Licenses. To the extent Intellectual Property Rights of a Party or member of a Party Group are not expressly granted in this Agreement, they are hereby expressly reserved to the Party or member of the Party Group. Without limiting the generality of the immediately preceding sentence, no express grant by a Licensor Party in this Agreement of

license rights in certain Intellectual Property Rights shall be construed as implying the grant of any rights by the Licensor Party or another member of the Licensor Group in any other Intellectual Property Rights held by the Licensor Party or another member of the Licensor Group.

3.2 Reserved Intellectual Property Rights. Specific reservations shall apply to certain Intellectual Property Rights as set forth in Schedule 3.2.

3.3 No Rescission. The provisions of this Agreement, including the license rights provided in this Article III, shall not be terminable or revocable for any reason. In the event of any breach of this Agreement, the sole remedy of the non-breaching Party will be to seek monetary damages or equitable relief, including specific performance, as provided in Article VII, that does not involve a rescission or termination of any of the provisions of this Agreement (including the license rights provided in this Article III), and each Party irrevocably waives the right to seek any termination or rescission of any such provisions or rights.

## ARTICLE IV

### TRADEMARKS

#### 4.1 Ownership of United Technologies Trademarks.

4.1.1 Notwithstanding any other provision of this Agreement to the contrary, as between UTC, on the one hand, and Otis, Carrier and other members of the Otis Group and the Carrier Group, on the other, all rights in and to the United Technologies Trademarks, including all goodwill appurtenant thereto, are owned and shall be owned solely and exclusively by UTC. Without limiting the foregoing, and subject to Section 4.2, Otis and Carrier, on behalf of themselves and the other members of, respectively, the Otis Group and the Carrier Group, hereby irrevocably assign to UTC, and agree and promise to assign to UTC, (a) any and all rights, title and interest in and to the United Technologies Trademarks, including all goodwill appurtenant thereto held by them and the other members of the Otis Group and the Carrier Group, and (b) any and all registrations and applications for registration of Trademarks consisting of or containing any of the United Technologies Trademarks, anywhere in the world, to which Otis, Carrier or another member of the Otis Group or the Carrier Group holds a legal or equitable interest as of the Effective Time. Without limitation, the foregoing assignment and promise of assignment includes the right to sue and recover damages for past and future infringements of the United Technologies Trademarks and to bring any proceeding in the United States Patent and Trademark Office or any equivalent agency or governing body in any other country for cancellation, opposition, or other proceeding in connection with the United Technologies Trademarks. Except as expressly stated in Section 4.2, none of Otis, Carrier or any other member of the Otis Group or the Carrier Group shall have any right, title or interest in or to any of the United Technologies Trademarks, and any and all use of the United Technologies Trademarks, whether or not authorized pursuant to Section 4.2, shall inure solely and exclusively to UTC for all purposes.

4.1.2 Otis and Carrier, on behalf of themselves and the other members of, respectively, the Otis Group and the Carrier Group, agree and promise to assist UTC and the other members of the UTC Group, at UTC's request, in UTC's discretion and at UTC's cost, in applying for, registering, maintaining, renewing, demonstrating use of, recording UTC's and the other members of the UTC Group's rights in, and otherwise perfecting, and defending and enforcing against third party infringers, the rights of UTC and the other members of the UTC Group in the United Technologies Trademarks and all goodwill associated therewith, including executing, verifying, acknowledging and delivering any and all documents, including any instruments of transfer and recordable assignments, and confirmations of use, and performing such other acts deemed necessary in the reasonable opinion of UTC.

4.1.3 Otis and Carrier, on behalf of themselves and the other members of, respectively, the Otis Group and the Carrier Group, agree and promise not to (a) challenge in any jurisdiction or venue the right or title of UTC or any other members of the UTC Group in and to any United Technologies Trademark, or the validity or enforceability of any United Technologies Trademark or any registration thereof, or (b) register or renew, attempt to register or renew, or assist a Person other than UTC or a member of the UTC Group in registering or renewing, any United Technologies Trademark.

#### 4.2 Use of United Technologies Trademarks

4.2.1 Except as expressly provided in this Section 4.2, after the Effective Time, none of Otis, Carrier or any other members of the Otis Group or the Carrier Group shall use, or have the right to use, any of the United Technologies Trademarks.

4.2.2 Without limitation, Otis and Carrier as promptly as reasonably practicable (but in any case within six (6) months of the Effective Time) shall cause each member of, respectively, the Otis Group and the Carrier Group having a corporate name that includes any of the United Technologies Trademarks to apply to change its corporate name to a name that does not include any of the United Technologies Trademarks, including, within six (6) months of the Effective Time, by making any legal filings in each relevant jurisdiction necessary to effect such change worldwide.

4.2.3 UTC, on behalf of itself and the other members of the UTC Group, hereby grants to Otis, Carrier and the other members of the Otis Group and the Carrier Group a limited, non-exclusive, non-transferable, personal and nonsublicensable right to continue temporarily to use, following the Effective Time, any United Technologies Trademark it is using immediately prior to the Effective Time, solely to the extent of such pre-Separation use and in accordance with product quality standards and programs in place at the respective member of the Otis Group or the Carrier Group immediately prior to the Effective Time, and strictly in accordance with this Section 4.2.3; provided that Otis and Carrier shall, and shall cause each of its respective Affiliates (including, after the Effective Time, the members of, respectively, the Otis Group and the Carrier Group) (a) not to hold itself out as having any affiliation with UTC or any member of the UTC Group (except to the extent a third party may infer such affiliation merely due to the limited use of the United Technologies Trademarks as contemplated herein), and (b) to use diligent efforts to eliminate use of the United Technologies Trademarks. In any event, as soon as practicable after the Effective Time, and in any event within three (3) years thereafter, Otis and

Carrier shall, and shall cause each of its respective Affiliates (including, after the Effective Time, the members of, respectively, the Otis Group and the Carrier Group), and any of its licensees or its respective Affiliates' licensees, to (a) cease and discontinue use of all United Technologies Trademarks, and (b) complete the removal of the United Technologies Trademarks from all of their respective products, signage, vehicles, properties, technical information, stationery and promotional or other marketing materials and other assets of Otis, Carrier and the other members of the Otis Group and the Carrier Group. Except for the limited, temporary license granted in this Section 4.2.3, neither UTC nor any other member of the UTC Group grants any right or license hereunder, express or implied, to use any United Technologies Trademarks.

4.3 Special Trademark Provisions. Special provisions concerning Trademarks are provided in Schedule 4.3.

## ARTICLE V

### EXCLUDED AGREEMENTS

5.1 No Change to Excluded Agreements. The Parties do not intend by this Agreement to amend or otherwise change the Intellectual Property Rights or other provisions of any Excluded Agreement. Intellectual Property Rights provided, received or created pursuant to an Excluded Agreement will not constitute Licensed Intellectual Property Rights, and, with respect to the applicable parties thereto, will continue to be subject to any licenses, permissions or restrictions granted or imposed in the respective Excluded Agreement in accordance with its terms.

## ARTICLE VI

### CONFIDENTIALITY

6.1 Received Information and Materials. The Parties acknowledge that members of each Party Group currently are in possession of information and materials of members of the other two Party Groups, which may include designs, drawings, specifications, technical data and other data, databases, formulae, algorithms and mathematical embodiments, plans, software, proposals, processes, procedures, manufacturing techniques, and business methods, and some of which may be included in the Licensed Intellectual Property Rights. With respect to a receiving Party, such information will be referred to individually or collectively as "Received Information and Materials," provided that Received Information and Materials will not include information disclosed under any Excluded Agreement.

6.2 Confidential Information. All Received Information and Materials that are identified as or are of the type generally considered as confidential or proprietary or that have historically been subject to reasonable confidentiality and proprietary protections, and any communications or information provided after the Effective Time pursuant to this Agreement among members of the different Party Groups, will be deemed confidential and proprietary information of the Person that provided it, unless the information (a) is or becomes generally available to the public other than as a result of a disclosure in breach of this Agreement; (b) is rightfully available to or known by the receiving Party prior to receipt by the receiving Party

without any obligation of confidentiality; (c) is received by the receiving Party from a third party, provided that the third party is not known by the receiving Party, after reasonable inquiry, to be in breach of any obligation of confidentiality; or (d) was independently developed by the receiving Party, without violating any contractual or legal obligation (“Confidential Information”).

6.3 Obligations. With respect to Confidential Information in its possession, custody or control, a receiving member of a Party Group will: (a) hold all Confidential Information in confidence, using the same degree of care such receiving member uses to protect its own confidential information of a similar nature, but in no event less than a reasonable degree of care, including sharing Confidential Information internally only on a “need to know” basis, (b) not disclose Confidential Information to any third party, other than as permitted with respect to Licensed Intellectual Property Rights pursuant to Section 3.1.3, and (c) use Confidential Information only to the extent authorized.

6.4 Termination of UTC NDA. Upon the Effective Time, (a) the Amended and Restated Nondisclosure Agreement, by and between United Technologies Companies, dated July 26, 2012 (the “UTC NDA”), will terminate as among UTC and the other members of the UTC Group, Otis and the other members of the Otis Group, and Carrier and the other members of the Carrier Group, (b) the information disclosed under the UTC NDA (i) will be deemed Received Information and Materials and Confidential Information under this Agreement, and (ii) will be licensed hereunder for use by UTC and the other members of the UTC Group, Otis and the other members of the Otis Group, Carrier and the other members of the Carrier Group, solely to the extent it is Licensed Intellectual Property Rights granted to UTC and the other members of the UTC Group, Otis and the other members of the Otis Group or Carrier and the other members of the Carrier Group, respectively, and (c) notwithstanding paragraph 3 of the UTC NDA, such information disclosed thereunder will continue to be protected for as long as it remains Confidential Information.

## ARTICLE VII

### LIMITATIONS AND DISCLAIMERS

#### 7.1 Subsequent Delivery of Intellectual Property Rights.

7.1.1 For a period of six (6) months after the Effective Time, upon written request by an Assignee Party or a Licensee Party, and solely to the extent the Assignor Party or another member of the Assignor Group or the Licensor Party or another member of the Licensor Group, respectively, has the right to do so, the Assignor Party or the Licensor Party, respectively, shall use commercially reasonable efforts to provide (and to cause other members of the Assignor Group or the Licensor Group, respectively, to provide) to the requesting Assignee Party or the Licensee Party, respectively, copies of tangible embodiments of the Assigned Intellectual Property Rights and the Licensed Intellectual Property Rights, respectively, in the possession of a member of the Assignor Group or the Licensor Group, respectively, and not in the possession of a member of the Assignee Group or the Licensee Group, respectively, upon the Effective Time, to the extent that both (a) such Assigned Intellectual Property Rights or such Licensed Intellectual Property Rights, respectively, are necessary for the ongoing conduct of the current

business of the requesting Assignee Party or another member of the Assignee Group or the requesting Licensee Party or another member of the Licensee Group, respectively, or was in use in such business as of the Effective Time, and (b) such tangible embodiments are reasonably necessary for the use of such Assigned Intellectual Property Rights or such Licensed Intellectual Property Rights, respectively, identified in Section 7.1.1(a).

7.2 No Additional Obligations. Except as expressly provided in this Agreement, this Agreement does not create any obligation on the part of any of the Parties to provide or create any of the following with respect to the Intellectual Property Rights owned, transferred, granted or licensed under this Agreement: (a) explanations, corrections, revisions, improvements, upgrades, technical assistance, maintenance, installation, debugging, or any other support; or (b) tangible embodiments, documents, information, software, data or any other items, deliverables or services.

7.3 DISCLAIMER. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE SDA OR ANY OTHER ANCILLARY AGREEMENT, (A) EACH OF THE PARTIES CONVEYS INTELLECTUAL PROPERTY RIGHTS UNDER THIS AGREEMENT SOLELY ON AN “AS IS,” “WHERE IS” AND “WITH ALL FAULTS” BASIS, AND (B) NONE OF THE PARTIES MAKES, AND EACH HEREBY EXPRESSLY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO SUCH INTELLECTUAL PROPERTY RIGHTS, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OR WARRANTY WITH RESPECT TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COMPLETENESS OR SUFFICIENCY, OR EXPORTABILITY, OR WITH RESPECT TO THE VALIDITY, SCOPE, ENFORCEABILITY OR NONINFRINGEMENT OF ANY OF SUCH INTELLECTUAL PROPERTY RIGHTS. FOR AVOIDANCE OF DOUBT, THE REPRESENTATIONS AND WARRANTIES PROVIDED IN THE SDA ARE NOT AFFECTED BY THIS DISCLAIMER.

7.4 Limitations of Liability. Except in connection with a Party’s willful and intentional breach of this Agreement or fraud, in no event shall any Party or its Affiliates, under any circumstances, be liable or obligated in any manner to another Party or its Affiliates for any consequential, special, incidental, exemplary, indirect, punitive or similar damages, or for any loss of future revenue, profits or income, or for any diminution in value damages measured as a multiple of earnings, revenue or any other performance metric arising out of or relating to this Agreement or the transactions contemplated in this Agreement, even if such Party or its Affiliate is informed in advance of the possibility of such damages occurring and regardless of whether or not the damages were foreseeable and regardless of the theory or cause of action upon which any damages might be based. This limitation is separate and independent of any other remedy limitations and shall not fail if any such other limitation fails. The foregoing shall not be deemed to modify or limit any rights or remedies to the extent arising under the SDA, any other Ancillary Agreement or any Excluded Agreement.

## GOVERNING LAW AND DISPUTE RESOLUTION

8.1 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to any conflict or choice-of-law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

8.2 Alternative Dispute Resolution. Any dispute, controversy or claim between or among the Parties (whether sounding in contract, tort, or otherwise) arising out of or resulting from this Agreement, including the meaning of its provisions or the performance of any such provisions by a Party, its breach, termination, invalidity or otherwise (each, a “Dispute”) will be resolved in accordance with the procedures specified in this Article VIII, which will be the sole and exclusive procedure for the resolution of any such Dispute.

8.2.1 Negotiations. The Parties will attempt in good faith to resolve any Dispute promptly by negotiations among executives of the Parties who have authority to settle the Dispute. The disputing Party will give the other Party or Parties, as applicable, written notice of the Dispute. Within twenty (20) days after receipt of said notice, the receiving Party or Parties will submit to the other a written response. The notice and response will include: (a) a statement of each Party’s position and a summary of the evidence and arguments supporting that position, and (b) the name and title of the executive who will represent that Party. The executives will meet at a mutually acceptable time and place within thirty (30) days of the date of the disputing Party’s notice and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the Dispute.

8.2.2 Arbitration. If a Dispute has not been resolved within sixty (60) days of the date of the disputing Party’s notice, any Party desiring a non-negotiated resolution shall refer the Dispute to binding arbitration pursuant to the then-current commercial arbitration rules and supplementary procedures of commercial arbitration of the American Arbitration Association (the “AAA Rules”). The arbitral tribunal shall be composed of a single arbitrator appointed in accordance with the AAA Rules in any matter in which an injunction, specific performance or other equitable relief is not requested and the value of the relief any Party seeks (whether by claim or counterclaim) does not exceed three million United States dollars (US \$3,000,000). In all other matters, including any matter in which an injunction, specific performance or other equitable relief is requested, the arbitral tribunal shall be composed of a panel of three (3) arbitrators appointed in accordance with the AAA Rules. The arbitration shall take place in New York, New York. Each Party will bear its own expenses (including attorneys’ fees), and the Parties will share equally the compensation and expenses of the arbitrators and the arbitration. Any arbitration award will be final and shall be enforceable in any court of competent jurisdiction.

8.3 Confidentiality. All negotiations, and all statements made and documents provided or exchanged in connection with an arbitration under Section 8.2.2 will be confidential. Except with the prior written consent of the other Party or Parties in the Dispute, as applicable, none of the Parties will disclose the existence or content of the Dispute, or the results of any



dispute resolution process, to third parties other than (a) as may be required by law or legal process after having provided the other Party or Parties with notice thereof and the opportunity to seek a protective order over such information, or (b) to outside counsel and tax, financial, and accounting professionals in connection with the Dispute.

8.4 Equitable Relief. The Parties acknowledge and agree that monetary damages (even if available) may not be an adequate remedy in the event that a Party does not perform the provisions of this Agreement in accordance with their specified terms or otherwise breaches any provisions of this Agreement. Accordingly, and notwithstanding any other provision of this Agreement, any Party will be entitled to seek from the arbitrator or arbitration tribunal, and the arbitrator or arbitration tribunal will be empowered to grant, an injunction, specific performance or other equitable relief (whether preliminary, permanent, temporary, conservatory or otherwise, and including temporary restraining orders) to prevent such breaches of this Agreement and to enforce specifically the terms hereof, in addition to any other remedy to which such Party is entitled at law or in equity. The Party alleging the breach shall not be required to provide any bond or other security in connection with any such award, but the Parties reserve all rights to otherwise contest the propriety of any award of injunctive relief. In addition, and notwithstanding any other provision of this Agreement, any Party will be entitled to seek in a court of competent jurisdiction an injunction, specific performance or other equitable relief to prevent breaches of this Agreement pending an arbitration under Section 8.2.2.

## ARTICLE IX

### GENERAL PROVISIONS

9.1 Entire Agreement; Conflict Among Agreements. This Agreement, together with the SDA, the other Ancillary Agreements and the Exhibits and Schedules hereto and thereto, constitute the entire agreement among the Parties with respect to the subject matter of this Agreement and supersede any prior discussion, correspondence, negotiation, proposed term sheet, agreement, understanding or arrangement with respect to such subject matter, and there are no agreements, understandings, representations or warranties among the Parties other than those set forth or referred to in this Agreement with respect to such subject matter. In the event of any conflict between the provisions of this Agreement and the provisions of the SDA or any other Ancillary Agreement, the provisions of this Agreement shall control, provided, however, that (a) in the event of a conflict between the provisions of this Agreement and the provisions of the Transition Services Agreement, the conflicting provisions of the Transition Services Agreement shall control over the conflicting provisions of this Agreement, and (b) nothing in this Agreement limits any of the representations, warranties or indemnity obligations under the SDA or any other Ancillary Agreement. In the event of any conflict between the provisions of this Agreement and any agreement that was entered into at any time prior to the Effective Time between or among members of different Party Groups that is not an Excluded Agreement, the conflicting provisions of this Agreement shall control.

#### 9.2 Assignment and Change of Control; Successor and Assigns

9.2.1 No Party may directly or indirectly sell, assign or otherwise transfer (whether by asset or stock sale, merger, reorganization or otherwise) any or all of its rights or

delegate any or all of its obligations under this Agreement without the express prior written consent of the other Parties, except as follows:

(a) Otis or Carrier may (i) freely sell, assign or otherwise transfer, in whole or from time to time in part, Assigned Intellectual Property Rights assigned to it hereunder; and (ii) sell, assign or otherwise transfer, in whole or from time to time in part, its rights and obligations under this Agreement (A) to any Affiliate of Otis or Carrier, respectively, (B) to any financing entity, in connection with the grant of a revocable security interest necessary for financing, or (C) to a Person acquiring (whether by asset or stock sale, merger, reorganization or otherwise) all or substantially all of the relevant business of Otis or Carrier, respectively, that agrees to be bound by the terms and conditions of this Agreement; but any such transfer or assignment will not relieve Otis or Carrier, respectively, of any of its obligations hereunder.

(b) UTC may (i) freely sell, assign or otherwise transfer, in whole or from time to time in part, Assigned Intellectual Property Rights assigned to it hereunder; and (ii) sell, assign or otherwise transfer, in whole or from time to time in part, its rights under this Agreement (A) to any member of the UTC Group, (B) to any financing entity, in connection with the grant of a revocable security interest necessary for financing, or (C) to a Person acquiring (whether by asset or stock sale, merger, reorganization or otherwise) all or substantially all of the relevant business of UTC that agrees to be bound by the terms and conditions of this Agreement; but any such transfer or assignment will not relieve UTC of any of its obligations hereunder.

9.2.2 Any purported sale, assignment or other transfer in contravention of this Section 9.2 shall be null and void.

9.2.3 Subject to Section 9.2.1 and Section 9.2.2, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns and transferees.

9.3 Bankruptcy. All licenses granted under this Agreement will be deemed licenses of rights to intellectual property for purposes of Section 365(n) of the United States Bankruptcy Code and a licensee under this Agreement will retain and may fully exercise all of its rights and elections under the United States Bankruptcy Code.

9.4 Amendments and Waivers. This Agreement may not be modified or amended, except by an instrument or instruments in writing signed by the Party against whom enforcement of any such modification or amendment is sought. Any Party to this Agreement may, only by an instrument in writing, waive compliance by the other Parties with any term or provision of this Agreement on the part of such other Parties to this Agreement to be performed or complied with. The waiver by any Party to this Agreement of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach. No failure or delay by any Party in exercising any right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Subject to Section 3.3, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

9.5 Notice. All notices or other communications required or permitted hereunder by a Party shall be in writing to the other Parties at the address provided below (or at such other address as such Party may designate by notice pursuant to this Section 9.5), and shall be deemed given or delivered (a) when delivered personally against written receipt, (b) if sent by registered or certified mail, return receipt requested, postage prepaid, when received, and (c) when delivered by a nationally recognized overnight courier service, prepaid:

To UTC:

United Technologies Corporation  
10 Farm Springs  
Farmington, CT 06302  
Attention: Chief Intellectual Property Counsel

To Otis:

Otis Worldwide Corporation  
One Carrier Place  
Farmington, CT 06032  
Attention: Chief Intellectual Property Counsel

To Carrier:

Carrier Global Corporation  
13995 Pasteur Boulevard  
Palm Beach Gardens, FL 33418  
Attention: Chief Intellectual Property Counsel

9.6 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party hereto. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

9.7 Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic means shall be as effective as delivery of a manually executed counterpart of this Agreement.

9.8 Further Assurances. Each Party agrees, upon written request of another Party, to do all acts and execute, deliver and perform all additional documents, instruments and agreements, which may be reasonably required to implement the provisions and purposes of this

Agreement; provided, however, that, except as expressly set forth in this Agreement, nothing in this Agreement shall be construed as obligating a Party or its Affiliates to deliver any additional Intellectual Property Rights, or any tangible embodiments of any Intellectual Property Rights, to another Party or its Affiliates.

9.9 Interpretation. For the purposes of this Agreement, (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, Exhibit and Schedule are references to the Articles, Sections, paragraphs, Exhibits and Schedules to this Agreement, unless otherwise specified; (c) any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement; (d) the terms “hereof,” “herein,” “hereby,” “hereto” and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto, and not to any particular provision thereof; (e) references to “\$” shall mean U.S. dollars; (f) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (g) the word “or” shall not be exclusive; (h) references to “written” or “in writing” include in electronic form; (i) provisions shall apply, when appropriate, to successive events and transactions; (j) the Parties have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions in this Agreement; (k) references to any statute shall be deemed to refer to such statute as amended through the date hereof; (l) references to any Contract are to that Contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; (m) references to an Affiliate of a Party mean current and future Affiliates of such Party; (n) a reference to any Person includes such Person’s successors and permitted assigns; (o) any reference to “days” shall mean calendar days, unless Business Days are expressly specified; and (p) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day.

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[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been signed by or on behalf of each of the Parties as of the day first above written.

UNITED TECHNOLOGIES CORPORATION

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

OTIS WORLDWIDE CORPORATION

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

CARRIER GLOBAL CORPORATION

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

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

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

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

- a. "Affiliate" means a company or other entity in which the Corporation has an equity or other financial interest, including joint ventures and partnerships.
  - b. "Applicable Exchange" means the New York Stock Exchange or such other securities exchange as may at the applicable time be the principal market for the Common Stock.
  - c. "Assumed Spin-Off Award" means an award granted to certain employees, officers, and directors of the Corporation, United Technologies Corporation, Otis Worldwide Corporation, and their respective Subsidiaries under a Prior Plan, which award is assumed by the Corporation and converted into an Award in connection with the Spin-Off, pursuant to the terms of the Employee Matters Agreement.
  - d. "Award" means a Stock Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Other Stock-Based Award or Cash Award granted pursuant to the terms of this Plan. For the avoidance of doubt, the term "Award" includes each Assumed Spin-Off Award.
  - e. "Award Agreement" means a written or electronic document or agreement setting forth the terms and conditions of a specific Award.
  - f. "Board" means the Board of Directors of the Corporation.
  - g. "Business Combination" has the meaning set forth in Section 10(e)(iii).
  - h. "Cash Award" means an award granted to a Participant under Section 9 of this Plan.
  - i. "Cause" means, unless otherwise provided in an Award Agreement: (i) conduct involving a felony criminal offense under U.S. federal or state law or an equivalent violation of the laws of any other country; (ii) dishonesty, fraud, self-dealing or material violations of civil law in the course of fulfilling the Participant's employment duties; (iii) breach of the Participant's intellectual property agreement or other written agreement with the Corporation; (iv) willful misconduct injurious to the Corporation or any of its Subsidiaries or Affiliates as shall be determined by the Committee; (v) negligent conduct injurious to the Corporation and any of its Subsidiaries and Affiliates, including negligent supervision of a subordinate who causes significant harm to the Corporation as determined by the Committee; or (vi) prior to a Change-in-Control, such other events as shall be determined by the Committee. Notwithstanding the general rule of Section 2(c), following a Change-in-Control, any determination by the Committee as to whether "Cause" exists shall be subject to de novo review. Notwithstanding the foregoing, if a Participant is covered by the Corporation's Change in Control Severance Plan, the definition of Cause for such Participant shall be as set forth in such plan.
  - j. "Change-in-Control" has the meaning set forth in Section 10(e).
  - k. "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant
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interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.

- l. “Committee” means the Committee referred to in Section 2.
- m. “Common Stock” means common stock, par value \$1 per share, of the Corporation.
- n. “Corporate Transaction” has the meaning set forth in Section 3(d).
- o. “Corporation” means Carrier Global Corporation, a Delaware corporation, or its successor.
- p. “Disability” means permanent and total disability as determined under the Corporation’s long-term disability plan applicable to the Participant, or if there is no such plan applicable to the Participant, “Disability” means a determination of total disability by the Social Security Administration; provided that, in either case, the Participant’s condition also qualifies as a “disability” for purposes of Section 409A(a)(2)(C) of the Code, with respect to an Award that constitutes “nonqualified deferred compensation” subject to Section 409A of the Code.
- q. “Disaffiliation” means a Subsidiary’s or an Affiliate’s ceasing to be a Subsidiary or Affiliate for any reason (including as a result of a public offering, or a spinoff or sale by the Corporation, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Corporation and its Affiliates.
- r. “Effective Date” has the meaning set forth in Section 12(a).
- s. “Eligible Individuals” means directors, officers, and employees of the Corporation or any of its Subsidiaries or Affiliates, and prospective directors, officers and employees who have accepted offers of employment or consultancy from the Corporation or its Subsidiaries or Affiliates.
- t. “Employee Matters Agreement” means the Employee Matters Agreement among the Corporation, United Technologies Corporation, and Otis Worldwide Corporation, entered into in connection with the Spin-Off.
- u. “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.
- v. “Fair Market Value” means, except as otherwise determined by the Committee, the closing price of a Share on the Applicable Exchange on the date of measurement or, if Shares were not traded on the Applicable Exchange on such measurement date, then on the next preceding date on which Shares were traded on the Applicable Exchange, as reported by such source as the Committee may select. If there is no regular public trading market for such Common Stock, the Fair Market Value of the Common Stock shall be determined by the Committee in good faith and, to the extent applicable, such determination shall be made in a manner that satisfies Sections 409A and Sections 422(c)(1) of the Code.
- w. “Forfeiture Amount” has the meaning set forth in Section 14(i)(ii).
- x. “Full-Value Award” means any Award other than Stock Appreciation Right, Stock Option or Cash Awards.
- y. “Good Reason” means, the occurrence of any of the following without a Participant’s consent: (i) a material reduction in the Participant’s annual base salary, annual bonus opportunities, long-term incentive opportunities or other compensation and benefits in the aggregate from those in effect immediately prior to the Change-in-Control; (ii) a material diminution in the Participant’s title, duties, authority, responsibilities, functions or reporting

relationship from those in effect immediately prior to the Change-in-Control; or (iii) a mandatory relocation of the Participant's principal location of employment greater than 50 miles from immediately prior to the Change-in-Control. In order to invoke a termination for Good Reason, the Participant shall provide written notice to the Corporation of the existence of one or more of the conditions described in clauses (i) through (iii) within 90 days following the Participant's knowledge of the initial existence of such condition or conditions, and the Corporation shall have 30 days following receipt of such written notice (the "Cure Period") during which it may cure the condition, if curable. If the Corporation fails to cure the condition constituting Good Reason during the Cure Period, the Participant must terminate employment, if at all, within one year following the end of the Cure Period in order for such termination to constitute a termination for Good Reason. The Participant's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (iii) shall not affect the Participant's ability to terminate employment for Good Reason. Notwithstanding the foregoing, if a Participant is covered by the Corporation's Change in Control Severance Plan, the definition of Good Reason for such Participant shall be as set forth in such plan.

