
**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 March 31, 2012

OR

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

For the transition period from _____ to _____

Commission file number 1-812

UNITED TECHNOLOGIES CORPORATION

DELAWARE

06-0570975

**One Financial Plaza, Hartford, Connecticut 06103
(860) 728-7000**

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes . No .

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

At March 31, 2012 there were 911,358,152 shares of Common Stock outstanding.

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AND SUBSIDIARIES
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Quarter Ended March 31, 2012**

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United Technologies Corporation and its subsidiaries’ names, abbreviations thereof, logos, and product and service designators are all either the registered or unregistered trademarks or tradenames of United Technologies 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 tradenames of their respective owners. As used herein, the terms “we,” “us,” “our” or “UTC,” unless the context otherwise requires, mean United Technologies Corporation and its subsidiaries.

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**UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

<u>(Dollars in millions, except per share amounts)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Net Sales:		
Product sales	\$ 8,421	\$ 8,687
Service sales	4,003	3,993
	<u>12,424</u>	<u>12,680</u>
Costs and Expenses:		
Cost of products sold	6,329	6,475
Cost of services sold	2,612	2,689
Research and development	547	470
Selling, general and administrative	1,535	1,456
	<u>11,023</u>	<u>11,090</u>
Other income, net	301	98
Operating profit	1,702	1,688
Interest expense, net	129	148
Income from continuing operations before income taxes	1,573	1,540
Income tax expense	315	486
Net income from continuing operations	1,258	1,054
Discontinued operations (Note 2):		
Income from operations	41	90
Loss on disposal	(961)	—
Income tax benefit (expense)	69	(43)
Net (loss) income on discontinued operations	<u>(851)</u>	<u>47</u>
Net income	407	1,101
Less: Noncontrolling interest in subsidiaries' earnings	77	89
Net income attributable to common shareowners	<u>\$ 330</u>	<u>\$ 1,012</u>
Comprehensive income	\$ 904	\$ 1,805
Less: Comprehensive income attributable to noncontrolling interests	85	125
Comprehensive income attributable to common shareowners	<u>\$ 819</u>	<u>\$ 1,680</u>
Net income (loss) attributable to common shareowners:		
Net income from continuing operations	\$ 1,183	\$ 967
Net (loss) income from discontinued operations	\$ (853)	\$ 45
Earnings Per Share of Common Stock - Basic:		
Net income from continuing operations	\$ 1.33	\$ 1.08
Net income attributable to common shareowners	\$.37	\$ 1.13
Earnings Per Share of Common Stock - Diluted:		
Net income from continuing operations	\$ 1.31	\$ 1.06
Net income attributable to common shareowners	\$.36	\$ 1.11

See accompanying Notes to Condensed Consolidated Financial Statements

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**UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

<u>(Dollars in millions)</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 6,285	\$ 5,960
Accounts receivable, net	8,833	9,546
Inventories and contracts in progress, net	8,366	7,797
Future income tax benefits, current	1,695	1,662
Assets of discontinued operations	1,941	—
Other assets, current	727	793
Total Current Assets	<u>27,847</u>	<u>25,758</u>
Customer financing assets	1,026	1,035
Future income tax benefits	2,357	2,387
Fixed assets	15,522	15,980
Less: Accumulated depreciation	<u>(9,687)</u>	<u>(9,779)</u>
Fixed assets, net	<u>5,835</u>	<u>6,201</u>
Goodwill	16,169	17,943
Intangible assets, net	3,769	3,918
Other assets	4,721	4,210
Total Assets	<u>\$ 61,724</u>	<u>\$ 61,452</u>
<u>Liabilities and Equity</u>		
Short-term borrowings	\$ 221	\$ 630
Accounts payable	5,281	5,570
Accrued liabilities	11,978	12,287
Liabilities of discontinued operations	771	—
Long-term debt currently due	79	129
Total Current Liabilities	<u>18,330</u>	<u>18,616</u>
Long-term debt	9,491	9,501
Future pension and postretirement benefit obligations	5,177	5,007
Other long-term liabilities	4,934	5,150
Total Liabilities	<u>37,932</u>	<u>38,274</u>
Commitments and contingent liabilities (Note 14)		
Redeemable noncontrolling interest	243	358
Shareowners' Equity:		
Common Stock	13,653	13,445
Treasury Stock	(19,400)	(19,410)
Retained earnings	33,389	33,487
Unearned ESOP shares	(149)	(152)
Accumulated other comprehensive loss	<u>(5,001)</u>	<u>(5,490)</u>
Total Shareowners' Equity	<u>22,492</u>	<u>21,880</u>
Noncontrolling interest	<u>1,057</u>	<u>940</u>
Total Equity	<u>23,549</u>	<u>22,820</u>
Total Liabilities and Equity	<u>\$ 61,724</u>	<u>\$ 61,452</u>

