UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2022
OR

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

Commission file number 001-39220

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

Delaware	**83-4051582**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

13995 Pasteur Boulevard, Palm Beach Gardens, Florida 33418
(Address of principal executive offices, including zip code)
(561) 365-2000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($0.01 par value)	CARR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐		
Non-accelerated filer	☐	Smaller reporting company	☐	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.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 15, 2022, there were 841,583,456 shares of Common Stock outstanding.

CARRIER GLOBAL CORPORATION

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Three and Six Months Ended June 30, 2022

Carrier Global Corporation and its subsidiaries' names, abbreviations thereof, logos and product and service designators are all either the registered or unregistered trademarks or trade names of Carrier Global Corporation and its subsidiaries. Names, abbreviations of names, logos and products and service designators of other companies are either the registered or unregistered trademarks or trade names of their respective owners. As used herein, the terms "we," "us," "our," "the Company" or "Carrier," unless the context otherwise requires, mean Carrier Global Corporation and its subsidiaries. References to internet websites in this Form 10-Q are provided for convenience only. Information available through these websites is not incorporated by reference into this Form 10-Q.

PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions, except per share amounts)	2022	2021	2022	2021
Net sales				
Product sales	$ 4,662	$ 4,584	$ 8,832	$ 8,448
Service sales	549	856	1,033	1,691
Total Net sales	5,211	5,440	9,865	10,139
Costs and expenses				
Cost of products sold	(3,363)	(3,235)	(6,361)	(5,959)
Cost of services sold	(401)	(586)	(764)	(1,167)
Research and development	(122)	(125)	(247)	(246)
Selling, general and administrative	(614)	(813)	(1,215)	(1,556)
Total Costs and expenses	(4,500)	(4,759)	(8,587)	(8,928)
Equity method investment net earnings	101	87	159	125
Other income (expense), net	7	15	1,119	18
Operating profit	819	783	2,556	1,354
Non-service pension (expense) benefit	(1)	19	(2)	37
Interest (expense) income, net	(61)	(71)	(109)	(164)
Income from operations before income taxes	757	731	2,445	1,227
Income tax (expense) benefit	(170)	(234)	(471)	(338)
Net income from operations	587	497	1,974	889
Less: Non-controlling interest in subsidiaries' earnings from operations	14	10	22	18
Net income attributable to common shareowners	**$ 573**	**$ 487**	**$ 1,952**	**$ 871**
Earnings per share				
Basic	$ 0.68	$ 0.56	$ 2.30	$ 1.00
Diluted	**$ 0.67**	**$ 0.55**	**$ 2.25**	**$ 0.98**
Weighted-average number of shares outstanding				
Basic	845.7	868.7	849.5	869.0
Diluted	**862.7**	**890.9**	**868.4**	**890.4**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(In millions)	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Net income from operations	$ 587	$ 497	$ 1,974	$ 889
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments arising during period	(489)	59	(550)	(62)
Pension and post-retirement benefit plan adjustments	2	6	—	13
Chubb divestiture	—	—	(245)	—
Other comprehensive income (loss), net of tax	(487)	65	(795)	(49)
Comprehensive income (loss)	100	562	1,179	840
Less: Comprehensive income (loss) attributable to non-controlling interest	5	10	13	18
Comprehensive income (loss) attributable to common shareowners	**$ 95**	**$ 552**	**$ 1,166**	**$ 822**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(In millions)	As of June 30, 2022	As of December 31, 2021
Assets		
Cash and cash equivalents	$ 3,017	$ 2,987
Accounts receivable, net	2,823	2,403
Contract assets, current	712	503
Inventories, net	2,350	1,970
Assets held for sale	—	3,168
Other assets, current	374	376
Total current assets	9,276	11,407
Future income tax benefits	566	563
Fixed assets, net	1,805	1,826
Operating lease right-of-use assets	595	640
Intangible assets, net	458	509
Goodwill	9,067	9,349
Pension and post-retirement assets	31	43
Equity method investments	1,671	1,593
Other assets	193	242
Total Assets	**$ 23,662**	**$ 26,172**
Liabilities and Equity		
Accounts payable	$ 2,403	$ 2,334
Accrued liabilities	2,430	2,561
Contract liabilities, current	444	415
Liabilities held for sale	—	1,134
Current portion of long-term debt	269	183
Total current liabilities	5,546	6,627
Long-term debt	8,298	9,513
Future pension and post-retirement obligations	366	380
Future income tax obligations	335	354
Operating lease liabilities	490	527
Other long-term liabilities	1,635	1,677
Total Liabilities	16,670	19,078
Commitments and contingent liabilities (Note 19)		
Equity		
Common stock	9	9
Treasury stock	(1,543)	(529)
Additional paid-in capital	5,441	5,411
Retained earnings	4,564	2,865
Accumulated other comprehensive loss	(1,775)	(989)
Non-controlling interest	296	327
Total Equity	6,992	7,094
Total Liabilities and Equity	**$ 23,662**	**$ 26,172**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Accumulated Other Comprehensive Income (Loss)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity
Balance as of December 31, 2021	$ (989)	$ 9	$ (529)	$ 5,411	$ 2,865	$ 327	$ 7,094
Net income	—	—	—	—	1,379	8	1,387
Other comprehensive income (loss), net of tax	(308)	—	—	—	—	—	(308)
Shares issued under incentive plans, net	—	—	—	(17)	—	—	(17)
Stock-based compensation	—	—	—	21	—	—	21
Dividends attributable to non-controlling interest	—	—	—	—	—	(1)	(1)
Sale of non-controlling interest	—	—	—	—	—	(5)	(5)
Treasury stock repurchase	—	—	(741)	—	—	—	(741)
Balance as of March 31, 2022	**$ (1,297)**	**$ 9**	**$ (1,270)**	**$ 5,415**	**$ 4,244**	**$ 329**	**$ 7,430**
Net income	—	—	—	—	573	14	587
Other comprehensive income (loss), net of tax	(478)	—	—	—	—	(9)	(487)
Dividends declared on common stock [(1)]	—	—	—	—	(253)	—	(253)
Conversion of cash settled awards	—	—	—	6	—	—	6
Stock-based compensation	—	—	—	20	—	—	20
Dividends attributable to non-controlling interest	—	—	—	—	—	(38)	(38)
Treasury stock repurchase	—	—	(273)	—	—	—	(273)
Balance as of June 30, 2022	**$ (1,775)**	**$ 9**	**$ (1,543)**	**$ 5,441**	**$ 4,564**	**$ 296**	**$ 6,992**

(In millions)	Accumulated Other Comprehensive Income (Loss)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity
Balance as of December 31, 2020	$ (745)	$ 9	$ —	$ 5,345	$ 1,643	$ 326	$ 6,578
Net income	—	—	—	—	384	8	392
Other comprehensive income (loss), net of tax	(114)	—	—	—	—	—	(114)
Shares issued under incentive plans, net	—	—	—	(14)	—	—	(14)
Stock-based compensation	—	—	—	19	—	—	19
Dividends attributable to non-controlling interest	—	—	—	—	—	(5)	(5)
Treasury stock repurchase	—	—	(38)	—	—	—	(38)
Balance as of March 31, 2021	**$ (859)**	**$ 9**	**$ (38)**	**$ 5,350**	**$ 2,027**	**$ 329**	**$ 6,818**
Net income	—	—	—	—	487	10	497
Other comprehensive income (loss), net of tax	65	—	—	—	—	—	65
Dividends declared on common stock [(2)]	—	—	—	—	(209)	—	(209)
Shares issued under incentive plans, net	—	—	—	(4)	—	—	(4)
Stock-based compensation	—	—	—	20	—	—	20
Dividends attributable to non-controlling interest	—	—	—	—	—	(21)	(21)
Acquisition of non-controlling interest	—	—	—	—	—	46	46
Treasury stock repurchase	—	—	(92)	—	—	—	(92)
Balance as of June 30, 2021	**$ (794)**	**$ 9**	**$ (130)**	**$ 5,366**	**$ 2,305**	**$ 364**	**$ 7,120**

[(1)] Cash dividends declared were $0.30 per share for the three months ended June 30, 2022.
[(2)] Cash dividends declared were $0.24 per share for the three months ended June 30, 2021

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(In millions)	For the Six Months Ended June 30, 2022	2021
Operating Activities		
Net income from operations	$ 1,974	$ 889
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	155	168
Deferred income tax provision	(17)	33
Stock-based compensation costs	41	40
Equity method investment net earnings	(159)	(125)
(Gain) loss on extinguishment of debt	(36)	—
(Gain) loss on sale of investments	(1,119)	—
Changes in operating assets and liabilities		
Accounts receivable, net	(483)	(288)
Contract assets, current	(224)	(41)
Inventories, net	(435)	(210)
Other assets, current	(37)	(27)
Accounts payable and accrued liabilities	79	368
Contract liabilities, current	42	42
Defined benefit plan contributions	(6)	(27)
Distributions from equity method investments	15	42
Other operating activities, net	40	(119)
Net cash flows provided by (used in) operating activities	(170)	745
Investing Activities		
Capital expenditures	(122)	(132)
Investment in businesses, net of cash acquired	(38)	(167)
Dispositions of businesses	2,944	1
Settlement of derivative contracts, net	(123)	(6)
Other investing activities, net	(16)	3
Net cash flows provided by (used in) investing activities	2,645	(301)
Financing Activities		
Increase (decrease) in short-term borrowings, net	(22)	(13)
Issuance of long-term debt	21	74
Repayment of long-term debt	(1,127)	(605)
Repurchases of common stock	(1,014)	(130)
Dividends paid on common stock	(257)	(209)
Dividends paid to non-controlling interest	(22)	(30)
Other financing activities, net	(13)	15
Net cash flows provided by (used in) financing activities	(2,434)	(898)
Effect of foreign exchange rate changes on cash and cash equivalents	(41)	(2)
Net increase (decrease) in cash and cash equivalents and restricted cash	—	(456)
Cash, cash equivalents and restricted cash, beginning of period	3,025	3,120
Cash, cash equivalents and restricted cash, end of period	3,025	2,664
Less: restricted cash	8	34
Cash and cash equivalents, end of period	**$ 3,017**	**$ 2,630**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

CARRIER GLOBAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: DESCRIPTION OF THE BUSINESS

Carrier Global Corporation is the leading global provider of healthy, safe, sustainable and intelligent building and cold chain solutions. The Company's portfolio includes industry-leading brands such as Carrier, Automated Logic, Carrier Transicold, Kidde, Edwards and LenelS2 that offer innovative heating, ventilating, air conditioning ("HVAC"), refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable. The Company also provides a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring.

In the opinion of management, the accompanying Unaudited Condensed Consolidated Financial Statements contain all adjustments (which include normal recurring adjustments) necessary to state fairly the financial position, results of operations and cash flows for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). These Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for 2021 filed with the SEC on February 8, 2022 (the "2021 Form 10-K").

Impact of the COVID-19 Pandemic

In early 2020, the World Health Organization declared the outbreak of a respiratory disease known as COVID-19 as a global pandemic. In response, many countries implemented containment and mitigation measures to combat the outbreak, which severely restricted the level of economic activity and caused a significant contraction in the global economy. As a result, the Company took several preemptive actions to manage liquidity, preserve the health and safety of its employees and customers as well as maintain the continuity of its operations. The preparation of financial statements requires management to use judgments in making estimates and assumptions based on the relevant information available at the end of each period, which can have a significant effect on reported amounts. However, due to significant uncertainty surrounding the pandemic, including a resurgence in cases and the spread of COVID-19 variants, management's judgments could change. While the Company's results of operations, cash flows and financial condition could be negatively impacted, the extent of any continuing impact cannot be estimated with certainty at this time.

NOTE 2: BASIS OF PRESENTATION

The Unaudited Condensed Consolidated Financial Statements include all accounts of the Company and its wholly-owned and majority-owned subsidiaries in which it has control. All intra-company accounts and transactions have been eliminated. Related party transactions between the Company and its equity method investees have not been eliminated. Non-controlling interest represents a non-controlling investor's interests in the results of subsidiaries that the Company controls and consolidates.

Sale of Chubb Fire & Security Business

On July 26, 2021, the Company entered into a stock purchase agreement to sell its Chubb Fire and Security business ("Chubb") to APi Group Corporation ("APi"). As a result, the assets and liabilities of Chubb are presented as held for sale on the accompanying Unaudited Condensed Consolidated Balance Sheet as of December 31, 2021 and recorded at the lower of their carrying value or fair value less estimated cost to sell. The sale of Chubb was completed on January 3, 2022 (the "Chubb Sale"). See Note 16 - Divestitures for additional information.

Separation from United Technologies

On April 3, 2020, United Technologies Corporation, since renamed Raytheon Technologies Corporation ("UTC"), completed the spin-off of the Company into an independent, publicly traded company (the "Separation") through a pro-rata distribution (the "Distribution") on a one-for-one basis of all of the outstanding shares of 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 of the Distribution. The Company incurred separation-related costs including employee-related costs, costs to establish certain stand-alone functions, information technology systems, professional service fees and other costs associated with becoming an independent, publicly traded company. These costs are primarily recorded in *Selling, general and administrative* in the Unaudited Condensed Consolidated Statement of Operations and totaled $3 million and $19 million for the three and six months ended June 30, 2021, respectively.

Recently Issued and Adopted Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the sole source of authoritative U.S. GAAP other than SEC issued rules and regulations that apply only to SEC registrants. The FASB issues Accounting Standards Updates ("ASU") to communicate changes to the codification. The Company considers the applicability and impact of all ASUs. ASUs pending adoption were assessed and determined to be either not applicable or not expected to have a material impact on the Unaudited Condensed Consolidated Financial Statements.

NOTE 3: INVENTORIES, NET

Inventories are stated at the lower of cost or estimated net realizable value. Cost is primarily determined based on the first-in, first-out inventory method ("FIFO") or average cost methods, which approximates current replacement cost. However, certain subsidiaries use the last-in, first-out inventory method ("LIFO").