- z. "Grant Date" means (i) the date on which the Committee by resolution selects an Eligible Individual to receive a grant of an Award and determines the number of Shares, or the formula for earning a number of Shares, to be subject to such Award or the cash amount subject to such Award and all other material terms applicable to such Award; or (ii) such later date as the Committee shall provide in such resolution.
- aa. "Incentive Stock Option" means any Stock Option designated in the applicable Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code, and that in fact so qualifies.
- bb. "Incumbent Board" has the meaning set forth in Section 10(e)(ii).
- cc. "Individual Agreement" means, after a Change-in-Control, (i) a change-in-control or severance agreement between a Participant and the Corporation or one of its Affiliates, or (ii) a change-in-control or severance plan covering a Participant that is sponsored by the Corporation or one of its Affiliates.
- dd. "Nonqualified Stock Option" means any Stock Option that is not an Incentive Stock Option.
- ee. "Other Stock-Based Award" means an award granted to a Participant under Section 8 of this Plan.
- ff. "Outstanding Corporation Common Stock" has the meaning set forth in Section 10(e)(i).
- gg. "Outstanding Corporation Voting Securities" has the meaning set forth in Section 10(e)(i).
- hh. "Participant" means an Eligible Individual to whom an Award is or has been granted.
- ii. "Performance Goals" means the performance goals established by the Committee in connection with the grant of an Award which may be based on attainment of specified levels of one or more of the following measures, or of any other measures determined by the Committee in its discretion: stock price, total shareholder return, earnings (whether based on earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization), earnings per share, return on equity, return on sales, return on assets or operating or net assets, market share, objective customer service measures or indices, pre- or after-tax income, net income, cash flow (before or after dividends or other adjustments), free cash flow, cash flow per share (before or after dividends or other adjustments), gross margin, working capital and gross inventory turnover, risk-based capital, revenues, revenue growth, return on capital (whether based on return on total capital or return on invested capital), cost control, gross profit, operating profit, unit



volume, sales, in each case with respect to the Corporation or any one or more Subsidiaries, Affiliates, divisions, business units or business segments thereof, either in absolute terms or relative to the performance of one or more other companies (including an index covering multiple companies).

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

respect to any Award that constitutes “nonqualified deferred compensation” subject to Section 409A of the Code, a Participant shall not be considered to have experienced a “Termination of Service” unless the Participant has experienced a “separation from service” within the meaning of Section 409A of the Code (a “Separation from Service”), and a Separation from Service shall be deemed to occur where the Participant and the Corporation and its Subsidiaries and Affiliates reasonably anticipate that the bona fide level of services that the Participant will perform (whether as an employee or as an independent contractor) will be permanently reduced to a level that is less than thirty-seven and a half percent (37.5%) of the average level of bona fide services the Participant performed during the immediately preceding 36 months (or the entire period the Participant has provided services if the Participant has been providing services to the Corporation and/or any of its Subsidiaries or Affiliates for less than 36 months).

## **SECTION 2. Administration**

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

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

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

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

### **SECTION 3. Common Stock Subject to Plan**

- a. *Authorized Shares.* The maximum number of Shares that may be issued pursuant to Awards granted under this Plan shall be 90,000,000, which includes Shares subject to Assumed Spin-Off Awards. The maximum number of shares that may be issued pursuant to Incentive Stock Options under this Plan shall be 90,000,000. Shares issued under this Plan may be authorized and unissued Shares, treasury Shares, or Shares purchased in the open market or otherwise, at the sole discretion of the Committee. Each Share issued pursuant to a Full-

Value Award will result in a reduction of the number of Shares available for issuance under this Plan by 2 Shares. Each Share issued pursuant to a Stock Option or Stock Appreciation Right will result in a reduction of the number of Shares available for issuance under this Plan by one Share.

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

arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including other securities of the Corporation and securities of entities other than the Corporation), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Corporation securities).

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

#### **SECTION 4: Eligibility**

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

#### **SECTION 5: Stock Appreciation Rights and Stock Options**

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

be determined by the Committee. Subject to the provisions of this Section 5, Stock Appreciation Rights and Stock Options may be exercised, in whole or in part in accordance with the methods and procedures established by the Committee in the Award Agreement or otherwise.

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

## **SECTION 6: Restricted Stock**

- a. *Administration.* Shares of Restricted Stock are actual Shares issued to a Participant and may be awarded either alone or in addition to other Awards granted under this Plan. The Committee shall determine the

Eligible Individuals to whom and the time or times at which grants of Restricted Stock will be awarded, the number of Shares to be awarded to any Eligible Individual, the conditions for vesting, the time or times within which such Awards may be subject to forfeiture, and any other terms and conditions of the Awards, in addition to those contained in Section 6(c).

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

## **SECTION 7: Restricted Stock Units**

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

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

### **SECTION 8: Other Stock-Based Awards**

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

### **SECTION 9: Cash Awards**

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

### **SECTION 10: Change-in-Control Provisions**

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



that is performance-based, the Replacement Award shall be subject solely to time-based vesting for the remainder of the applicable performance period (or such shorter period as determined by the Committee) and the applicable Performance Goals shall be deemed to be achieved at the greater of (x) the applicable target level; and (y) the level of achievement as determined by the Committee taking into account performance through the latest date preceding the Change-in-Control as to which performance can, as a practical matter, be determined (but not later than the end of the applicable performance period); (ii) it has a value equal to the value of the Replaced Award as of the date of the Change-in-Control, as determined by the Committee in its sole discretion consistent with Section 3(d); (iii) the underlying Replaced Award was an equity-based award, it relates to publicly traded equity securities of the Corporation or the entity surviving the Corporation following the Change-in-Control; (iv) it contains terms relating to time-based vesting (including with respect to a Termination of Service) that are substantially identical to those of the Replaced Award; and (v) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change-in-Control) as of the date of the Change-in-Control. Without limiting the generality of the foregoing, a Replacement Award may take the form of a continuation of the applicable Replaced Award if the requirements of the preceding sentence are satisfied. If a Replacement Award is granted, the Replaced Award shall not vest upon the Change-in-Control. The determination whether the conditions of this Section 10(c) are satisfied shall be made by the Committee, as constituted immediately before the Change-in-Control, in its sole discretion.

- d. *Termination of Service.* Notwithstanding any other provision of this Plan to the contrary, and unless otherwise determined by the Committee and set forth in the applicable Award Agreement, upon a Termination of Service of a Participant by the Corporation other than for Cause or by the Participant for Good Reason within 24 months (or such longer period as is specified in the applicable Award Agreement) following a Change-in-Control: (i) all Replacement Awards held by such Participant shall vest in full and be free of restrictions, and (ii) unless otherwise provided in the applicable Award Agreement, notwithstanding any other provision of this Plan to the contrary, any Stock Appreciation Right or Stock Option held by the Participant as of the date of the Change-in-Control that remains outstanding as of the date of such Termination of Service may thereafter be exercised until the expiration of the stated full Term of such Stock Appreciation Right or Nonqualified Stock Option.
- e. *Definition of Change-in-Control.* For purposes of this Plan, a “Change-in-Control” shall mean the happening of any of the following events:
- i. An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either: (1) the then outstanding shares of common stock of the Corporation (the “Outstanding Corporation Common Stock”); or (2) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “Outstanding Corporation Voting Securities”); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change-in-Control: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any entity controlled by the Corporation, or (4) any acquisition by any entity pursuant to a transaction that complies with clauses (1), (2) and (3) of subsection (iii) of this Section 10(e); or
  - ii. A change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this Section 10(e), any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Corporation’s shareowners, was approved by a vote of at least two-thirds of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other

actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered as a member of the Incumbent Board; or

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

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

- a. The provisions of this Plan are intended to ensure that no transaction under this Plan is subject to (and all such transactions will be exempt from) the short-swing profit recovery rules of Section 16(b) of the Exchange Act ("Section 16(b)"). Accordingly, the composition of the Committee shall be subject to such limitations as the Board deems appropriate to permit transactions pursuant to this Plan to be exempt (pursuant to Rule 16b-3 promulgated under the Exchange Act) from Section 16(b), and no delegation of authority by the Committee shall be permitted if such delegation would cause any such transaction to be subject to (and not exempt from) Section 16(b).
- b. This Plan and the Awards granted hereunder are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and, with respect to amounts that are subject to Section 409A of the Code, it is intended that this Plan be administered and interpreted in all respects in accordance

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

## **SECTION 12: Term, Amendment and Termination**

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

## **SECTION 13: Unfunded Status of Plan**

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

## **SECTION 14: General Provisions**

- a. *Conditions for Issuance.* The Committee may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Corporation in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend

that the Committee deems appropriate to reflect any restrictions on transfer. Notwithstanding any other provision of this Plan or agreements made pursuant thereto, the Corporation shall not be required to issue or deliver any Shares (whether in certificated or book-entry form) under this Plan prior to fulfillment of all of the following conditions: (i) listing or approval for listing upon notice of issuance, of such Shares on the Applicable Exchange; (ii) any registration or other qualification of such Shares of the Corporation under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification that the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and (iii) obtaining any other consent, approval, or permit from any state or federal governmental agency that the Committee shall, in its absolute discretion, determine to be necessary or advisable.

- b. *Additional Compensation Arrangements.* Nothing contained in this Plan shall prevent the Corporation or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.
- c. *No Contract of Employment.* This Plan shall not constitute a contract of employment, and adoption of this Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Corporation or any Subsidiary or Affiliate to terminate the employment of any employee at any time.
- d. *Required Taxes.* No later than the date as of which an amount first becomes includible in the gross income of a Participant for federal, state, local or foreign income, or employment or other tax purposes with respect to any Award under this Plan, such Participant shall pay to the Corporation, or make arrangements satisfactory to the Corporation regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Corporation, withholding obligations may be settled with Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement, having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes, all in accordance with such procedures as the Committee establishes. The obligations of the Corporation under this Plan shall be conditional on such payment or arrangements, and the Corporation and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to such Participant. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Common Stock.
- e. *Dividends and Dividend Equivalents.* Any dividends or dividend equivalents credited with respect to any Award will be subject to the same time and/or performance-based vesting conditions applicable to such Award and shall, if vested, be delivered or paid at the same time as such Award.
- f. *Designation of Death Beneficiary.* The Committee shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of such Participant's death are to be paid or by whom any rights of such Participant, after such Participant's death, may be exercised.
- g. *Governing Law and Interpretation.* This Plan and all Awards made and actions taken hereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Plan are not part of the provisions hereof and shall have no force or effect. Whenever the words "include," "includes" or "including" are used in this Plan, they shall be deemed to be followed by the words "but not limited to" and the word "or" shall be understood to mean "and/or" where the context so requires.
- h. *Non-Transferability.* Except as otherwise provided in Section 5(g) or as determined by the Committee, Awards under this Plan are not transferable except by will or by laws of descent and distribution.
- i. *Clawback Policy.*
  - i. *Forfeiture Event.* Unless otherwise determined by the Committee, upon the occurrence of any of the following events, the Participant shall forfeit all of the Participant's outstanding Awards, whether vested or unvested, and shall pay the Forfeiture Amount (as defined in clause (ii) below) to the Corporation within 30 days following receipt from the Corporation of written notice from the Corporation:

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

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

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

**SECTION 1  
PURPOSE OF THE PLAN**

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

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

Therefore, in order to fulfill the above purposes, the Plan was adopted by the Board on March 11, 2020 and shall become effective on the Effective Date (as defined in Section 2.12).

**SECTION 2  
DEFINITIONS**

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

- 2.1 “Affiliated Entity” means any entity controlled by, controlling or under common control with the Company.
- 2.2 “Annual Base Salary” means the annual base salary paid or payable, including any base salary that is subject to deferral, to the Participant by the Company or any of the Affiliated Entities at the rate in effect (or required to be in effect before any diminution that is a basis of the Participant’s termination for Good Reason) immediately prior to the Change in Control, or, if higher, immediately prior to the Date of Termination.
- 2.3 “Benefit Continuation Period” means a period of twelve (12) months from the Date of Termination.
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2.4 “Cause” means (a) the willful and continued failure of the Participant to perform substantially the Participant’s duties with the Company or any Affiliated Entity (other than any such failure resulting from incapacity due to physical or mental illness or following the Participant’s delivery of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Participant by the Board, or if the Company is not the ultimate parent corporation of the Affiliated Entities and is not publicly traded, the board of directors of the ultimate parent of the Company (the “Applicable Board”), which specifically identifies the manner in which the Board believes that the Participant has not substantially performed the Participant’s duties, or (b) the willful engaging by the Participant in illegal conduct which is materially and demonstrably injurious to the Company. For purposes of this provision, no act or failure to act, on the part of the Participant, shall be considered “willful” unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that the Participant’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon (i) authority given pursuant to a resolution duly adopted by the Applicable Board, (ii) the instructions of the CEO or another executive officer of the Company or (iii) the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. The cessation of employment of the Participant shall not be deemed to be for Cause unless and until there shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Applicable Board at a meeting of the Applicable Board called and held for such purpose (after reasonable notice is provided to the Participant and the Participant is given an opportunity, together with counsel for the Participant, to be heard before the Applicable Board), finding that, in the good faith opinion of the Applicable Board, the Participant is guilty of the conduct described in this definition, and specifying the particulars of such conduct in detail.

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

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

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

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



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

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

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

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

2.8 “Committee” means the Compensation Committee of the Board.

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

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

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

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

2.13 “Good Reason” means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.20 “Tier 1 Participant” means each Participant who is an E5, E4 or E3 executive immediately prior to a Change in Control.

2.21 “Tier 2 Participant” means each Participant who is an E2 or E1 executive immediately prior to a Change in Control.

2.22 “Tier 3 Participant” means each other employee of the Company or an Affiliated Entity who is designated by the Committee in writing as a Participant.

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

2.24 “Subsidiaries” means any corporation, limited liability company, partnership or other organization, whether incorporated or unincorporated, of which (a) at least a majority of the outstanding shares of capital stock of, or other equity interests, having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by the Company or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries, or (b) with respect to a partnership, the Company or any other Subsidiary of the Company is a general partner of such partnership.

### SECTION 3 SEPARATION BENEFITS

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

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

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

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

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

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

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

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

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

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

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

**SECTION 4**  
**GOLDEN PARACHUTE EXCISE TAX**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

## **SECTION 6 AMENDMENT AND TERMINATION**

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

## **SECTION 7 PLAN ADMINISTRATION**

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

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

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

## **SECTION 8 SUCCESSORS; ASSIGNMENT**

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

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

## **SECTION 9 SECTION 409A OF THE CODE**

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

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

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

## **SECTION 10 MISCELLANEOUS**

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

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

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

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

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

10.6 Notices.

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

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

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

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

**Exhibit A**

**Carrier Global Corporation**

**Designation of Change in Control Severance Plan Participation**

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

Carrier Global Corporation

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Participant

[Tier: \_\_\_\_\_]

Acknowledged and agreed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_

[Insert Name of Participant]

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**Exhibit B**

**GENERAL RELEASE OF CLAIMS AND  
RESTRICTIVE COVENANT AGREEMENT**

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

Accordingly, Employee and the Company agree as follows:

**1. Release of Claims.**

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

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

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

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

## 2. **Restrictive Covenants.**

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

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

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

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

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

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



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

**3. Timing for Consideration.**

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

**4. Effectiveness of Agreement.**

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

**5. Miscellaneous.**

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

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

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

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

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

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

ACKNOWLEDGED AND AGREED BY:

Date: \_\_\_\_\_

\_\_\_\_\_

**CARRIER GLOBAL CORPORATION**

\_\_\_\_\_  
Name:

Title:

**CARRIER GLOBAL CORPORATION  
EXECUTIVE ANNUAL BONUS PLAN**

**1. Purpose**

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

**2. Definitions**

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

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

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

“**Board**” means the Board of Directors of the Company.

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

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

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

“**Common Stock**” means the common stock of the Company.

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

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

“**ELG Member**” means a person who is a member of the Company’s Executive Leadership Group.

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

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

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

“**Performance Period**” means the Company’s fiscal year, or such other period designated by the Committee. The Performance Period for the year in which the Effective Date occurs shall be the full fiscal year notwithstanding the fact that the Plan does not become effective until the Effective Date.

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

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

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

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

### 3. Administration

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

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

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

#### **4. Eligibility**

Only Eligible Employees may be granted Awards under the Plan.

#### **5. Performance Goals**

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

#### **6. Amounts Available for Awards**

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

#### **7. Determination and Payment of Awards**

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

## **8. Clawback**

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

## **9. Change in Control**

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

## **10. Amendment and Termination of the Plan**

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

## **11. Personal Data**

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

## 12. Miscellaneous

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

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



**CARRIER GLOBAL CORPORATION  
DEFERRED COMPENSATION PLAN  
(Effective as of January 1, 2020)**

**ARTICLE I – PREAMBLE**

**Section 1.1 – Purpose of the Plan**

The Carrier Global Corporation Deferred Compensation Plan (the “Plan”) is hereby established effective January 1, 2020 (the “Effective Date”) for the benefit of eligible Carrier executives seeking to defer Compensation.

**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 Otis (the “Employee Matters Agreement”), the Corporation and the Plan shall assume all obligations and liabilities of UTC and its Subsidiaries under the UTC DCP and the Prior Plan 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 DCP or the Prior Plan with respect to Carrier Employees or Beneficiaries of Carrier Employees will now be the responsibility of the Corporation and this Plan or the Prior Plan, as applicable, and any such benefits accrued but not yet paid under the UTC DCP or the Prior Plan immediately prior to the Effective Date will be administered and paid under the terms of the Plan or the Prior Plan, as applicable. All investment and distribution elections and designations of Beneficiary made under the UTC DCP and/or the Prior Plan by a Carrier Employee or a Beneficiary of a Carrier Employee and in effect immediately prior to the Effective Date will continue to apply and shall be administered under the Plan or the Prior Plan, as applicable, until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the applicable plan. All valid domestic relations orders filed with the UTC DCP and/or the Prior Plan as of immediately prior to the Effective Date with respect to the benefit of a Carrier Employee shall continue to apply under the Plan or the Prior Plan, as applicable.

### **Section 1.3 – Effective Date of Plan**

The Plan applies to deferrals that were earned or vested after December 31, 2004. Amounts that were earned and vested (within the meaning of Section 409A) before January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, are subject to and shall continue to be governed by the terms of the Prior Plan as set forth in Appendix A, but deeming any references to UTC in such plan to apply to the Corporation.

### **ARTICLE II – DEFINITIONS**

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

- (a) *Beneficiary* means the person, persons, entity or entities designated on an electronic or written form by the Participant to receive the value of his or her Plan Account in the event of the Participant's death in accordance with the terms of the 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 Account will be paid to the Participant's estate.
- (b) *Benefit Restoration Contribution* means a contribution by the Corporation to the Participant's Plan Account to recognize the reduction in the value of employer matching or other contributions under the Qualified Savings Plan or the Savings Restoration Plan, as a result of the reduction of such Participant's Compensation pursuant to the Plan.
- (c) *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)).

- (d) *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 refer to Section 409A of the Code and regulations and guidance issued thereunder by the Internal Revenue Service as from time to time in effect.
- (e) *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.
- (f) *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.
- (g) *Compensation* means base salary and Incentive Compensation Payments otherwise payable to a Participant by a UTC Company and considered to be wages for purposes of federal income tax withholding, but before any deferral of Compensation pursuant to the Plan. Compensation does not include foreign-service premiums and allowances, compensation realized from long-term incentive plan awards or other types of awards.
- (h) *Corporation* means Carrier Global Corporation, or any successor thereto.
- (i) *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. The Default Investment Option shall be the income fund, unless otherwise determined in the sole discretion of the Committee.
- (j) *Deferral Period* means the period prior to the receipt of Compensation deferred hereunder.
- (k) *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.

- (l) *Election Form* means the enrollment form provided by the Committee to Participants electronically or in paper form for the purpose of deferring Compensation under the Plan. Each Participant's Election Form must contain such information as the Committee may require, including: the amount to be deferred from base salary and/or from any Incentive Compensation Payment, as applicable; the respective amounts to be allocated to the Participant's Retirement Account and/or Special Purpose Account or Accounts; the percentage allocation among the Investment Funds with respect to each such Account; and, if not previously elected for an Account, the method of distribution of each such Account; and the Deferral Period for each Special Purpose Account. There will be a separate Election Form for each calendar year.
- (m) *ERISA* means the Employee Retirement Income Security Act of 1974, as amended.
- (n) *Incentive Compensation Payment* means amounts meeting the definition of "performance-based compensation" under Section 409A awarded to a Participant pursuant to the Corporation's executive annual bonus plan.
- (o) *Investment Fund* means a hypothetical fund that tracks the value of an investment option as may be established by the Committee from time to time. Investment Funds shall be valued in the manner set forth under Section 5.3. The value of Participants' Accounts shall be adjusted to replicate the performance of the applicable Investment Funds. Amounts credited to any Investment Fund do not result in any investment in actual assets corresponding to the Investment Fund.
- (p) *Participant* means an executive (*i.e.*, band E-1 or higher) who (i) is determined by the Committee to be within a select group of management or highly compensated employees of the Corporation or one of its Subsidiaries, (ii) is paid from a U.S. payroll, receives compensation subject to federal income tax withholding and files a U.S. income tax return, or is grandfathered in from a prior plan, and (iii) elects to defer Compensation under the Plan. A Participant who has previously deferred Compensation under the Plan but who ceases to be eligible under the preceding sentence shall not be eligible to further defer Compensation under Section 3.1 but shall remain a Participant under the Plan with respect to his or her Plan Account until it is distributed or forfeited in accordance with the terms of the Plan.

- (q) *Plan* means the Carrier Global Corporation Deferred Compensation Plan, as amended from time to time.
- (r) *Plan Account* means the aggregate value of all Special Purpose Accounts and the Retirement Account, but excluding accounts under the Prior Plan. Accounts under the Prior Plan will be valued and administered separately in accordance with the terms and procedures in effect under the Prior Plan.
- (s) *Prior Plan* means the United Technologies Corporation Deferred Compensation Plan, as in effect on September 1, 2002, as set forth in Appendix A. All amounts earned and vested under the Prior Plan, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, shall continue to be subject to the terms and conditions of the Prior Plan.
- (t) *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.
- (u) *Retirement* means Separation from Service on or after the attainment of age fifty (50).
- (v) *Retirement Account* means a Plan Account maintained on behalf of the Participant that is targeted for distribution following the Participant's Retirement.
- (w) *Retirement Date* means the date of a Participant's Retirement.
- (x) *Savings Restoration Plan* means the Corporation's Savings Restoration Plan.

- (y) *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 where 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 a half percent (37.5%) of the average level of bona fide services the Participant performed during the immediately preceding thirty-six (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 thirty-six (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 the 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 the Plan or with respect to benefits transferred to the 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.
- (z) *Special Purpose Account* means a Plan Account maintained on behalf of the Participant with a targeted distribution date in the calendar year specified by the Participant. The minimum Deferral Period for a Special Purpose Account is five (5) calendar years following the end of the calendar year with respect to which the Account is established.
- (aa) *Specified Employee* means, for the period (i) 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 specified employees of UTC on the "specified employee identification date" preceding such specified employee effective date (as such terms are defined by Treas. Regs. Sec. 1.409A-1(i)(3) and (4)); and (ii) 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. Regs. Sec. 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.

- (bb) *Spin-off* has the meaning set forth in Section 1.2.
- (cc) *Subsidiary* means any corporation, partnership, joint venture, limited company or other entity during any period in which at least a fifty percent (50%) voting or profits interest is owned, directly or indirectly, by the Corporation or any successor to the Corporation.
- (dd) *UTC Common Stock* means the common stock of United Technologies Corporation.
- (ee) *UTC DCP* means the United Technologies Corporation Deferred Compensation Plan as in effect immediately prior to the Spin-off.

### **ARTICLE III – ELIGIBILITY AND PARTICIPATION**

#### **Section 3.1 – Eligibility**

Each eligible Participant as of the annual enrollment period as specified by the Committee will be eligible to elect to defer Compensation under the Plan in accordance with the terms of the Plan and the rules and procedures established by the Committee. Newly hired executives (or employees promoted to executive level) are eligible to elect to defer base salary during the current calendar year by filing an Election Form within thirty (30) calendar days from their hire date or promotion date and such election shall apply to Compensation for services performed commencing with the first payroll period after the election becomes effective.

#### **Section 3.2 – Participation**

Each eligible Participant may elect to participate in the Plan with respect to any calendar year for which the Committee offers the opportunity to defer Compensation 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, file an Election Form to defer Compensation.

### **Section 4.2 – Election Amount**

An eligible Participant must designate on the Election Form the percentage of base salary that will be deferred and/or the percentage of any Incentive Compensation Payment otherwise payable with respect to services performed during such calendar year that will be deferred under the Plan. Unless otherwise determined by the Committee, the maximum amount that a Participant may defer under the Plan for any calendar year is fifty percent (50%) of base salary and/or seventy percent (70%) of any Incentive Compensation Payment.

### **Section 4.3 – Election Date**

For an election to defer base salary, an Election Form must be completed no later than the December 31 immediately preceding the calendar year to which the election applies, or such earlier date as the Committee may specify. A deferral election shall be effective only if the individual making the election is an eligible Participant at the election deadline. Except as provided below in Section 4.7 (Change in Distribution Election), the choices reflected on the Participant's Election Form shall be irrevocable on the election deadline. If an eligible Participant fails to submit a properly completed Election Form by the election deadline, he or she will be ineligible to defer base salary under the Plan for the immediately following calendar year (or for the remainder of the current calendar year for a newly eligible executive).