See accompanying Notes to Condensed Consolidated Financial Statements

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**UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)**

<u>(Dollars in millions)</u>	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Operating Activities of Continuing Operations:		
Net income from continuing operations	\$ 1,258	\$ 1,054
Adjustments to reconcile net income from continuing operations to net cash flows provided by operating activities of continuing operations:		
Depreciation and amortization	320	316
Deferred income tax provision	159	122
Stock compensation cost	48	50
Change in:		
Accounts receivable	477	(41)
Inventories and contracts in progress	(719)	(817)
Other current assets	(13)	(70)
Accounts payable and accrued liabilities	64	656
Global pension contributions	(13)	(29)
Other operating activities, net	(269)	79
Net cash flows provided by operating activities of continuing operations	<u>1,312</u>	<u>1,320</u>
Investing Activities of Continuing Operations:		
Capital expenditures	(188)	(171)
Investments in businesses	(72)	(106)
Dispositions of businesses	52	49
Decrease in customer financing assets, net	16	18
Other investing activities, net	80	8
Net cash flows used in investing activities of continuing operations	<u>(112)</u>	<u>(202)</u>
Financing Activities of Continuing Operations:		
Repayment of long-term debt, net	(63)	(33)
(Decrease) increase in short-term borrowings, net	(404)	226
Common Stock issued under employee stock plans	120	89
Dividends paid on Common Stock	(412)	(368)
Repurchase of Common Stock	—	(727)
Other financing activities, net	(78)	(58)
Net cash flows used in financing activities of continuing operations	<u>(837)</u>	<u>(871)</u>
Discontinued Operations:		
Net cash (used in) provided by operating activities	(10)	41
Net cash provided by investing activities	1	1
Net cash used in financing activities	(2)	(8)
Net cash (used in) provided by discontinued operations	<u>(11)</u>	<u>34</u>
Effect of foreign exchange rate changes on cash and cash equivalents	50	76
Net increase in cash and cash equivalents	402	357
Cash and cash equivalents, beginning of year	5,960	4,083
Cash and cash equivalents, end of period	6,362	4,440
Less: Cash and cash equivalents of discontinued operations	77	—
Cash and cash equivalents of continuing operations, end of period	<u>\$ 6,285</u>	<u>\$ 4,440</u>

See accompanying Notes to Condensed Consolidated Financial Statements

**UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES**
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Condensed Consolidated Financial Statements at March 31, 2012 and for the quarters ended March 31, 2012 and 2011 are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods. The results reported in these Condensed Consolidated Financial Statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the financial statements and notes in our Annual Report to Shareowners (2011 Annual Report) incorporated by reference to our Annual Report on Form 10-K for calendar year 2011 (2011 Form 10-K).