Inventories, net consisted of the following:

(In millions)	**June 30, 2022**	**December 31, 2021**
Raw materials	$ 701	$ 559
Work-in-process	243	197
Finished goods	1,406	1,214
Inventories, net	**$ 2,350**	**$ 1,970**

The Company performs periodic assessments utilizing customer demand, production requirements and historical usage rates to determine the existence of excess and obsolete inventory and records necessary provisions to reduce such inventories to the lower of cost or estimated net realizable value. Raw materials, work-in-process and finished goods are net of valuation reserves of $151 million and $154 million as of June 30, 2022 and December 31, 2021, respectively.

NOTE 4: GOODWILL AND INTANGIBLE ASSETS

The Company records goodwill as the excess of the purchase price over the fair value of the net assets acquired in a business combination. Goodwill is tested and reviewed annually for impairment on July 1 or whenever there is a material change in events or circumstances that indicates that the fair value of the reporting unit may be less than its carrying value.

The changes in the carrying amount of goodwill were as follows:

(In millions)	**HVAC**	**Refrigeration**	**Fire & Security**	**Total**
Balance as of December 31, 2021	**$ 5,658**	**$ 1,228**	**$ 2,463**	**$ 9,349**
Goodwill resulting from business combinations [1]	15	—	1	16
Foreign currency translation	(162)	(39)	(97)	(298)
Balance as of June 30, 2022	**$ 5,511**	**$ 1,189**	**$ 2,367**	**$ 9,067**

[1] See Note 15 - Acquisitions for additional information.

Indefinite-lived intangible assets are tested and reviewed annually for impairment on July 1 or whenever there is a material change in events or circumstances that indicates that the fair value of the asset may be less than the carrying amount of the asset. All other intangible assets with finite useful lives are amortized over their estimated useful lives.

Identifiable intangible assets consisted of the following:

	June 30, 2022			December 31, 2021		
(In millions)	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Amortized:						
Customer relationships	$ 919	$ (701)	$ 218	$ 945	$ (699)	$ 246
Patents and trademarks	224	(180)	44	232	(182)	50
Service portfolios and other	672	(540)	132	688	(539)	149
	1,815	(1,421)	394	1,865	(1,420)	445
Unamortized:						
Trademarks and other	64	—	64	64	—	64
Intangible assets, net	**$ 1,879**	**$ (1,421)**	**$ 458**	**$ 1,929**	**$ (1,420)**	**$ 509**

Amortization of intangible assets was as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	2022	2021	2022	2021
Amortization expense of Intangible assets	$ 20	$ 25	$ 41	$ 49

NOTE 5: BORROWINGS AND LINES OF CREDIT

Long-term debt consisted of the following:

(In millions)	June 30, 2022	December 31, 2021
2.242% Notes due February 15, 2025	$ 1,200	$ 2,000
2.493% Notes due February 15, 2027	900	1,250
2.722% Notes due February 15, 2030	2,000	2,000
2.700% Notes due February 15, 2031	750	750
3.377% Notes due April 5, 2040	1,500	1,500
3.577% Notes due April 5, 2050	2,000	2,000
Total long-term Notes	8,350	9,500
Other debt (including project financing obligations and finance leases)	279	267
Discounts and debt issuance costs	(62)	(71)
Total debt	8,567	9,696
Less: current portion of long-term debt	269	183
Long-term debt, net of current portion	**$ 8,298**	**$ 9,513**

Revolving Credit Facility

On February 10, 2020, the Company entered into a revolving credit agreement with various banks permitting aggregate borrowings of up to $2.0 billion pursuant to an unsecured, unsubordinated revolving credit facility that matures on April 3, 2025 (the "Revolving Credit Facility"). The Revolving Credit Facility supports the Company's commercial paper program and cash requirements of the Company. A commitment fee of 0.125% is charged on unused commitments. Borrowings under the Revolving Credit Facility are available in U.S. Dollars, Euros and Pounds Sterling and bear interest at a variable interest rate plus a ratings-based margin, which was 125 basis points as of June 30, 2022. As of June 30, 2022, there were no borrowings outstanding under the Revolving Credit Facility.

Commercial Paper Program

The Company has a $2.0 billion unsecured, unsubordinated commercial paper program, which can be used for general corporate purposes, including the funding of working capital and potential acquisitions. As of June 30, 2022, there were no borrowings outstanding under the commercial paper program.

Project Financing Arrangements

The Company is involved in several long-term construction contracts in which it arranges project financing with certain customers. As a result, the Company issued $21 million and $71 million of debt during the six months ended June 30, 2022 and 2021, respectively. Long-term debt repayments associated with these financing arrangements during the six months ended June 30, 2022 and 2021 were $12 million and $83 million, respectively.

Debt Covenants

The Revolving Credit Facility and the indenture for the long-term Notes contain affirmative and negative covenants customary for financings of these types, which, among other things, limit the Company's ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. As of June 30, 2022, the Company was in compliance with the covenants under the agreements governing its outstanding indebtedness.

Tender Offers

On March 15, 2022, the Company commenced tender offers to purchase up to $1.15 billion ("Aggregate Tender Cap") aggregate principal of the Company's 2.242% Notes due 2025 and 2.493% Notes due 2027 (together, the "Senior Notes"). The tender offers included payment of applicable accrued and unpaid interest up to the settlement date, along with a fixed spread for early repayment. Based on participation, the Company elected to settle the tender offers on March 30, 2022. The aggregate principal amount of Senior Notes validly tendered and accepted was approximately $1.15 billion, which included $800 million of Notes due 2025 and $350 million of Notes due 2027. As a result, the Company recognized a net gain of $33 million and wrote off $5 million of unamortized deferred financing costs within *Interest (expense) income, net* on the accompanying Unaudited Condensed Consolidated Statement of Operations during the three months ended March 31, 2022.

NOTE 6: FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurement* ("ASC 820"), defines fair value as the price that would be received if an asset is sold or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

In the normal course of business, the Company is exposed to certain risks arising from business operations and economic factors, including foreign currency and commodity price risk. These exposures are managed through operational strategies and the use of undesignated hedging contracts. The Company's derivative assets and liabilities are measured at fair value on a recurring basis using internal models based on observable market inputs, such as forward, interest, contract and discount rates with changes in fair value reported directly in earnings.

The following tables provide the valuation hierarchy classification of assets and liabilities that are recorded at fair value and measured on a recurring basis in the Company's Unaudited Condensed Consolidated Balance Sheet:

(In millions)	Total	Level 1	Level 2	Level 3
June 30, 2022				
Derivative assets [1]	$ 3	$ —	$ 3	$ —
Derivative liabilities [2]	$ (9)	$ —	$ (9)	$ —
December 31, 2021				
Derivative assets [1]	$ 8	$ —	$ 8	$ —
Derivative liabilities [2]	$ (35)	$ —	$ (35)	$ —

[1] Included in *Other assets, current* on the accompanying Unaudited Condensed Consolidated Balance Sheet.
[2] Included in *Accrued liabilities* on the accompanying Unaudited Condensed Consolidated Balance Sheet.

The following table provides the carrying amounts and fair values of the Company's long-term notes that are not recorded at fair value in the Unaudited Condensed Consolidated Balance Sheet:

	June 30, 2022		December 31, 2021	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total long-term Notes [1]	$ 8,350	$ 7,040	$ 9,500	$ 9,842

[1] Excludes debt discount and issuance costs.

The fair value of the Company's long-term debt is measured based on observable market inputs which are considered Level 1 within the fair value hierarchy. The carrying value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings approximate fair value due to the short-term nature of these accounts and would be classified as Level 1 in the fair value hierarchy. The Company's financing leases and project financing obligations, included in *Long-term debt* and *Current portion of long-term debt* on the accompanying Unaudited Condensed Consolidated Balance Sheet, approximate fair value and are classified as Level 3 in the fair value hierarchy.

NOTE 7: EMPLOYEE BENEFIT PLANS

The Company sponsors both funded and unfunded domestic and international defined benefit pension and defined contribution plans. In addition, the Company contributes to various domestic and international multi-employer pension plans.

Contributions to the plans were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	2022 [1]	2021	2022 [1]	2021
Defined benefit plans	$ 2	$ 3	$ 6	$ 27
Defined contribution plans	$ 28	$ 30	$ 66	$ 67
Multi-employer pension plans	$ 3	$ 7	$ 6	$ 12

[1] See Note 16 - Divestitures for additional information.

The components of net periodic pension expense (benefit) for the defined benefit pension plans are as follows:

(In millions)	For the Three Months Ended June 30, 2022 [(1)]	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022 [(1)]	For the Six Months Ended June 30, 2021
Service cost	$ 4	$ 7	$ 9	$ 14
Interest cost	4	10	8	19
Expected return on plan assets	(6)	(37)	(13)	(73)
Amortization of prior service credit	—	—	1	1
Recognized actuarial net (gain) loss	3	8	5	16
Net periodic pension expense (benefit)	**$ 5**	**$ (12)**	**$ 10**	**$ (23)**

(1) See Note 16 - Divestitures for additional information.

NOTE 8: STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation plans in accordance with ASC 718, *Compensation - Stock Compensation*, which requires a fair-value based method for measuring the value of stock-based compensation. Fair value is measured at the date of grant and is generally not adjusted for subsequent changes. The Company's stock-based compensation plans include programs for stock appreciation rights, restricted stock units and performance share units.

Stock-based compensation expense, net of estimated forfeitures, is included in *Cost of products sold*, *Selling, general and administrative* and *Research and development* in the accompanying Unaudited Condensed Consolidated Statements of Operations.

Stock-based compensation cost by award type was as follows:

(In millions)	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Equity compensation costs - equity settled	$ 20	$ 21	$ 41	$ 40
Equity compensation costs - cash settled [(1)]	(11)	6	(17)	10
Total stock-based compensation expense	**$ 9**	**$ 27**	**$ 24**	**$ 50**

(1) The cash settled awards are classified as liability awards and are measured at fair value at each balance sheet date.

NOTE 9: PRODUCT WARRANTIES

In the ordinary course of business, the Company provides standard warranty coverage on its products. Provisions for these amounts are established at the time of sale and estimated primarily based on product warranty terms and historical claims experience. In addition, the Company incurs discretionary costs to service its products in connection with specific product performance issues. Provisions for these amounts are established when they are known and estimable. The Company assesses the adequacy of its initial provisions and will make adjustments as necessary based on known or anticipated claims or as new information becomes available that suggests it is probable that future costs will be different than estimated amounts. Amounts associated with these provisions are classified on the accompanying Unaudited Condensed Consolidated Balance Sheet as *Accrued liabilities* or *Other long-term liabilities* based on their anticipated settlement date.

The changes in the carrying amount of warranty related provisions are as follows:

(In millions)	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Balance as of January 1,	$ 524	$ 514
Warranties, performance guarantees issued and changes in estimated liability	84	89
Settlements made	(78)	(80)
Other	(5)	—
Balance as of June 30,	**$ 525**	**$ 523**

NOTE 10: EQUITY

The authorized number of shares of common stock of Carrier is 4,000,000,000 shares of $0.01 par value. As of June 30, 2022 and December 31, 2021, 874,951,424 and 873,064,219 shares of common stock were issued, respectively, which includes 33,114,977 and 10,375,654 shares of treasury stock, respectively.

Share Repurchase Program

The Company may repurchase its outstanding common stock from time to time subject to market conditions and at the Company's discretion in the open market or through one or more other public or private transactions and subject to compliance with the Company's obligations under certain tax agreements. Shares acquired are recognized at cost and presented separately on the balance sheet as a reduction to *Equity*. In July 2021, the Company's Board of Directors approved a $1.75 billion increase to the Company's existing $350 million share repurchase program authorizing the repurchase of up to $2.1 billion of the Company's outstanding common stock. During 2021, the Company repurchased 10.4 million shares of common stock for an aggregate purchase price of $529 million.

On December 14, 2021, the Company entered into an accelerated share repurchase agreement ("ASR Agreement") to repurchase $500 million of its common stock pursuant to the Company's existing share repurchase program. In accordance with the ASR Agreement, the Company received initial delivery of 7.6 million shares on January 4, 2022, representing approximately 80% of the expected share repurchases. The final number of shares under the ASR Agreement was based on the daily average of the volume-weighted average share price of the Company's common stock over the term of the ASR Agreement. Upon final settlement, the Company received an additional 2.7 million shares on February 8, 2022 and recognized $500 million in *Treasury stock* as a reduction in equity.

During the six months ended June 30, 2022, the Company repurchased 22.7 million shares of common stock for an aggregate purchase price of $1.0 billion, which includes shares repurchased under the ASR Agreement. As of June 30, 2022, the Company has approximately $557 million remaining under the current authorization.