For an election to defer any Incentive Compensation Payment for services to be performed in the current calendar year and otherwise payable in the immediately following calendar year, an Election Form must be completed and submitted no later than June 30 of the current calendar year, or such earlier date as the Committee may specify for the deferral of "performance-based compensation" under Section 409A. A deferral election shall be effective only if the individual making the election is still an eligible Participant as of the election deadline. Except as provided below in Section 4.7 (Change in Distribution Election), the choices reflected on the Participant's Election Form shall be irrevocable on the election deadline. If an eligible Participant fails to submit a properly completed Election Form by the election deadline, he or she will be ineligible to defer any Incentive Compensation Payment under the Plan for services performed in the current calendar year.



#### **Section 4.4 – Deferral Period**

Each Participant shall specify in the Election Form, in whole percentages, how the amounts to be deferred are to be allocated among the Participant's Retirement Account and any Special Purpose Accounts. To the extent that the Participant fails to make an effective allocation among the available accounts, the deferral shall be allocated entirely to the Participant's Retirement Account. A Participant may elect to defer into a Special Purpose Account that has not previously been established, with a Deferral Period ending on a specific deferral date that is at least five (5) calendar years following the end of the calendar year in which the Account is established.

#### **Section 4.5 – Distribution Election**

At the time the Participant first elects to defer an amount to his or her Retirement Account or to a Special Purpose Account, the Participant may elect to have his or her Retirement or Special Purpose Account distributed in a lump sum or in two (2) to fifteen (15) annual installments. The Participant may elect a different form of distribution for the Retirement Account and for each Special Purpose Account. If no distribution election is made with respect to a Participant's Retirement Account or Special Purpose Account, the Account will be distributed in a lump sum at the time as set forth in Section 6.1.

#### **Section 4.6 – Investment Fund Allocations**

When completing the Election Form, the Participant must allocate the amounts 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 investment allocation of their existing Plan Accounts or future deferrals as permitted by the Committee.

## Section 4.7 – Change in Distribution Election

A Participant who has made an election to defer Compensation under the Plan may make an irrevocable election to extend the Deferral Period for a Retirement Account and/or any Special Purpose Account. A Participant may also make an irrevocable election to change the form of distribution for the Retirement and/or any Special Purpose Account. A Participant may change his or her election, as provided in this Section 4.7, for some accounts and not for others. For each Special Purpose Account, the extended Deferral Period shall end not less than five (5) years following the date on which distribution would otherwise have occurred. For the Retirement Account, the extended Deferral Period shall be at least five (5) years from the date on which the Retirement Account would otherwise have commenced payment. A deferral extension election and/or change to the form of distribution must meet all of the below requirements:

- (a) the new election must be made at least twelve (12) 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 fifty (50); and the new election shall be ineffective if the Participant incurs a Separation from Service within twelve (12) months after the date of the new election;
- (b) the new election will not take effect until at least twelve (12) 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 five (5) years later than the date on which payments would commence under the current election.

A Participant may change his or her election up to a maximum of three (3) times for the Retirement Account and up to a maximum of three (3) times for each Special Purpose Account.

## **Section 4.8 – Designation of Beneficiary**

Each Participant shall designate a Beneficiary for his or her Plan Account 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 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 Account 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 4.8. In the event of the death of a Participant, distributions shall be made in accordance with Section 6.5.

## **ARTICLE V – PLAN ACCOUNTS**

### **Section 5.1 – Accounts**

Deferred amounts that were earned and vested before January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, shall be maintained in separate accounts and shall remain subject to the terms and conditions of the Prior Plan, except that any updated investment fund options shall also apply to accounts under the Prior Plan, provided such change would not be deemed a material modification to the Prior Plan. The Prior Plan accounts are not intended to be subject to Section 409A. No amendment to Appendix A that would constitute a "material modification" for purposes of Section 409A shall be effective unless the amending instrument states that it is intended to materially modify Appendix A and to cause the Prior Plan to become subject to Section 409A. Although the Prior Plan accounts are not intended to be subject to Section 409A, neither the Carrier Companies nor any director, officer, or other representative of a Carrier Company shall be liable for any adverse tax consequence suffered by a Participant or Beneficiary if a Prior Plan account becomes subject to Section 409A.

Deferred amounts that were earned or vested after December 31, 2004 will be allocated to a Retirement Account and/or one or more Special Purpose Accounts as elected by the Participant. The Committee will establish the maximum number of Special Purpose Accounts.

Participants' Plan Accounts shall be allocated or reallocated among Investment Funds in accordance with each Participant's instructions in the manner set forth in Section 4.6.

### **Section 5.2 – Valuation of UTC Stock Unit Fund**

Until the Spin-off, deferred compensation allocated to the UTC stock unit fund will be converted to UTC deferred stock units, including fractional units. Upon the Spin-off, UTC deferred stock units will be converted into Carrier deferred stock units, including fractional 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 Compensation deferred by the closing price of the applicable Common Stock on the date when the deferred amount is credited. 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.

### **Section 5.3 – 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 5.4 – Allocation to Accounts**

During the year of deferral, deferred amounts other than Benefit Restoration Contributions will be allocated to the Participant's Plan Account and Investment Funds as of the date, or as soon as administratively practicable after the date, on which the deferred amounts would otherwise have been paid to the Participant.

#### **Section 5.5 – Crediting of Benefit Restoration Contribution**

At the end of each calendar year, the Committee will determine if a Participant is eligible for a Benefit Restoration Contribution, and will credit the amount of such Benefit Restoration Contribution to the affected Participant's Plan Account as of the last business day of the calendar year. Any such amounts will be allocated on a pro rata basis to the Participant's Retirement Account and Special Purpose Accounts and Investment Funds in accordance with the Participant's deferral elections on file for that calendar year.

#### **Section 5.6 – Reports to Participants**

The Committee will provide or make available detailed information to Participants regarding the value of Plan Accounts, distribution elections, Beneficiary designations, Investment Fund allocations and credited values for Retirement and Special Purpose Accounts. 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 VI – DISTRIBUTION OF ACCOUNTS**

#### **Section 6.1 – Timing of Plan Distributions**

Except as provided in Section 4.7 (Change in Distribution Election), Section 6.3 (Separation from Service before Attaining Age Fifty (50)), Section 6.4 (Separation from Service of Specified Employees), and Section 6.5 (Death), the value of a Participant's Retirement Account will be distributed (or begin to be distributed) to the Participant in April of the calendar year following the Retirement Date. The value of a Participant's Special Purpose Account will be distributed (or begin to be distributed) to the Participant in April of the year specified in the Participant's initial election or in any change in election under Section 4.7. This means, for example, that if a deferral election specifies a Deferral Period until 2020, distribution will occur in April 2020.

## **Section 6.2 – Method of Distribution**

Except as provided in Section 6.3 (Separation from Service before Attaining Age Fifty (50)) and Section 6.5 (Death), each Retirement and Special Purpose Account will be distributed to the Participant in a single lump-sum cash payment, or in a series of annual cash installment payments, in accordance with the Participant's election on file with respect to each such account. Annual installments shall be payable to the Participant beginning on 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 Account on the payment date will be multiplied by a fraction, the numerator of which is one and the denominator of which is the number of scheduled installments that remain unpaid.

## **Section 6.3 – Separation from Service before Attaining Age Fifty (50)**

If a Participant's Separation from Service occurs before the Participant attains age fifty (50), the full value of the Participant's Plan Account will be distributed to the Participant in a lump-sum payment in April following 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 6.4 below, if later) regardless of the distribution option elected and regardless of any change in the distribution election.

#### **Section 6.4 – Separation from Service of Specified Employees**

Distributions to Specified Employees made on account of a Separation from Service will not be made or commence earlier than the first (1st) day of the seventh (7th) month following the date of Separation from Service. The Plan Account shall continue to accrue hypothetical investment gains and losses as provided in Article V until the distribution date. In the case of a distribution in installments, the date of subsequent installments shall not be affected by the delay of any installment hereunder.

#### **Section 6.5 – Death**

In the event of the death of a Participant before the Participant's Plan Account has been fully distributed, the full remaining value of the Participant's Plan Account will be distributed to the designated Beneficiary or the Participant's estate in a lump sum no later than December 31st of the year following the year in which the death occurred. Upon notification of death, pending distribution, the value of Participant's Plan Accounts will be allocated to the Default Investment Option.

#### **Section 6.6 – 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 Participant's Plan Account upon the showing of an unforeseeable emergency. An "unforeseeable emergency" is a severe financial hardship to the Participant resulting from (i) 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 Section 152(b)(1), (b)(2), and (d)(1)(B) of the Code); (ii) loss of the Participant's property due to casualty; or (iii) 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,” as defined in Section 6.6(a), 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 Special Purpose or Retirement Accounts and associated 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 an unforeseeable emergency.

### **Section 6.7 – 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 6.8 – 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 fifteenth (15th) day of the third (3rd) calendar month following the date specified by the Plan (for a payment whose specified due date is on or after October 1). A payment is also treated as being made on the date when it is due under the Plan if the payment is made not more than thirty (30) days before the due date specified by the Plan. In no event will a payment to a Specified Employee be made or commence earlier than the first (1st) day of the seventh (7th) 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 6.8.



## **Section 6.9 – Minimum Balance Payout Provisions**

If a Participant's Plan Account balance under the Plan (and under all other nonqualified deferred compensation plans that are required to be aggregated with the 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 Account (and the Participant's entire interest in any other nonqualified deferred compensation plan that is required to be aggregated with the 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 6.9 shall be evidenced in writing, no later than the payment date.

## **ARTICLE VII – AMENDMENT AND TERMINATION OF PLAN**

### **Section 7.1 – 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 VI. 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 7.2 – 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 Benefit Restoration Contributions shall be made under the Plan. All previous deferrals and Benefit Restoration 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 Account in a lump sum, to the extent permitted under Section 409A. All payments that may be made pursuant to this Section 7.2 shall be made no earlier than the thirteenth (13th) month and no later than the twenty-fourth (24th) month after the termination of the Plan. The Corporation may not accelerate payments pursuant to this Section 7.2 if the termination of the Plan is proximate to a downturn in the Corporation's financial health within the meaning of Treas. Regs. Sec. 1.409A-3(j)(4)(ix)(C)(1). If the Corporation exercises its discretion to accelerate payments under this Section 7.2, it shall not adopt any new arrangement that would have been aggregated with the Plan under Section 409A within three (3) 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 7.3 – 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 VIII – GENERAL PROVISIONS**

### **Section 8.1 – 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 8.2 – 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 Account 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 Account. 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 8.3 – 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 8.4 – 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 8.5 – 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 8.6 – 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 Committee. Any notice or filing required or permitted to be given to any Participant or Beneficiary under the Plan shall be sufficient if provided either 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 8.7 – 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, which 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 8.8 – 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 therefor 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 Account shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

### **Section 8.9 – Section 409A Compliance**

To the extent that rights or payments under the 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 the 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 8.10 – Withholding Taxes**

The Committee may make any appropriate arrangements to deduct from all deferrals and payments under the Plan any taxes that the Committee reasonably determines to be required by law to be withheld from such credits and payments.

## **ARTICLE IX – ADMINISTRATION AND CLAIMS**

### **Section 9.1 – Plan Administration**

The Committee shall be solely responsible for the administration and operation of the Plan and shall be the “administrator” of the Plan for purposes of 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 decisions 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, Palm Beach Gardens, FL 33418, Attn: Employee Benefit Committee. The Committee shall respond in writing as soon as practicable.

### **Section 9.2 – 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 9.2 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 ninety (90) days. The Committee may, however, extend the response period for up to an additional ninety (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 (i) the specific reason or reasons for such denial; (ii) the specific reference to relevant provisions of this Plan on which such denial is based; (iii) 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; (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; (v) the time limits for requesting a review of the claim; and (vi) the Claimant’s right to bring an action for benefits under Section 502(a) of ERISA.

(c) Within sixty (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 comments in writing for consideration by the Committee. If the Claimant does not request a review of the initial determination within such sixty (60)-day period, the Claimant shall be barred from challenging the determination.

(d) Within sixty (60) days after the Committee receives a request for review, it will review the initial determination. If special circumstances require that the sixty (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 one hundred twenty (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, (i) the specific reasons for the decision, including references to the relevant Plan provisions upon which the decision is based; (ii) 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 (iii) 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. 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: Employee Benefit Committee  
Telephone: 561-365-2000



## Appendix A

This Appendix A sets forth the United Technologies Corporation Deferred Compensation Plan, as in effect on September 1, 2002 (the "Prior Plan"), and as modified thereafter from time to time in a manner that does not constitute a "material modification" for purposes of Section 409A. Amounts that were earned and vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, are generally subject to and shall continue to be governed by the terms of the Prior Plan. The administrative and account investment provisions in the Prior Plan may be superseded by the corresponding administrative provisions of the Carrier Global Corporation Deferred Compensation Plan, as such may be amended from time to time.

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UNITED TECHNOLOGIES CORPORATION

DEFERRED COMPENSATION PLAN

Effective September 1, 2002

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**UNITED TECHNOLOGIES CORPORATION**  
**DEFERRED COMPENSATION PLAN**  
**(As amended and restated effective September 1, 2002)**

**ARTICLE I - PREAMBLE**

United Technologies Corporation established the United Technologies Deferred Compensation Plan effective April 1, 1985. Pursuant to such Plan, certain eligible executives of the Corporation deferred all or a portion of their compensation earned with respect to 1985 and 1986. No compensation earned after 1986 was deferred under the Plan until the Plan was amended and restated effective December 15, 1993 to offer eligible executives the opportunity to defer all or a portion of Compensation earned or otherwise payable in 1994 and subsequent years. The Plan is hereby amended and restated, effective September 1, 2002, to reflect administrative changes and enhancements.

**ARTICLE II - DEFINITIONS**

*Beneficiary* means the person, persons or entity designated by the Participant to receive the value of his or her Plan Accounts in the event of the Participant's death. 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 estate of the Participant.

*Benefit Reduction* means either a reduction in a Participant's (or the Participant's Beneficiary's) benefit under any of the Corporation's defined benefit pension plans or a reduction in the value of employer matching or other contributions under any of the Corporation's savings or other tax qualified defined contribution retirement plans as a result of the reduction of such Participant's Compensation pursuant to the Plan.

*Class Year* means each calendar year for which Compensation has been deferred pursuant to the Plan prior to 2003.

*Class Year Account* means the account established for each Participant for each Class Year for which Compensation has been deferred under the Plan prior to January 1, 2003.

*Committee* means the United Technologies Corporation Deferred Compensation Committee, which is responsible for the administration of the Plan. The Corporation's Pension Administration Committee shall appoint the Committee's members.

*Compensation* means base salary and Incentive Compensation Payments otherwise payable to a Participant and considered to be wages for purposes of federal income tax withholding, but before any deferral of Compensation pursuant to the Plan. Compensation does not include foreign service premiums and allowances, compensation realized from Long Term Incentive Plan awards or other types of awards.

*Corporation* means United Technologies Corporation, its divisions, affiliates and subsidiaries.

*Credited Interest Account* means the Investment Fund that is valued in the manner set forth in Section 5.2.

*Deferral Period* means the period prior to the receipt of Compensation deferred hereunder.

*Election Form* means the enrollment form provided by the Committee to Participants electronically or in paper form for the purpose of deferring Compensation under the Plan. Each Participant's Election Form must specify such information as the Committee shall determine, including: the amount to be deferred from base salary paid in the following calendar year and/or from any Incentive Compensation Payment earned with respect to the following calendar year; the respective amounts to be allocated to the Participant's Retirement Account and/or Special Purpose Account or Accounts; the percentage allocation among the Investment Funds with respect to each such Account; the method of distribution of each such Account; and the Deferral Period for each Special Purpose Account. A separate Election Form will apply to each calendar year.

*Incentive Compensation Payment* means amounts awarded to a Participant pursuant to the Corporation's Annual Executive Incentive Compensation Plan.

*Investment Fund* means a hypothetical fund that tracks the value of such investment option as may be established by the Committee from time to time. The value of Participants' Accounts shall be adjusted to replicate the performance of the applicable Investment Fund. Amounts allocated to any Investment Fund do not result in any investment in actual assets corresponding to the Investment Fund.

*Participant* means an executive of the Corporation who is paid from a U.S. payroll, files a U.S. income tax return, and who elects to defer Compensation under the Plan.

*Plan* means the United Technologies Corporation Deferred Compensation Plan as amended and restated effective September 1, 2002, and as amended from time to time thereafter.

*Plan Accounts* means the aggregate value of all Class Year Accounts, Special Purpose Accounts, and Retirement Account, but excluding accounts under the Prior Plan. Accounts under the Prior Plan will be valued and administered separately in accordance with the terms and procedures in effect under the Prior Plan.

*Prior Plan* means the United Technologies Corporation Deferred Compensation Plan, as in effect prior to December 15, 1993. All amounts deferred and credited under the Prior Plan shall continue to be subject to the terms and conditions of the Prior Plan and shall not be affected by this amendment and restatement.

*Retirement Account* means a Plan Account maintained on behalf of the Participant that will be distributed in the manner elected by the Participant commencing in April of the calendar year following the Participant's Retirement Date.

*Retirement* means attainment of age 65; attainment of at least age 55 and a minimum of 10 or more years of "continuous service" (as defined in one of the Corporation's retirement plans); or termination of employment on or after age 50 and before age 55, with a combination of age and years of service equal to at least 65 (the "Rule of 65").

*Retirement Date* means the date a Participant terminates employment from the Corporation on or after attaining eligibility for Retirement.

*S&P 500 Account* means an Investment Fund that is valued in the manner set forth in Section 5.4.

*Special Purpose Account* means a Plan Account maintained on behalf of the Participant that will be distributed in the manner elected by the Participant commencing in April of the calendar year specified by the Participant. The minimum Deferral Period is five (5) calendar years following the end of the calendar year for which the Account is established.

*UTC Common Stock* means the common stock of United Technologies Corporation.

*UTC Stock Unit Account* means the Investment Fund that is valued in the manner set forth in Section 5.3.

### **ARTICLE III - ELIGIBILITY AND PARTICIPATION**

#### **Section 3.1 - Eligibility**

Each employee of the Corporation who is classified as an eligible Participant as of December 31 will be eligible to elect to defer Compensation under the Plan in respect of the subsequent calendar year in accordance with the terms of the Plan and the rules and procedures established by the Committee.

#### **Section 3.2 - Participation**

Each eligible Participant may elect to participate in the Plan with respect to any calendar year for which the Committee offers the opportunity to defer Compensation by timely filing with the Committee an Election Form, properly completed in accordance with Section 4.1. Participation in the Plan is entirely voluntary.

## **ARTICLE IV - PARTICIPANT ELECTIONS**

### **Section 4.1 - Election**

An eligible Participant may participate in the Plan by executing the Election Form provided by the Committee for the subsequent calendar year. The eligible Participant must designate the dollar amount of base salary that will be deferred during such calendar year, and/or the percentage or dollar amount of any Incentive Compensation Payment otherwise payable during such calendar year that will be deferred under the Plan. The minimum dollar amount that a Participant may defer under the Plan for any calendar year is \$5,000. Any deferral election made in the Election Form is irrevocable and must be completed and returned to the Committee no later than the December 31 immediately preceding the calendar year to which the election applies, or such earlier date as the Committee may specify. If an eligible executive fails to return a properly completed Election Form by such date, the executive will be ineligible to defer Compensation under the Plan for the following calendar year.

### **Section 4.2 - Investment Fund Allocations**

When completing the Election Form, the Participant must allocate the amounts to be deferred, in whole percentages divisible by 10, among the available Investment Funds.

Participants may reallocate their existing post-1993 Class Year Accounts, Special Purpose Accounts and Retirement Account among the available Investment Funds as permitted by the Committee, generally once per year. Such reallocations shall be in whole percentages divisible by 10 and, unless otherwise specified by the Committee, shall be effective January 1 of the calendar year following the date of the reallocation election.

### **Section 4.3 - Designation of Beneficiary**

Each Participant shall designate a Beneficiary for his or her Plan Accounts on a form provided by the Committee. Such designation may be changed on a form acceptable to the Committee at any time by the Participant. In the event that no Beneficiary designation is filed with the Committee, or if the Beneficiary (and contingent Beneficiary) does not survive the Participant, all amounts deferred hereunder will be paid to the estate of the Participant in a lump sum. 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 4.3. In the event of the death of a Participant, distributions shall be made in accordance with Section 6.4.

### **Section 4.4 - Deferral Period**

Each Participant shall specify in the Election Form the Deferral Period for amounts to be deferred in the following calendar year. The minimum Deferral Period for a Special Purpose Account is five (5) calendar years following the end of the calendar year in which the Account is established. Participants may defer Compensation into a Retirement Account until April of the calendar year following their Retirement Date.

### **Section 4.5 - Distribution Schedule**

Each Participant shall specify in the Election Form whether the value of the Participant's Retirement or Special Purpose Account shall be distributed in a single lump-sum cash payment or in a series of annual cash installment payments for a specified number of years (not to exceed 15 years).



## **ARTICLE V - PLAN ACCOUNTS**

### **Section 5.1 - Accounts**

Prior to 2003, the Committee established a Class Year Account for each Participant with respect to each Class Year for which the Participant elected to defer Compensation under the Plan. Each Class Year Account will be maintained separately.

Amounts deferred in 2003 and subsequent calendar years will be allocated to a Retirement Account and/or one or more Special Purpose Accounts as elected by the Participant. The Committee will establish the maximum number of Special Purpose Accounts.

Participants' Plan Accounts shall be allocated or reallocated among Investment Funds in accordance with each Participant's instructions in the manner set forth in Section 4.2.

### **Section 5.2 - Valuation of Credited Interest Account**

Deferred amounts allocated to the Credited Interest Account will be credited with a rate of interest equal to the average interest rate on 10-Year Treasury Bonds as of the last business day of each month from January through October in the prior calendar year, plus 1%.

### **Section 5.3 - Valuation of UTC Stock Unit Account**

Deferred Compensation allocated to the UTC Stock Unit Account will be converted to Stock Units, or fractional Stock Units. A UTC Stock Unit is equal to the closing price of one share of UTC Common Stock as reported on the composite tape of the New York Stock Exchange. The number of Stock Units will be calculated by dividing the amount of Compensation deferred by the closing price of UTC Common Stock on the date the deferred amounts otherwise would have been paid. Stock Units held in the UTC Stock Unit Account will be credited with a dividend payment equal to the Corporation's declared dividend on UTC Common Stock (if any). Such dividend equivalent payments will be converted to additional Stock Units or fractional units using the closing price of UTC Common Stock as of the date such dividends are credited to the Participant's UTC Stock Unit Account.

#### **Section 5.4 – Valuation of S&P 500 Account**

Deferred amounts allocated to the S&P 500 Account will be converted to S&P Account units based on the closing share price of the Vanguard 500 Index Fund as of the date the deferred amount is credited to the Participant's S&P 500 Account. The value of the S&P 500 Account units will fluctuate on a daily basis based on the performance of the Vanguard 500 Index Fund.

#### **Section 5.5 - Allocation to Accounts**

During the year of deferral, deferred amounts will be allocated to the Participant's Plan Accounts and Investment Funds as of the date the deferred amounts would otherwise have been paid.

#### **Section 5.6 - Reports to Participants**

The Committee will provide or make available detailed information to Participants regarding the value of Plan Accounts, distribution elections, Beneficiary designations, Investment Fund allocations and credited values for Class Year, Retirement and Special Purpose Accounts, not less than once per year. Such information may be provided via electronic media as determined by the Committee.

### **ARTICLE VI - DISTRIBUTION OF ACCOUNTS**

#### **Section 6.1 - Timing of Plan Distributions**

The value of a Participant's Retirement Account will be distributed (or begin to be distributed) in April of the calendar year following the Retirement Date. The value of a Participant's Special Purpose Account will be distributed (or begin to be distributed) in April of the specified year. This means, for example, that if a deferral election specifies a Deferral Period until 2015, distribution will occur in April of 2015.

The value of a Participant's Class Year Account will be distributed (or begin to be distributed) in April of the last year of the Deferral Period. Upon Retirement, the value of a Participant's Class Year Account will be distributed (or begin to be distributed) in April next following the Retirement Date, or in April of the calendar year following the Retirement Date, as elected.

## **Section 6.2 - Method of Distribution**

Each Class Year, Retirement and Special Purpose Account will be distributed in a single lump-sum cash payment, or in a series of annual cash installment payments, in accordance with the Participant's election with respect to each such Account.

## **Section 6.3 - Termination of Employment**

In the event of termination of employment prior to a Participant's Retirement Date, during or after the Deferral Period with respect to any Class Year, Retirement or Special Purpose Account, the full value of the Participant's Plan Accounts will be distributed in a lump-sum cash payment in April following the date of termination, regardless of the distribution option elected.

## **Section 6.4 - Distribution in the Event of Death**

In the event of the death of a Participant prior to attaining eligibility for Retirement, and before the end of the Deferral Period with respect to any Plan Account, the full value of such Plan Accounts will be distributed to the designated Beneficiary in a lump sum as soon as administratively feasible.

In the event of the death of a Participant prior to attaining eligibility for Retirement, but after the end of the Deferral Period with respect to any Plan Account, the full value of such Plan Accounts will be distributed to the designated Beneficiary in accordance with the Participant's distribution election on file.

In the event of death of a Participant after attaining eligibility for Retirement, the full value of the Participant's Plan Accounts will be distributed to the Beneficiary in accordance with the Participant's distribution elections on file.

If the Beneficiary is the Participant's estate, the full value of the Participant's Plan Accounts will be paid in a single lump sum as soon as administratively feasible following the Participant's date of death.

In the event of the death of the Beneficiary (and any contingent Beneficiary) while receiving distributions from the Plan, the full value of the applicable Plan Accounts will be paid in a single lump sum to such Beneficiary's estate as soon as administratively feasible.

### **Section 6.5 - Hardship Distribution**

The Committee may, in its sole discretion, upon finding that the Participant (or Beneficiary in the event of a Participant's death) has suffered an unforeseen, severe and immediate financial emergency, permit such Participant to withdraw a portion of the value of the Participant's Plan Accounts in an amount sufficient to eliminate the hardship. Financial hardship distributions will be made only if the Committee determines that the Participant is unable to resolve the financial emergency through other means reasonably available to the Participant. Financial hardship distributions will be made following the Committee's determination of a qualifying financial emergency on the basis of the value of the Participant's Plan Accounts as of the most recent date available. The Committee will determine from which Special Purpose, Retirement or Class Year Accounts and associated 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 financial hardship distributions.

### **Section 6.6 - Disability**

In the event of the disability of a Participant, as determined under the Corporation's Long Term Disability Plan, the Participant's Plan Accounts will be maintained and distributed in accordance with the Participant's elections on file.

## **Section 6.7 - Distribution from Supplemental Account**

The Committee will effect distributions from supplemental retirement plans with respect to Benefit Reductions incurred in any of the Corporation's defined benefit pension plans at the same time, in the same manner and in the required amounts such that when combined with benefits provided by the defined benefit pension plans in which a Participant incurred a Benefit Reduction, the total amount received by a Participant (or Beneficiary) will equal the amount of pension benefit that would otherwise have been paid had the Participant not participated in this Plan.

At the end of each calendar year, the Committee will determine if any Benefit Reduction has been incurred with respect to any of the Corporation's savings plans or other tax qualified defined contribution retirement plans, and will credit the amount of such Benefit Reduction to the affected Participant's Plan Accounts as of the last business day of the calendar year. Any such amounts will be allocated on a pro-rata basis to the Participant's Plan Accounts and Investment Funds in accordance with the Participant's deferral elections on file for that calendar year.

## **ARTICLE VII - AMENDMENT AND TERMINATION OF PLAN**

### **Section 7.1 - 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 and 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 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 VI.