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation. On September 28, 2011, we announced a new organizational structure that allows us to better serve customers through greater integration across product lines. Effective January 1, 2012, we formed the UTC Climate, Controls & Security segment which combines the former Carrier and UTC Fire & Security segments. On March 14, 2012, the Board of Directors of the Company approved a plan for the divestiture of a number of non-core businesses. The results of operations including the expected loss and the related cash flows which result from these non-core businesses have been reclassified to Discontinued Operations in our Condensed Consolidated Statement of Comprehensive Income and Condensed Consolidated Statement of Cash Flows for all periods presented.

Note 1: Acquisitions, Dispositions, Goodwill and Other Intangible Assets

Business Acquisitions and Dispositions. During the quarter ended March 31, 2012, our investment in business acquisitions was \$75 million (including debt assumed of \$3 million), and consisted primarily of a number of small acquisitions in our commercial businesses.

On September 21, 2011, we announced an agreement to acquire Goodrich Corporation (Goodrich), a global supplier of systems and services to the aerospace and defense industry with 2011 sales of \$8.1 billion. Goodrich products include aircraft nacelles and interior systems, actuation and landing systems, and electronic systems. Under the terms of the agreement, Goodrich shareholders will receive \$127.50 in cash for each share of Goodrich common stock they own at the time of the closing of the transaction. This equates to a total estimated enterprise value of \$18.4 billion, including \$1.9 billion in net debt to be assumed. In March 2012, Goodrich received shareholder approval for the transaction. The transaction is subject to customary closing conditions, including regulatory approvals. We expect that this acquisition will close in mid-2012. Once the acquisition is complete, Goodrich and Hamilton Sundstrand will be combined to form a new segment named UTC Aerospace Systems. This segment and our Pratt & Whitney segment will be separately reportable segments although they will both be included within the UTC Propulsion & Aerospace Systems organizational structure. We expect the increased scale, financial strength and complementary products of the new combined business will strengthen our position in the aerospace and defense industry. Further, we expect that this acquisition will enhance our ability to support our customers with more integrated systems.

On October 12, 2011, Pratt & Whitney and Rolls-Royce plc (Rolls-Royce), participants in the IAE International Aero Engines AG (IAE) collaboration, announced an agreement to restructure their interests in IAE. Under the terms of the agreement, Rolls-Royce will sell its interests in IAE and license its V2500 intellectual property in IAE to Pratt & Whitney for \$1.5 billion plus an agreed payment contingent on each hour flown by V2500-powered aircraft in service at the closing date during the fifteen year period following closing of the transaction. Consummation of this restructuring is subject to regulatory approvals and other closing conditions. Upon closing, we anticipate Pratt & Whitney will begin consolidating IAE. The acquisition of the additional interests in IAE and the intellectual property licenses will be reflected as intangible assets and amortized in relation to the economic benefits received over the projected remaining life of the V2500 program.

On March 14, 2012, the Board of Directors of the Company approved a plan for the divestiture of a number of non-core businesses. Cash generated from these divestitures is intended to be used to repay a portion of the short-term debt we expect to incur as part of the financing for the proposed acquisition of Goodrich. See Note 2 for further discussion.

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Goodwill. Changes in our goodwill balances during the quarter ended March 31, 2012 were as follows:

<u>(Dollars in millions)</u>	<u>Balance as of January 1, 2012</u>	<u>Goodwill resulting from</u>		<u>Balance as of</u>
		<u>business combinations</u>	<u>Foreign currency translation and other</u>	<u>March 31, 2012</u>
Otis	\$ 1,516	\$ 6	\$ 13	\$ 1,535
UTC Climate, Controls & Security	9,758	21	34	9,813
Pratt & Whitney	1,223	—	(534)	689
Hamilton Sundstrand	4,475	—	(726)	3,749
Sikorsky	348	—	4	352
Total Segments	17,320	27	(1,209)	16,138
Eliminations and other	623	—	(592)	31
Total	<u>\$ 17,943</u>	<u>\$ 27</u>	<u>\$ (1,801)</u>	<u>\$ 16,169</u>

During the quarter ended March 31, 2012, goodwill balances decreased \$1.8 billion, primarily as a result of the decision to divest a number of non-core businesses, which is reflected under “Foreign currency translation and other” in the table above. See Note 2 for further discussion.