Accumulated Other Comprehensive Income (Loss)

A summary of changes in the components of *Accumulated other comprehensive income (loss)* for the three and six months ended June 30, 2022 and 2021 is as follows:

(In millions)	Foreign Currency Translation	Defined Benefit Pension and Post-retirement Plans	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2021	$ (505)	$ (484)	$ (989)
Other comprehensive income (loss) before reclassifications, net	(61)	(4)	(65)
Amounts reclassified, pre-tax	—	3	3
Tax expense (benefit) reclassified	—	(1)	(1)
Divestitures, net	(574)	329	(245)
Balance as of March 31, 2022	**$ (1,140)**	**$ (157)**	**$ (1,297)**
Other comprehensive income (loss) before reclassifications, net	(480)	—	(480)
Amounts reclassified, pre-tax	—	3	3
Tax expense (benefit) reclassified	—	(1)	(1)
Balance as of June 30, 2022	**$ (1,620)**	**$ (155)**	**$ (1,775)**

(In millions)		Foreign Currency Translation		Defined Benefit Pension and Post-retirement Plans		Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2020	$	(191)	$	(554)	$	(745)
Other comprehensive income (loss) before reclassifications, net		(121)		—		(121)
Amounts reclassified, pre-tax		—		9		9
Tax expense (benefit) reclassified		—		(2)		(2)
Balance as of March 31, 2021	**$**	**(312)**	**$**	**(547)**	**$**	**(859)**
Other comprehensive income (loss) before reclassifications, net		59		—		59
Amounts reclassified, pre-tax		—		8		8
Tax expense (benefit) reclassified		—		(2)		(2)
Balance as of June 30, 2021	**$**	**(253)**	**$**	**(541)**	**$**	**(794)**

NOTE 11: REVENUE RECOGNITION

The Company accounts for revenue in accordance with ASC 606: *Revenue from Contracts with Customers*. Revenue is recognized when control of a good or service promised in a contract (i.e. performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. A significant portion of the Company's performance obligations are recognized at a point-in-time when control of the product transfers to the customer, which is generally at the time of shipment. The remaining portion of the Company’s performance obligations are recognized over time as the customer simultaneously obtains control as the Company performs work under a contract, or if the product being produced for the customer has no alternative use and the Company has a contractual right to payment.

Sales disaggregated by product and service are as follows:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
(In millions)		2022		2021		2022		2021
Sales Type								
Product	$	3,005	$	2,757	$	5,644	$	4,904
Service		383		363		714		702
HVAC sales		3,388		3,120		6,358		5,606
Product		925		915		1,792		1,807
Service		116		106		225		219
Refrigeration sales		1,041		1,021		2,017		2,026
Product		838		1,012		1,609		1,931
Service		49		391		96		776
Fire & Security sales		887		1,403		1,705		2,707
Total segment sales		5,316		5,544		10,080		10,339
Eliminations and other		(105)		(104)		(215)		(200)
Net sales	**$**	**5,211**	**$**	**5,440**	**$**	**9,865**	**$**	**10,139**

Contract Balances

Total contract assets and contract liabilities consisted of the following:

(In millions)	June 30, 2022	December 31, 2021
Contract assets, current	$ 712	$ 503
Contract assets, non-current (included within *Other assets*)	6	70
Total contract assets	718	573
Contract liabilities, current	(444)	(415)
Contract liabilities, non-current (included within *Other long-term liabilities*)	(169)	(165)
Total contract liabilities	(613)	(580)
Net contract assets	**$ 105**	**$ (7)**

The timing of revenue recognition, billings and cash collections results in contract assets and contract liabilities. Contract assets relate to the conditional right to consideration for any completed performance under a contract when costs are incurred in excess of billings under the percentage-of-completion methodology. Contract liabilities relate to payments received in advance of performance under a contract or when the Company has a right to consideration that is conditioned upon transfer of a good or service to a customer. Contract liabilities are recognized as revenue as (or when) the Company performs under the contract.

The Company recognized revenue of $221 million during the six months ended June 30, 2022 that related to contract liabilities as of January 1, 2022. The Company expects a majority of its current contract liabilities at the end of the period to be recognized as revenue in the next 12 months.

NOTE 12: RESTRUCTURING COSTS

The Company incurs costs associated with restructuring initiatives intended to improve operating performance, profitability and working capital levels. Actions associated with these initiatives may include improving productivity, workforce reductions and the consolidation of facilities.

The Company recorded net pre-tax restructuring costs for new and ongoing restructuring initiatives as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	2022	2021	2022	2021
HVAC	$ 2	$ 7	$ 6	$ 11
Refrigeration	6	3	6	5
Fire & Security	3	9	9	20
Total Segment	11	19	21	36
General corporate expenses	2	2	2	3
Total restructuring costs	**$ 13**	**$ 21**	**$ 23**	**$ 39**
Cost of sales	$ 5	$ 6	$ 7	$ 11
Selling, general and administrative	8	15	16	28
Total restructuring costs	**$ 13**	**$ 21**	**$ 23**	**$ 39**

The following table summarizes the reserve and charges relating to the restructuring reserve, included in *Accrued liabilities* on the accompanying Unaudited Condensed Consolidated Balance Sheet:

(In millions)	For the Six Months Ended June 30, 2022	2021
Balance as of January 1,	$ 54	$ 49
Net pre-tax restructuring costs	23	39
Utilization, foreign exchange and other	(34)	(40)
Balance as of June 30,	**$ 43**	**$ 48**

During the six months ended June 30, 2022 and 2021, charges associated with restructuring initiatives related to cost reduction efforts. Amounts recognized primarily related to severance due to workforce reductions and exit costs due to the consolidation of field operations. As of June 30, 2022, the Company had $43 million accrued for costs associated with its announced restructuring initiatives, all of which is expected to be paid within one year.

NOTE 13: INCOME TAXES

The Company accounts for income tax expense in accordance with ASC 740, *Income Taxes* ("ASC 740"), which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate was 22.5% for the three months ended June 30, 2022 compared with 32.0% for the three months ended June 30, 2021. The year-over-year decrease was primarily driven by a combined tax benefit of $15 million related to re-organizations in Australia, Canada and the United Kingdom recorded during the three months ended June 30, 2022 as well as the absence of a $43 million deferred tax charge recorded during the three months ended June 30, 2021 associated with a tax rate increase in the United Kingdom enacted on June 10, 2021 with an effective date of April 2023.

The effective tax rate was 19.3% for the six months ended June 30, 2022 compared with 27.5% for the six months ended June 30, 2021. The year-over-year decrease was primarily driven by a lower effective tax rate on the Chubb gain compared with the Company's U.S. statutory rate and a favorable tax adjustment of $32 million associated with foreign tax credits generated and expected to be utilized in the current year. The six months ended June 30, 2021 included a $43 million deferred tax charge associated with a tax rate increase in the United Kingdom enacted on June 10, 2021 with an effective date of April 2023, partially offset by the recognition of a favorable tax adjustment of $21 million resulting from the re-organization of a German subsidiary.

The Company assesses the realizability of its deferred tax assets on a quarterly basis through an analysis of potential sources of future taxable income, including prior year taxable income that may be available to absorb a carryback of tax losses, reversals of existing taxable temporary differences, tax planning strategies and forecasts of taxable income. The Company considers all negative and positive evidence, including the weight of the evidence, to determine whether valuation allowances against deferred tax assets are required. The Company maintains valuation allowances against certain deferred tax assets.

The Company conducts business globally and files income tax returns in U.S. federal, state and foreign jurisdictions. In certain jurisdictions, the Company's operations were included in UTC's combined tax returns for the periods through the Distribution. The U.S. Internal Revenue Service ("IRS") is currently auditing UTC's tax years 2017 and 2018. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including Australia, Belgium, Canada, China, Czech Republic, France, Germany, Hong Kong, India, Italy, Mexico, the Netherlands, Singapore, the United Kingdom and the United States. The Company is no longer subject to U.S. federal income tax examination for years prior to 2017 and, with few exceptions, is no longer subject to state, local and foreign income tax examinations for tax years prior to 2013.

In the ordinary course of business, there is inherent uncertainty in quantifying the Company's income tax positions. The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon management’s evaluation of the facts, circumstances and information available at the reporting date. The Company believes that it is reasonably possible that a net decrease in unrecognized tax benefits of $10 million to $65 million may occur within 12 months as a result of additional uncertain tax positions, the Separation, the revaluation of uncertain tax positions arising from examinations, appeals, court decisions and/or the expiration of tax statutes.

NOTE 14: EARNINGS PER SHARE

Earnings per share is computed by dividing *Net income attributable to common shareowners* by the weighted-average number of shares of common stock outstanding during the period (excluding treasury stock). Diluted earnings per share is computed by giving effect to all potentially dilutive stock awards that are outstanding. The computation of diluted earnings per share excludes the effect of the potential exercise of stock-based awards, including stock appreciation rights and stock options, when the effect of the potential exercise would be anti-dilutive.

The following table summarizes the weighted-average number of shares of common stock outstanding for basic and diluted earnings per share calculations:

	Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions, except per share amounts)	**2022**	**2021**	**2022**	**2021**
Net income attributable to common shareowners	$ 573	$ 487	$ 1,952	$ 871
Basic weighted-average number of shares outstanding	845.7	868.7	849.5	869.0
Stock awards and equity units (share equivalent)	17.0	22.2	18.9	21.4
Diluted weighted-average number of shares outstanding	**862.7**	**890.9**	**868.4**	**890.4**
Antidilutive shares excluded from computation of diluted earnings per share	4.5	3.1	2.9	3.1
Earnings Per Share				
Basic	$ 0.68	$ 0.56	$ 2.30	$ 1.00
Diluted	**$ 0.67**	**$ 0.55**	**$ 2.25**	**$ 0.98**

NOTE 15: ACQUISITIONS

During the six months ended June 30, 2022, the Company acquired consolidated businesses and minority-owned businesses. The aggregate cash paid, net of cash acquired, totaled $38 million and was funded through cash on hand. Acquisitions are recorded using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. As a result, the aggregate purchase price has been allocated to assets acquired and liabilities assumed based on the estimate of fair market value of such assets and liabilities at the date of acquisition. The excess purchase price over the estimated fair value of net assets acquired during the six months ended June 30, 2022 was recognized as goodwill and totaled $16 million.

Toshiba Carrier Corporation Acquisition Agreement

On February 6, 2022, the Company entered into a binding agreement to acquire a majority ownership interest in Toshiba Carrier Corporation (“TCC”) for approximately $900 million. TCC, a variable refrigerant flow ("VRF") and light commercial HVAC joint venture between Carrier and Toshiba Corporation, designs and manufactures flexible, energy-efficient and high-performance VRF and light commercial HVAC systems as well as commercial products, compressors and heat pumps. The acquisition will include all of TCC’s advanced research and development centers and global manufacturing operations, product pipeline and the long-term use of Toshiba’s iconic brand. The transaction is expected to close in early August, subject to customary closing conditions, including regulatory approvals. Upon closing, Toshiba Corporation will retain a 5% ownership interest in TCC.

NOTE 16: DIVESTITURES

Sale of Chubb Fire & Security Business

On January 3, 2022, the Company completed the Chubb Sale for net proceeds of $2.9 billion. Chubb, which was reported within the Company’s Fire & Security segment, delivered essential fire safety and security solutions from design and installation to monitoring, service and maintenance across more than 17 countries around the globe. During the three months ended March 31, 2022, the Company recognized a net gain on the sale of $1.1 billion, which is included in *Other income (expense), net* on the accompanying Unaudited Condensed Consolidated Statement of Operations.

The following table summarizes Chubb's assets and liabilities classified as held for sale:

(In millions)	December 31, 2021
Cash and cash equivalents	$ 60
Accounts receivable, net	445
Inventories, net	73
Contract assets, current	184
Other assets, current	27
Fixed assets, net	67
Intangible assets, net	545
Goodwill	940
Operating lease right-of-use assets	193
Pension and post-retirement assets	614
Other assets	20
Total assets disposed	**$ 3,168**
Accounts payable	$ (190)
Accrued liabilities	(248)
Contract liabilities, current	(162)
Future pension and post-retirement obligations	(69)
Future income tax obligations	(273)
Operating lease liabilities	(175)
Other long-term liabilities	(17)
Total liabilities disposed	**$ (1,134)**

The sale agreement included several customary provisions to settle working capital and other transaction-related items as of the date of sale. As of June 30, 2022, APi and the Company are in the process of finalizing these amounts in accordance with the terms of the sale agreement. Upon finalization, any adjustments will be recognized within *Other income (expense), net* on the accompanying Unaudited Condensed Consolidated Statement of Operations.

NOTE 17: SEGMENT FINANCIAL DATA

The Company conducts its operations through three reportable operating segments: HVAC, Refrigeration and Fire & Security. In accordance with ASC 280 - *Segment Reporting*, the Company's segments maintain separate financial information for which results of operations are evaluated on a regular basis by the Company's Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

- The HVAC segment provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers while enhancing building performance, health, energy efficiency and sustainability.

- The Refrigeration segment includes transport refrigeration and monitoring products, services and digital solutions for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products.

- The Fire & Security segment provides a wide range of residential, commercial and industrial technologies designed to help protect people and property.

The Company's customers are in both the public and private sectors and its businesses reflect extensive geographic diversification. Inter-company sales between segments are immaterial.

Net sales and *Operating profit* by segment are as follows:

	Net Sales		Operating Profit	
	For the Three Months Ended June 30,		For the Three Months Ended June 30,	
(In millions)	2022	2021	2022	2021
HVAC	$ 3,388	$ 3,120	$ 585	$ 573
Refrigeration	1,041	1,021	147	123
Fire & Security	887	1,403	134	148
Total segment	5,316	5,544	866	844
Eliminations and other	(105)	(104)	(16)	(23)
General corporate expenses	—	—	(31)	(38)
Total Consolidated	**$ 5,211**	**$ 5,440**	**$ 819**	**$ 783**

	Net Sales		Operating Profit	
	For the Six Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	2022	2021	2022	2021
HVAC	$ 6,358	$ 5,606	$ 1,055	$ 938
Refrigeration	2,017	2,026	254	250
Fire & Security	1,705	2,707	1,352	298
Total segment	10,080	10,339	2,661	1,486
Eliminations and other	(215)	(200)	(40)	(63)
General corporate expenses	—	—	(65)	(69)
Total Consolidated	**$ 9,865**	**$ 10,139**	**$ 2,556**	**$ 1,354**

Geographic external sales are attributed to the geographic regions based on their location of origin. With the exception of the U.S. presented in the table below, there were no individually significant countries with sales exceeding 10% of total sales during the six months ended June 30, 2022 and 2021.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	2022	2021	2022	2021
United States	$ 3,171	$ 2,848	$ 5,955	$ 5,201
International:				
Europe	1,119	1,459	2,164	2,857
Asia Pacific	713	907	1,365	1,649
Other	208	226	381	432
Net sales	**$ 5,211**	**$ 5,440**	**$ 9,865**	**$ 10,139**

NOTE 18: RELATED PARTIES

Equity Method Investments

The Company sells products to and purchases products from unconsolidated entities accounted for under the equity method and, therefore, these entities are considered to be related parties. Amounts attributable to equity method investees are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	2022	2021	2022	2021
Sales to equity method investees included in *Product sales*	$ 787	$ 652	$ 1,411	$ 1,120
Purchases from equity method investees included in *Cost of products sold*	$ 91	$ 98	$ 201	$ 174

The Company had receivables from and payables to equity method investees as follows:

(In millions)	June 30, 2022	December 31, 2021
Receivables from equity method investees included in *Accounts receivable, net*	$ 315	$ 150
Payables to equity method investees included in *Accounts payable*	$ 57	$ 51

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

The Company is involved in various litigation, claims and administrative proceedings, including those related to environmental (including asbestos) and legal matters. In accordance with ASC 450, *Contingencies*, the Company records accruals for loss contingencies when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. These accruals are generally based upon a range of possible outcomes. If no amount within the range is a better estimate than any other, the Company accrues the minimum amount. In addition, these estimates are reviewed periodically and adjusted to reflect additional information when it becomes available. The Company is unable to predict the final outcome of the following matters based on the information currently available, except as otherwise noted. However, the Company does not believe that the resolution of any of these matters will have a material adverse effect upon the Company's competitive position, results of operations, cash flows or financial condition.