## **Section 7.2 - Plan Suspension and Termination**

The Corporation's Pension Administration 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 hereunder would not be in the best interest of the Corporation or for any other reason. In the event of the suspension of the Plan, no additional deferral shall be made under the Plan, but all previous deferrals shall accumulate and be distributed in accordance with the otherwise applicable provisions of the Plan and the applicable elections on file. In the event of the termination of the Plan, each Participant will receive, in a lump-sum cash payment, the value of his or her Plan Accounts.

## **Section 7.3 - 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 VIII - GENERAL PROVISIONS**

### **Section 8.1 - 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 8.2 - Nonassignability**

No Participant or Beneficiary or any other person shall have right to sell, assign, transfer, pledge, or otherwise encumber any interest in the Plan. 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 benefit will not be transferred by operation of law in the event of a Participant's or any Beneficiary's bankruptcy or insolvency.

## **Section 8.3 - No Contract of Employment**

Participation in the Plan shall not be construed to constitute a direct or indirect contract of employment between the Corporation and the Participant. Participants and Beneficiaries will have no rights against the Corporation 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 the Corporation for any length of time or to interfere with the right of the Corporation to terminate a Participant's employment prior to the end of any Deferral Period.

## **Section 8.4 - Governing Law**

The provisions of the Plan will be construed and interpreted according to the laws of the State of Connecticut, to the extent not preempted by federal law.

## **Section 8.5 - 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 8.6 - 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 United Technologies Corporation Deferred Compensation Committee, 1 Financial Plaza, Hartford, Connecticut 06101, Attn: R. Larry Acorn, Director, Compensation, MS-504. Any notice or filing required or permitted to be given to any Participant or Beneficiary under the Plan shall be sufficient if provided either 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 8.7 - 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, which 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 8.8 - 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 their 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.

## **ARTICLE IX - ADMINISTRATION AND CLAIMS**

### **Section 9.1 - Plan Administration**

The Committee shall be solely responsible for the administration and operation of the Plan. 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.



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 which shall respond in writing as soon as practicable.

## **Section 9.2 - Claim Procedures**

If a Participant or Beneficiary requests a benefit or payment under the Plan and such claim or request is denied, the Committee will provide a written notice of denial which will specify (a) the reason for denial, with specific reference to the Plan provisions on which the denial is based and (b) a description of any additional material or information that may be required with respect to the claim and an explanation of why such information is necessary.

If a claim or request is denied or if the Participant or Beneficiary receives no response within 60 days, the Participant or Beneficiary may request review by writing to the Committee. The Committee will review the claim or request, and may request additional information or materials that it deems appropriate to the resolution of any issues presented. The decision on review will normally be made by the Committee within 60 days of its receipt of the request for review but may be extended up to 120 days from such date. The Committee's decision will be in writing and will state the basis for its decision and shall be conclusive and binding on all parties.

**CARRIER GLOBAL CORPORATION  
COMPANY AUTOMATIC CONTRIBUTION EXCESS PLAN  
(Effective as of January 1, 2020)**

**ARTICLE I – PREAMBLE**

**Section 1.1 – Purpose of the Plan**

The Carrier Global Corporation Company Automatic Contribution Excess Plan (the “CACEP” or the “Plan”) is hereby established effective January 1, 2020 (the “Effective Date”) for the benefit of Carrier employees whose contributions to the Qualified Savings Plan are limited due to (i) the compensation limitations imposed by Section 401(a)(17) of the Code, (ii) the contribution limitations imposed by Section 415(c) of the Code, or (iii) the Participant’s elective deferral of compensation. The purpose of the CACEP is to provide for the accrual of benefits which are supplemental to Company Retirement Contributions and certain Company Matching Contributions benefits payable under the Qualified Savings Plan.

**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 Otis (the “Employee Matters Agreement”), the Corporation and the Plan shall assume all obligations and liabilities of UTC and its Subsidiaries under the UTC CACEP 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 CACEP 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 CACEP 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 CACEP 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 Plan 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.

## **ARTICLE II – DEFINITIONS**

Unless otherwise indicated, capitalized terms herein shall have the same meanings ascribed under the Qualified Savings Plan.

- (a) *Beneficiary* means the person, persons, entity or entities designated on an electronic or written form by the Participant to receive the value of his or her Plan Account 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 Account will be paid to the Participant's estate.
- (b) *Benefit Reduction Contribution* means an amount credited by the Corporation to the Participant's Plan Account to restore the reduction in the Company Automatic Contribution credited to a Participant's Plan Account as a result of the reduction of such Participant's Eligible Earnings due to an elective deferral of compensation by the Participant under the Carrier Global Corporation Deferred Compensation Plan.
- (c) *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)).

- (d) *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 refer to Section 409A of the Code and any final regulations and guidance issued thereunder by the Internal Revenue Service from time to time in effect.
- (e) *Committee* means the Carrier Employee Benefit Committee, which is responsible for the administration of the Plan.
- (f) *Company Automatic Contribution* means the age-graded non-matching contribution credited to the Plan on behalf of a Participant in accordance with Sections 5.1 and 5.2 of the Plan. Where referring to Company Automatic Contributions in the Qualified Savings Plan, the definition of such term in the Qualified Savings Plan shall apply.
- (g) *Company Matching Contribution* means the matching contribution credited to the Plan on behalf of a Participant in accordance with Section 5.2 of the Plan.
- (h) *Corporation* means Carrier Global Corporation.
- (i) *DCP* means the Carrier Global Corporation Deferred Compensation Plan.
- (j) *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. The Default Investment Option shall be the Income Fund, unless otherwise determined in the sole discretion of the Committee.
- (k) *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.
- (l) *Election Form* means the form or process provided by the Committee to Participants electronically or in paper form for the purpose of specifying the method of distribution and/or the percentage allocation among the Investment Funds with respect to a Participant’s Plan Account.

- (m) *Eligible Earnings* 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 modified by disregarding the IRS Compensation Limit in such definition and including amounts the Participant elects to defer for such Plan Year to the Carrier Savings Restoration Plan.
- (n) *Eligible Excess Compensation* means Eligible Earnings in excess of the IRS Compensation Limit for any Plan Year.
- (o) *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 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.
- (p) *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 CACEP may be changed from time to time by the Committee and shall be valued in the manner set forth in Section 6.2. The value of Participants’ 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.
- (q) *IRS Compensation Limit* means the limitation imposed by Section 401(a)(17) of the Code.
- (r) *IRS Contribution Limit* means the limitation imposed by Section 415(c) of the Code.
- (s) *A Participant* eligible for a contribution under the Plan for a Plan Year means an eligible Employee who (i) has Eligible Excess Compensation, or (ii) is barred from receiving an allocation of Company contributions under the Qualified Savings Plan for such Plan Year due to the IRS Contribution Limit; and (iii) is not an active Participant in the UTC CACEP or the Otis Worldwide Corporation Company Automatic Excess Plan. A Participant who has previously received an allocation under the Plan but who ceases to be eligible under the preceding sentence shall not be eligible for a contribution under Article V but shall remain a Participant under the Plan with respect to his or her Plan Account until it is distributed or forfeited in accordance with the terms of the Plan.

- (t) *Plan* means the Carrier Global Corporation Company Automatic Contribution Excess Plan, as amended from time to time.
- (u) *Plan Account* means an account maintained on behalf of a Participant for the purpose of crediting Company Automatic Contributions and Company Matching Contributions.
- (v) *Plan Year* means the calendar year.
- (w) *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.
- (x) *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 where 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 a half percent (37.5%) of the average level of bona fide services the Participant performed during the immediately preceding thirty-six (36) months (or the entire period the Participant has provided services if the Participant has been providing services to Carrier Companies for less than thirty-six (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 CACEP 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.

- (y) *Specified Employee* means for the period (i) 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. Regs. Sec. 1.409A-1(i)(3) and (4)); and (ii) 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. Regs. Sec. 1.409A-1(g)), effective annually as of April 1, based on 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.
- (z) *Spin-off* means the process by which the Corporation becomes a separate publicly traded company and no longer a UTC subsidiary.
- (aa) *Subsidiary* means any corporation, partnership, joint venture, limited company or other entity during any period in which at least a fifty percent (50%) voting or profits interest is owned, directly or indirectly, by the Corporation or any successor to the Corporation.
- (bb) *UTC* means United Technologies Corporation.
- (cc) *UTC CACEP* means the United Technologies Corporation Company Automatic Contribution Excess Plan.

## **ARTICLE III – ELIGIBILITY AND ENROLLMENT**

### **Section 3.1 – Eligibility**

Each Employee who meets the definition of a Participant for the Plan Year shall be eligible to participate in this Plan, if and to the extent, such Employee's Eligible Earnings for such Plan Year are in excess of the IRS Compensation Limit or Company contributions to the Qualified Savings Plan for such Plan Year are limited by the IRS Contribution Limit.

### **Section 3.2 – Enrollment**

An eligible Participant will automatically be enrolled in the Plan within thirty (30) days of the first pay date of the first Plan Year in which such Participant's Eligible Earnings exceed the IRS Compensation Limit, or Company contributions to his or her accounts in the Qualified Savings Plan are barred by the IRS Contribution Limit ("Initial Enrollment Period").

## **ARTICLE IV – PARTICIPANT ELECTIONS AND DESIGNATIONS**

### **Section 4.1 – Distribution Election**

A Participant must, on or before the election deadline established by the Committee, make an electronic or written election on the Election Form to have the Participant's Plan Account distributed in a lump sum or in two (2) to fifteen (15) annual installments. To the extent no distribution election is made with respect to a Participant's Plan Account, the distribution will be made in a lump sum at the time provided in Article VII.

### **Section 4.2 – Election Date**

An Election Form must be completed and submitted to the Committee no later than the end of the Initial Enrollment Period (as defined in Section 3.2), or such other date as the Committee may specify and shall be effective with respect to benefits accrued for services to be performed after the election. However, if the Participant is not eligible to make an initial distribution election within the Initial Enrollment Period under Treas. Regs. Sec.1.409A-2(a)(7) (*i.e.*, because he or she is already eligible to participate in another deferred compensation plan required to be aggregated with this Plan for Section 409A purposes), then such Election Form will be effective with respect to benefits accrued after the end of the Plan Year in which the Election Form is filed. Except as provided below in Section 4.4 (Change in Distribution Election), the choices reflected on the Participant's Election Form shall be irrevocable on the election deadline.



### **Section 4.3 – Investment Fund Allocations**

A Participant's Plan Account will be allocated to the Default Investment Option at the time the Participant first becomes eligible to participate in the Plan. Participants may change the asset allocation of their existing Participant Plan Account balance, or the Investment Funds to which new contributions are allocated, as permitted by the Committee.

### **Section 4.4 – 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 Account. 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 (12) 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 fifty (50) (and the new election shall be ineffective if the Participant incurs a Separation from Service within twelve (12) months after the date of the new election);

(b) The new election will not take effect until at least twelve (12) 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 (5) 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 4.5 – Designation of Beneficiary**

Each Participant shall designate a Beneficiary for his or her Plan Account 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 Account 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 4.5. In the event of the death of a Participant, distributions shall be made in accordance with Section 7.6.

## **ARTICLE V – COMPANY CONTRIBUTIONS**

### **Section 5.1 – Company Automatic Contribution Amount**

(a) **Due to IRS Compensation Limit.** The Corporation will credit an age-graded Company Automatic Contribution to the Plan on behalf of each eligible Participant having Eligible Excess Compensation for the Plan Year, provided that the Participant is eligible for a Company Automatic Contribution under the terms of the Qualified Savings Plan for such Plan Year. This contribution shall be a percentage of the Participant's Eligible Excess Compensation based on the Participant's date of hire and age as of December 31 of the Plan Year for which the contribution is credited determined under the Company Automatic Contribution formula in the Qualified Savings Plan.

(b) **Due to IRS Contribution Limit.** A Participant shall be immediately eligible to receive an allocation of Company Automatic Contributions for a Plan Year, if and to the extent, such contributions on behalf of the Participant to the Qualified Savings Plan for the Plan Year are limited by the IRS Contribution Limit. This contribution shall be a percentage of the Participant's Eligible Earnings up to the IRS Compensation Limit based on the Participant's date of hire and age as of December 31 of the Plan Year for which the contribution is credited determined under the Company Automatic Contribution formula applicable to the Participant in the Qualified Savings Plan, with respect to Eligible Earnings paid to the Participant once the IRS Contribution Limit is reached, and will stop once the Participant's Eligible Earnings equal the IRS Compensation Limit for the Plan Year.

(c) **No Duplication.** In no event shall a Participant be eligible for Company Automatic Contributions under this Plan if such contributions are made under the Qualified Savings Plan or would otherwise result in a duplication of benefits (*e.g.*, if amounts are credited under any other Company deferred compensation plan with respect to the same Eligible Earnings).

## **Section 5.2 – Company Matching Contribution Eligibility and Amount**

A Participant shall be eligible to receive an allocation of Company Matching Contributions for a Plan Year, if and to the extent, such Participant's Qualified Savings Plan Contributions for such Plan Year are limited by the IRS Contribution Limit, and provided further that the Participant has made the maximum elective deferrals to the Qualified Savings Plan permitted under Section 402(g) of the Code or the terms of the Plan. The allocation will be made with respect to Eligible Earnings paid to the Participant once the IRS Contribution Limit is reached, and will stop once the Participant's Eligible Earnings equal the IRS Compensation Limit for the Plan Year. The amount of the Company Matching Contribution shall be calculated in the same manner that Company Matching Contributions would be calculated under the Qualified Savings Plan if the IRS Contribution Limit did not apply and assuming that the Participant would have continued to contribute at least six percent (6%) of the Participant's Eligible Earnings (or if the matching formula changes under the Qualified Savings Plan, the minimum amount necessary to receive the maximum match under the Qualified Savings Plan) if the Participant were permitted to do so but for the IRS Contribution Limit. In no event shall a Participant be eligible for an allocation of Company Matching Contributions under this Plan with respect to Eligible Excess Compensation, or if such contributions are made under the Qualified Savings Plan or credited under any other Company deferred compensation plan with respect to the same Eligible Earnings.

### **Section 5.3 – Timing of Contribution**

Allocation of Company Automatic Contributions and Company Matching Contributions shall be made no less frequently than annually with respect to each Plan Year. The Corporation may in its sole discretion credit additional amounts to Participants' Plan Accounts, may specify vesting requirements applicable to such additional amounts and need not treat Participants uniformly.

### **Section 5.4 – Vesting of Contributions**

A Participant shall be vested in the value of contributions credited to his or her Plan Account upon the first to occur of the following: participation in the Plan (including the UTC CACEP prior to the Spin-off) for two (2) years; completion of three (3) years of "Continuous Service" (as defined in the Qualified Savings Plan); attainment of age sixty-five (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 (2) years of Plan participation.

### **Section 5.5 – Annual Contribution Limitation**

In no event shall the aggregate contributions made to a Participant's Plan Account under Section 5.1(b) and Section 5.2 as a result of the Participant's deferral elections under the Qualified Savings Plan for the Plan Year exceed the amounts permitted to be made to a "linked" Plan under Treasury Regulations issued under Section 409A.

## **ARTICLE VI – PLAN ACCOUNTS**

### **Section 6.1 – Accounts**

A Plan Account will be established for each Participant. Contributions made under the Plan 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 4.3.

### **Section 6.2 – Valuation of Investment Funds**

Company Automatic Contributions and Company Matching Contributions 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 contribution 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 6.3 – 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 the failure to implement any Investment Fund allocation) disclosed in such information.

## **ARTICLE VII – DISTRIBUTION OF PLAN ACCOUNT**

### **Section 7.1 – Timing of Plan Distributions**

Except as provided in Section 4.4 (Change in Distribution Election), Section 7.4 (Separation from Service before Attaining Age Fifty (50)), Section 7.5 (Separation from Service of Specified Employees), and Section 7.6 (Death), the value of a Participant's Plan Account 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 (50)), Section 7.6 (Death), or as provided in the following sentence (Company Automatic Contributions and Benefit Reduction Contributions based on compensation earned before the Participant's benefit distribution election), a Plan Account 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. As provided in Article IV, any Benefit Reduction Contribution or Company Automatic Contribution based on compensation that a Participant earns after the Participant becomes eligible to participate in the Plan, but before the Participant makes a valid distribution election, shall be paid in a lump sum, or as otherwise provided in a change in distribution election made pursuant to Section 4.4.

Annual installment distributions shall be payable to the Participant beginning on 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 Account 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**

Plan Account distributions will be made in cash.

## **Section 7.4 – Separation from Service before Attaining Age Fifty (50)**

If a Participant's Separation from Service occurs before the Participant attains age fifty (50), the full value of the Participant's Plan Account 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 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 Account has been fully distributed, the full remaining value of the Participant's Plan Account will be distributed to the designated Beneficiary or the Participant's estate in a lump sum no later than December 31 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 Account 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 Account upon the occurrence of an Unforeseeable Emergency. An "Unforeseeable Emergency" is a severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in IRC Section 152, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)); (ii) loss of the Participant's property due to casualty; or (iii) 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, or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not cause severe financial hardship).

(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 an 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 fifteenth (15th) day of the third (3rd) calendar month following the date specified by the Plan (for a payment whose specified due date is on or after October 1). A payment is also treated as being made on the date when it is due under the Plan if the payment is made not more than thirty (30) days before the due date specified by the Plan. In no event will a payment to a Specified Employee be made or commence earlier than the first day of the seventh (7th) 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 Account 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 Account (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 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 contributions shall be made under the Plan. All previous contributions shall 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 Account 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 thirteenth (13th) month and no later than the twenty-fourth (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. Regs. Sec. 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 (3) 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 other than for Domestic Relations Orders**

(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 any other Plan benefit 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 Account 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 Account. 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 Committee. Any notice or filing required or permitted to be given to any Participant or Beneficiary under the Plan shall be sufficient if provided either 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, which 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 Account 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 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” of the Plan 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 decisions 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: Benefits 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 ninety (90) days. The Committee may, however, extend the response period for up to an additional ninety (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 in part, the Committee shall provide the Claimant with a written decision, using language calculated to be understood by the Claimant, setting forth (i) the specific reason or reasons for such denial; (ii) the specific reference to relevant provisions of this Plan on which such denial is based; (iii) 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; (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; (v) the time limits for requesting a review of the claim; and (vi) the Claimant's right to bring an action for benefits under Section 502(a) of ERISA.

(c) Within sixty (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 comments in writing for consideration by the Committee. If the Claimant does not request a review of the initial determination within such sixty (60)-day period, the Claimant shall be barred from challenging the determination.

(d) Within sixty (60) days after the Committee receives a request for review, it will review the initial determination. If special circumstances require that the sixty (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 one hundred twenty (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, (i) the specific reasons for the decision, including references to the relevant Plan provisions upon which the decision is based; (ii) 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 (iii) 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. A portion of this Plan constitutes an "excess benefit plan" as defined in Section 3(36) of ERISA.

### **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: Carrier Employee Benefit Committee  
Telephone: 561-365-2000



**CARRIER GLOBAL CORPORATION  
LTIP PERFORMANCE SHARE UNIT DEFERRAL PLAN  
(Effective as of January 1, 2020)**

**ARTICLE I – PREAMBLE**

**Section 1.1 – Purpose of the Plan**

The Carrier Global Corporation LTIP Performance Share Unit Deferral Plan (the “Plan”) is hereby established effective January 1, 2020 (the “Effective Date”) to provide eligible Participants with the opportunity to defer receipt of shares of Common Stock in respect of Performance Share Units (“PSUs”) awarded by United Technologies Corporation (“UTC”) prior to the Spin-off or by the Corporation on or following the Spin-off.

**Section 1.2 – Spin-off from UTC**

On November 26, 2018, UTC announced its intention to separate into three independent companies, UTC, 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 Otis (the “Employee Matters Agreement”), the Corporation and this Plan shall assume all obligations and liabilities of UTC and its subsidiaries under the UTC LTIP PSU Deferral Plan 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 LTIP PSU Deferral Plan 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 LTIP PSU Deferral Plan 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 LTIP PSU Deferral Plan 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 this Plan. All valid domestic relations orders filed with the UTC LTIP PSU Deferral Plan 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 8.2.

## **ARTICLE II – DEFINITIONS**

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

- (a) *Beneficiary* means the person, persons, entity, or entities designated on an electronic or written form by the Participant to receive the value of his or her Plan Account 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 Account will be paid to the Participant's estate.
- (b) *Carrier Company* means, (i) prior to the Spin-off, any entity within the Carrier business unit of UTC 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 clauses (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)).
- (c) *Carrier LTIP PSU Deferral Plan* means the Carrier Global Corporation LTIP Performance Share Unit Deferral Plan.
- (d) *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 any final regulations or other applicable guidance issued thereunder by the Internal Revenue Service from time to time in effect.

- (e) *Committee* means the Carrier Employee Benefit Committee, which is responsible for the administration of this Plan. The Committee may delegate administrative responsibilities to such individuals and entities as it shall determine.
- (f) *Common Stock* means the common stock of United Technologies Corporation until the Spin-off and means the common stock of the Corporation from and after such date.
- (g) *Corporation* means Carrier Global Corporation, or any successor thereto.
- (h) *DCP* means the United Technologies Deferred Compensation Plan prior to the Spin-off date and means the Corporation's Deferred Compensation Plan from and after the Spin-off date.
- (i) *Default Deferral Period* means the minimum Deferral Period of five (5) years following the date on which the Performance Cycle Account is established.
- (j) *Default Distribution* means payment in a lump sum distribution.
- (k) *Deferral Period* means the period designated (or deemed to be designated) by the Participant in accordance with this Plan that ends on the Participant's Retirement Date or on a Specific Deferral Date.
- (l) *Deferred Share Units* means PSUs that have been deferred pursuant to the terms of this Plan (or pursuant to the UTC LTIP PSU Deferral Plan for periods prior to the Spin-off), and dividend equivalents that are credited and invested pursuant to Section 7.1.
- (m) *Disability* means permanent and total disability as determined under the Corporation's long-term disability plan applicable to the Participant, or if there is no such plan applicable to the Participant, "Disability" means a determination of total disability by the Social Security Administration; *provided* that, in either case, the Participant's condition also qualifies as a "disability" for purposes of Section 409A(a)(2)(C).
- (n) *Election Form* means the enrollment form provided by the Committee to Participants electronically or in paper form for the purpose of deferring PSUs under this Plan. Each Participant's Election Form must contain such information as the Committee may require, including: the percentage of the award to be deferred with respect to the applicable Performance Cycle, the form of distribution elected, and the distribution start date (*see also* Default Deferral Period and Default Distribution). There will be a separate Election Form for each Performance Cycle.

- (o) *Employee* means an employee of the Corporation and its subsidiaries. For the period January 1, 2020 until the Spin-off date, Employee shall exclude any employee of UTC and its subsidiaries and affiliates that is not deemed to be within the Carrier business unit of UTC.
- (p) *ERISA* means the Employee Retirement Income Security Act of 1974, as amended.
- (q) *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 LTIP PSU Deferral Plan may be changed from time to time by the Committee and shall be valued in the manner set forth in Section 5.1. The value of Participants' Plan Accounts invested in Investment Funds 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.
- (r) *Participant* means an Employee of a Carrier Company who (i) is determined by the Committee to be within a select group of management or highly compensated employees, (ii) is paid from a U.S. payroll, (iii) files a U.S. income tax return, (iv) has been awarded PSUs, (v) elects to defer a portion of such PSUs pursuant to the terms of this Plan, and (vi) is not an active participant in the UTC LTIP PSU Deferral Plan or the Carrier LTIP PSU Deferral Plan. A Participant who has previously contributed to this Plan, but who ceases to be eligible under the preceding sentence, shall not be eligible to further defer PSUs under Article IV, but shall remain a Participant under this Plan with respect to his or her Plan Account until final distribution in accordance with the terms of this Plan.
- (s) *Performance Cycle* means the three (3)-year performance measurement period during which the pre-established performance targets are measured for each PSU Award.

- (t) *Performance Cycle Account* means the account established for each Participant for each Performance Cycle for which PSUs have been deferred under this Plan. The Performance Cycle Account shall be established shortly after the end of the final year of the three (3)-year performance measurement period (*i.e.*, when the Corporation's Compensation Committee determines the extent to which the performance goals were obtained).
- (u) *Plan* means the Carrier Global Corporation LTIP Performance Share Unit Deferral Plan, as amended from time to time.
- (v) *Plan Account* means the aggregate value of all Performance Cycle Accounts.
- (w) *PSUs* means restricted stock units granted pursuant to a long-term incentive plan of the Corporation (or for periods prior to the Spin-off, pursuant to a UTC long-term incentive plan), the vesting of which are conditioned upon the attainment of performance goals and continued service.
- (x) *Qualified Savings 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.
- (y) *Retirement* means a Separation from Service on or after attainment of age fifty (50).
- (z) *Retirement Date* means the date of a Participant's Retirement.
- (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 where 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 the Carrier Companies will be permanently reduced to a level that is less than thirty-seven and a half percent (37.5%) of the average level of bona fide services the Participant performed during the immediately preceding thirty-six (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 thirty-six (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 the 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 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) *Share* means a share of UTC Common Stock until the Spin-off, and means a share of the Corporation's common stock from and after such date.
- (cc) *Specific Deferral Date* means a specified date, not less than five (5) years following the date on which the Performance Cycle Account is established.
- (dd) *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 affiliates 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. Regs. Sec. 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. Regs. Sec. 1.409A-1(g)), effective annually as of April 1st, based on compensation reported on 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.
- (ee) *UTC LTIP PSU Deferral Plan* means the United Technologies Corporation LTIP Performance Share Unit Deferral Plan.

- (ff) *Valuation Date* means the date on which Deferred Share Units included in a Participant's Performance Cycle Account are valued prior to distribution. If the New York Stock Exchange is closed on a Valuation Date, the Valuation Date will be the next business day.

**For PSUs granted on or after January 1, 2008 the following rules apply for purposes of determining the Valuation Date:**

- (gg) *Separation from Service prior to age 50.* If the distribution is made because of the Participant's Separation from Service prior to attaining age fifty (50), the Valuation Date for the lump sum distribution will be the July 31st next following the Separation from Service date.
- (hh) *Retirement.* If the distribution is made because of the Participant's Retirement and the distribution is (1) a lump sum, the Valuation Date will be the July 31st next following the Retirement Date (or, if later, the vesting date for the PSUs) or (2) in installments, the Valuation Date will be the July 31st next following the Retirement Date (or, if later, the vesting date for the PSUs) and each subsequent July 31st thereafter for the remaining installments.
- (ii) *Specific Deferral Date.* If the distribution is made because the Deferral Period has ended on a Specific Deferral Date, the Valuation Date for the lump sum or initial installment distribution will be the July 31st next following the Specific Deferral Date and each subsequent July 31st thereafter for any remaining installments.
- (jj) *Death.* If the distribution is made as a result of the Participant's death, the Valuation Date will be a date that is as soon as practicable prior to the date the distribution is to be made on account of the death.

**For PSUs granted prior to January 1, 2008, the following rules apply for purposes of determining the Valuation Date:**

- (kk) *Separation from Service prior to age 50.* If the distribution is made because of the Participant's Separation from Service prior to attaining age fifty (50), the Valuation Date will be determined by reference to the date upon which the Participant's Separation from Service occurs. For Separations of Service that occur in a year (1) prior to July 21st, the Valuation Date will be July 31st of that year, (2) on or after July 21st and prior to October 21st, the Valuation Date will be October 31st, (3) on or after October 21st and prior to December 1st, the Valuation Date will be December 15th, and (4) in the month of December, the Valuation Date will be January 15th of the following year.

- (ll) *Retirement.* If the distribution is made because of the Participant's Retirement and the distribution is a lump sum, the Valuation Date will be determined by reference to the date upon which the Participant's Retirement Date occurs (or, if later, the vesting date for the PSUs). For Retirement Dates that occur in a year (1) prior to July 21st, the Valuation Date will be July 31st of that year, (2) on or after July 21st and prior to October 21st, the Valuation Date will be October 31st, (3) on or after October 21st and prior to December 1st, the Valuation Date will be December 15th, and (4) in the month of December, the Valuation Date will be January 15th of the following year. If the distribution is made because of the Participant's Retirement and the distribution is in the form of installments, the Valuation Date will be the July 31st next following the Retirement Date (or if later the vesting date of the PSUs) and each subsequent July 31st thereafter for the remaining installments.
- (mm) *Specific Deferral Date.* If the distribution is made because the Deferral Period has ended on a Specific Deferral Date, the Valuation Date for the lump sum or initial installment distribution will be the July 31st next following the Specific Deferral Date and each subsequent July 31st thereafter for any remaining installments.
- (nn) *Death.* If the distribution is made as a result of the Participant's death, the Valuation Date will be a date that is as soon as practicable prior to the date the distribution is to be made on account of the death.



## **ARTICLE III – ELIGIBILITY AND PARTICIPATION**

### **Section 3.1 – Eligibility**

Each Employee of a Carrier Company, who is classified as an eligible Participant at the time of the deferral election, will be eligible to participate in this Plan in respect of that Performance Cycle in accordance with the terms of this Plan.

### **Section 3.2 – Participation**

Each eligible Participant may elect to participate in this Plan with respect to any Performance Cycle for which he/she receives an award of PSUs, and for which the opportunity to defer PSUs is offered, by timely filing an Election Form, properly completed in accordance with Section 4.1.

## **ARTICLE IV – PARTICIPANT ELECTIONS AND DESIGNATIONS**

### **Section 4.1 – Election**

An eligible Participant, who has been awarded PSUs, may, on or before the election deadline established by the Committee, file an Election Form to defer the Participant's PSUs, subject to their future vesting.

### **Section 4.2 – Election Amount**

An eligible Participant must designate in the Election Form the percentage of vested PSUs (rounded down to the nearest whole share) that will be deferred under this Plan for the Performance Cycle. The minimum percentage of vested PSUs that a Participant may defer under this Plan for any Performance Cycle is ten percent (10%) and the maximum is one hundred percent (100%).

### **Section 4.3 – One-Time Diversification Election and Investment Fund Allocation**

(a) *One-Time Diversification Election.* Each Participant will be allowed a one-time opportunity during a specified two (2)-week period in February 2020 to elect to diversify his or her then-existing Performance Cycle Accounts out of Deferred Share Units, and into available Investment Funds. A separate diversification election may be made for each Performance Cycle Account; and once made, will apply to the entire Performance Cycle Account. Performance Cycle Accounts that are diversified will be valued as of the date on which the diversification election is made (or on the next business day if the election occurs after trading hours). If no election is made by a Participant, his or her Performance Cycle Accounts will remain invested in Deferred Share Units.

(b) *Investment Fund Allocation.* Performance Cycle Accounts that are diversified as part of the one-time election under paragraph (a) of this Section 4.3 can never be reinvested in Deferred Share Units; however, Participants may change the asset allocation of the diversified Performance Cycle Accounts between other Investment Funds, as permitted by the Committee.

### **Section 4.4 – Election Date**

To defer PSUs under this Plan, an Election Form must be completed and submitted to the Committee no later than the election deadline for that Performance Cycle. If the PSUs qualify as “performance-based compensation” for purposes of Section 409A, the election deadline shall be no later than December 31st of the second (2nd) year of the Performance Cycle; *provided* that the compensation provided under the PSUs has not become reasonably ascertainable by the election deadline, and provided further that the Participant has performed services continuously from the beginning of the Performance Cycle (or, if later, the date when the performance criteria were established if the award is made after the beginning of the Performance Cycle) until the election deadline. The Committee may specify an election deadline for any Performance Cycle that is earlier than the latest permissible deadline described in this paragraph, or may specify before the election deadline that particular PSUs are not eligible for deferral. Except as provided below in Section 4.7 (Change in Distribution Election) and Section 5.8 (Accelerated Distribution in the Case of an Unforeseeable Emergency), the choices reflected in the Participant’s Election Form shall become irrevocable on the election deadline. If an eligible Participant fails to submit a properly completed Election Form by the election deadline, he or she will be ineligible to participate in this Plan for the applicable Performance Cycle.

#### **Section 4.5 – Deferral Period**

Each Participant shall specify in the Election Form the Deferral Period for amounts to be deferred. Failure to specify a Deferral Period shall result in a deferral for the Default Deferral Period. A Participant may elect a Deferral Period that ends either (1) on a Specific Deferral Date that is at least five (5) years following the date on which the Performance Cycle Account is established, or (2) on the Participant's Retirement Date.

#### **Section 4.6 – Distribution Election**

At the time the Participant first elects to defer his or her vested PSUs under Section 4.1, the Participant must further make an election to have the Performance Cycle Account distributed in a lump sum or in two (2) to fifteen (15) annual installments. If no distribution election is made, the Participant's Performance Cycle Account will be distributed in a lump sum. If a Participant elects to receive the Performance Cycle Account in installments, the amount of each installment shall be determined by dividing the total Performance Cycle Account Balance on each Valuation Date by the number of installments remaining, rounded down to the nearest whole share. For any amounts not denominated in Deferred Share Units, installment payments will be determined by valuing such amount on the payment and multiplying such amount by a fraction, the numerator of which is one (1) and the denominator of which is the number of scheduled installments that remain unpaid.

#### **Section 4.7 – Change in Distribution Election**

A Participant may make an irrevocable election to extend the Deferral Period and/or change the form of distribution for a Performance Cycle Account. A Participant may change his or her election, as provided in this Section 4.7, for some accounts and not for others. For each Performance Cycle Account, the extended Deferral Period shall not be less than five (5) years following the date on which distribution would otherwise have occurred. A deferral extension election and/or change to the form of distribution must meet all of the following requirements:

- (a) The new election must be made at least twelve (12) months prior to the earlier of the date on which payments will commence under the current election and/or the date of the Participant's Separation from Service following the attainment of age fifty (50) (and the new election shall be ineffective if the Participant incurs a Separation from Service within twelve (12) months after the date of the new election);

- (b) The new election will not take effect until at least twelve (12) 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 (5) years later than the date on which payments would commence under the current election.

A Participant may change his or her election up to a maximum of three (3) times for each Performance Cycle Account.

#### **Section 4.8 – Designation of Beneficiary**

Each Participant shall designate a Beneficiary for his or her Plan Account 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 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 Account 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 this 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 4.8. In the event of the death of a Participant, distributions shall be made in accordance with Section 5.5.

## **ARTICLE V – VALUATION & DISTRIBUTION OF ACCOUNTS**

### **Section 5.1 – Valuation of Performance Cycle Accounts**

Upon the Spin-off, UTC Deferred Share Units will be converted into Carrier Deferred Share Units, including fractional Carrier Deferred Share Units, in accordance with the Employee Matters Agreement. Deferred Share Units included in a Participant's Performance Cycle Account are valued prior to distribution on the applicable Valuation Date. Except in the case of distributions made after Deferred Share Units have been converted to cash as a result of (a) the elective diversification of a Performance Cycle Account pursuant to Section 4.3, or (b) a Change of Control (as defined in Section 5.7 below), one (1) share of Common Stock will be distributed for each Deferred Share Unit. If the distribution includes a fractional unit, the number of units will be rounded down to the next whole unit for purposes of calculating the number of shares of Common Stock to be exchanged in the distribution, and the value of the fractional unit will be paid in cash. The Deferred Share Unit shall be valued based on the closing price of Common Stock as reported on the composite tape of the New York Stock Exchange on the Valuation Date. For Performance Cycle Accounts invested in an 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 5.2 – Timing of Plan Distributions**

Except as provided in Section 4.7 (Change in Distribution Election), Section 5.3 (Separation from Service before Attaining Age 50), Section 5.4 (Separation from Service of Specified Employees), and Section 5.5 (Distribution in the Event of Death) the value of a Participant's Performance Cycle Account will be distributed (or begin to be distributed) according to the distribution election on file to the Participant within thirty (30) calendar days following the Valuation Date associated with (a) the Participant's Retirement (if the Participant's Deferral Period ends on the Retirement Date) or (b) the Specific Deferral Period (if the Participant's Deferral Period ends on a Specific Deferral Date).

### **Section 5.3 – Separation from Service before Attaining Age 50**

If a Participant's Separation from Service occurs before the Participant attains age fifty (50), the full value of the Participant's entire Plan Account will be distributed in a lump sum, within thirty (30) calendar days following the Valuation Date (subject to Section 5.4 below), regardless of the distribution election on file.

### **Section 5.4 – Separation from Service of Specified Employees**

If the Participant is a Specified Employee on the date of the Participant's Separation from Service, any distribution of the Participant's Plan Account that is made on account of the Participant's Separation from Service will not be made or commence earlier than the first (1st) day of the seventh (7th) month following the date of Separation from Service. The Plan Account shall be valued as if the Valuation Date were the last business day of the month preceding 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 5.5 – Distribution in the Event of Death**

In the event of the death of a Participant before the Participant's Plan Account has been fully distributed, the full remaining value of the Participant's Plan Account 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.

### **Section 5.6 – Disability**

In the event of the Disability of a Participant, the Participant's Performance Cycle Accounts that are designated to be deferred to a Specific Deferral Date will be maintained and distributed in accordance with the Participant's elections on file. The Participant's Performance Cycle Accounts that are designated to be deferred to the Participant's Retirement Date will be distributed as if such Participant had retired on the date of the Participant's Disability, but without applying the six (6)-month delay in Section 5.4, above.

## **Section 5.7 – Distribution upon a Change in Control**

In the event of a Change in Control of the Corporation, the Participant's entire Plan Account will be converted to cash and distributed in a lump sum within ten (10) business days following the Change in Control event. The cash amount per Deferred Share Unit will equal the closing price of Common Stock on the New York Stock Exchange on the date the Change in Control occurs or, if the Common Stock is not traded on that day, on the trading day immediately preceding the Change in Control. For purposes of this Plan, a "Change in Control" means (a) the acquisition by one person, or more than one person acting as a group, of stock possessing 30 percent (30%) or more of the total voting power of the stock of the Corporation during the twelve (12)-month period ending on the date of the most recent acquisition; (b) the replacement of a majority of the members of the Corporation's board of directors during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the members of the Corporation's board of directors as constituted immediately prior to the date of such appointment or election; (c) the acquisition by one person, or more than one person acting as a group, of more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Corporation; (d) a change in the ownership of a substantial portion of the Corporation's assets such that one person, or more than one person acting as a group, acquires assets of the Corporation with a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Corporation determined immediately prior to such acquisition; and (e) a dissolution or liquidation of the Corporation. The intention of this Plan is that Change in Control shall be a permissible payment event under Section 409A. For the avoidance of doubt, the Spin-off shall not constitute a Change in Control.

## **Section 5.8 – 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 the Participant's Plan Accounts upon the showing of an unforeseeable emergency. An "unforeseeable emergency" is a severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in IRC Section 152, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)); (ii) loss of the Participant's property due to casualty; or (iii) 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 this Plan.

(b) Distributions on account of an unforeseeable emergency, as defined in Section 5.8(a), 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 Performance Cycle Accounts 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 5.9 – Administrative Adjustments in Payment Date**

A payment is treated as being made on the date when it is due under this Plan if the payment is made on the due date specified by this 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 fifteenth (15th) day of the third (3rd) calendar month following the date specified by this 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 this Plan if the payment is made not more than thirty (30) days before the due date specified by this Plan. In no event will a payment to a Specified Employee on account of his or her Separation from Service be made or commence earlier than the first (1st) day of the seventh (7th) 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 5.9.



### **Section 5.10 – Minimum Balance Payout Provision**

If a Participant's Plan Account 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 Account (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 within thirty (30) days 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 5.10 shall be evidenced in writing, no later than the payment date.

## **ARTICLE VI – AMENDMENT AND TERMINATION OF PLAN**

### **Section 6.1 – Amendment**

The Corporation may, at any time, amend this 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 this Plan or the tax treatment of this Plan Accounts, this Plan shall, without further action by the Committee, be deemed to be amended to comply with any such change in law or regulation effective 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 V. To the extent any rule or procedure adopted by the Committee is inconsistent with a provision of this Plan that is administrative, technical or ministerial in nature, this Plan shall be deemed amended to the extent of the inconsistency.

### **Section 6.2 – Plan Suspension and Termination**

(a) The Committee may, at any time, suspend or terminate this Plan with respect to new or existing Election Forms if, in its sole judgment, the continuance of this 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 suspension of this Plan, no additional deferrals shall be made under this Plan, but all previous deferrals shall accumulate and be distributed in accordance with the otherwise applicable provisions of this Plan and the applicable elections on file.

(c) Upon the termination of this Plan with respect to all Participants, and the termination of all arrangements sponsored by the Corporation that would be aggregated with this 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 Account in a lump sum, to the extent permitted under Section 409A. All payments that may be made pursuant to this Section 6.2 shall be made no earlier than the thirteenth (13th) month and no later than the twenty-fourth (24th) month after the termination of this Plan. The Corporation may not accelerate payments pursuant to this Section 6.2 if the termination of this Plan is proximate to a downturn in the Corporation's financial health within the meaning of Treas. Regs. Sec. 1.409A-3(j)(4)(ix)(C)(1). If the Corporation exercises its discretion to accelerate payments under this Section 6.2, it shall not adopt any new arrangement that would have been aggregated with this Plan under Section 409A within three (3) years following the date of this Plan's termination. The Committee may also provide for distribution of Plan Accounts following a termination of this Plan under any other circumstances permitted by Section 409A.

### **Section 6.3 – 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 this Plan.

## **ARTICLE VII – MISCELLANEOUS PROVISIONS**

### **Section 7.1 – Reinvestment of Dividend Equivalents**

Deferred Share Units shall be credited with dividend equivalents at the same time and in the same amount that cash dividends would be paid with respect to an equal number of shares of Common Stock. At the time the election under Section 4.1 is made, the Participant agrees to have dividend equivalents deferred and invested in additional Deferred Share Units based upon the number of whole and fractional units that the dollar dividend amount would purchase, using the closing price of the Common Stock on the New York Stock Exchange on each dividend payment date. Dividend equivalents that are deferred and invested pursuant to this Section 7.1 shall be credited to the same Performance Cycle Account as the Deferred Share Units for which the dividend equivalents are paid, and shall be distributed at the time and in the form applicable to that Performance Cycle Account. For the avoidance of doubt, Performance Cycle Accounts diversified out of Deferred Stock Units will no longer be eligible for dividend equivalents.

### **Section 7.2 – Withholding Taxes**

The Committee may make any appropriate arrangements to deduct from all deferrals and payments under this Plan any taxes that the Committee reasonably determines to be required by law to be withheld from such credits and payments.

### **Section 7.3 – Adjustment of Deferred Share Units**

In the event of any change in the outstanding shares of Common Stock, by reason of a stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, spin-off or other similar corporate change, the number of Deferred Share Units may be adjusted appropriately by the Committee, whose determination shall be conclusive.

### **Section 7.4 – Section 409A Compliance**

To the extent that rights or payments under this Plan are subject to Section 409A, this 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 this Plan will comply with Section 409A with respect to any Participant or Beneficiary 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 this Plan's failure to satisfy the requirements of Section 409A, or as a result of this Plan's failure to satisfy any other requirements of applicable tax laws.

## **ARTICLE VIII – GENERAL PROVISIONS**

### **Section 8.1 – Unsecured General Creditor**

The Corporation's obligations under this Plan constitute an unfunded and unsecured promise to distribute shares in the future. Participants' and Beneficiaries' rights under this 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 this Plan or Participants' Plan Accounts.

### **Section 8.2 – 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 this 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 benefit 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 Account 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 Account. Neither this 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 this Plan, the amount of such excess or erroneous payment shall be held in a constructive trust for the benefit of the Corporation and this 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 8.3 – No Contract of Employment**

Participation in this Plan shall not be construed to constitute a direct or indirect contract of employment between any Carrier Company and the Participant. Participants and Beneficiaries will have no rights against any Carrier Company resulting from participation in this Plan other than as specifically provided herein. Nothing in this 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 8.4 – Governing Law**

The provisions of this Plan will be construed and interpreted according to the laws of the State of Delaware, to the extent not preempted by federal law.

### **Section 8.5 – Validity**

If any provision of this Plan is held to be illegal or invalid for any reason, the remaining provisions of this Plan will be construed and enforced as if such illegal and invalid provision had never been inserted herein.

### **Section 8.6 – Notice**

Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if sent by first-class mail, to Carrier Global Corporation, 13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418, Attn: Employee Benefit Committee. Any notice or filing required or permitted to be given to any Participant or Beneficiary under this Plan shall be sufficient if provided either 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 8.7 – Successors**

The provisions of this 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, which 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 8.8 – Incompetence**

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a benefit is payable under this Plan is unable to care for their 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 this Plan with respect to the amount so paid.

## **ARTICLE IX – ADMINISTRATION AND CLAIMS**

### **Section 9.1 – Plan Administration**

The Committee shall be solely responsible for the administration and operation of this Plan and shall be the "administrator" of this Plan for purposes of ERISA. The Committee shall have full and exclusive authority and discretion to interpret the provisions of this Plan and to establish such administrative procedures as it deems necessary and appropriate to carry out the purposes of this Plan. All decisions and interpretations of the Committee shall be final and binding on all parties.

Any person claiming a benefit, requesting an interpretation or ruling under this Plan, or requesting information under this Plan shall present the request in writing to the Committee at Carrier Global Corporation, 13955 Pasteur Boulevard, Palm Beach Gardens, Florida 33418, Attn: Employee Benefit Committee. The Committee shall respond in writing as soon as practicable.

## **Section 9.2 – Claim Procedures**

A Participant or Beneficiary who believes that he or she has been denied a benefit under this Plan (referred to in this Section 9.2 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 ninety (90) days. The Committee may, however, extend the response period for up to an additional ninety (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 (i) the specific reason or reasons for such denial; (ii) the specific reference to relevant provisions of this Plan on which such denial is based; (iii) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation for why such material or such information is necessary; (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; (v) the time limits for requesting a review of the claim; and (vi) the Claimant’s right to bring an action for benefits under Section 502(a) of ERISA.

(c) Within sixty (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 sixty (60)-day period, the Claimant shall be barred from challenging the determination.

(d) Within sixty (60) days after the Committee receives a request for review, it will review the initial determination. If special circumstances require that the sixty (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 one hundred twenty (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, (i) the specific reasons for the decision, including references to the relevant Plan provisions upon which the decision is based; (ii) 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 (iii) 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. Because this 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, this Plan is exempt from most of ERISA's requirements. Although this 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 this 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 this Plan (including information concerning the administrators of this Plan) should be directed to:

Carrier Global Corporation  
13995 Pasteur Boulevard  
Palm Beach Gardens, FL 33418  
Attn: Employee Benefit Committee  
Telephone: 561-365-2000



**CARRIER GLOBAL CORPORATION****PENSION PRESERVATION PLAN****1. PREAMBLE****1.1 Purpose**

The Carrier Global Corporation Pension Preservation Plan (the “Preservation Plan” or the “Plan”) is hereby established effective as of the date of the Spin-off (the “Effective Date”) as an unfunded plan for the benefit of certain employees to provide for benefits accrued but not yet paid under the UTC PPP, which provided retirement benefits in excess of the retirement and survivor benefits that may have been paid from tax-qualified retirement plans due to (i) benefit limitations imposed by Section 415 of the Code and (ii) the limitation imposed by Section 401(a)(17) of the Code on compensation that may be taken into account in computing retirement benefits under tax-qualified retirement plans (referred to collectively as the “Limits”).

**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 ceased 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 by and among the Corporation, UTC, and Otis (the “Employee Matters Agreement”), the Plan assumed all obligations (to the extent not yet paid) that accrued and vested under the UTC PPP on or after January 1, 2005, with respect to “Carrier Group Employees” (as such term is defined in the Employee Matters Agreement). Any such benefits accrued but not yet paid under the UTC PPP for the benefit of Carrier Group Employees or Beneficiaries of Carrier Group Employees will be administered and paid under the terms of the Plan. All distribution elections (including default elections) and designations of Beneficiary made under the UTC PPP by a Carrier Group Employee, and in effect immediately prior to the Effective Date will continue to apply and shall be administered under the Plan, until such election or designation expires or is otherwise changed or revoked in accordance with the terms of the Plan. For the avoidance of doubt, (1) any benefits in pay status to Former Employees (as such term is defined in the Employee Matters Agreement), and (2) all obligations under the UTC Prior Plans, as of the Spin-off date shall not be assumed under the Plan, but shall remain with the UTC PPP and the UTC Prior Plans. All valid domestic relations orders filed with the UTC PPP as of immediately prior to the Effective Date with respect to the benefit of a Carrier Group Employee shall continue to apply under the Plan to the extent provided under Section 12.

## 2. **DEFINITIONS**

*Beneficiary* means the person, persons or entity designated in writing by a Participant to receive the value of his or her Plan Benefit in the event of the Participant's death, in accordance with the terms of the Plan. If a Participant fails to designate a Beneficiary under the Plan, or if the Beneficiary (and any contingent Beneficiary) does not survive the Participant, the value of the Participant's Plan Benefit will be payable to the Participant's estate.

*CB Benefit* means the frozen Cash Balance Formula Benefit, accrued as of December 31, 2019, under the terms of the UTC PPP, together with interest, transferred to the Plan as of the Spin-off date, with no additional benefit accruals under the Plan.

*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 any final regulations or other applicable guidance issued thereunder by the Internal Revenue Service from time to time in effect.

*Committee* means the Carrier Employee Benefit Committee, which is responsible for the administration of the Plan. The Committee may delegate administrative responsibilities to such individuals and entities as it shall determine.

*Corporation* means the Carrier Global Corporation.

*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.

*Election Form* means the form provided to Participants electronically or in paper form for the purpose of electing the form of payment for a Current Plan Benefit.

*FAE Benefit* means the frozen Final Average Earnings Formula Benefit, accrued as of December 31, 2014 under the terms of the UTC PPP, transferred to the Plan as of the Spin-off date, with no additional benefit accruals under the Plan.

*Carrier Company* means Carrier Global Corporation or any entity controlled by or under common control with Carrier Global Corporation within the meaning of Section 414(b) or (c) of the Code (but substituting "at least 20 percent" for "at least 80 percent" as the control threshold used in applying Sections 414(b) and (c)).

*Participant* means a Carrier Group Employee who was a participant in the UTC PPP as of the Spin-off date.

*Plan Benefit* means an FAE Benefit and/or a CB Benefit payable under the Plan.

*Separation from Service* means a termination of a Participant's employment with all Carrier Companies, other than by reason of death. A Separation from Service will be deemed to occur where 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) will be permanently reduced to a level that is less than thirty-seven and a half percent (37.5%) of the average level of bona fide services the Participant performed during the immediately preceding 36 months (or the entire period the Participant has provided services if the Participant has been providing services to the 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 the avoidance of doubt, 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.

*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. Section 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. Section 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.

*Spin-off* means the process by which the Corporation becomes a separate publicly traded company and no longer a UTC subsidiary.

*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.

*UTC PPP* means the United Technologies Corporation Pension Preservation Plan, as amended and restated as of December 31, 2009, that applies to amounts that were earned and vested after December 31, 2004.

*UTC Prior Plans* means the United Technologies Corporation Pension Preservation Plan, as in effect on December 31, 2004 and the United Technologies Corporation Pension Replacement Plan, as in effect on December 31, 2004.

*UTC Qualified Retirement Plan* means the United Technologies Corporation Employee Retirement Plan.

3. **ELIGIBILITY**

Each Carrier Group Employee who was a participant in the UTC PPP as of the Spin-off date shall be a Participant under the Plan. The Plan is closed to new entrants as of its establishment.

4. **DETERMINATION OF PLAN BENEFITS**

The Preservation Plan has been established to provide for FAE Benefits and CB Benefits previously accrued under the UTC PPP.

4.1 **F AE Benefit**

The FAE Benefit under the UTC PPP was frozen effective as of December 31, 2014. Therefore, a Participant's FAE Benefit under the Plan shall be the Participant's FAE Benefit accrued as of December 31, 2014 under the UTC PPP, and transferred to the Plan effective as of the Spin-off date, with no additional accruals under the Plan.

4.2 **CB Benefit**

The CB Benefit under the UTC PPP was frozen effective as of December 31, 2019. Therefore, a Participant's CB Benefit under the Plan shall be the Participant's CB Benefit accrued as of December 31, 2019 under the UTC PPP, and transferred to the Plan, together with interest accrued through the Spin-off date, with no additional benefit accruals under the Plan. A CB Benefit will continue to be eligible for interest credits under the Plan pursuant to Subsection 4.3.

4.3 **Credited Interest on CB Benefit**

Each CB Benefit under the Plan shall be eligible for monthly interest credits until its full distribution in accordance with Section 8. The interest crediting rate is set annually, based on the 30-year U.S. Treasury bond yield.

#### 4.4 Calculation of FAE Benefit Prior to Transfer

In determining a Participant's FAE Benefit to be transferred to the Plan from the UTC PPP, the FAE Benefit was calculated under the UTC PPP as the excess, if any, of (a) over (b), and for purposes of this calculation, it was assumed that the UTC Qualified Retirement Plan benefit and the UTC PPP benefit would commence at the same time, where:

- (a) equals the FAE Benefit that would be paid to such Participant (or on his or her death to his or her Beneficiary) under the UTC Qualified Retirement Plan if the provisions of the UTC Qualified Retirement Plan were administered without regard to the Limits; and
- (b) equals the FAE Benefit payable to such Participant (or on his or her death to his or her Beneficiary) under the UTC Qualified Retirement Plan.

The FAE Benefit under the UTC Qualified Retirement Plan was calculated with an FAE formula that used the Participant's average annual earnings for the 5 highest consecutive years of earnings out of his or her last 10 years of UTC Qualified Retirement Plan participation through December 31, 2014.

#### 4.5 Calculation of CB Benefit Prior to Transfer

A Participant's CB Benefit under the UTC PPP was calculated under a cash balance formula, as an account that grew with age-based pay credits (a percentage of earnings) and interest credits. The interest crediting rate was set annually, based on the 30-year U.S. Treasury bond yield.

### 5. PARTICIPANT ELECTIONS AND DESIGNATIONS

#### 5.1 Payment Elections

Payment elections for both the FAE Benefit and the CB Benefit under the UTC PPP are transferred and effective under the Plan as of the Spin-off date.

#### 5.2 Form of FAE Benefit

FAE Benefits shall be paid as a monthly single life annuity or an actuarially equivalent survivor benefit annuity, unless a timely election was made in accordance with the terms of the UTC PPP. A UTC PPP participant was able to elect to receive the FAE Benefit as a single lump-sum payment or a series of 2 to 10 annual installment payments. Except as provided below in Subsection 5.6, a Participant's transferred payment election is irrevocable.