Environmental Matters

The Company’s operations are subject to environmental regulation by various authorities. The Company has accrued for the costs of environmental remediation activities, including but not limited to investigatory, remediation, operating and maintenance costs and performance guarantees. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to individual sites, including technology required to remediate, current laws and regulations and prior remediation experience.

The outstanding liabilities for environmental obligations are as follows:

(In millions)	June 30, 2022	December 31, 2021
Environmental reserves included in *Accrued liabilities*	$ 29	$ 29
Environmental reserves included in *Other long-term liabilities*	187	191
Total Environmental reserves	**$ 216**	**$ 220**

For sites with multiple responsible parties, the Company considers its likely proportionate share of the anticipated remediation costs and the ability of other parties to fulfill their obligations in establishing a provision for these costs. Accrued environmental liabilities are not reduced by potential insurance reimbursements and are undiscounted.

Asbestos Matters

The Company has been named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos allegedly integrated into certain Carrier products or business premises. While the Company has never manufactured asbestos and no longer incorporates it into any currently-manufactured products, certain products that the Company no longer manufactures contained components incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or have been covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos-related claims were not material individually or in the aggregate in any period.

The Company had asbestos liabilities and related insurance recoveries as follows:

(In millions)	June 30, 2022	December 31, 2021
Asbestos liabilities included in *Accrued liabilities*	$ 17	$ 17
Asbestos liabilities included in *Other long-term liabilities*	215	220
Total Asbestos liabilities	**$ 232**	**$ 237**
Asbestos-related recoveries included in *Other assets, current*	$ 5	$ 5
Asbestos-related recoveries included in *Other assets*	92	93
Total Asbestos-related recoveries	**$ 97**	**$ 98**

The amounts recorded for asbestos-related liabilities are based on currently available information and assumptions that the Company believes are reasonable and are made with input from outside actuarial experts. These amounts are undiscounted and exclude the Company's legal fees to defend the asbestos claims, which are expensed as incurred. In addition, the Company has recorded insurance recovery receivables for probable asbestos-related recoveries.

UTC Equity Awards Conversion Litigation

On August 12, 2020, several former employees of UTC or its subsidiaries filed a putative class action complaint (the "Complaint") in the United States District Court for the District of Connecticut against Raytheon Technologies Corporation, Carrier, Otis, the former members of the UTC Board of Directors and the members of the Carrier and Otis Boards of Directors (*Geraud Darnis, et al. v. Raytheon Technologies Corporation, et al.*). The Complaint challenges the method by which UTC equity awards were converted to UTC, Carrier and Otis equity awards following the Separation and the Distribution. Defendants moved to dismiss the Complaint. Plaintiffs amended their Complaint on September 13, 2021 (the "Amended Complaint"). The Amended Complaint, now with Raytheon, Carrier and Otis as the only defendants, asserts that the defendants are liable for breach of certain equity compensation plans and for breach of the implied covenant of good faith and fair dealing. The Amended Complaint also seeks specific performance. Carrier believes that the claims against the Company are without merit. Defendants moved to dismiss the Amended Complaint on October 13, 2021. The motion to dismiss was fully briefed as of December 3, 2021 and the court held oral argument on the motion on July 14, 2022.

Aqueous Film Forming Foam Litigation

As of June 30, 2022, the Company has been named as a defendant in more than 2,400 lawsuits filed by individuals in or removed to the federal courts of the United States alleging that the historic use of Aqueous Film Forming Foam ("AFFF") caused personal injuries and/or property damage. The Company has also been named as a defendant in more than 200 lawsuits filed by several U.S. states, municipalities and water utilities in or removed to U.S. federal courts alleging that the historic use of AFFF caused contamination of property and water supplies. In December 2018, the U.S. Judicial Panel on Multidistrict Litigation transferred and consolidated all AFFF cases pending in the U.S. federal courts against the Company and others to the U.S. District Court for the District of South Carolina ("MDL Court") for pre-trial proceedings ("MDL Proceedings"). The individual plaintiffs in the MDL Proceedings generally seek damages for alleged personal injuries, medical monitoring and diminution in property value and injunctive relief to remediate alleged contamination of water supplies. The U.S. state, municipal and water utility plaintiffs in the MDL Proceedings generally seek damages and costs related to the remediation of public property and water supplies.

AFFF is a firefighting foam, developed beginning in the late 1960s pursuant to U.S. military specification, used to extinguish certain types of hydrocarbon-fueled fires primarily at military bases and airports. AFFF was manufactured by several companies, including National Foam and Angus Fire. UTC first entered the AFFF business with the acquisition of National Foam and Angus Fire in 2005 as part of the acquisition of Kidde. In 2013, Kidde divested the National Foam and Angus Fire businesses to a third party. The Company acquired Kidde as part of its separation from UTC in April 2020. During the eight-year period of its operation by Kidde, National Foam manufactured AFFF for sale to government (including the U.S. federal government) and non-government customers in the U.S. at a single facility located in West Chester, Pennsylvania

("Pennsylvania Site"). During the same period, Angus Fire manufactured AFFF for sale outside the United States at a single facility located in Bentham, England.

The key components of AFFF that contribute to its fire-extinguishing capabilities are known as fluorosurfactants. National Foam and Angus Fire did not manufacture fluorosurfactants but instead purchased these substances from unrelated third parties. Plaintiffs in the MDL Proceedings allege that the fluorosurfactants used by various manufacturers in producing AFFF contained, or over time degraded into, compounds known as perflourooctane sulfonate ("PFOS") and/or perflourooctane acid ("PFOA"). Plaintiffs further allege that, as a result of the use of AFFF, PFOS and PFOA were released into the environment and, in some instances, ultimately reached drinking water supplies.

Plaintiffs in the MDL Proceedings allege that PFOS and PFOA contamination has resulted from the use of AFFF containing fluorosurfactants manufactured using a process known as ECF. They also allege that PFOA contamination has resulted from the use of AFFF containing fluorosurfactants manufactured using a different process, known as telomerization. Plaintiffs further allege that 3M was the only AFFF manufacturer that used fluorosurfactants relying on the ECF process and that all other foam manufacturers (including National Foam and Angus Fire) relied solely on fluorosurfactants produced via telomerization. Compounds containing PFOS and PFOA (as well as many other per- and polyfluoroalkyl substances known collectively as "PFAS") have also been used for decades by many third parties in a number of different industries to manufacture carpets, clothing, fabrics, cookware, food packaging, personal care products, cleaning products, paints, varnishes and other consumer and industrial products.

Plaintiffs in the MDL Proceedings have named multiple defendants, including four suppliers of chemicals and raw materials used to manufacture fluorosurfactants, four fluorosurfactant manufacturers, two toll manufacturers of fluorosurfactants and seven current (including National Foam and Angus Fire) and former (including the Company) AFFF manufacturers.

General liability discovery in the MDL Proceedings continues. Preliminary stage discovery in ten "bellwether" water provider cases was concluded and three of these cases were selected for tier two site-specific discovery. That discovery is ongoing. The MDL Court previously established a briefing schedule with respect to certain aspects of the government contractor defense, potentially applicable to AFFF sold to or used by the U.S. government or other customers requiring product manufactured to meet military specification, with briefing to conclude at the end of January 2022 with a hearing to follow in late March. In late March, the MDL Court postponed the planned hearing and called for briefing on additional elements of the government contractor defense. Briefing was completed as of July 1, 2022. An oral argument is now scheduled on August 19, 2022.

Outside of the MDL Proceedings, the Company and other defendants are also party to six lawsuits in U.S. state courts brought by oil refining companies alleging product liability claims related to legacy sales of AFFF and seeking damages for the costs to replace the product and for property damage. In addition, the Company and other defendants are party to two actions related to the Pennsylvania Site in which the plaintiff water utility company seeks remediation costs related to the alleged contamination of the local water supply.

The Company believes that it has meritorious defenses to the claims in the MDL Proceedings and the other AFFF lawsuits. Based on the 2013 agreement for the sale of National Foam and Angus Fire, the Company is pursuing indemnification against these claims from the purchaser and current owner of National Foam and Angus Fire. The Company also is pursuing insurance coverage for these claims. At this time, however, given the numerous factual, scientific and legal issues to be resolved relating to these claims, the Company is unable to assess the probability of liability or to reasonably estimate the damages, if any, to be allocated to the Company, if one or more plaintiffs were to prevail in these cases. There can be no assurance that any such future exposure will not be material in any period.

Income Taxes

Under the Tax Matters Agreement relating to the Separation, the Company is responsible to UTC for its share of the Tax Cuts and Jobs Act ("TCJA") transition tax associated with foreign undistributed earnings as of December 31, 2017. As a result, liabilities of $34 million and $383 million are included within the accompanying Unaudited Condensed Consolidated Balance Sheet within *Accrued Liabilities* and *Other Long-Term Liabilities* as of June 30, 2022, respectively. This obligation is expected to be settled in annual installments ending in April 2026 with the next installment of $34 million due in 2023. The Company believes that the likelihood of incurring losses materially in excess of this amount is remote.

Other

The Company has other commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising in the ordinary course of business. The Company accrues for contingencies generally based upon a range of possible outcomes. If no amount within the range is a better estimate than any other, the Company accrues the minimum amount.

In the ordinary course of business, the Company is also routinely a defendant in, party to or otherwise subject to many pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some of these proceedings, claims for substantial monetary damages are asserted against the Company and could result in fines, penalties, compensatory or treble damages or non-monetary relief. The Company does not believe that these matters will have a material adverse effect upon its competitive position, results of operations, cash flows or financial condition.

NOTE 20: **SUBSEQUENT EVENTS**

On July 15, 2022, the Company entered into a five-year, JPY 54 billion (approximately $400 million) senior unsecured term loan facility with MUFG Bank Ltd., as administrative agent and lender, and certain other lenders (the "Japanese Term Loan Facility"). Borrowings under the Japanese Term Loan Facility bear interest at a rate equal to the Tokyo Term Risk Free Rate plus 0.75%. In addition, the Japanese Term Loan Facility is subject to customary covenants including a covenant to maintain a maximum consolidated leverage ratio during its term. The Company expects to designate the Japanese Term Loan Facility as a partial hedge of its investment in certain Yen-functional currency subsidiaries in order to manage foreign currency translation risk. As a result, changes in the fair value of the Japanese Term Loan Facility associated with foreign exchange rate movements will be recorded in *Equity* in the Unaudited Condensed Consolidated Balance Sheet.

On July 25, 2022, the Company borrowed JPY 54 billion under the Japanese Term Loan Facility and intends to use the proceeds to fund a portion of the planned acquisition of TCC and to pay related fees and expenses. The Company expects to fund the remaining portion of the Yen denominated purchase price for the planned acquisition of TCC with cash on hand by entering into cross currency swaps with SMBC Capital Markets, Inc. as syndication swap arranger, and certain other financial institutions. The Company expects to designate the cross currency swaps as a partial hedge of its investment in certain Yen-functional currency subsidiaries in order to manage foreign currency translation risk. As a result, changes in the fair value of the swaps will be recorded in *Equity* in the Unaudited Condensed Consolidated Balance Sheet.

With respect to the Unaudited Condensed Consolidated Financial Statements of Carrier for the three and six months ended June 30, 2022 and 2021, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") reported that it has applied limited procedures in accordance with professional standards for a review of such information. However, its report dated July 28, 2022, appearing below, states that the firm did not audit and does not express an opinion on the Unaudited Condensed Consolidated Financial Statements. PricewaterhouseCoopers has not carried out any significant or additional audit tests beyond those that would have been necessary if their report had not been included. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended (the "Securities Act"), for its report on the Unaudited Condensed Consolidated Financial Statements because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers within the meaning of Sections 7 and 11 of the Securities Act.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareowners of Carrier Global Corporation

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Carrier Global Corporation and its subsidiaries (the “Company”) as of June 30, 2022, and the related condensed consolidated statements of operations, of comprehensive income (loss), of changes in equity for the three-month and six-month periods ended June 30, 2022 and 2021 and the condensed consolidated statement of cash flows for the six-month periods ended June 30, 2022 and 2021, including the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2021, and the related consolidated statements of operations, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 8, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2021 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company’s management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP

Hallandale Beach, Florida
July 28, 2022

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS OVERVIEW

Business Summary

Carrier is the leading global provider of healthy, safe, sustainable and intelligent building and cold chain solutions. Our portfolio includes industry-leading brands such as Carrier, Automated Logic, Carrier Transicold, Kidde, Edwards and LenelS2 that offer innovative HVAC, refrigeration, fire, security and building automation technologies to help make the world safer and more comfortable. We also provide a broad array of related building services, including audit, design, installation, system integration, repair, maintenance and monitoring. Our operations are classified into three segments: HVAC, Refrigeration and Fire & Security.

Our worldwide operations are affected by global and regional industrial, economic and political factors and trends. These include the mega-trends of urbanization, climate change and increasing requirements for food safety driven by the food needs of our growing global population and the rising standards of living in emerging markets. We believe that our business segments are well positioned to benefit from favorable secular trends, including these mega-trends and from the strength of our industry-leading brands and track record of innovation. In addition, we regularly review our markets to proactively identify trends and adapt our strategies accordingly.

Our business is also affected by changes in the general level of economic activity, such as changes in business and consumer spending, construction and shipping activity as well as short-term economic factors such as currency fluctuations, commodity price volatility and supply disruptions. However, we continue to invest in our business, take pricing actions to mitigate supply chain and inflationary pressures, develop new products and services in order to remain competitive in our markets and use risk management strategies to mitigate various exposures. We believe that we have industry-leading global brands, which form the foundation of our business strategy. Coupled with our focus on growth, innovation and operational efficiency, we expect to drive long-term future growth and increased value for our shareowners.

Recent Developments

Russia's Invasion of Ukraine

In February 2022, Russian forces initiated a military action against Ukraine. As a result, the European Union, United States, the United Kingdom and other countries have imposed sanctions that have increased global economic and political uncertainty. We operate in Russia through a Russia-based subsidiary and a joint venture which represents less than 1% of our total assets and revenue. On March 10, 2022, we announced that we were suspending business operations in Russia, honoring existing contractual obligations in a manner that fully complies with all sanctions and trade controls imposed. As of June 30, 2022, we plan to cease all operations in Russia this year. While neither Russia nor Ukraine constitute a material portion of our business, the conflict could lead to disruption, instability and volatility in global markets and industries that could negatively impact our results of operations. We continue to monitor the evolving impacts of this conflict and its effect on the global economy and geopolitical landscape.

Supply Chain Challenges

The ongoing global economic recovery from the COVID-19 pandemic has caused significant challenges for global supply chains resulting in inflationary cost pressures, component shortages and transportation delays. As a result, we have incurred incremental costs for commodities and components used in our products as well as component shortages that have negatively impacted our sales and results of operations. We expect that these challenges will continue to have an impact on our businesses for the foreseeable future.

We continue to take proactive steps to limit the impact of these challenges and are working closely with our suppliers to ensure availability of products and implement other cost savings initiatives. In addition, we continue to invest in our supply chain to improve its resilience with a focus on automation, dual sourcing of critical components and localized manufacturing when feasible. To date, there has been limited disruption to the availability of our products, though it is possible that more significant disruptions could occur if these supply chain challenges continue.

Sale of Chubb Fire & Security Business

On January 3, 2022, we completed the Chubb Sale for net proceeds of $2.9 billion. Chubb, which was reported within our Fire & Security segment, delivered essential fire safety and security solutions from design and installation to monitoring, service and maintenance across more than 17 countries around the globe. During the three months ended March 31, 2022, we recognized a gain on the sale of $1.1 billion. The sale agreement included several customary provisions to settle working capital and other transaction-related items as of the date of sale. As of June 30, 2022, both parties are in the process of finalizing these amounts in accordance with established timelines.

Impact of the COVID-19 Pandemic

In early 2020, the World Health Organization declared the outbreak of a respiratory disease known as COVID-19 as a global pandemic. In response, many countries implemented containment and mitigation measures to combat the outbreak, which severely restricted the level of economic activity and caused a significant contraction in the global economy. As a result, we took several preemptive actions to manage liquidity, preserve the health and safety of our employees and customers as well as maintain the continuity of our operations. The preparation of financial statements requires management to use judgments in making estimates and assumptions based on the relevant information available at the end of each period, which can have a significant effect on reported amounts. However, due to significant uncertainty surrounding the pandemic, including a resurgence in cases and the spread of COVID-19 variants, management's judgments could change. While our results of operations, cash flows and financial condition could be negatively impacted, the extent of any continuing impact cannot be estimated with certainty at this time.

CRITICAL ACCOUNTING ESTIMATES

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. We believe that the most complex and sensitive judgments, because of their potential significance to the Unaudited Condensed Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. In "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2021 Form 10-K, we describe the significant accounting estimates and policies used in the preparation of the Unaudited Condensed Consolidated Financial Statements. There have been no significant changes in our critical accounting estimates.

RESULTS OF OPERATIONS

As a result of the Chubb Sale, we do not own any shares of Chubb common stock and no longer consolidate Chubb in our financial statements as of January 3, 2022. Therefore, this *Management's Discussion and Analysis of Financial Condition and Results of Operations* only includes the financial results of Chubb in periods prior to the date of sale. As a result, prior period results may not be comparable to the current period. See Note 16 - Divestitures in the Notes to the Unaudited Condensed Consolidated Financial Statements for additional information.

Three Months Ended June 30, 2022 Compared with the Three Months Ended June 30, 2021

The following represents our consolidated net sales and operating results:

	For the Three Months Ended June 30,			
(In millions)	**2022**	**2021**	**Period Change**	**% Change**
Net sales	$ 5,211	$ 5,440	$ (229)	(4) %
Cost of products and services sold	(3,764)	(3,821)	57	(1) %
Gross margin	1,447	1,619	(172)	(11) %
Operating expenses	(628)	(836)	208	(25) %
Operating profit	819	783	36	5 %
Non-operating income (expenses), net	(62)	(52)	(10)	19 %
Income from operations before income taxes	757	731	26	4 %
Income tax expense	(170)	(234)	64	(27) %
Net income from operations	587	497	90	18 %
Less: Non-controlling interest in subsidiaries' earnings from operations	14	10	4	40 %
Net income attributable to common shareowners	**$ 573**	**$ 487**	**$ 86**	**18 %**

Net Sales

For the three months ended June 30, 2022, *Net sales* were $5.2 billion, a 4% decrease compared with the same period of 2021. The components of the year-over-year change were as follows:

	For the Three Months Ended June 30, 2022
Organic	7 %
Foreign currency translation	(3) %
Acquisitions and divestitures, net	(8) %
Total % change	**(4)%**

Organic sales for the three months ended June 30, 2022 increased by 7% compared with the same period of 2021. We continue to benefit from strong demand for energy-efficient, digital products and healthy building solutions as well as pricing improvements across each of our segments. The organic increase was primarily driven by our HVAC segment with continued strong demand and pricing improvements in our North America residential and light commercial business and improved global end-markets in our Commercial HVAC business. Strong results in our Refrigeration segment were primarily driven by pricing improvements and higher volumes. Pricing improvements in our Fire & Security segment were the primary driver of growth compared with the prior year while supply chain and logistic constraints continue to be challenging. Refer to "Segment Review" below for a discussion of *Net sales* by segment.

Gross Margin

For the three months ended June 30, 2022, gross margin was $1.4 billion, an 11% decrease compared with the same period of 2021. The components were as follows:

	For the Three Months Ended June 30,	
(In millions)	**2022**	**2021**
Net sales	$ 5,211	$ 5,440
Cost of products and services sold	(3,764)	(3,821)
Gross margin	**$ 1,447**	**$ 1,619**
Percentage of net sales	27.8 %	29.8 %

The decrease in gross margin was primarily driven by the Chubb Sale which contributed $152 million of gross margin during the three months ended June 30, 2021 with a 20 basis point impact on gross margin as a percentage of *Net sales*. In addition, each of our segments continued to be impacted by the higher cost of commodities and components used in our products, certain supply chain constraints and higher freight costs. However, these impacts were more than offset by strong demand, pricing improvements and our continued focus on productivity initiatives. Although pricing improvements more than offset inflationary impacts and supply chain challenges, gross margin as a percentage of *Net sales* decreased by 200 basis points compared with the same period of 2021.

Operating Expenses

For the three months ended June 30, 2022, operating expenses, including *Equity method investment net earnings*, were $628 million, a 25% decrease compared with the same period of 2021. The components were as follows:

	For the Three Months Ended June 30,	
(In millions)	2022	2021
Selling, general and administrative	$ (614)	$ (813)
Research and development	(122)	(125)
Equity method investment net earnings	101	87
Other income (expense), net	7	15
Total operating expenses	**$ (628)**	**$ (836)**
Percentage of net sales	12.1 %	15.4 %

For the three months ended June 30, 2022, *Selling, general and administrative* expenses were $614 million, a 24% decrease compared with the same period of 2021. The decrease is primarily due to the Chubb Sale on January 3, 2022. In addition, lower restructuring charges and the benefit provided by changes in the fair value of cash-settled equity awards further contributed to the decrease. In addition, the three months ended June 30, 2021 included $3 million of costs related to the Separation and $12 million of costs related to the Chubb Sale.

Research and development costs relate to new product development and new technology innovation. Due to the variable nature of program development schedules, year-over-year spending levels can fluctuate. In addition, we continue to invest to prepare for future energy efficiency and refrigerant regulation changes as well as digital controls technologies.

Investments over which we do not exercise control, but have significant influence, are accounted for using the equity method of accounting. For the three months ended June 30, 2022, *Equity method investment net earnings* were $101 million, a 16% increase compared with the same period of 2021. The increase was primarily related to a $27 million gain on the sale of two minority owned subsidiaries within one of our joint ventures partially offset by the higher cost of commodities and components.

Other income (expense), net primarily includes the impact of gains and losses related to the sale of businesses or interests in our equity method investments, foreign currency gains and losses on transactions that are denominated in a currency other than an entity's functional currency and hedging-related activities. During the three months ended June 30, 2022, we recognized a $22 million charge resulting from a litigation matter and a $7 million gain on the sale of our interest in a cost method investment reported within our Refrigeration segment.

Non-Operating Income (Expenses), net

For the three months ended June 30, 2022, *Non-operating income (expenses), net* was $62 million, a 19% increase compared with the same period of 2021. The components were as follows:

	For the Three Months Ended June 30,	
(In millions)	2022	2021
Non-service pension (expense) benefit	$ (1)	$ 19
Interest expense	$ (68)	$ (75)
Interest income	7	4
Interest (expense) income, net	**$ (61)**	**$ (71)**
Non-operating income (expenses), net	**$ (62)**	**$ (52)**

Non-operating income (expenses), net includes the results from activities other than normal business operations such as interest expense, interest income and the non-service components of pension and post-retirement obligations. For the three months ended June 30, 2022, *Interest expense* was $68 million, a 9% decrease compared with the same period of 2021. The decrease was primarily driven by the repayment of $1.15 billion aggregate principal 2.242% Notes due 2025 and 2.493% Notes due 2027 during the three months ended March 31, 2022.

Income Taxes

	For the Three Months Ended June 30,	
	2022	2021
Effective tax rate	22.5 %	32.0 %

The Company accounts for income tax expense in accordance with ASC 740, which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate was 22.5% for the three months ended June 30, 2022 compared with 32.0% for the three months ended June 30, 2021. The year-over-year decrease was primarily driven by a combined tax benefit of $15 million related to re-organizations in Australia, Canada and the United Kingdom recorded during the three months ended June 30, 2022 as well as the absence of a $43 million deferred tax charge recorded during the three months ended June 30, 2021 associated with a tax rate increase in the United Kingdom enacted on June 10, 2021 with an effective date of April 2023.

Six Months Ended June 30, 2022 Compared with the Six Months Ended June 30, 2021

The following represents our consolidated net sales and operating results:

	For the Six Months Ended June 30,			
(In millions)	**2022**	**2021**	**Period Change**	**% Change**
Net sales	$ 9,865	$ 10,139	$ (274)	(3) %
Cost of products and services sold	(7,125)	(7,126)	1	— %
Gross margin	2,740	3,013	(273)	(9) %
Operating expenses	(184)	(1,659)	1,475	(89) %
Operating profit	2,556	1,354	1,202	89 %
Non-operating income (expenses), net	(111)	(127)	16	(13) %
Income from operations before income taxes	2,445	1,227	1,218	99 %
Income tax expense	(471)	(338)	(133)	39 %
Net income from operations	1,974	889	1,085	122 %
Less: Non-controlling interest in subsidiaries' earnings from operations	22	18	4	22 %
Net income attributable to common shareowners	**$ 1,952**	**$ 871**	**$ 1,081**	**124 %**

Net Sales

For the six months ended June 30, 2022, *Net sales* were $9.9 billion, a 3% decrease compared with the same period of 2021. The components of the year-over-year change were as follows:

	For the Six Months Ended June 30, 2022
Organic	9 %
Foreign currency translation	(3) %
Acquisitions and divestitures, net	(9) %
Total % change	**(3)%**

Organic sales for the six months ended June 30, 2022 increased by 9% compared with the same period of 2021. We continue to benefit from strong demand for energy-efficient, digital products and healthy building solutions as well as pricing improvements across each of our segments. The organic increase was primarily driven by our HVAC segment with continued strong demand in our North America residential and light commercial business and improved global end-markets in our Commercial HVAC business. Pricing improvements in our Fire & Security segment were the primary driver of growth compared with the prior year while supply chain and logistic constraints continue to be challenging. Refrigeration results were flat as strong second quarter results offset ongoing supply chain and logistic constraints. Refer to "Segment Review" below for a discussion of *Net sales* by segment.