### 5.3 Form of CB Benefit

CB Benefits shall generally be made as a lump-sum payment, unless a timely election was made in accordance with the terms of the UTC PPP. A UTC PPP participant was able to elect to receive a monthly annuity or a series of 2 to 10 annual installment payments. Except as provided below in Subsection 5.6, a Participant's transferred payment election is irrevocable.

### 5.4 FAE Benefit in the Form of Lump Sum or Annual Installments

If a Participant's Plan benefit is an FAE Benefit and the Participant elects to have his or her FAE Benefit paid in the form of a single lump-sum or annual installment distribution, the actuarially equivalent present value of the FAE Benefit shall be determined using the applicable mortality table prescribed by the IRS (updated annually by the IRS), and interest assumption equal to the average yield for tax-free municipal bonds of 10-year maturities, averaged over the prior five calendar years. For purposes of computing this interest assumption, the Barclays Capital 10-Year Municipal Bond Index shall be utilized, averaging the published yield for 10-year maturities (credit quality AA or above) on the last business day of the year over the most recent five consecutive full calendar-year period. This rate shall be adjusted annually at the beginning of each calendar year.

If a Participant's Plan benefit is an FAE Benefit and the Participant elects to have his or her FAE Benefit paid in the form of annual installments, the value calculated above will be further divided into equal annual installments to be paid over the period elected (2 to 10 years), credited with the interest rate then in effect, as detailed above in Subsection 5.4.

### 5.5 CB Benefit in the Form of Annual Installments or an Annuity

If a Participant's Plan benefit is a CB Benefit and the Participant elects to have his or her CB benefit paid as annual installments, the value of the CB Benefit will be divided into the specific number of equal annual installments (2 to 10 years), credited with the interest rate then in effect, as detailed in Subsection 4.3.

If a Participant's Plan benefit is a CB Benefit and the Participant elects to have his or her CB benefit paid as a monthly annuity, the CB Benefit will be converted to a monthly annuity using the applicable mortality table prescribed by the IRS (updated annually by the IRS) and a specified annuity conversion interest rate. The annuity conversion rates are set each year, based on the IRS specified bond yields for the month of November of the prior calendar year. This rate shall be adjusted annually at the beginning of each calendar year.

## 5.6 Change in Payment Election

A Participant may make an election to change the time or form of payment transferred from the UTC PPP as detailed under Sections 5.2 and 5.3, subject to the following requirements:

- i. A Plan Participant may make an election to receive a monthly annuity payment, single lump-sum payment, or a series of 2 to 10 annual installment payments;
- ii. The new election must be made at least twelve months prior to the date payments are scheduled to commence (and the new election shall be ineffective if the payment commencement date occurs within twelve months after the date of the new election);
- iii. The new election will not take effect until at least twelve months after the date when the Participant submits a new Election Form; and
- iv. The new benefit payment commencement date must be at least five years later than the date on which payments commence under the current election.

## 5.7 Full Satisfaction of Corporation's Obligation

The full payment of a monthly annuity, lump-sum or annual installment distributions to the Participant, or his or her Beneficiary (if applicable), in accordance with this Section 5 shall be in full satisfaction of all of the Corporation's obligations with respect to the Participant under the Plan.

## 5.8 Designation of Beneficiary

Each Participant who has attained age 55 with at least 10 years of service shall be given the opportunity to designate a Beneficiary for his or her Plan Benefit 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 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 5.8. A trust may be named as a Beneficiary under the lump-sum or annual installment forms of payment. In the event of the death of a Participant, distributions shall be made in accordance with Section 7.

## 6. **DISTRIBUTION OF BENEFIT**

### 6.1 **Distribution of Plan Benefit Generally**

Except as provided in Subsection 5.6 (Change in Payment Election), Section 6.2 (Separation from Service of Specified Employees), the value of a Participant's Preservation Plan Benefit will be distributed (or begin to be distributed) to the Participant as follows:

- i. If a Participant's benefit is an FAE Benefit only, the benefit will be paid to the Participant on the first business day of the month following the later of a Participant's Separation from Service, or when the Participant reaches age 55;
- ii. If a Participant's benefit is a CB Benefit only, the benefit will be paid to the Participant on the first business day of the month following the Participant's Separation from Service; or
- iii. If a Participant's benefit is both an FAE Benefit and a CB Benefit, the benefit will be paid to the Participant according to the rules outlined above in Subsections i. and ii. for the corresponding portions of the benefit.

### 6.2 **Separation from Service of Specified Employees**

If the Participant is a Specified Employee on the date of the Participant's Separation from Service, distribution of the Participant's Plan Benefit to the Participant that is made on account of the Participant's Separation from Service will not be made or commence earlier than the first business day of the seventh month following the date of Separation from Service. 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. No interest will accrue on any delayed payment.

### 6.3 **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 (i) in the same calendar year (for a payment whose specified due date is on or before September 30), or (ii) 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 his or her 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 6.3.



7. **DISTRIBUTION IN THE EVENT OF DEATH**

7.1 **F AE Benefit in the Form of an Annuity**

If a Participant's Plan benefit (or portion of a benefit) is an FAE Benefit and the Participant has not made an election to receive his or her Plan Benefit in a lump sum or installments as of the date of death, any survivor benefits will be paid as a life annuity subject to the following:

- i. If death occurs prior to age 55 with at least five years of service and less than 10 years of service, the spouse of the Participant shall receive a 50% survivor annuity benefit beginning on the date the Participant would have attained his or her 55th birthday. If the Participant is unmarried, no Plan benefit is payable.
- ii. If death occurs prior to age 55 with at least 10 years of service, the spouse of the Participant shall receive a 100% survivor annuity benefit beginning on the date the Participant would have attained his or her 55th birthday. If the Participant is unmarried, no Plan benefit is payable.
- iii. If death occurs on or after attainment of age 55 with at least 10 years of service or attainment of age 65, and the Participant has elected a survivor annuity, survivor benefits shall be paid as a 100% survivor annuity benefit beginning as soon as practicable but no later than December 31st of the year following the year in which the death occurred in the following order:
  - (1) to the Spouse of the Participant, if the Participant is married at the time of death;
  - (2) to the named Beneficiary or contingent annuitant, if the Participant is not married at the time of death;
  - (3) to the children of the Participant (divided among them equally) if the Participant has not designated a Beneficiary prior to his or her death; or
  - (4) to the Participant's estate, if the Participant has no children at the time of his or her death, or as a lump sum actuarial equivalent to the Participant's estate, at the sole discretion of the Administrator, in lieu of the survivor annuity benefit.
- iv. If the Participant is not married at the time of death and the Participant has not designated a Beneficiary or contingent annuitant, the benefit shall be payable as:
  - (1) a 10-year certain actuarially equivalent annuity to the children of the Participant; or
  - (2) a 5-year certain actuarially equivalent annuity to the estate of the Participant.

## 7.2 FAE Benefit in the Form of a Lump-Sum or Annual Installments

If a Participant's Plan benefit (or portion of a benefit) is an FAE Benefit and the Participant has made an election to receive his or her Plan Benefit in a lump-sum or annual installments, such Participant shall have survivor benefits paid to his or her Beneficiary as follows:

- i. If death occurs prior to age 55, with at least 10 years of service, the accrued FAE Benefit shall be paid in a lump-sum payment, as of the date the Participant would have attained his or her 55th birthday, in the following order:
  - (1) to the Spouse of the Participant, if the Participant is married at the time of death;
  - (2) to the children of the Participant (divided among them equally) if the Participant is not married at the time of death; or
  - (3) to the Participant's estate, if the Participant has no children at the time of his or her death.
- ii. If death occurs on or after age 55, with at least 10 years of service, the Plan accrued benefit shall be paid to the Beneficiary beginning on the first business day of the month following the Participant's death, in the following order:
  - (1) to the named Beneficiary;
  - (2) to the Spouse of the Participant, if the Participant is married at the time of death, and has not named a Beneficiary;
  - (3) to the children of the Participant (divided among them equally), if the Participant is not married at the time of death; or
  - (4) to the Participant's estate, if the Participant has no children at the time of his or her death.
- iii. If death occurs after the benefit commencement date but before all annual installments have been paid, the remaining installments will be paid to the Beneficiary as scheduled.
- iv. If death occurs at any age, with less than 10 years of service, 50% of the accrued FAE Benefit shall be paid in a lump-sum payment as of the date the Participant would have attained his or her 55th birthday (or on the first business day of the month following the Participant's death if the Participant had already attained age 55) in the following order:
  - (1) to the Spouse of the Participant, if the Participant is married at the time of death;
  - (2) to the children of the Participant (divided among them equally) if the Participant is not married at the time of death; or
  - (3) to the estate of the Participant, if the Participant has no children at the time of his or her death.

### 7.3 CB Benefit Prior to Benefit Distribution Commencement

If a Participant's Plan benefit (or portion of a benefit) is a CB Benefit, and the Participant has not commenced receiving Plan Benefits, the accrued CB Benefit shall be paid in a lump sum on the first business day of the month following the Participant's death in the following order:

- i. to the named Beneficiary;
- ii. to the Spouse of the Participant, if the Participant is married at the time of death and has not designated a Beneficiary prior to his or her death;
- iii. to the children of the Participant (divided among them equally), if the Participant is not married at the time of death; or
- iv. to the Participant's estate, if the Participant has no children at the time of his or her death.

### 7.4 CB Benefit Following Benefit Distribution Commencement

If a Participant's Plan benefit (or portion of a benefit) is a CB Benefit, and the Participant has commenced receiving benefits under the Plan in the form of installment payments or a monthly annuity, the remaining accrued CB Benefit shall be paid as soon as practicable but no later than December 31st of the year following the year in which the death occurred as follows:

#### i. Monthly Annuity

If the Participant has elected a survivor annuity, survivor benefits shall be paid beginning on the first business day of the month following the Participant's death in the following order:

- (1) as a 100% survivor annuity benefit to the named Beneficiary;
- (2) as a 100% survivor annuity benefit to the Spouse of the Participant, if the Participant is married at the time of death and has not designated a Beneficiary prior to his or her death;
- (3) as a 100% survivor annuity benefit to the children of the Participant (divided among them equally), if the Participant is not married at the time of death; or
- (4) as a 100% survivor annuity benefit to the Participant's estate, if the Participant has no children at the time of his or her death, or as a lump sum actuarial equivalent to the Participant's estate, at the sole discretion of the Administrator, in lieu of the survivor annuity benefit.

#### ii. Installment Payments

If the Participant has elected annual installment payments, any remaining installment payments shall be paid as survivor benefits beginning on the first business day of the month following the Participant's death in the following order:

- (1) to the named Beneficiary;
- (2) to the Spouse of the Participant, if the Participant is married at the time of death and has not designated a Beneficiary prior to his or her death;
- (3) to the children of the Participant (divided among them equally), if the Participant is not married at the time of death; or
- (4) to the Participant's estate, if the Participant has no children at the time of his or her death, or as a lump sum to the Participant's estate, at the sole discretion of the Administrator, in lieu of installment payments.

8. **DISABILITY**

In the event of the Disability of a Participant, the Participant's Plan Benefit will be maintained and distributed in accordance with the terms of the Plan and the Participant's elections on file.

9. **FUNDING**

The Preservation Plan shall be maintained as an unfunded Plan that is not intended to meet the qualification requirements of Section 401 of the Code. Except in the event of a Change in Control of the Corporation (as described in Section 10 hereof), all benefits under the Preservation Plan shall be payable solely from the general assets of the Corporation. In this regard, the rights of each Participant, Contingent Annuitant and Beneficiary under the Preservation Plan with respect to his or her Preservation Plan retirement benefit or survivor benefit shall be those of a general unsecured creditor of the Corporation. The Corporation shall not undertake to set aside assets in trust or otherwise segregate assets to fund its obligations under the Preservation Plan except as provided in Section 11 hereof.

10. **CHANGE OF CONTROL**

In the event of a Change of Control of the Corporation, the Corporation shall immediately fully fund the value of all accrued Benefits under the Preservation Plan, determined by the actuary as of the date of the Change of Control, provided the funding is not proximate to a downturn in the Corporation's financial health within the meaning of Treas. Reg. Section 1.409A-3(j)(4)(ix)(C)(1) or would otherwise trigger taxation under Section 409A. Any required proceeds will be contributed to a rabbi trust, and such proceeds will be held and maintained in the United States. For purposes of this Section 10, "Change of Control" shall have the meaning given to that term under the Corporation's most recently adopted long-term incentive plan.

11. **NONASSIGNABILITY EXCEPT DOMESTIC RELATIONS ORDERS**

- (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 the rights to all payments are unassignable and non-transferable. A 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 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 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 benefit. 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.

12. **NO CONTRACT OF EMPLOYMENT**

Participation in the Preservation Plan shall not be construed to constitute a direct or indirect contract of employment between the Corporation or any Subsidiary and the Participant. Nothing in the Preservation Plan shall be deemed to give a Participant the right to be retained in the service of the Corporation for any length of time or interfere with the right to terminate a Participant's employment. Participants, Beneficiaries, and contingent annuitants shall have no rights against the Corporation resulting from participation in the Preservation Plan other than as specifically provided herein.

13. **TAXES/WITHHOLDING**

The Corporation shall have the right to withhold taxes from Plan Benefit accruals and payments to the extent it reasonably determines such withholding to be required by law.

14. **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.

15. **AMENDMENT AND TERMINATION**

15.1 **Power to Amend or Terminate Plan Reserved**

The Corporation expects to continue the Preservation Plan indefinitely, but reserves the right, by action of the Committee, to amend or terminate the Preservation Plan at any time; *provided, however*, that no such action shall decrease any benefits accrued under the Preservation Plan as of the date of such action. Although the benefits accrued under the Preservation Plan are not subject to the restrictions imposed by Section 204(g) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the proviso in the preceding sentence shall be construed in a manner consistent with Section 204(g) of ERISA. As a result, the proviso referred to in the preceding sentence imposes restrictions identical with the restrictions that would be imposed on the Preservation Plan if the Preservation Plan were subject to Section 204(g) of ERISA.

## 15.2 Final Plan Distributions

Upon the termination of the Plan with respect to all Participants, and 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 vested Plan Benefit in a lump sum, to the extent permitted under Section 409A. All payments that may be made pursuant to this Subsection 15.2 shall be made no earlier than the thirteenth month and no later than the twenty-fourth month after the termination of the Plan. The Corporation may not accelerate payments pursuant to this Subsection 15.2 if the termination of the Plan is proximate to a downturn in the Corporation's financial health within the meaning of Treas. Reg. Section 1.409A-3(j)(4)(ix)(C)(1). If the Corporation exercises its discretion to accelerate payments under this Subsection 15.2, 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.

## 15.3 No Consent Required

The consent of any Participant, Beneficiary, or other person shall not be required with respect to any amendment or termination of the Plan.

## 16. COMPLIANCE WITH SECTION 409A

To the extent that rights or payments under the Plan are subject to Section 409A, the Preservation 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 the Plan. To the extent that a provision of the Plan does not comply with Section 409A, such provision shall be void and without effect. The Corporation does not warrant that the Preservation Plan will comply with Section 409A with respect to any Participant or with respect to any payment. In no event shall a 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 Preservation 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.

17. **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 Committee. Any notice or filing required or permitted to be given to any Participant or Beneficiary under the Plan shall be sufficient if provided either 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.

18. **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.

19. **SUCCESSORS**

The provisions of the Preservation Plan shall bind and inure to the benefit of the Corporation, and its successors and assigns. The term successors 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 entity.

**20.1 Plan Administration**

The Committee shall be solely responsible for the administration and operation of the Plan and shall be the “administrator” of the Plan for purposes of 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. The Committee shall have the right to delegate its responsibilities hereunder to sub-committees and individuals. Any question of administration or interpretation arising under the Preservation Plan shall be determined by the Committee (or its delegate) in its full discretion, and its decision shall be final and binding upon all parties.

The Committee may provide web access and calculation tools to facilitate the administration of the Plan and to provide information to Participants; *provided* that any estimate of a Participant’s current or projected accrued benefit shall in no event be binding on the Committee in the event of any discrepancy between such estimate and a Participant’s actual accrued Plan Benefit, which, in all cases, shall control.

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: Employee Benefit Committee. The Committee shall respond in writing as soon as practicable.

**20.2 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 Subsection 20.2 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.

- i. Upon receipt of a claim, the Committee or its designated agent 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 or its designated agent shall respond to the claim within the specified period.
- ii. 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 the 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.
- iii. 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.
- iv. 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.
- v. The Committee shall have the greatest discretion permitted by law in making decisions pursuant to this Section 20.2. 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.



21. **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. The Plan constitutes an "excess benefit plan" as defined in Section 3(36) of ERISA.

22. **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: Carrier Employee Benefit Committee  
Telephone: 561-365-2000

**CARRIER GLOBAL CORPORATION**

**BOARD OF DIRECTORS**

**DEFERRED STOCK UNIT PLAN**

(Effective as of April 3, 2020)

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**CARRIER GLOBAL CORPORATION BOARD OF DIRECTORS  
DEFERRED STOCK UNIT PLAN**

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APPENDIX A Carrier Global Corporation Board of Directors Deferred Stock Unit Prior Plan (the “Prior Carrier Plan”)

**ARTICLE I  
INTRODUCTION AND PURPOSE**

**1.01 Purpose of Plan**

The Carrier Global Corporation Board of Directors Deferred Stock Unit Plan (the “Plan”) is hereby established to provide an arrangement for non-employee directors to receive an annual Deferred Stock Unit Award and to defer their Annual Retainer in the form of deferred stock units equal in value to shares of the Corporation’s common stock for the purpose of aligning the interests of non-employee directors with those of the Corporation’s shareowners.

**1.02 Impact of Spin-off from UTC**

On April 3, 2020], United Technologies Corporation (“UTC”) separated into three independent companies, UTC, Carrier Global Corporation (the “Corporation” or “Carrier”) and Otis Worldwide Corporation (“Otis”), through spin-off transactions. 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 entered into, by and among the Corporation, UTC, and Otis (the “Employee Matters Agreement”), the Corporation and the Plan assumed all obligations and liabilities of UTC and its subsidiaries under the UTC DSU Plan with respect to “Carrier Transferred Directors” (as such term is defined in the Employee Matters Agreement). Any benefits due under the UTC DSU Plan with respect to Carrier Transferred Directors or Beneficiaries of Carrier Transferred Directors is the responsibility of the Corporation and this Plan, and any such benefits accrued, but not yet paid under the UTC DSU Plan, immediately prior to the Effective Date, is administered and paid under the terms of this Plan. All deferral and distribution elections and designations of Beneficiary made under the UTC DSU Plan by a Carrier Transferred Director or Beneficiary of a Carrier Transferred Director, and, in effect, immediately prior to the Effective Date, shall 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. Pursuant to the terms of the Employee Matters Agreement between the Corporation, UTC and Otis: (a) vested Deferred Stock Units were converted, upon the Spin-off, into Carrier, UTC and Otis Deferred Stock Units; (b) vested restricted Deferred Stock Units granted under a New Director Restricted Stock Unit Award (as defined in the UTC DSU Plan) were converted, upon the Spin-off, into Carrier, UTC and Otis Deferred Stock Units under the Transferred New Director Restricted Stock Unit Award; and (c) unvested restricted Deferred Stock Units granted under a New Director Restricted Stock Unit Award were converted to Carrier Deferred Stock Units under the Transferred New Director Restricted Stock Unit Award. Carrier Deferred Stock Units credited to Participants under this Plan shall be distributed in shares of Carrier Common Stock issued under the LTIP; however, UTC and Otis Deferred Stock Units shall be distributed in cash. The settlement of Deferred Stock Units in Common Stock and cash, as applicable, and other adjustments described herein shall in no event: (i) increase the value of any Participant’s Account; (ii) modify any Participant’s distribution election; or (iii) alter the procedures in effect under the Plan with respect to elections and distributions other than the substitution of cash for certain shares. The Plan shall be under no obligation to hold or issue shares of UTC or Otis Common Stock.

Carrier has also established the Carrier Global Corporation Board of Directors Deferred Stock Unit Prior Plan (the “Prior Carrier Plan”), set forth in Appendix A hereto, which is a continuation of the United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as in effect on October 3, 2004 (“Prior UTC Plan”), as it has been modified thereafter, from time to time, in a manner that does not constitute a “material modification” for purposes of Section 409A for the benefit of Carrier Transferred Directors who have a benefit earned or vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, which were previously held under and subject to the terms of the Prior UTC Plan.

### **1.03 Effective Date of Plan**

Pursuant to the terms of the Employee Matters Agreement, this Plan shall be effective as of the Spin-off date.

## **ARTICLE II DEFINITIONS**

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

“**Account**” means a bookkeeping account established for a Participant under Article IV that is credited with Deferred Stock Units, but excluding accounts under the Prior Carrier Plan. Accounts under the Prior Carrier Plan will be valued and administered separately in accordance with the terms and procedures in effect under the Prior Carrier Plan.

**“Annual Deferred Stock Unit Award”** means the annual grant of Deferred Stock Units made to Participants in accordance with Section 3.02.

**“Annual Meeting”** means the Corporation’s Annual Meeting of Shareowners.

**“Annual Retainer”** means the annual retainer fee payable to a Participant under Section 3.01 for services to the Corporation in the capacities indicated.

**“Beneficiary”** means a Participant’s beneficiary, designated in writing in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if all of the Participant’s designated Beneficiaries predecease the Participant, the Participant’s estate.

**“Board”** means the Board of Directors of the Corporation.

**“Board Cycle”** means the period beginning on an Annual Meeting and ending at the start of the next Annual Meeting.

**“Carrier”** means Carrier Global Corporation.

**“Carrier Common Stock”** means the common stock of the Corporation.

**“Carrier Deferred Stock Units”** means, Deferred Stock Units of the Corporation convertible into actual shares of Carrier Common Stock as of the Conversion Date, prior to a distribution to be made in accordance with Article V. Each Carrier Deferred Stock Unit is equal in value to a share of Carrier Common Stock. Carrier Deferred Stock Units are “restricted stock units” awarded under the LTIP and distributed and administered in accordance with the terms of this Plan.

**“Closing Price”** means, with respect to any date specified by the Plan, the closing price of common stock on the composite tape of New York Stock Exchange on such date (or if there was no reported sale of common stock on such date, on the next following day on which there was such a reported sale) which common stock is the underlying referenced security of the relevant Deferred Stock Unit.

**“Code”** means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto. References to any Section of the Internal Revenue Code shall include any final regulations or other applicable guidance. References to “Section 409A” shall include any final regulations or other applicable guidance issued thereunder by the Internal Revenue Service from time to time in effect.

**“Committee”** means the Committee on Governance and Public Policy (and any successor Committee) of the Board.

**“Conversion Date”** means the date Deferred Stock Units are converted to shares of Carrier Common Stock, immediately prior to the delivery of such shares to a Participant or Beneficiary in accordance with Article V herein.

**“Corporation”** means Carrier Global Corporation.

**“Deferred Annual Retainer”** means any portion of a Participant’s Annual Retainer deferred in accordance with Article V.

**“Deferred Stock Units”** means hypothetical shares of common stock that will be settled in actual shares, or an amount of cash equal to the fair market value of shares, of common stock, that have been deferred in accordance with Section 409A.

**“Distribution Anniversary Date”** means an anniversary of the Distribution Commencement Date.

**“Distribution Commencement Date”** means the first business day that is 30 days following the date of Separation from Service.

**“Election”** means an irrevocable election by a Participant either to defer all or a portion of the Annual Retainer otherwise payable in cash or to specify how an Account will be distributed (i.e., as a lump sum, or in 10 or 15 annual installments).

**“Employee Matters Agreement”** means the Employee Matters Agreement entered into, by and among the Corporation, UTC, and Otis.

**“LTIP”** means the Carrier Global Corporation 2020 Long-Term Incentive Plan, as amended from time to time.

**“Otis”** means Otis Worldwide Corporation.

**“Otis Deferred Stock Units”** means Deferred Stock Units of Otis Global Corporation distributable in cash in accordance with Article V. Each Otis Deferred Stock Unit is equal in value to a share of Otis Common Stock.

**“Participant”** means a non-employee member of the Board. A Participant, including a Carrier Transferred Director, who has an existing Account under the Plan, but is not, or is no longer, eligible under the preceding sentence, shall not be eligible for additional awards under the Plan, but shall remain a Participant under the Plan with respect to his or her Account until it is distributed or forfeited in accordance with the terms of the Plan.



**“Plan”** means this Carrier Global Corporation Board of Directors Deferred Stock Unit Plan, as amended from time to time.

**“Plan Year”** means the calendar year.

**“Prior Carrier Plan”** has the meaning set forth in [Section 1.02](#). All amounts deferred under the Prior Carrier Plan, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, shall continue to be subject to the terms and conditions of the Prior Carrier Plan.

**“Prior UTC Plan”** means the United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as in effect on October 3, 2004.

**“Recapitalization Event”** means a transaction or event described in [Section 4.05\(a\)\(iv\)](#).

**“Separation from Service”** means a Participant’s resignation, removal, or retirement from the Board (for a reason other than death) that constitutes a good-faith, complete termination of the Participant’s relationship with the Corporation and that also qualifies as a “separation from service” for purposes of Section 409A of the Code.

**“Separation from Service Anniversary Date”** means an anniversary of the date of Separation from Service.

**“Spin-off”** means the separation from United Technologies Corporation of Carrier Global Corporation and Otis Worldwide Corporation into independent publicly traded companies in 2020.

**“Transferred New Director Restricted Stock Unit Award”** means the one-time Deferred Stock Unit Award previously granted to a Carrier Transferred Director under the UTC DSU Plan upon election to the UTC Board as a New Director Restricted Stock Unit Award and credited to the Participant’s New Director Restricted Stock Unit Account under the UTC DSU Plan which, immediately following the effective time of the Spin-off, shall be credited under this Plan to the Transferred New Director Restricted Stock Unit Account as provided in [Section 4.03](#).

**“UTC”** means United Technologies Corporation.

**“UTC Deferred Stock Units”** means Deferred Stock Units of UTC distributable in cash in accordance with [Article V](#). Each UTC Deferred Stock Unit is equal in value to a share of UTC Common Stock.

**“UTC DSU Plan”** means the United Technologies Corporation Board of Directors Deferred Stock Unit Plan.

**ARTICLE III  
ELIGIBLE COMPENSATION**

**3.01 Annual Retainer**

(a) *Annual Retainer Amount.* Subject to subsection (b) of this Section 3.01, each Participant will receive a base Annual Retainer of \$124,000. In addition to the base Annual Retainer, Participants serving in leadership roles on the Board and/or its committees shall receive the following additional Annual Retainer amounts: \$10,000 for the Lead Director; \$10,000 for the Audit Committee Chair; \$6,000 for non-Chair members of the Audit Committee; \$8,000 each for the Chair of the Compensation Committee, and the Chair of the Committee on Governance and Public Policy. In the event that a Participant serves in more than one role listed above, the Participant will receive the additional amounts specified for each role. The Annual Retainer is subject to change, from time to time, at the discretion of the Committee.

(b) *New Participants.* If a Participant is elected to the Board before September 30 of a Board Cycle, the Participant will receive the full amount of the then applicable Annual Retainer. If a Participant is elected to the Board after September 30 of a Board Cycle, the Participant will receive 50% of the applicable Annual Retainer Amount set forth in subsection (a) above. Such amounts will be eligible for deferral in accordance with Article V. In connection with the Spin-off, Participants serving on the Board on the date of the Spin-off will receive the full amount of the applicable Retainer in respect of the period from the Spin-off date through the Annual Meeting in 2021, which period shall be treated as a "Board Cycle" for purposes of this Plan.