Gross Margin

For the six months ended June 30, 2022, gross margin was $2.7 billion, a 9% decrease compared with the same period of 2021. The components were as follows:

	For the Six Months Ended June 30,	
(In millions)	**2022**	**2021**
Net sales	$ 9,865	$ 10,139
Cost of products and services sold	(7,125)	(7,126)
Gross margin	**$ 2,740**	**$ 3,013**
Percentage of net sales	**27.8 %**	**29.7 %**

The decrease in gross margin was primarily driven by the Chubb Sale, which contributed $322 million of gross margin during the six months ended June 30, 2021 with a 10 basis point impact on gross margin as a percentage of *Net sales*. In addition, each of our segments continued to be impacted by the higher cost of commodities and components used in our products, certain supply chain constraints and higher freight costs. However, these impacts were more than offset by strong demand, pricing improvements and our continued focus on productivity initiatives. Although pricing improvements offset inflationary impacts and supply chain challenges, gross margin as a percentage of *Net sales* decreased by 190 basis points compared with the same period of 2021.

Operating Expenses

For the six months ended June 30, 2022, operating expenses, including *Equity method investment net earning*s, were $184 million, a 89% decrease compared with the same period of 2021. The components were as follows:

	For the Six Months Ended June 30,	
(In millions)	**2022**	**2021**
Selling, general and administrative	$ (1,215)	$ (1,556)
Research and development	(247)	(246)
Equity method investment net earnings	159	125
Other income (expense), net	1,119	18
Total operating expenses	**$ (184)**	**$ (1,659)**
Percentage of net sales	**1.9 %**	**16.4 %**

For the six months ended June 30, 2022, *Selling, general and administrative expenses* were $1.2 billion, a 22% decrease compared with the same period of 2021. The decrease is primarily due to the Chubb Sale on January 3, 2022. In addition, lower restructuring charges and the benefit provided by changes in the fair value of cash-settled equity awards further contributed to the decrease. In addition, the six months ended June 30, 2021 included $19 million of costs related to the Separation and $15 million of costs related to the Chubb Sale.

Research and development costs relate to new product development and new technology innovation. Due to the variable nature of program development schedules, year-over-year spending levels can fluctuate. In addition, we continue to invest to prepare for future energy efficiency and refrigerant regulation changes as well as digital controls technologies.

Investments over which we do not exercise control, but have significant influence, are accounted for using the equity method of accounting. For the six months ended June 30, 2022, *Equity method investment net earnings* were $159 million, a 27% increase compared with the same period of 2021. The increase was primarily related to a $27 million gain on the sale of two minority owned subsidiaries within one of our joint ventures. In addition, higher earnings in HVAC joint ventures in Asia and North America further benefited earnings.

Other income (expense), net primarily includes the impact of gains and losses related to the sale of businesses or interests in our equity method investments, foreign currency gains and losses on transactions that are denominated in a currency other than an entity's functional currency and hedging-related activities. During the six months ended June 30, 2022, we completed the Chubb Sale and recognized a net gain on the sale of $1.1 billion. In addition, we recognized a $22 million charge resulting from a litigation matter and a $7 million gain on the sale of our interest in a cost method investment reported within our Refrigeration segment.

Non-Operating Income (Expenses), net

For the six months ended June 30, 2022, *Non-operating income (expenses), net* was $111 million, a 13% increase compared with the same period of 2021. The components were as follows:

	For the Six Months Ended June 30,	
(In millions)	**2022**	**2021**
Non-service pension (expense) benefit	$ (2)	$ 37
Interest expense	$ (155)	$ (171)
Interest income	46	7
Interest (expense) income, net	$ (109)	$ (164)
Non-operating income (expenses), net	**$ (111)**	**$ (127)**

Non-operating income (expenses), net includes the results from activities other than normal business operations such as interest expense, interest income and the non-service components of pension and post-retirement obligations. For the six months ended June 30, 2022, *Interest expense* was $155 million, a 9% decrease compared with the same period of 2021. During the six months ended June 30, 2022, we completed tender offers to repurchase approximately $1.15 billion aggregate principal of our 2.242% Notes due 2025 and 2.493% Notes due 2027. Upon settlement, we wrote off $5 million of unamortized deferred financing costs in *Interest expense* and recognized a net gain of $33 million in *Interest income*. During the six months ended June 30, 2021, we incurred a make-whole premium of $17 million and wrote-off $2 million of unamortized deferred financing costs in *Interest expense* as a result of the redemption of our $500 million 1.923% Notes originally due in February 2023.

Income Taxes

	For the Six Months Ended June 30,	
	2022	**2021**
Effective tax rate	**19.3 %**	**27.5 %**

The Company accounts for income tax expense in accordance with ASC 740, which requires an estimate of the annual effective income tax rate for the full year to be applied to the respective interim period, taking into account year-to-date amounts and projected results for the full year. The effective tax rate was 19.3% for the six months ended June 30, 2022 compared with 27.5% for the six months ended June 30, 2021. The year-over-year decrease was primarily driven by a lower effective tax rate on the Chubb gain compared with our U.S. statutory rate and a favorable tax adjustment of $32 million associated with foreign tax credits generated and expected to be utilized in the current year. The six months ended June 30, 2021 included a $43 million deferred tax charge associated with a tax rate increase in the United Kingdom enacted on June 10, 2021 with an effective date of April 2023, partially offset by the recognition of a favorable tax adjustment of $21 million resulting from the re-organization of a German subsidiary.

SEGMENT REVIEW

We have three operating segments:

- The HVAC segment provides products, controls, services and solutions to meet the heating, cooling and ventilation needs of residential and commercial customers while enhancing building performance, health, energy efficiency and sustainability.
- The Refrigeration segment includes transport refrigeration and monitoring products, services and digital solutions for trucks, trailers, shipping containers, intermodal and rail, as well as commercial refrigeration products.
- The Fire & Security segment provides a wide range of residential, commercial and industrial technologies designed to help protect people and property.

We determine our segments based on how our Chief Executive Officer, who is the Chief Operating Decision Maker (the "CODM"), allocates resources, assesses performance and makes operational decisions. The CODM allocates resources and evaluates the financial performance of each of our segments based on *Net sales* and *Operating profit*. Adjustments to reconcile segment reporting to the consolidated results are included in Note 17 - Segment Financial Data.

Three Months Ended June 30, 2022 Compared with Three Months Ended June 30, 2021

Summary performance for each of our segments is as follows:

	Net Sales		Operating Profit		Operating Profit Margin	
	For the Three Months Ended June 30,		For the Three Months Ended June 30,		For the Three Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
HVAC	$ 3,388	$ 3,120	$ 585	$ 573	17.3 %	18.4 %
Refrigeration	1,041	1,021	147	123	14.1 %	12.0 %
Fire & Security	887	1,403	134	148	15.1 %	10.5 %
Total segment	**$ 5,316**	**$ 5,544**	**$ 866**	**$ 844**	**16.3 %**	**15.2 %**

<u>HVAC Segment</u>

For the three months ended June 30, 2022, *Net sales* in our HVAC segment were $3.4 billion, a 9% increase compared with the same period of 2021. The components of the year-over-year change were as follows:

	Net Sales
Organic	8 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	2 %
Total % change in Net sales	**9 %**

The organic increase in *Net sales* of 8% was driven by continued strong results across each of the segment's businesses. Increased sales in our North America residential and light commercial business (14%) were primarily driven by pricing improvements during the period. Increased sales in our Commercial HVAC business (2%) benefited from pricing improvements and ongoing customer demand in our end-markets. The business saw growth in each region, although sales in China decreased as a result of a resurgence of COVID-19 cases and additional restrictions imposed. While current demand remains strong, supply chain and logistics constraints continue to be challenging, negatively impacting our sales and results of operations. In addition, results for 2021 reflected a significant rebound in demand after initial weakness associated with the COVID-19 pandemic.

On June 1, 2021, the Commercial HVAC business acquired a 70% controlling interest in Guangdong Giwee Group and its subsidiaries ("Giwee") and subsequently acquired the remaining 30% ownership interest on September 7, 2021. Giwee is a China-based manufacturer offering a portfolio of HVAC products including variable refrigerant flow, modular chillers and light commercial air conditioners. The results of Giwee have been included in our Unaudited Condensed Consolidated Financial

Statements since the date of acquisition. The transaction added 2% to *Net sales* during the three months ended June 30, 2022. Refer to Note 15 - Acquisitions for additional information.

For the three months ended June 30, 2022, *Operating profit* in our HVAC segment was $585 million, a 2% increase compared with the same period of 2021. The components of the year-over-year change were as follows:

	Operating Profit
Operational	4 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	1 %
Restructuring	1 %
Other	(3) %
Total % change in Operating profit	**2 %**

The operational profit increase of 4% was primarily driven by pricing improvements compared with the prior year. Higher earnings from equity method investments in North America and Asia also benefited operational profit and included a $27 million gain on the sale of two minority owned subsidiaries within one of our joint ventures. In addition, productivity initiatives and lower selling, general and administrative costs provided further benefits. These amounts were partially offset by the higher costs of commodities and components used in our products and higher freight and logistic costs compared with the prior year.

Acquisitions and divestitures, net primarily related to the acquisition of Giwee. The transaction added 1% to *Operating profit* during the three months ended June 30, 2022. In addition, amounts reported in Other includes a $22 million charge resulting from a litigation matter.

Refrigeration Segment

For the three months ended June 30, 2022, *Net sales* in our Refrigeration segment were $1.0 billion, a 2% increase compared with the same period of 2021. The components of the year-over-year change were as follows:

	Net Sales
Organic	9 %
Foreign currency translation	(7) %
Total % change in Net sales	**2 %**

The organic increase in *Net sales* of 9% was driven by strong demand across each of the segment's businesses. Commercial refrigeration sales increased (8%) primarily due to pricing improvements and higher volumes compared with the prior year. These amounts were partially offset by continued supply chain constraints. Transport refrigeration sales increased (9%) primarily due to pricing improvements and higher volumes associated with component availability during the period. The business saw growth in each region, although sales in China decreased as a result of a resurgence of COVID-19 cases and additional restrictions imposed. The three months ended June 30, 2021 reflected a significant rebound in demand associated with the cyclical decline that began in late 2019 as well as the demand for global transportation and COVID-19 vaccine-related cargo monitoring. While current demand remains strong, supply chain and logistics constraints continue to be challenging, negatively impacting our sales and results of operations.

For the three months ended June 30, 2022, *Operating profit* in our Refrigeration segment was $147 million, a 20% increase compared with the same period of 2021. The components of the year-over-year change were as follows:

	Operating Profit
Operational	24 %
Foreign currency translation	(8) %
Restructuring	(2) %
Other	6 %
Total % change in Operating profit	**20 %**

The increase in operational profit of 24% was primarily attributable to pricing improvements compared with the prior year. Higher volumes and favorable productivity initiatives further benefited operational profit. In addition, segment results also reflected lower selling, general and administrative costs during the period. These amounts were partially offset by the higher costs of commodities and components used in our products and higher freight and logistic costs. Amounts reported in Other primarily represent a $7 million gain on the sale of our interest in a cost method investment.

Fire & Security Segment

For the three months ended June 30, 2022, *Net sales* in our Fire & Security segment were $887 million, a 37% decrease compared with the same period of 2021. The components of the year-over-year change were as follows:

	Net Sales
Organic	3 %
Foreign currency translation	(2) %
Acquisitions and divestitures, net	(38) %
Total % change in Net sales	**(37)%**

The organic increase in *Net sales* of 3% was primarily driven by pricing improvements compared with the prior year. The segment primarily saw growth in both residential and commercial sales in the Americas and Europe as sales in China decreased as a result of a resurgence of COVID-19 cases and additional restrictions imposed. Global industrial sales also benefited segment results. While current demand remains strong, supply chain constraints continue to be challenging, negatively impacting our sales and results of operations. In addition, results for 2021 reflected a significant rebound in demand after initial weakness associated with the COVID-19 pandemic.

Acquisitions and divestitures, net primarily relates to the prior year results of our Chubb business, the sale of which was completed on January 3, 2022. During the three months ended June 30, 2021, *Net sales* in our Fire & Security segment were $1.4 billion, which included $554 million from our Chubb business. Absent the results of Chubb, *Net sales* increased 4% from $849 million to $887 million.

For the three months ended June 30, 2022, *Operating profit* in our Fire & Security segment was $134 million, a 9% decrease compared with the same period of 2021. The components of the year-over-year change were as follows:

	Operating Profit
Operational	(7) %
Foreign currency translation	(2) %
Acquisitions and divestitures, net	(6) %
Restructuring	4 %
Other	2 %
Total % change in Operating profit	**(9)%**

The decrease in operational profit of 7% was primarily attributable to the higher costs of commodities and components used in our products and higher freight and logistics costs. In addition, unfavorable mix and lower volumes further impacted results compared with the prior year. These amounts were partially offset by pricing improvements.

Acquisitions and divestitures, net primarily relates to the prior year results of our Chubb business, the sale of which was completed on January 3, 2022. Amounts reported during the three months ended June 30, 2021 include $12 million of transaction costs associated with the divestiture.

Six Months Ended June 30, 2022 Compared with Six Months Ended June 30, 2021

Summary performance for each of our segments is as follows:

	Net Sales		Operating Profit		Operating Profit Margin	
	For the Six Months Ended June 30,		For the Six Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
HVAC	$ 6,358	$ 5,606	$ 1,055	$ 938	16.6 %	16.7 %
Refrigeration	2,017	2,026	254	250	12.6 %	12.3 %
Fire & Security	1,705	2,707	1,352	298	79.3 %	11.0 %
Total segment	**$ 10,080**	**$ 10,339**	**$ 2,661**	**$ 1,486**	**26.4 %**	**14.4 %**

HVAC Segment

For the six months ended June 30, 2022, *Net sales* in our HVAC segment were $6.4 billion, a 13% increase compared with the same period of 2021. The components of the year-over-year change were as follows:

	Net Sales
Organic	12 %
Foreign currency translation	(1) %
Acquisitions and divestitures, net	3 %
Other	(1) %
Total % change in Net sales	**13 %**

The organic increase in *Net sales* of 12% was driven by continued strong results across each of the segment's businesses. Increased sales in our North America residential and light commercial business (19%) were driven by pricing improvements and strong end-market demand. Increased sales in our Commercial HVAC business (5%) benefited from pricing improvements and ongoing customer demand in our end-markets. The business saw growth in each region, although sales in China decreased as a result of a resurgence of COVID-19 cases and additional restrictions imposed. While current demand remains strong, supply chain and logistics constraints continue to be challenging, negatively impacting our sales and results of operations. In addition, results for 2021 reflected a significant rebound in demand after initial weakness associated with the COVID-19 pandemic.

On June 1, 2021, the Commercial HVAC business acquired a 70% controlling interest in Giwee and subsequently acquired the remaining 30% ownership interest on September 7, 2021. The results of Giwee have been included in our Unaudited Condensed Consolidated Financial Statements since the date of acquisition. The transaction added 3% to *Net sales* during the six months ended June 30, 2022. Refer to Note 15 - Acquisitions for additional information.

For the six months ended June 30, 2022, *Operating profit* in our HVAC segment was $1.1 billion, a 12% increase compared with the same period of 2021. The components of the year-over-year change were as follows:

	Operating Profit
Operational	14 %
Foreign currency translation	(1) %
Restructuring	1 %
Other	(2) %
Total % change in Operating profit	**12 %**

The operational profit increase of 14% was primarily attributable to pricing improvements compared with the prior year. Higher earnings from equity method investments in North America and Asia also benefited operational profit and included a $27 million gain on the sale of two minority owned subsidiaries within one of our joint ventures. In addition, productivity initiatives and lower selling, general and administrative costs provided further benefits. These amounts were partially offset by the higher costs of commodities and components used in our products and higher freight and logistic costs. Amounts reported in Other includes a $22 million charge resulting from a litigation matter.

Refrigeration Segment

For the six months ended June 30, 2022, *Net sales* in our Refrigeration segment were $2.0 billion, no change compared with the same period of 2021. The components of the year-over-year change were as follows:

	Net Sales
Organic	5 %
Foreign currency translation	(5) %
Total % change in Net sales	**— %**

The organic increase in *Net sales* of 5% was driven by strong demand across each of the segment's businesses. Commercial refrigeration sales increased (6%) primarily due to pricing improvements and strong demand compared with the prior year. These amounts were partially offset by continued supply chain constraints. Transport refrigeration sales increased (4%) primarily due to priceing improvements and higher volumes associated with component availability during the period. The six months ended June 30, 2021 reflected a significant rebound in demand associated with the cyclical decline that began in late 2019 as well as the demand for global transportation and COVID-19 vaccine-related cargo monitoring. While current demand remains strong, supply chain and logistics constraints continue to be challenging, negatively impacting our sales and results of operations.

For the six months ended June 30, 2022, *Operating profit* in our Refrigeration segment was $254 million, a 2% increase compared with the same period of 2021. The components of the year-over-year change were as follows:

	Operating Profit
Operational	7 %
Foreign currency translation	(6) %
Other	1 %
Total % change in Operating profit	**2 %**

The increase in operational profit of 7% was primarily attributable to pricing improvements compared with the prior year. Higher volumes and favorable productivity initiatives further benefited operational profit. In addition, segment results also reflected lower selling, general and administrative costs during the period. These amounts were partially offset by the higher costs of commodities and components used in our products and higher freight and logistic costs. Amounts reported in Other primarily represent a $7 million gain on the sale of our interest in a cost method investment.

Fire & Security Segment

For the six months ended June 30, 2022, *Net sales* in our Fire & Security segment were $1.7 billion, a 37% decrease compared with the same period of 2021. The components of the year-over-year change were as follows:

	Net Sales
Organic	4 %
Foreign currency translation	(2) %
Acquisitions and divestitures, net	(39) %
Total % change in Net sales	**(37)%**

The organic increase in *Net sales* of 4% was primarily driven by pricing improvements compared with the prior year. The segment primarily saw growth in both residential and commercial sales in the Americas and Europe as sales in China decreased as a result of a resurgence of COVID-19 cases and additional restrictions imposed. Global industrial sales also benefited segment results. While current demand remains strong, supply chain constraints continue to be challenging, negatively impacting our sales and results of operations. In addition, results for 2021 reflected a significant rebound in demand after initial weakness associated with the COVID-19 pandemic.

Acquisitions and divestitures, net primarily relates to the prior year results of our Chubb business, the sale of which was completed on January 3, 2022. During the six months ended June 30, 2021, *Net sales* in our Fire & Security segment were $2.7 billion, which included $1.1 billion from our Chubb business. Absent the results of Chubb, *Net sales* increased 6% from $1.6 billion to $1.7 billion.

For the six months ended June 30, 2022, *Operating profit* in our Fire & Security segment was $1.4 billion, a 354% increase compared with the same period of 2021. The components of the year-over-year change were as follows:

	Operating Profit
Operational	(7) %
Foreign currency translation	(2) %
Acquisitions and divestitures, net	(15) %
Restructuring	4 %
Other	374 %
Total % change in Operating profit	**354 %**

The decrease in operational profit of 7% was primarily attributable to the higher costs of commodities and components used in our products and higher freight and logistics costs. In addition, unfavorable mix and lower volumes further impacted results compared with the prior year. These amounts were partially offset by pricing improvements.
Acquisitions and divestitures, net primarily relates to the prior year results of our Chubb business, the sale of which was completed on January 3, 2022. Amounts reported during the six months ended June 30, 2021 include $15 million of transaction costs associated with the divestiture. Amounts reported in Other represent the net gain on the Chubb Sale of $1.1 billion.

LIQUIDITY AND FINANCIAL CONDITION

We assess liquidity in terms of our ability to generate adequate amounts of cash necessary to fund our current and future cash requirements to support our business and strategic initiatives. In doing so, we review and analyze our cash on hand, working capital, debt service requirements and capital expenditures. We rely on operating cash flows as our primary source of liquidity. In addition, we have access to other sources of capital to finance our strategic initiatives and fund growth.

As of June 30, 2022, we had cash and cash equivalents of $3.0 billion, of which approximately 29% was held by our foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds and the cost effectiveness with which we can access funds held by foreign subsidiaries. On occasion, we are required to maintain cash deposits in connection with contractual obligations related to acquisitions, divestitures or other legal obligations. As of June 30, 2022 and December 31, 2021, the amount of such restricted cash was approximately $8 million and $39 million, respectively.

We maintain a $2.0 billion unsecured, unsubordinated commercial paper program which can be used for general corporate purposes, including working capital and potential acquisitions. In addition, we maintain our $2.0 billion Revolving Credit Facility that matures on April 3, 2025 which supports our commercial paper borrowing program and cash requirements. The Revolving Credit Facility has a commitment fee of 0.125% that is charged on unused commitments. Borrowings under the Revolving Credit Facility are available in U.S. Dollars, Euros and Pounds Sterling and bear interest at a variable interest rate plus a ratings-based margin, which was 125 basis points as of June 30, 2022. As of June 30, 2022, we had no borrowings outstanding under our commercial paper program and our Revolving Credit Facility.

We continue to actively manage and strengthen our business portfolio to meet the current and future needs of our customers. This is accomplished through research and development activities with a focus on new product development and new technology innovation as well as sustaining activities with a focus on improving existing products and reducing production costs. We also pursue potential acquisitions to complement existing products and services to enhance our product portfolio. In addition, we routinely conduct discussions, evaluate targets and enter into agreements regarding possible acquisitions, divestitures, joint ventures and equity investments to manage our business portfolio.

We believe that our available cash and operating cash flows will be sufficient to meet our future operating cash needs. Our committed credit facilities and access to the debt and equity markets provide additional sources of short-term and long-term capital to fund current operations, debt maturities and future investment opportunities. Although we believe that the arrangements currently in place permit us to finance our operations on acceptable terms and conditions, our access to and the availability of financing on acceptable terms and conditions in the future will be impacted by many factors, including: (1) our credit ratings or absence of credit ratings, (2) the liquidity of the overall capital markets and (3) the state of the economy, including the impact of the COVID-19 pandemic. There can be no assurance that we will be able to obtain additional financing on terms favorable to us, if at all.

The Revolving Credit Facility and the indentures for the long-term notes contain affirmative and negative covenants customary for financings of these types, which among other things, limit our ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. As of June 30, 2022, we were in compliance with the covenants under the agreements governing our outstanding indebtedness.

The following table presents our credit ratings and outlook as of June 30, 2022:

Rating Agency	**Long-term Rating [1]**	**Short-term Rating**	**Outlook [2]**
Standards & Poor's ("S&P")	BBB	A2	Positive
Moody's Investor Services, Inc. ("Moody's")	Baa3	P3	Stable
Fitch Ratings ("Fitch")	BBB-	F3	Stable

[1] The long-term rating for S&P was affirmed on May 14, 2021, and for Moody's on March 30, 2022. Fitch's long-term rating was affirmed on June 3, 2021.
[2] S&P revised its outlook to positive from stable on May 20, 2022.

The following table contains several key measures of our financial condition and liquidity:

(In millions)	**June 30, 2022**	**December 31, 2021**
Cash and cash equivalents	$ 3,017	$ 2,987
Total debt	$ 8,567	$ 9,696
Total equity	$ 6,992	$ 7,094
Net debt (total debt less cash and cash equivalents)	$ 5,550	$ 6,709
Total capitalization (total debt plus total equity)	$ 15,559	$ 16,790
Net capitalization (total debt plus total equity less cash and cash equivalents)	$ 12,542	$ 13,803
Total debt to total capitalization	55 %	58 %
Net debt to net capitalization	44 %	49 %

Borrowings and Lines of Credit

Our short-term obligations primarily consist of current maturities of long-term debt. Our long-term obligations primarily consist of long-term notes with maturity dates ranging between 2025 and 2050. Interest payments related to long-term Notes are expected to approximate $247 million per year, reflecting an approximate weighted-average interest rate of 2.95%. Any borrowings from the Revolving Credit Facility are subject to variable interest rates. See Note 5 – Borrowings and Lines of Credit in the Notes to the Unaudited Condensed Consolidated Financial Statements for additional information regarding the terms of our long-term debt obligations.

On March 15, 2022, we commenced tender offers to repurchase up to $1.15 billion aggregate principal of our 2.242% Notes due 2025 and 2.493% Notes due 2027. The tender offers included payment of applicable accrued and unpaid interest up to the settlement date, along with a fixed spread for early repayment. Based on participation, we elected to settle the tender offers on March 30, 2022. The aggregate principal amount of Senior Notes validly tendered and accepted was approximately $1.15 billion and included $800 million of Notes due 2025 and $350 million of Notes due 2027. Upon settlement, we recognized a net gain of $33 million and wrote off $5 million of unamortized deferred financing costs during the three months ended March 31, 2022.

Acquisitions and Divestitures

On January 3, 2022, we completed the Chubb Sale for net proceeds of $2.9 billion. Consistent with our capital allocation strategy, the net proceeds will be used to fund investments in organic and inorganic growth initiatives and capital returns to shareowners as well as for general corporate purposes. The sale agreement included several customary provisions to settle working capital and other transaction-related items as of the date of sale. As of June 30, 2022, both parties are in the process of finalizing these amounts in accordance with established timelines.

During the three months ended June 30, 2022, we acquired consolidated businesses and minority-owned businesses. The aggregate cash paid for acquisitions, net of cash acquired, totaled $38 million and was funded through cash on hand. See Note 15 – Acquisitions for additional information.

On February 6, 2022, we entered into a binding agreement to acquire a majority ownership interest in TCC for approximately $900 million. The transaction is expected to close in early August, subject to customary closing conditions, including regulatory approvals. Upon closing, Toshiba Corporation will retain a 5% ownership interest in TCC. The acquisition is expected to be funded through a combination of cash on hand and a $400 million Yen denominated term loan.

Share Repurchase Program

We may purchase our outstanding common stock from time to time subject to market conditions and at our discretion in the open market or through one or more other public or private transactions and subject to compliance with our obligations under certain tax agreements. In July 2021, our Board of Directors approved a $1.75 billion increase to our existing $350 million share repurchase program authorizing the repurchase of up to $2.1 billion of our outstanding common stock. During the six months ended June 30, 2022, we repurchased 22.7 million shares of our common stock for an aggregate purchase price of $1.0 billion, which includes shares repurchased under the ASR Agreement. As of June 30, 2022, we have approximately $557 million remaining under the current authorization.

Dividends

We paid dividends on common stock during the six months ended June 30, 2022, totaling $257 million. On June 9, 2022, the Board of Directors declared a dividend of $0.15 per share of common stock payable on August 10, 2022 to shareowners of record at the close of business on June 23, 2022.

Discussion of Cash Flows

	For the Six Months Ended June 30,	
(In millions)	**2022**	**2021**
Net cash flows provided by (used in):		
Operating activities	$ (170)	$ 745
Investing activities	2,645	(301)
Financing activities	(2,434)	(898)
Effect of foreign exchange rate changes on cash and cash equivalents	(41)	(2)
Net increase (decrease) in cash and cash equivalents and restricted cash	**$ —**	**$ (456)**

Cash flows from operating activities primarily represent inflows and outflows associated with our operations. Primary activities include net income from operations adjusted for non-cash transactions, working capital changes and changes in other assets and liabilities. The year-over-year decrease in net cash provided by operating activities was primarily driven by higher working capital balances during the current period. Continued strong demand and an increase of safety stock due to supply chain constraints led to higher inventory balances. In addition, higher accounts receivable balances due to increased sales more than offset higher accounts payable balances.

Cash flows from investing activities primarily represent inflows and outflows associated with long-term assets. Primary activities include capital expenditures, acquisitions, divestitures and proceeds from the sale of fixed assets. During the six months ended June 30, 2022, net cash provided by investing activities was $2.6 billion. The primary driver of the inflow related to the net proceeds from the Chubb Sale. This amount was partially offset by the acquisition of several businesses and minority-owned businesses, which totaled $38 million, net of cash acquired and $122 million of capital expenditures. During the six months ended June 30, 2021, net cash used in investing activities was $301 million. The primary drivers of the outflow related to the acquisition of several businesses and investment in a joint venture, which totaled $167 million, net of cash acquired and $132 million of capital expenditures.