**3.02 Annual Deferred Stock Unit Award**

(a) *Annual Deferred Stock Unit Award.* Subject to subsection (b) of this Section 3.02, each Participant will receive a base annual Deferred Stock Unit Award of \$186,000, valued at the time of issuance, credited to the Participant's Account. In addition to the base annual Deferred Stock Unit Award, Participants serving in leadership roles on the Board and/or its committees shall receive the following additional annual Deferred Stock Units: \$25,000 for the Lead Director; \$15,000 for the Audit Committee Chair; \$9,000 for non-Chair members of the Audit Committee; \$12,000 each for the Chair of the Compensation Committee, and the Chair of the Committee on Governance and Public Policy. In the event that a Participant serves in more than one role listed above, the Participant shall receive the additional Deferred Stock Unit awards specified for each role. The Annual Deferred Stock Unit Award is subject to change, from time to time, at the discretion of the Committee.

(b) *New Participants*. If a Participant is elected to the Board before September 30 of a Board Cycle, the Participant will receive an Annual Deferred Stock Unit Award equal in value to the amounts specified in subsection (a) above. If a Participant is elected to the Board after September 30 of a Board Cycle, the Participant will receive an Annual Deferred Stock Unit Award equal to 50% of the value specified in subsection (a). In connection with the Spin-off, Participants serving on the Board on the date of the Spin-off will receive the full amount of the Annual Deferred Stock Unit Award in respect of the Board Cycle commencing on the Spin-off date.

### **3.03 Transferred New Director Restricted Stock Unit Award**

New Director Restricted Stock Unit Awards granted under the UTC DSU Plan shall not be granted under this Plan. Any outstanding New Director Restricted Stock Unit Awards credited for the benefit of a Carrier Transferred Director, immediately prior to the effective time of the Spin-off will be maintained under this Plan, as of the effective time as a Transferred New Director Restricted Stock Unit Award under a separate Account for such Carrier Transferred Director as provided in [Section 4.03](#).

### **3.04 Duplication of Benefits**

To the extent that a new Participant has received compensation for his or her service on the board of directors of an entity that becomes, or was previously, affiliated with the Corporation, and such compensation relates to the same Plan Year for which the Participant shall receive compensation under this Plan, the Annual Retainer and Annual Deferred Stock Unit Award, under [Sections 3.01](#) and [3.02](#) respectively, may be appropriately adjusted to prevent a duplication of benefits for the same period of service.

## **ARTICLE IV ACCOUNTS AND CREDITS**

### **4.01 Annual Deferred Stock Unit Award**

The Annual Deferred Stock Unit Award shall be credited automatically to an Account established for the Participant, effective as of (a) with respect to the Annual Deferred Stock Unit Award relating to the Board Cycle that commences on the Spin-off date, the date that is two business days following the date of the Company's earnings release for the first quarter of 2020 and (b) with respect to the Annual Deferred Stock Unit Award relating to each Board Cycle commencing thereafter, the date of the Annual Meeting. Participants may not elect to receive the Annual Deferred Stock Unit Award as current cash compensation.

### **4.02 Elective Annual Retainer**

The current Annual Retainer will be paid to the Participant as soon as administratively practicable following the date of the Spin-off, and on the date of the Annual Meeting thereafter, unless the Participant makes a timely irrevocable election in accordance with [Article V](#) to defer the receipt of the Annual Retainer as Carrier Deferred Stock Units subject to the terms of this Plan, in lieu of a current cash payment.

#### 4.03 Transferred New Director Restricted Stock Unit Award

(a) *Transferred New Director Restricted Stock Unit Accounts.* Any outstanding New Director Restricted Stock Unit Award credited under the UTC DSU Plan for the benefit of a Carrier Transferred Director, immediately prior to the effective time of the Spin-off will be maintained under this Plan, as of the effective time of the Spin-off as a Transferred New Director Restricted Stock Unit Award under a separate Account for such Carrier Transferred Director. Such Account shall also be credited with dividend equivalents in the form of additional Deferred Stock Units which relate to the underlying common stock of UTC, Carrier or Otis, which will vest immediately, but will otherwise be subject to the same restrictions applicable to the Deferred Stock Units credited to the Account. Transferred New Director Restricted Stock Units and any additional dividend equivalents in the form of additional Deferred Stock Units may not be settled prior to a Separation from Service.

(b) *Forfeiture of Transferred New Director Restricted Stock Unit Accounts.* Under the UTC DSU Plan, at the time of the award, the value of a Participant's New Director Restricted Stock Unit Award is subject to 100% forfeiture if the Participant's Separation from Service occurs before the first Annual Meeting following the date of the Participant's first election to the Board. Thereafter, the percentage of the New Director Restricted Stock Unit Award subject to forfeiture is reduced by 20 percentage points as of the date of each succeeding Annual Meeting until the fifth annual meeting when 100% of the value of the New Director Restricted Stock Unit Award will be vested. The amount of the Transferred New Director Restricted Stock Unit Award subject to forfeiture shall continue to be reduced under this Plan annually as of April 30th, continuing on the same timeline and at the same percentages as provided under the UTC DSU Plan taking into account service as director on UTC Board and Otis Board, provided that a Participant has not experienced a Separation of Service. There will be no forfeiture of interest in the Transferred New Director Restricted Stock Unit Award in the event the Separation of Service occurs by reason of the Participant's death, Disability, or for any reason following a "Change in Control" as such terms are defined in the LTIP while the Participant is a member of the Board, or in the event of the Participant's resignation or retirement from the Board for the purpose of accepting full-time employment in public or charitable service.

#### 4.04 Accounts

(a) *Plan Accounts.* All (i) Deferred Annual Retainers and (ii) Annual Deferred Stock Unit Awards, including assumed Carrier Transferred Director benefits under the UTC DSU Plan, earned or vested after December 31, 2004, which include Transferred New Director Restricted Stock Unit Awards (if applicable), shall be maintained in a Participant's Account established under, and subject to the terms and conditions of the Plan, as amended from time to time. Subaccounts may be maintained within Participants' Accounts, to the extent that the Committee determines such an arrangement to be necessary or useful, in the administration of the Plan.

(b) *Prior Plan Accounts.* All assumed Carrier Transferred Director benefits under the UTC DSU Plan, including Deferred Stock Unit and Transferred New Director Restricted Stock Unit Awards, earned and vested prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A (e.g., increases in unit value and dividend equivalents), shall be maintained in separate account(s) under the Prior Carrier Plan and shall remain subject to the terms and conditions of the Prior Carrier Plan which reflect a continuation of the Prior UTC Plan as in effect on October 3, 2004. Prior Carrier Plan accounts shall be equal to the value earned and vested on December 31, 2004, as subsequently adjusted in accordance with the terms of the Prior Carrier Plan. The Prior Carrier Plan and Prior Carrier Plan accounts are not intended to be subject to Section 409A. No amendment to Appendix A that would constitute a "material modification" for purposes of Section 409A shall be effective unless the amending instrument states that it is intended to materially modify Appendix A, and to cause the Prior Carrier Plan to become subject to Section 409A.

#### 4.05 Deferred Stock Unit Accounts

(a) *Calculation of Deferred Stock Units.* A Participant's Account (including a Transferred New Director Restricted Stock Unit Account) shall be credited with the number of Deferred Stock Units in accordance with the following rules:

(i) *Opening Account Balances for Transferred Directors.* As of the effective time of the Spin-off, there shall be credited under the Plan the Deferred Stock Units of the Transferred Carrier Directors previously held under the UTC DSU Plan, as such Deferred Stock Units balances are adjusted as of the effective time of the Spin-off in accordance with the terms of the Employee Matters Agreement as detailed in Section 1.02 of the Plan.

(ii) *Initial Crediting of Deferred Stock Units.* The Annual Deferred Stock Unit Award and Deferred Annual Retainer (if any) credited to a Participant's Account for a Plan Year under Sections 4.01 and 4.02 shall result in a number of Deferred Stock Units (including fractional Deferred Stock Units) credited to Participant's Account equal to the sum of the dollar amounts of the Annual Deferred Stock Unit Award and the Deferred Annual Retainer (if any), divided by the Closing Price on the date of the Annual Meeting. Notwithstanding the foregoing, for (i) Annual Deferred Stock Unit Awards and Deferred Annual Retainers (if any) relating to the Board Cycle that commences on the date of the Spin-off, the relevant Closing Price shall be the Closing Price on the date that is two business days following the date of the Company's earnings release for the first quarter of 2020, (ii) Annual Deferred Stock Unit Awards for a new Participant, the relevant Closing Price shall be the Closing Price on the date the Participant is elected to the Board and (iii) any Deferred Stock Units attributable to a new Participant's Deferred Annual Retainer, the relevant Closing Price shall be the Closing Price on the date the Participant is elected to the Board if the Participant returns the deferral election on or prior to the date he or she is elected to the Board, otherwise the relevant Closing Price shall be the Closing Price on the last day of the 30-day election period described in Section 5.02.

(iii) *Deemed Reinvestment of Dividends.* The number of Deferred Stock Units credited to a Participant's Account shall be increased on each date on which a dividend is paid on the underlying referenced common stock that relates to a Deferred Stock Unit. The number of additional Carrier, Otis or UTC Deferred Stock Units credited to a Participant's Account as a result of such dividend payment on a Carrier DSU, Otis DSU or UTC DSU, respectively, shall be determined by (A) multiplying the total number of relevant Deferred Stock Units (including fractional Deferred Stock Units) credited to the Participant's Account on the dividend payment date by the amount of the dividend paid per share of Carrier, Otis or UTC common stock that is the underlying referenced common stock for purposes of the relevant Deferred Stock Unit on the dividend payment date, and (B) dividing the product so determined by the Closing Price of the underlying referenced common stock on the dividend payment date.

(iv) *Effect of Recapitalization.* In the event of a transaction or event described in this subparagraph (iv) (a “Recapitalization Event”), the number of the applicable Deferred Stock Units credited to a Participant’s Account shall be adjusted in the same manner as an outstanding share of common stock which is the underlying referenced security of such Deferred Stock Units. A Recapitalization Event includes a dividend (other than regular quarterly dividends) or other extraordinary distribution to a holder of a share of common stock which is the underlying referenced security of such Deferred Stock Unit (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event that has a material effect on a share of common stock which is the underlying referenced security of such Deferred Stock Unit and requires conforming adjustment to the value and/or number of applicable Deferred Stock Units which reference such security to prevent dilution or enlargement of the value of Participants’ Accounts.

#### **4.06 Hypothetical Nature of Accounts and Investments**

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds, shares or other assets. The Carrier, UTC, and Otis Deferred Stock Units established hereunder shall be used solely to determine the amounts to be distributed hereunder, shall not be or represent an equity security of the Corporation, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Corporation prior to a Conversion Date as provided for under the terms of this Plan and shall not carry any voting or dividend rights.

**ARTICLE V**  
**ELECTION PROCEDURES AND DISTRIBUTIONS**

**5.01 Annual Retainer Deferral Election**

Participants who elect to defer the receipt of the Annual Retainer as Carrier Deferred Stock Units for any Plan Year must make a written deferral election for that year on an Election form provided by the Committee.

**5.02 Annual Retainer Deferral Election Deadline**

A written Election form must be completed and submitted to the Office of the Corporate Secretary, no later than December 31st, prior to the Plan Year for which the Annual Retainer will be earned or, for new Participants, no later than 30 days after their election to the Board (in the case of new Participants, the deferral shall only apply to compensation for services performed after the date of the election). If a Participant fails to timely submit a properly completed Election form, the Participant's Annual Retainer earned in the next succeeding year shall be paid in cash as provided in Section 4.02. The Participant's deferral election shall be irrevocable following the Election deadline.

**5.03 Distribution Commencement Date**

(a) *Carrier Deferred Stock Units.* Carrier Deferred Stock Units shall be valued based on the Closing Price as of the date of Separation from Service (or in the case of installment payments, the Separation from Service Anniversary Date) and will be converted into shares of Carrier Common Stock and be distributed in stock from a Participant's Account as of the Participant's Distribution Commencement Date (and in the case of installment payments, on the applicable Distribution Anniversary Dates). Where the Participant has changed his or her distribution election as provided in Section 5.05, valuation shall occur, and distribution shall commence, no earlier than on the fifth anniversary of the Participant's Separation from Service and elected Distribution Date respectively.

(b) *UTC and Otis Deferred Stock Units.* UTC and Otis Deferred Stock Units shall be valued based on the Closing Price as of the date of Separation from Service (or in the case of installment payments, on the Separation from Service Anniversary Date) and will be distributed in cash from a Participant's Account as of the Participant's Distribution Commencement Date (and in the case of installment payments, on the applicable Distribution Anniversary Dates). Where the Participant has changed his or her distribution election as provided in Section 5.05, valuation shall occur and distribution shall commence no earlier than on the fifth anniversary of the Participant's Separation from Service and elected Distribution Date respectively.

(c) *Death.* If a Participant dies at any time before the Participant's Plan Account has 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.

(d) *Administrative Adjustments in Payment Date.* A distribution is treated as being made on the date when it is due under the Plan if the distribution occurs on the date specified by the Plan, or on a later date that is either (a) in the same calendar year (for a distribution 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 distribution with a specified due date that is on or after October 1). A distribution is also treated as having been made on the date when it is due under the Plan if the distribution is made not more than 30 days before the due date specified by the Plan. A Participant may not, directly or indirectly, designate the taxable year of a distribution made in reliance on the administrative rules in this [Section 5.03](#).

#### **5.04 Election of Form and Amount of Distribution**

(a) *Full Distribution.* Following a Separation from Service, a Participant shall receive (i) a number of shares of Carrier Common Stock equal to the number of whole Carrier Deferred Stock Units credited to his or her Account, and (ii) the cash value of the UTC and Otis Deferred Stock Units credited to his or her Account (if applicable), unless the Participant timely elected to receive distributions from his or her Account in 10 or 15 annual installments in accordance with subsection (b), below. A distribution of shares of Carrier Common Stock shall occur as provided in [Section 5.03](#). UTC and Otis Deferred Stock Units and Carrier fractional Deferred Stock Units will be paid in cash.

(b) *10 or 15 Annual Installments.* A Participant may elect to receive distributions from his or her Account in 10 or 15 installments, in lieu of a full distribution under subsection (a) above. Annual installment distributions of whole Carrier Deferred Stock Units shall be in shares of Carrier Common Stock, and annual installment distributions of UTC and Otis Deferred Stock Units and fractional Carrier Deferred Stock Units shall be in cash. Installment distributions shall commence as of the Distribution Commencement Date and continue as of each Distribution Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal 1/10th or 1/15th (if Participant elects 10 or 15 installment payments respectively) of the value of the Participant's Accounts, determined as of the Distribution Commencement Date. Each successive annual installment shall equal the value of the Participant's Accounts, determined as of the Distribution Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which shall be the number of remaining annual installments. Payment of each installment in shares of Carrier Common Stock with respect to Carrier Deferred Stock Units and cash with respect to UTC and Otis Deferred Stock Units shall be on a pro rata basis based on the outstanding balance of Carrier, UTC and Otis Deferred Stock Units.



(c) *Form of Distribution Election.* A valid election to receive annual distributions under subsection (b) shall be made in writing on an Election form, completed and submitted to the Office of the Corporate Secretary, no later than December 31st, prior to the Plan Year for which the Annual Retainer or Carrier Deferred Stock Unit Award is earned, or for new Participants, prior to the date the Participant is elected to the Board, and in no event later than 30 days after such election (in the case of new Participants, the deferral shall only apply to compensation for services performed after the date of the election). If a Participant does not make a valid distribution Election, the Participant shall be deemed to have elected to receive his or her Account in a full and immediate distribution as provided in subsection (a). Except as provided below in Section 5.05 (Change in Distribution Election), a Participant's distribution Election shall become irrevocable on the Election deadline date.

#### **5.05 Change in Distribution Election**

A Participant may make a one-time irrevocable Election to extend the deferral period or change the form of distribution that the Participant elected under Section 5.04. A deferral extension election and/or change to the form of distribution must meet the following requirements:

(a) The new Election must be made at least 12 months prior to the Distribution Commencement Date (and the new election shall be ineffective if the Distribution Commencement Date occurs within 12 months after the date of the new Election);

(b) The new Election will not take effect until 12 months after the date when the Participant submits a new Election form to the Office of the Corporate Secretary;

(c) The new Distribution Commencement Date must be a minimum of five years later than the date on which the distribution would otherwise have commenced; and

(d) The new form of distribution must be one of the forms of payment provided under Section 5.04(a) or (b).

## **ARTICLE VI ADMINISTRATION**

### **6.01 In General**

The Committee (or its delegate) shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including, without limitation, the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any Election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right to otherwise interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.04, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

### **6.02 Plan Amendment and Termination**

(a) The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. To the extent that 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.

(b) In the event of suspension of the Plan, no additional deferrals shall be made under the Plan, but all previous deferrals shall accumulate and be distributed in accordance with the otherwise applicable provisions of this Plan, the Prior Carrier Plan and the applicable Elections on file.

(c) Upon the termination of the Plan with respect to all Participants, and 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 distribute the Participant's vested Account in full, to the extent permitted under Section 409A. All distributions that may be made pursuant to this Section 6.02(c) shall be made no earlier than the 13th month and no later than the 24 months after the termination of the Plan. The Corporation may not accelerate distributions pursuant to this Section 6.02(c) if the termination of the Plan is proximate to a downturn in the Corporation's financial health within the meaning of Treas. Reg. Section 1.409A-3(j)(4)(ix)(C)(1). If the Corporation exercises its discretion to accelerate distributions under this Section 6.02(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.

### **6.03 Reports to Participants**

The Committee shall make available an annual statement to each Participant reporting the value of the Participant's Account and his or her account(s) under the Prior Carrier Plan as of the end of the most recent Plan Year.

### **6.04 Delegation of Authority**

The Committee may delegate to officers of the Corporation any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its members.

### **6.05 Distribution of Shares**

The Carrier Deferred Stock Units granted under the Plan shall be issued under the LTIP, but subject to administration and distribution in accordance with the terms of this Plan. All shares of Carrier Common Stock so distributed in accordance with the terms of the Plan shall be transferred to a brokerage account designated by the Participant entitled to receive the shares. This Plan shall be under no obligation to hold or issue shares of UTC or Otis Common Stock.

**ARTICLE VII  
MISCELLANEOUS**

**7.01 Rights Not Assignable**

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person's children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

**7.02 Certain Rights Reserved**

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

**7.03 Withholding Taxes**

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee determines to be required by law to be withheld from such credits and payments.

**7.04 Compliance with Section 409A**

This Section 7.04 shall apply notwithstanding any other provision of this Plan. 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 of the Code shall not be effective for purposes of this Plan. To the extent that a provision of this Plan does not comply with Section 409A of the Code, such provision shall be void and without effect. The Corporation does not warrant that the Plan will comply with Section 409A of the Code with respect to any Participant or with respect to any payment, however. In no event shall the Corporation; any director, officer, or employee of the Corporation (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. In the event that a Participant is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Corporation), amounts that constitute "non-qualified deferred compensation" within the meaning of Section 409A that would otherwise be payable during the six-month period immediately following a Participant's Separation from Service by reason of such Separation from Service shall instead be paid or provided on the first business day of the seventh month following the month in which Participant's Separation from Service occurs.

#### **7.05 Incompetence**

If the Committee determines, upon evidence satisfactory to the Committee, that any Participant or Beneficiary to whom a distribution is due under the Plan is unable to care for his or her affairs because of illness or accident or otherwise, any distribution that is due under the Plan (unless prior claim therefore shall have been made by a duly authorized guardian or other legal representative) may be distributed, upon appropriate indemnification of the Committee and the Company, to the spouse of the Participant, or Beneficiary, 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 distribution of shares or cash payment (as the case may be) shall be a complete discharge of any liability under the Plan with respect to the amount so distributed or paid.

#### **7.06 Inability to Locate Participants and Beneficiaries**

Each Participant and Beneficiary entitled to receive a distribution under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable to locate a Participant or Beneficiary to whom a distribution is due under the Plan, the total amount payable to such Participant or Beneficiary shall be forfeited as of the last day of the calendar year in which the distribution first becomes due.

#### **7.07 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 in the preceding sentence shall include any corporation 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 any successors and assigns of any such corporation or other business entity.

## **7.08 Usage**

(a) *Titles and Headings.* The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan.

(b) *Number.* The singular form shall include the plural, where appropriate.

## **7.09 Severability**

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

## **7.10 Share Ownership Requirements**

Participants, including Carrier Transferred Directors, are expected to own shares of Carrier Common Stock and have Deferred Stock Units equal in aggregate value to at least five times the then applicable base Annual Retainer amount set forth in Section 3.01 no later than the fifth Annual Meeting following a Participant's first election to the Board.

## **7.11 Governing Law**

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

## APPENDIX A

This Appendix A sets forth the United Technologies Corporation Board of Directors Deferred Stock Unit Plan as in effect on October 3, 2004, as assumed by Carrier Global Corporation with regard to Carrier Transferred Directors (as defined below) (this “Prior Carrier Plan”), and as modified thereafter, from time to time, in a manner that does not constitute a “material modification” for purposes of Section 409A. Amounts that were earned or vested (within the meaning of Section 409A) prior to January 1, 2005, and any subsequent increases in these amounts that are permitted to be treated as grandfathered benefits under Section 409A, are generally subject to and shall continue to be governed by the terms of this Prior Carrier Plan.

Effective October 13, 2010, but prior to the Spin-off (as defined below), Stock Units credited to Participants under this Prior Carrier Plan were convertible into shares of UTC Common Stock that were issued under the LTIP of United Technologies Corporation. Notwithstanding any provision of this Prior Carrier Plan to the contrary, all distributions with respect to Stock Units under this Prior Carrier Plan shall be distributed in shares of Common Stock. The settlement of Stock Units in shares of Common Stock in lieu of cash shall in no event: (a) increase the value of any Participant’s Account; (b) modify any Participant’s distribution election; or (c) alter the procedures in effect under this Prior Carrier Plan with respect to elections and distributions other than the substitution of shares for cash.

Effective as of the Spin-off from United Technologies Corporation of Carrier Global Corporation (“Carrier”) and Otis Worldwide Corporation (“Otis”) into separate, independent public companies in 2020 (the “Spin-off”), Stock Units credited to Participants under this Prior Carrier Plan were converted, at Spin-off, into Carrier, UTC, and Otis Stock Units. Effective on and after the Spin-off date, the term “Company” shall mean Carrier Global Corporation. Carrier Deferred Stock Units credited to Participants under this Prior Carrier Plan shall be convertible into shares of Carrier Common Stock; however, UTC and Otis Deferred Stock Units shall be distributed in cash. Payment of any installment in shares of Carrier Common Stock with respect to Carrier Deferred Stock Units and cash with respect to UTC and Otis Deferred Stock Units shall be on a pro rata basis based on the outstanding balance of Carrier, UTC and Otis Deferred Stock Units. For these purposes, the definition of “Closing Price” shall include the price of the underlying referenced security for a Carrier Stock Unit or Otis Stock Unit, as applicable; the definition of “Stock Unit” shall include a hypothetical share of Carrier and Otis, as applicable; and Carrier Stock Units and Otis Stock Units shall be increased or otherwise adjusted under Sections 402(a)(2) and (4) by reference to the underlying referenced security for a Carrier Stock Unit or Otis Stock Unit, as applicable.

The settlement of Deferred Stock Units in Common Stock and cash, as applicable, and other adjustments described herein shall in no event: (a) increase the value of any Participant’s Account; (b) modify any Participant’s distribution election; or (c) alter the procedures in effect under this Prior Carrier Plan with respect to elections and distributions other than the substitution of cash for certain shares.

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**UNITED TECHNOLOGIES CORPORATION**

**BOARD OF DIRECTORS**

**DEFERRED STOCK UNIT PLAN**

Effective January 1, 1996

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**UNITED TECHNOLOGIES CORPORATION  
BOARD OF DIRECTORS  
DEFERRED STOCK UNIT PLAN**

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**ARTICLE I  
INTRODUCTION**

**1.01 Purpose of Plan**

The purpose of the Plan is to enhance the Company's ability to attract and retain non-employee members of the Board whose training, experience and ability will promote the interests of the Company and to directly align the interests of such non-employee Directors with the interests of the Company's shareowners by providing compensation based on the value of UTC Common Stock. The Plan is designed to permit such non-employee directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Company as members of the Board.

**1.02 Effective Date of Plan**

Except as otherwise provided by Section 3.01, the Plan shall apply only to a Participant's annual Director's retainer Fees with respect to service on and after January 1, 1996.

**ARTICLE II  
DEFINITIONS**

Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

**Account** shall mean a bookkeeping account established for a Participant under Section 4.01.

**Article** shall mean an article of the Plan.

**Beneficiary** shall mean a Participant's beneficiary, designated in writing and in a form and manner satisfactory to the Committee, or if a Participant fails to designate a beneficiary, or if the Participant's designated Beneficiary predeceases the Participant, the Participant's estate.

**Board** shall mean the Board of Directors of the Company.

**Closing Price** shall mean, with respect to any date specified by the Plan, the closing price of UTC Common Stock on the composite tape of New York Stock Exchange issues (or if there was no reported sale of UTC Common Stock on such date, on the next preceding day on which there was such a reported sale).

**Committee** shall mean the Nominating Committee of the Board.

**Company** shall mean United Technologies Corporation.

**Director's Fees** shall mean the annual retainer fee payable to a Participant for services to the Company as a member of the Board. Director's Fees do not include special meeting fees.

**Participant** shall mean each member of the Board (other than a member of the Board who is also an employee of the Company or a subsidiary thereof) who is or becomes a member of the Board on or after January 1, 1996.

**Payment Anniversary Date** shall mean an anniversary of the Payment Commencement Date.

**Payment Commencement Date** shall mean the first business day of the first month following the month in which the Participant terminates service as a member of the Board.

**Plan** shall mean this United Technologies Corporation Board of Directors Deferred Stock Unit Plan, as set forth herein and as amended from time to time.

**Plan Year** shall mean the calendar year.

**Section** shall mean a Section of the Plan.

**Stock Unit** shall mean a hypothetical share of UTC Common Stock as described in Section 4.02.

**UTC Common Stock** shall mean the common stock of the Company.

### **ARTICLE III CREDITS**

#### **3.01 Transition Credits**

As soon as practicable on or after January 1, 1996, the Company shall credit to the Account of each Participant a number of Stock Units determined in accordance with the schedules set forth in Appendix I and Appendix II to the Plan. The credits set forth in Appendix I shall be provided in lieu of any benefits to which the Participant otherwise would have been entitled under the United Technologies Corporation Directors Retirement Plan as of its termination on December 31, 1995. The credits set forth in Appendix II shall be provided in lieu of any benefits to which the Participant otherwise would be entitled under certain deferred compensation arrangements entered into prior to January 1, 1996. The number of units set forth in Appendix II shall equal the number of tax deferred stock units (if any) credited to the Participant under any such prior deferred compensation arrangement, determined as of December 31, 1995.

### **3.02 Automatic Credits**

As of the beginning of each Plan Year, the Company shall credit Stock Units to each Participant's Account equal in value to 60% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1).