Cash flows from financing activities primarily represent inflows and outflows associated with equity or borrowings. During the six months ended June 30, 2022, net cash used in financing activities was $2.4 billion. The primary driver of the outflow related to the settlement of our tender offers for $1.15 billion. In addition, we paid $257 million in dividends to our common shareowners and paid $1.0 billion to repurchase shares of our common stock. During the six months ended June 30, 2021, net cash used in financing activities was $898 million. The primary driver of the outflow related to the redemption of long-term notes of $500 million. In addition, we paid $209 million in dividends to our common shareowners and paid $130 million to repurchase shares of our common stock.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the three and six months ended June 30, 2022. For discussion of our exposure to market risk, refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk and Risk Management" in our 2021 Form 10-K.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation under the supervision and with the participation of our management, including the Chairman and Chief Executive Officer ("CEO"), the Senior Vice President and Chief Financial Officer ("CFO") and the Vice President, Controller ("Controller") of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2022. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO, CFO and Controller have concluded that, as of June 30, 2022, our disclosure controls and procedures were effective and provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO, CFO and Controller, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting during the three months ended June 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

This Form 10-Q and other materials Carrier has filed or will file with the SEC contain or incorporate by reference statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management’s current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "confident," "scenario" and other words of similar meaning in connection with a discussion of future operating or financial performance or the Separation. 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. These risks and uncertainties include, but are not limited to, those described above under Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, below under Part II, Item 1A. Risk Factors, and other risks and uncertainties listed from time to time in our filings with the SEC.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Note 19 – Commitments and Contingent Liabilities in the Notes to the "Unaudited Condensed Consolidated Financial Statements" for information regarding legal proceedings.

Except as otherwise noted previously, there have been no material developments in legal proceedings. For previously reported information about legal proceedings refer to "Business – Legal Proceedings" in our 2021 Form 10-K.

Item 1A. Risk Factors

Except as noted below, there have been no material changes in the Company's risk factors from those disclosed in "Risk Factors" in our 2021 Form 10-K.

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

Our business, operating results, cash flows and financial condition may be adversely affected by changes in global economic conditions and geopolitical risks and conditions, including credit market conditions, levels of consumer and business confidence, fluctuations in residential, commercial and industrial construction activity, pandemic health issues (including COVID-19 and its effects), natural disasters, commodity prices, energy costs, interest rates, inflation, foreign exchange rates, levels of government spending and deficits, trade policies (including tariffs, boycotts and sanctions), military conflicts, acts of terrorism, regulatory changes, actual or anticipated defaults on sovereign debt and other challenges that could affect the global economy.

These economic and political conditions affect our business in a number of ways. In March 2022, we suspended business operations in Russia by ceasing to pursue new business opportunities while continuing to fulfill existing contracts for equipment, service and parts, where possible, in a manner that fully complies with applicable sanctions and trade controls. Our sales, operations and supply chain in Russia and Ukraine are not material to Carrier. However, the military conflict between the two countries and attendant geopolitical environment may continue to negatively impact the global economy and major financial markets, and may result in additional increases in commodity prices and supply-chain disruptions, including shortages of materials, higher costs for fuel and freight and increased transportation delays. In addition, the extent to which COVID-19 will continue to impact the global economy remains uncertain. This military conflict and COVID-19 and the potential for an increase of their impact on global or regional economies, and the perception that such events may occur, could have a material adverse effect on our business, results of operations, cash flows and financial condition. Furthermore, the tightening of credit in the capital markets could adversely affect the ability of our customers, including individual end-customers and businesses, to obtain financing for significant purchases and operations, which could result in a decrease in or cancellation of orders for our products and services. Similarly, tightening credit may adversely affect our supply base and increase the potential for one or more of our suppliers to experience financial distress or bankruptcy. Additionally, because we have a number of factories and suppliers in foreign countries, the imposition of tariffs or additional sanctions or unusually restrictive border crossing rules could adversely affect our supply chain, operations and overall business.

Our business and financial performance is also adversely affected by decreases in the general level of economic activity, such as decreases in business and consumer spending and construction (both residential and commercial as well as remodeling). In addition, our financial performance may be influenced by the production and utilization of transport equipment, including truck production cycles in North America and Europe.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides information about our purchases during the three months ended June 30, 2022 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

	Total Number of Shares Purchased (in 000's)	Average Price Paid per Share [1]		Total Number of Shares Purchased as Part of a Publicly Announced Program (in 000's)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions)	
2022						
April 1 - April 30	637	$	42.35	637	$	803.6
May 1 - May 31	4,393	$	38.41	4,393	$	634.9
June 1 - June 30	2,041	$	38.12	2,041	$	557.1
Total	**7,071**	**$**	**38.68**	**7,071**		

[1] Excludes broker commissions.

In July 2021, our Board of Directors approved a $1.75 billion increase to our existing $350 million share repurchase program authorizing the repurchase of up to $2.1 billion of our outstanding common stock. This program allows us to repurchase shares from time to time, subject to market conditions and at our discretion in the open market or through one or more other public or private transactions and subject to compliance with certain tax agreements.

On December 14, 2021, we entered into the ASR Agreement to repurchase $500 million of our common stock pursuant to our existing share repurchase program. In accordance with the ASR Agreement, we received initial delivery of 7.6 million shares on January 4, 2022, representing approximately 80% of the expected share repurchases. Upon final settlement, we received an additional 2.7 million shares on February 8, 2022.

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1	Carrier Global Corporation Change in Control Severance (Amended and Restated effective as of April 13, 2022)*
10.2	Amendment Number One to the Carrier Global Corporation 2020 Long-Term Incentive Plan*
15	Letter Re: Unaudited Interim Financial Information*
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
31.3	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certifications*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.* (File name: carr-20220331.xml)
101.SCH	XBRL Taxonomy Extension Schema Document.* (File name: carr-20220331.xsd)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.* (File name: carr-20220331_cal.xml)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.* (File name: carr-20220331_def.xml)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.* (File name: carr-20220331_lab.xml)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.* (File name: carr-20220331_pre.xml)
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document and contained in Exhibit 101

Notes to Exhibits List:

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2022 and 2021, (ii) Condensed Consolidated Statement of Comprehensive Income for the three and six months ended June 30, 2022 and 2021, (iii) Condensed Consolidated Balance Sheet as of June 30, 2022 and December 31, 2021, (iv) Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2022 and 2021, (v) Condensed Consolidated Statement of Changes in Equity for the three and six months ended June 30, 2022 and 2021 and (vi) Notes to Condensed Consolidated Financial Statements.

SIGNATURES

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

CARRIER GLOBAL CORPORATION
(Registrant)

Dated:	July 28, 2022	by:	/s/PATRICK GORIS
			Patrick Goris
			Senior Vice President and Chief Financial Officer
			(on behalf of the Registrant and as the Registrant's Principal Financial Officer)
Dated:	July 28, 2022	by:	/s/KYLE CROCKETT
			Kyle Crockett
			Vice President, Controller
			(on behalf of the Registrant and as the Registrant's Principal Accounting Officer)

Exhibit 10.1

CARRIER GLOBAL CORPORATION
CHANGE IN CONTROL SEVERANCE PLAN
(Amended and Restated effective as of April 13, 2022)

ARTICLE 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 became effective on the Effective Date (as defined in Section 2.13). The Plan was amended and restated effective April 13, 2022 to more closely align the Plan's eligibility criteria and change in control definition with market practice.

ARTICLE 2
DEFINITIONS

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

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

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

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

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

2.5 "CEO" means the Chief Executive Officer of the Company.

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

(a) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% 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, 30% 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 2.21) 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 "ELT" means the Company's Chief Executive Officer, and the executives serving as segment and functional leaders who directly report to the Company's Chief Executive Officer.

2.13 "Effective Date" means the date on which the Separation (as defined in Section 2.21) occurred. The Plan was amended and restated effective April 13, 2022.

2.14 "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.

2.15 "Multiple" means three for the CEO, and two for all other Participants.

2.16 "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.

2.17 "Participant" means each member of the ELT and each Company or Affiliated Entity executive with an E5 job grade, who is on U.S. payroll and primarily provides services in the United States.

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

2.19 "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.

2.20 "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.

2.21 "Separation" means the separation of the Company from United Technologies Corporation pursuant to which the Company became a separate publicly traded company.

2.22 "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.

ARTICLE 3
SEPARATION BENEFITS

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

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

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

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

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

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

(b) Healthcare Benefits. For the Benefit Continuation Period, the Company shall continue to provide to the Participant (and the Participant's dependents who were covered by healthcare benefit coverage pursuant to a plan sponsored by the Company or an Affiliated Entity as of immediately prior to the Date of Termination, if any (the "eligible dependents")), without any requirement for the Participant (or the eligible dependents) to pay a monthly premium, healthcare benefit coverage (including medical, prescription, dental, vision, basic life, and employee assistance program coverage and annual executive physicals if such physicals were offered to the Participant 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).

(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.

ARTICLE 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.

ARTICLE 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.

ARTICLE 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.

ARTICLE 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.

ARTICLE 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.

ARTICLE 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.

ARTICLE 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"). 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: __

Participant

Acknowledged and agreed this ____ day of _____________, 20__

__
[*Insert Name of Participant*]

<u>Exhibit B</u>

<u>GENERAL RELEASE OF CLAIMS AND</u>
<u>RESTRICTIVE COVENANT AGREEMENT</u>

THIS GENERAL RELEASE OF CLAIMS AND RESTRICTIVE COVENANT AGREEMENT (this "<u>Agreement</u>") is entered into between [___] ("<u>Employee</u>") and Carrier Global Corporation (the "<u>Company</u>") 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 "<u>Plan</u>"). 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, "<u>Releasers</u>"), 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, "<u>Releasees</u>"), 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 ("<u>ADEA</u>") Title VII of the Civil Rights Act of 1964, as amended; the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990, as amended; the Employee Retirement Income Security Act of 1974, as amended and any other federal, state or local laws or regulations prohibiting employment discrimination. This Agreement specifically excludes (i) Employee's right to receive the amounts and benefits under the Plan and to enforce the terms of this Agreement, (ii) Employee's rights to vested amounts and benefits under any employee benefit plan of the Company or its Affiliated Entities, (iii) any claims arising after the date hereof, and (iv) any claim or right Employee may have to indemnification or coverage under the Company's or any of its Affiliated Entities' respective bylaws or directors' and officers' insurance policies or any agreement to which Employee is a party or a third-party beneficiary. To the maximum extent permitted by law, Employee agrees that he has not filed, nor will he ever file, a lawsuit asserting any claims which are released by this Agreement, or to accept any benefit from any lawsuit which might be filed by another person or governmental entity based in whole or in part on any event, act, or omission which is the subject of the release contained in this Agreement.

(b) *EEOC*. The parties agree that this Agreement shall not affect the rights and responsibilities of the U.S. Equal Employment Opportunity Commission (hereinafter "<u>EEOC</u>") 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 two (2) years (one (1) year for Employees who are not ELT members on their Date of Termination) 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:

Exhibit 10.2

AMENDMENT NUMBER ONE TO THE
CARRIER GLOBAL CORPORATION 2020 LONG-TERM INCENTIVE PLAN

WHEREAS, Carrier Global Corporation (the "Corporation") established the Carrier Global Corporation 2020 Long-Term Incentive Plan (the "Plan") effective as of April 3, 2020, for the purpose of implementing a compensation program focused on long-term, sustainable performance; and

WHEREAS, the Corporation reserves the right to amend the Plan through the action of its Board of Directors ("Board"), or if the Board elects, by the Compensation Committee or such other committee of the Board;

WHEREAS, the Board has delegated authority to amend the Plan to its Compensation Committee (the "Committee");

WHEREAS, the Committee desires to amend the Plan to increase the threshold under which a change-in-control will be triggered, aligning the terms of the Plan with market practice and other Corporation benefit plans and programs;

WHEREAS, these changes were approved by the Committee during a meeting held on June 8, 2022.

NOW, THEREFORE, the Plan is hereby amended as set forth below, effective as of June 8, 2022:

1. Section 10(e)(i) is amended and restated to read as follows:

(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 30% 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

2. Section 10(e)(iii) is amended and restated to read as follows:

(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, 30% 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

IN WITNESS WHEREOF, this Amendment Number 1 has been duly executed by the Vice President, Total Rewards of Carrier Global Corporation at the direction of its Compensation Committee as of the date indicated below.

/s/Randy Michel

Vice President, Total Rewards

Randy Michel

Date: June 8, 2022

Exhibit 15

July 28, 2022

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated July 28, 2022 on our review of interim financial information of Carrier Global Corporation, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-3 (No. 333-237157) and Form S-8 (No. 333-237207) of Carrier Global Corporation.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Hallandale Beach, Florida

Exhibit 31.1

CERTIFICATION

I, David Gitlin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 28, 2022

/s/David Gitlin
David Gitlin
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Patrick Goris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2022

/s/Patrick Goris

Patrick Goris
Senior Vice President and Chief Financial Officer

Exhibit 31.3

CERTIFICATION

I, Kyle Crockett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carrier Global Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 28, 2022

/s/Kyle Crockett

Kyle Crockett
Vice President, Controller

Exhibit 32

Section 1350 Certifications
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Carrier Global Corporation, a Delaware corporation (the "Corporation"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 (the "Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: July 28, 2022

/s/David Gitlin
David Gitlin
Chairman and Chief Executive Officer

Date: July 28, 2022

/s/Patrick Goris
Patrick Goris
Senior Vice President and Chief Financial Officer

Date: July 28, 2022

/s/Kyle Crockett
Kyle Crockett
Vice President, Controller