### **3.03 Elective Credits**

A Participant may elect, with respect to each Plan Year, to defer the entire portion (but not a partial portion) of the 40% of the Participant's Director's Fees that are not automatically deferred in accordance with Section 3.02 and that otherwise would be paid to the Participant in cash. If the Participant makes such an election, the Company shall credit Stock Units to the Participant's Account equal in value to 40% of the Participant's Director's Fees for the Plan Year, as determined in accordance with Section 4.02(a)(1), as of the beginning of the Plan Year with respect to which the election is made (or, if later, as of the first day in the Plan Year on which the individual becomes a Participant). An election under this Section 3.03 shall be made in a form and manner satisfactory to the Committee and shall be effective for a Plan Year only if made before the beginning of the Plan Year; provided that an individual who becomes a Participant after the first day of a Plan Year may make the election for that Plan Year within 30 days of becoming a Participant.

## **ARTICLE IV ACCOUNTS AND INVESTMENTS**

### **4.01 Accounts**

A separate Account under the Plan shall be established for each Participant. Such Account shall be (a) credited with the amounts credited in accordance with Article III, (b) credited (or charged, as the case may be) with the investment results determined in accordance with Section 4.02, and (c) charged with the amounts paid by the Plan to or on behalf of the Participant in accordance with Article V. Within each Participant's Account, separate subaccounts shall be maintained to the extent the Committee determines them to be necessary or useful in the administration of the Plan.

## 4.02 Stock Units

(a) **Deemed Investment in UTC Common Stock.** Except as provided in subsection (b), below, a Participant's Account shall be treated as if it were invested in Stock Units that are equivalent in value to the fair market value of shares of UTC Common Stock in accordance with the following rules:

(1) *Conversion into Stock Units.* Any Director's Fees credited to a Participant's Account for a Plan Year under Section 3.02 or 3.03 shall be converted into Stock Units (including fractional Stock Units) by dividing the amount credited by the Closing Price on the first business day of the Plan Year; provided that in the case of an individual who becomes a Participant after the first day of a Plan Year, the Closing Price shall be determined as of the day on which the individual becomes a Participant.

(2) *Deemed Reinvestment of Dividends.* The number of Stock Units credited to a Participant's Account shall be increased on each date on which a dividend is paid on UTC Common Stock. The number of additional Stock Units credited to a Participant's Account as a result of such increase shall be determined by (i) multiplying the total number of Stock Units (excluding fractional Stock Units) credited to the Participant's Account immediately before such increase by the amount of the dividend paid per share of UTC Common Stock on the dividend payment date, and (ii) dividing the product so determined by the Closing Price on the dividend payment date.

(3) *Conversion Out of Stock Units.* The dollar value of the Stock Units credited to a Participant's Account on any date shall be determined by multiplying the number of Stock Units (including fractional Stock Units) credited to the Participant's Account by the Closing Price on that date.

(4) *Effect of Recapitalization.* In the event of a transaction or event described in this paragraph (4), the number of Stock Units credited to a Participant's Account shall be adjusted in such manner as the Committee, in its sole discretion, deems equitable. A transaction or event is described in this paragraph (4) if (i) it is a dividend (other than regular quarterly dividends) or other distribution (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event and (ii) the Committee determines that such transaction or event affects the shares of UTC Common Stock, such that an adjustment pursuant to this paragraph (4) is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(b) *Change in Deemed Investment Election.* A Participant who elects to receive distribution of his or her Accounts in annual installments will continue to have such Account credited with Stock Units during the installment period unless the Participant irrevocably elects to have his or her Account treated, as of the Payment Commencement Date, as if the Account were invested in cash. If a Participant makes such election, the Account will be credited with a rate of interest equal to the average interest rate on 10-Year Treasury Bonds as of the January through October Period in the calendar year prior to the Plan Year in which the interest is credited, plus 1%. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made before the Payment Commencement Date.

#### **4.03 Hypothetical Nature of Accounts and Investments**

Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds or assets. The Stock Units established hereunder shall be used solely to determine the amounts to be paid hereunder, shall not be or represent an equity security of the Company, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Company and shall not carry any voting or dividend rights.

### **ARTICLE V PAYMENTS**

#### **5.01 Entitlement to Payment**

Credits to a Participant's Account under Section 3.02 or 3.03 shall be in lieu of payment to the Participant of the related Director's Fees. Any payment under the Plan with respect to an Account shall be made solely in cash and as further provided in this Article V. The right of any person to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Company.

#### **5.02 Payment Commencement Date**

Payments to a Participant with respect to the Participant's Account shall begin as of the Participant's Payment Commencement Date; provided that if a Participant dies before the Participant's Payment Commencement Date, payment of the entire value of the Participant's Account shall be made in a lump sum to the Participant's Beneficiary as soon as practicable after the Committee receives all documents and other information that it requests in connection with the payment.

### 5.03 Form and Amount of Payment

(a) *Fifteen Annual Installments.* A Participant shall receive his or her benefits in 15 annual installments unless the Participant elects to receive his or her benefits under the Plan in the form of a lump-sum payment or in less than 15 annual installments in accordance with subsection (b), below. Annual installments shall be payable to the Participant in cash beginning as of the Payment Commencement Date and continuing as of each Payment Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal one-fifteenth (1/15th) of the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Each successive annual installment shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which is the excess of 15 over the number of installment payments previously made (i.e., 1/14th, 1/13th, etc.). If the Participant dies after the Participant's Payment Commencement Date but before all 15 installments have been paid, the remaining installments shall be paid to the Participant's Beneficiary in accordance with the schedule in this subsection (a).

(b) *Lump Sum, or Less Than 15 Annual Installments.* A Participant may elect to receive his or her benefits under the Plan in the form of a lump-sum payment or in two to fourteen installments in lieu of the fifteen installment payments determined under subsection (a), above. The lump sum shall be payable to the Participant in cash as of the Payment Commencement Date and shall equal the value of the Stock Units credited to the Participant's Account, determined as of the Payment Commencement Date. Installments shall be paid in the manner set forth in subsection (a) above, except that for purposes of determining the amount of the first annual installment, the denominator of the fraction shall equal the number of scheduled annual installments. An election under this subsection (b) shall be made in a form and manner satisfactory to the Committee and shall be effective only if made at least two years before the Participant's Payment Commencement Date.



**ARTICLE VI  
ADMINISTRATION**

**6.01 In General**

The Committee shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including without limitation the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right otherwise to interpret the Plan in accordance with its terms. Except as otherwise provided in Section 6.03, the Committee's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

**6.02 Plan Amendment and Termination**

The Committee may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. If the Plan is terminated in accordance with this Section 6.02, the terms of the Plan as in effect immediately before termination shall determine the right to payment in respect of any amounts that remain credited to a Participant's or Beneficiary's Account upon termination.

**6.03 Reports to Participants**

The Committee shall furnish an annual statement to each Participant (or Beneficiary) reporting the value of the Participant's (or Beneficiary's) Account as of the end of the most recent Plan Year.

**6.04 Delegation of Authority**

The Committee may delegate to officers of the Company any and all authority with which it is vested under the Plan, and the Committee may allocate its responsibilities under the Plan among its member.

**ARTICLE VII  
MISCELLANEOUS**

**7.01 Rights Not Assignable**

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Committee may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person's children or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper.

**7.02 Certain Rights Reserved**

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

**7.03 Withholding Taxes**

The Committee may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Committee reasonably determines to be required by law to be withheld from such credits and payments.

**7.04 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 or otherwise, any payment due under the Plan (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 Company, to the spouse of the Participant or Beneficiary 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 shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

#### **7.05 Inability to Locate Participants and Beneficiaries**

Each Participant and Beneficiary entitled to receive a payment under the Plan shall keep the Committee advised of his or her current address. If the Committee is unable for a period of 36 months to locate a Participant or Beneficiary to whom a payment is due under the Plan, commencing with the first day of the month as of which such payment first comes due, the total amount payable to such Participant or Beneficiary shall be forfeited. Should such a Participant or Beneficiary subsequently contact the Committee requesting payment, the Committee shall, upon receipt of all documents and other information that it might request in connection with the payment, restore and pay the forfeited payment in a lump sum, the value of which shall not be adjusted to reflect any interest or other type of investment earnings or gains for the period of forfeiture.

#### **7.06 Successors**

The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term “successors” as used in the preceding sentence shall include any corporation or other business entity that by merger, consolidation, purchase, or otherwise acquires all or substantially all of the business and assets of the Company, and any successors and assigns of any such corporation or other business entity.

#### **7.07 Usage**

(a) *Titles and Headings.* The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan

(b) *Number.* The singular form shall include the plural, where appropriate.

#### **7.08 Severability**

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

## **7.09 Governing Law**

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of Connecticut.

**Carrier Global Corporation  
2020 Long-Term Incentive Plan**

**French Sub-Plan for  
Restricted Stock Units**

The Carrier Global Corporation 2020 Long-Term Incentive Plan (the “Plan”) was approved by United Technologies Corporation as the sole shareowner of the Corporation on March 11, 2020 for the benefit of employees, officers, and directors of the Corporation or any of its Subsidiaries or Affiliates, including Subsidiaries or Affiliates in France (each, a “French Entity”), in which the Corporation holds, directly or indirectly, at least a fifty percent (50%) voting or profits interest.

This Sub-Plan to the Plan contains the rules that, together with the provisions of the Plan, govern the operation of the Plan insofar as it applies to Awards made to Eligible Individuals employed by a French Entity who are residents in France for French tax purposes and/or subject to the French social security regime (the “French Participants”). The terms of the Plan as modified by this Sub-Plan constitute the “2020 French Qualified Plan.” This Sub-Plan has been established to enable the Restricted Stock Units granted under this Sub-Plan to qualify for the favorable French income tax and social security regime applicable in France to “qualified” free-share plans, as may be amended from time to time (the “French Favorable Regime”). However, nothing in this Sub-Plan shall be construed as a guarantee or an undertaking by the Corporation or any of its Subsidiaries or Affiliates that such a favorable regime will effectively apply.

This Sub-Plan will apply to Participants in the Plan who are or may become subject to French taxation (*i.e.*, income tax and/or social security contributions) on the Restricted Stock Units awarded under the Plan; provided that the Award Agreement evidencing such Award refers to this Sub-Plan.

The terms and conditions of the Plan are modified by this Sub-Plan for France to comply with the provisions of Articles L.225-197-1 to L.225-197-6 of the French Commercial Code and French employment law. This Sub-Plan shall be construed and operated with that intention.

This Sub-Plan should be read in conjunction with the rules of the Plan. Awards granted under this Sub-Plan are subject to the terms and conditions of the Plan applicable to Restricted Stock Units, except to the extent that the terms and conditions of the Plan differ from or conflict with the terms and conditions set out in this Sub-Plan, in which event, the terms set out in this Sub-Plan shall prevail.

Capitalized terms used herein and that are not defined in Section 1 below shall have the meanings ascribed to such terms in the Plan. Reference to the singular shall include reference to the plural.

Under this Sub-Plan, only Restricted Stock Units shall be awarded to French Participants.

The terms and conditions applicable to the Awards granted under this Sub-Plan are the terms and conditions set out in the rules of the Plan, modified as follows.

1. **DEFINITIONS**

1.1 **Award**

The term “*Award*” shall mean Restricted Stock Units (including both performance-based and time-based Restricted Stock Units) granted pursuant to the terms and conditions of the Plan as amended by this Sub-Plan.

1.2 **Disability**

The term “*Disability*” shall mean a disability corresponding to the second or the third categories of Article L.341-4 of the French Social Security Code.

1.3 **Eligible Individuals**

The term “*Eligible Individuals*” shall mean current salaried employees, as defined by French labor law, and/or Managing Corporate Officers (*mandataires sociaux*), as listed in Article L.225-197-1 of the French Commercial Code, of the Corporation, or a Subsidiary having a capital link as defined in Article L.225-197-2 of the French Commercial Code, who are Participants under the terms of the Plan, and who may be awarded Restricted Stock Units pursuant to this Sub-Plan.

1.4 **Grant Date**

The term “*Grant Date*” shall be the date on which the Committee both (i) designates the French Participant and (ii) specifies the terms and conditions of the Restricted Stock Units, including the number of Shares, the vesting conditions and the conditions of the transferability of the Shares.

1.5 **Qualified Stock Units**

The term “*Qualified Stock Units*” shall mean Awards of Restricted Stock Units granted pursuant to this Sub-Plan that qualify under the French Favorable Regime.

1.6 **Restricted Period**

The term “*Restricted Period*” shall mean the periods as set forth in Article L.225-197-1, I of the French Commercial Code, currently (i) the period within thirty (30) calendar days before the announcement of an interim financial report or an end-of-year report that the issuer is required to make public and (ii) by the Participant having knowledge of privileged information within the meaning of Article 7 Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, which has not been made public.

1.7 **Restricted Stock Units**

The term “*Restricted Stock Units*” shall mean Awards denominated in Shares, subject to the terms and conditions of the Restricted Stock Units that will be settled in Shares.

2. **ELIGIBILITY**

2.1 Subject to Sections 2.2, 2.3 and 2.4 below, any French Participant on the Grant Date shall be eligible to receive Awards under this Sub-Plan; provided that such Eligible Individual is (i) employed under the terms and conditions of an employment contract (“*contrat de travail*”) with a French Entity or (ii) a Corporate Officer having a management function in the French Entity, as specified under the French Commercial Code (“Managing Corporate Officer”).

2.2 Notwithstanding any other provision of the Plan, Restricted Stock Units granted under this Sub-Plan shall not be awarded to any Eligible Individual who is holding Shares representing ten percent (10%) or more of the Corporation’s capital at the date of the award or who may hold Shares representing ten percent (10%) or more of the Corporation’s capital due to the award of Restricted Stock Units.

2.3 Notwithstanding any other provision of the Plan, Restricted Stock Units can only be granted to Managing Corporate Officers (*mandataires sociaux*) under this Sub-Plan; provided that the following conditions are met:

- Restricted Stock Units or stock-options are granted in the conditions of the French Commercial Code to at least ninety percent (90%) of the employees of the Corporation’s entities in France; or
- A profit sharing agreement (*i.e.*, French “*accord d’intéressement*” as defined in Article L.3312-2 of the French Labour Code, “*accord de participation dérogatoire*” as defined in Article L.3324-2 of the same Code or “*accord de participation volontaire*” as defined in Article L.3323-6 of the same Code) benefiting to at least ninety percent (90%) of the employees of the Corporation’s entities in France is in place.

2.4 Notwithstanding any other provision of the Plan, Awards may not be granted to corporate officers of a French Entity, other than Managing Corporate Officers, unless the officer is employed under the terms and conditions of an employment contract (“*contrat de travail*”) with a French Entity and is otherwise eligible to receive Awards under the Plan.

3. **SETTLEMENT OF AWARDS**

Notwithstanding any other provision of the Plan and notably Section 2(a)(vii), Section 3(d)(iii) and Section 7, the Awards shall only be settled by delivery of Shares and not in cash.

4. **DIVIDEND EQUIVALENTS**

Notwithstanding any other provision of the Plan and notably Section 7(b)(ii), the Restricted Stock Units granted under this Sub-Plan shall not give rise to the right to any dividend equivalent or to receive any payment corresponding to the dividends payable on the Common Stock.

5. **MINIMUM PERIOD BEFORE WHICH THE TRANSFER OF PROPERTY OF SHARES CAN OCCUR**

5.1 Notwithstanding any other provision of the Plan, the Restricted Stock Units granted pursuant to this Sub-Plan shall not vest and the Shares underlying the Awards shall not be transferred to French Participants before the first (1st) anniversary of the Grant Date, except in the event of death as described below in Section 9.

5.2 In the event a French Participant terminates employment with the Corporation or the French Entity before the first (1st) anniversary of the Grant Date for any reason other than death, his or her Restricted Stock Units shall be forfeited and he or she shall have no right to claim for compensation for the loss of his or her Restricted Stock Units and for not being issued and allotted the underlying Shares.

6. **SALE RESTRICTION PERIOD**

6.1 Notwithstanding any other provisions of the Plan, and in the event the Awards vest and the Shares are transferred to the French Participant before the second (2nd) anniversary of the Grant Date, the Shares issued pursuant to such Award shall be subject to a restriction on sale or transfer until the second (2nd) anniversary of the Grant Date, except in any event provided for under French law as an exception to this minimum time period before which the Shares cannot be sold, and notably in the event of Disability and death as described below in Sections 8 and 9.

6.2 Notwithstanding any other provision of the Plan, for Restricted Stock Units granted to Corporate Officers of the Corporation under this Sub-Plan, if any, the Board or the Committee shall, in the applicable Award Agreement, either:

- specify that the Shares underlying the Award granted cannot be disposed of before the end of the Corporate Officer status of the Participant; or
- determine a minimum quantity of Shares that the Participant shall hold until the end of his or her Corporate Officer status.

7. **SPECIFIC CLOSED PERIODS DURING WHICH THE SHARES CANNOT BE DISPOSED OF**

Notwithstanding any other provision of the Plan, once definitively delivered, Shares may not be disposed of within the Restricted Period.



8. **DISABILITY**

In the event of Disability of a Participant before the first (1st) anniversary of the Grant Date, Restricted Stock Units shall remain outstanding and continue to vest pursuant to the terms of this Sub-Plan. Notwithstanding any other provision of the Plan, in the event of Disability of a Participant during the sale restriction period, Shares delivered shall not be subject to the restriction on the transfer of Shares that would otherwise apply pursuant to Section 6 and shall become immediately disposable.

9. **TRANSFER TO HEIRS**

Notwithstanding any other provision of the Plan, in the event of death of a Participant, all Restricted Stock Units that are not vested at that time immediately will become vested in full, and the Corporation shall issue the underlying Shares to the Participant's heirs; provided that such request is made within six (6) months following such death. Shares delivered shall not be subject to the restriction on the transfer of Shares that would otherwise apply pursuant to Section 6 and shall become immediately disposable.

10. **EXCHANGE OF SHARES DURING THE SALE RESTRICTION PERIOD**

In the event of an exchange of Shares resulting from a public offer, a merger, a spin-off, a stock-split or a reverse stock split operation performed during the sale restrictions described in Section 6 above, such sale restrictions, if any, remain applicable to the Shares received in the exchange for the time period remaining at the date of the exchange. Additionally, if the Shares are brought to a company or an investment trust whose capital exclusively consist of shares or equities derivatives giving a right to access to share capital issued by the Corporation or an affiliated company as defined in Article L.225-197-2 of the French Commercial Code, the sale restriction period remains applicable to the Shares received in exchange of the contribution for the time period remaining at the date of the contribution.

11. **DEFINITIVE DELIVERY OF THE SHARES**

Notwithstanding any other provision of the Plan and notably Section 14(i), once delivered to the Participant (or to his or her heirs), the Shares are definitively delivered and cannot be cancelled or rescinded and a Participant cannot be forced to return the Shares.

12. **VOLUNTARY DEFERRAL OF THE AWARD**

Notwithstanding any other provision of the Plan, the Committee cannot require or permit the Participants to defer the receipt or issuance of the Shares.

13. **LIMITATION ON THE GRANT OF RESTRICTED STOCK AWARDS**

The number of Restricted Stock Units granted to a French Participant shall be limited, if necessary, so that the aggregate amount of (i) shares of Common Stock held by the French Participant at the Grant Date and (ii) shares of Common Stock underlying the Awards do not exceed ten percent (10%) of the share capital of the Corporation in accordance with Article L.225-197-1 of the French Commercial Code.

14. **ADJUSTMENTS AND CHANGE IN CORPORATE STRUCTURE**

Without limiting the generality of Section 3(d) of the Plan, which shall apply to Awards under this Sub-Plan, the Corporation may, at its sole discretion, make adjustments to the number of Awards, as well as the number of Shares to be delivered in the following circumstances:

- (i) in cases that would be authorized or rendered compulsory under French law; and
- (ii) in the event of operations performed on the share capital of the Company before the delivery of the Shares, in which cases, the Committee is authorized to adjust the number of Shares to be delivered but only in order to protect the rights of the Participant and to guarantee the neutrality of such operations.

15. **INTERPRETATION**

It is intended that Awards granted under this Sub-Plan may qualify for the French Favorable Regime and in accordance with the relevant provisions set forth by French tax and social security laws. The terms of this Sub-Plan shall be interpreted accordingly and in accordance with the relevant guidelines published by French tax and social security administrations and subject to the fulfilment of certain legal, tax and reporting obligations, if applicable. However, certain corporate transactions or other factors may impact the qualification of the Awards for the French Favorable Regime.

16. **TAX TREATMENT**

The failure or inability of any grant of Restricted Stock Units pursuant to this Sub-Plan to qualify for the French Favorable Regime for any reason shall not, under any circumstances, entitle a French Participant or his or her heirs to make any claims for damages, additional compensation, other benefit or payment of taxes owed or otherwise. The obligation and responsibility to determine, report and to pay any French taxes that may apply to the French Participant shall be and remain the sole responsibility of the individual Participant and not the Corporation or any Affiliate. Notwithstanding anything to the contrary hereinabove, the Corporation makes no warranty or representation that any particular tax regime or rate of taxation will be applicable to the Restricted Stock Units. The French Participant should consult with such advisors as he or she deems appropriate to determine the tax treatment applicable to the Award.

17. **NO RIGHT TO EMPLOYMENT**

The adoption of this Sub-Plan shall not confer upon the French Participants any employment rights and shall not be construed as part of any employment contracts that a French Entity has with its employees. The Awards will not be considered part of the employee's salary or compensation package.

18. **PERIOD DURING WHICH FRENCH QUALIFIED RESTRICTED STOCK UNITS CAN BE GRANTED**

No Awards can be granted under this Sub-Plan more than seventy-six (76) months after the date on which this Sub-Plan is approved by the Committee.

19. **PARTICIPANT ACCOUNT**

The Shares delivered under this Sub-Plan shall be recorded in an account in the name of the Participant with the Corporation or a broker or in such manner as the Committee may otherwise determine to ensure compliance with this Sub-Plan.

20. **NON-TRANSFERABILITY OF THE AWARD**

Notwithstanding any other provision of the Plan, Awards granted under this Sub-Plan shall not be transferred or otherwise disposed of, except in the event of death as described above in Section 9.

21. **SEVERABILITY**

The terms and conditions provided in this Sub-Plan are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable under French law, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

22. **EFFECTIVE DATE**

This Sub-Plan shall be effective as of the date on which the Spin-Off occurs; provided that it has been approved by the Committee before such date.

This Sub-Plan approved by the Committee (corporate body of Corporation empowered to do so according to applicable corporate law) on March 11, 2020, according to the authorization given by United Technologies Corporation as the sole shareowner of the Corporation on March 11, 2020.

**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 Otis 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 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: Employee Benefit 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: Employee Benefit Committee  
Telephone: 561-365-2000



**For Immediate Release**

**Contact:** Ashley Barrie  
561-365-1260  
Ashley.Barrie@Carrier.com

**Carrier Becomes Independent, Publicly Traded Company,  
Begins Trading on New York Stock Exchange**  
*Spin-off complete from United Technologies Corp.*

**PALM BEACH GARDENS, Fla., April 3, 2020** — Carrier Global Corporation (NYSE: CARR) today debuted as an independent, publicly traded company after successfully completing its separation from United Technologies. Shares of Carrier, a global leader in creating building and refrigeration solutions that matter for people and our planet, will begin “regular-way” trading on the New York Stock Exchange (NYSE) today at market open under the symbol “CARR.”

A leading provider of innovative heating, ventilating and air conditioning (HVAC), refrigeration, and fire & security technologies, Carrier’s products and services are essential for modern life, particularly in today’s global environment. The company has an extensive global footprint with approximately 53,000 employees, offering solutions in more than 160 countries. Carrier has leading positions in critical segments, including North American residential HVAC, commercial HVAC equipment in major markets, global fire detection and suppression, global access controls for security systems, and refrigerated equipment for the North American and European truck trailer and container businesses.

“Against the backdrop of unprecedented global uncertainty, Carrier and its employees remain focused and continue to solve critical challenges – from improving indoor air quality, protecting the world’s food and pharmaceutical supply and keeping people safe and secure. I am honored to lead this fantastic company and now, more than ever, I am incredibly proud of the perseverance and resiliency of our talented workforce,” said Carrier President & CEO Dave Gitlin. “For more than a century, Carrier has been a symbol of excellence, and today, as a standalone company, we have defined our own strategy, vision, culture and priorities. We have an unmatched legacy and look forward to delivering sustainable long-term growth to our shareowners and other stakeholders.”

## **Strategy**

As an independent company, Carrier will have greater focus and enhanced agility based on its own distinct operating priorities and strategies for long-term growth and profitability, including strengthening and growing its core businesses, extending its product range and geographical coverage, and expanding service and digital offerings. The company is well-positioned with strong megatrends driving sustained industry growth, leading positions with significant installed base, a disciplined operating system, and an unwavering commitment to innovation.

## **Corporate Social Responsibility**

Carrier will continue to contribute meaningfully to communities around the world through employee volunteerism and environmentally responsible operations, products and services. Carrier’s recent \$3 million, three-year donation to The Nature Conservancy will help cities better prepare for climate change and support the development of online STEM education for children around the world, and is a testament to Carrier’s commitment to environmental leadership.

“We are a world leader in providing energy-efficient solutions for buildings around the world. We are deeply committed to driving a leadership position in sustainable solutions for the planet and for future generations. Strengthening our global community makes us a stronger company, creating shared value for our business and society,” said Gitlin. “As a standalone company, we have the ability to leverage our legacy of industry leadership and sustainability to address the challenges of today and tomorrow while executing our vision and growth strategy.”

Learn more about the new Carrier at [www.Carrier.com](http://www.Carrier.com).

### **About Carrier**

Carrier Global Corporation is a leading global provider of innovative heating, ventilating and air conditioning (HVAC), refrigeration, fire, security and building automation technologies. Supported by the iconic Carrier name, the company is committed to making the world safer and more comfortable for generations to come through its industry-leading brands such as Carrier, Kidde, Edwards, LenelS2 and Automated Logic. For more information, visit [www.Carrier.com](http://www.Carrier.com) or follow us on social media at [@Carrier](https://twitter.com/Carrier).

**Cautionary Statement.** This communication contains 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 Carrier’s 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 from United Technologies. 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 following the separation, including the estimated costs associated with the separation 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. For those statements, Carrier claims the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which Carrier and its 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 the 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 and the financial condition of Carrier’s customers and suppliers; (2) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (3) future levels of indebtedness, including indebtedness incurred in connection with the separation, and capital spending and research and development spending; (4) future availability of credit and factors that may affect such availability, including credit market conditions and Carrier’s capital structure; (5) the timing and scope of future repurchases of Carrier 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; (6) delays and disruption in the delivery of materials and services from suppliers; (7) cost reduction efforts and restructuring costs and savings and other consequences thereof; (8) new business and investment opportunities; (9) the anticipated benefits of moving away from diversification and balance of operations across product lines, regions and industries; (10) the outcome of legal proceedings, investigations and other contingencies; (11) pension plan assumptions and future contributions; (12) the impact of the negotiation of collective bargaining agreements and labor disputes; (13) the effect of changes in political conditions in the U.S. and other countries in which Carrier and its businesses operate, including the effect of changes in U.S. trade policies or the United Kingdom’s withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (14) 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 its businesses operate; (15) the ability of Carrier to retain and hire key personnel; (16) the scope, nature, impact or timing of 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; (17) the expected benefits of the separation; (18) a determination by the IRS and other tax authorities that the distribution or certain related transactions should be treated as taxable transactions; (19) risks associated with indebtedness incurred as a result of financing transactions undertaken in connection with the separation; (20) the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the separation will exceed Carrier’s estimates; and (21) the impact of the separation on Carrier’s business and 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. 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 Carrier’s registration statement on Form 10 and the reports of Carrier on Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time. 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.

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