Intangible Assets. Identifiable intangible assets are comprised of the following:

<u>(Dollars in millions)</u>	<u>March 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Accumulated</u>		<u>Accumulated</u>	
	<u>Gross Amount</u>	<u>Amortization</u>	<u>Gross Amount</u>	<u>Amortization</u>
Amortized:				
Service portfolios	\$ 2,088	\$ (1,101)	\$ 2,036	\$ (1,060)
Patents and trademarks	412	(161)	463	(183)
Other, principally customer relationships	3,235	(1,465)	3,329	(1,429)
	<u>5,735</u>	<u>(2,727)</u>	<u>5,828</u>	<u>(2,672)</u>
Unamortized:				
Trademarks and other	761		762	
Total	<u>\$ 6,496</u>	<u>\$ (2,727)</u>	<u>\$ 6,590</u>	<u>\$ (2,672)</u>

Amortization of intangible assets for the quarter ended March 31, 2012 was \$99 million compared with \$100 million for the same period of 2011. Average amortization of these intangible assets for 2012 through 2016 is expected to approximate \$340 million per year.

Note 2: Discontinued Operations

On March 14, 2012, the Board of Directors of the Company approved a plan for the divestiture of a number of non-core businesses. Cash generated from these divestitures is intended to be used to repay a portion of the short-term debt we expect to incur as part of the financing for the proposed acquisition of Goodrich. The divestitures are expected to generate approximately \$3 billion in cash, net of taxes. The results of operations including the net gain or loss and the related cash flows which result from these non-core businesses have been reclassified to Discontinued Operations on our Condensed Consolidated Statement of Comprehensive Income and Condensed Consolidated Statement of Cash Flows for all periods presented. The assets and liabilities of these non-core businesses have been reclassified to Discontinued Operations on our Condensed Consolidated Balance Sheet as of March 31, 2012. Cash flows from the operation of these discontinued businesses will continue until their disposals, most of which are expected to occur in the second half of 2012.

The planned divestitures are Hamilton Sundstrand’s Industrial businesses, Pratt & Whitney Rocketdyne (“Rocketdyne”), and Clipper Windpower (“Clipper”). The operating results of Clipper had previously been reported within “Eliminations & other” in our segment disclosure. As a result of the decision to dispose of these businesses, the Company has recorded pre-tax goodwill impairment charges of approximately \$360 million and \$590 million related to Rocketdyne and Clipper, respectively, in discontinued operations during the first quarter of 2012. The goodwill impairment charges result from the decision to dispose of both Rocketdyne and Clipper within a relatively short period after acquiring the businesses. Consequently, there has not been sufficient opportunity for the long-term operations to recover the value implicit in goodwill at the initial date of acquisition. Fair value of these businesses has been estimated using information available in the marketplace as we market these businesses for sale.

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The following summarized financial information related to these non-core businesses has been segregated from continuing operations and will be reported as discontinued operations through the dates of disposition:

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Discontinued Operations:		
Net sales	\$ 516	\$ 664
Income from operations	\$ 41	\$ 90
Income tax expense	(15)	(43)
Income from operations, net of income taxes	26	47
Loss on disposal	(961)	—
Income tax benefit	84	—
Net (loss) income on discontinued operations	\$ (851)	\$ 47

The income tax benefit for the first quarter of 2012 includes approximately \$235 million of unfavorable income tax adjustments related to the recognition of a deferred tax liability on the existing difference between the accounting versus tax gain on the planned dispositions of Hamilton Sundstrand's Industrial Businesses.

The assets and liabilities of discontinued operations on the Condensed Consolidated Balance Sheet as of March 31, 2012 are:

<u>(Dollars in millions)</u>	
<u>Assets</u>	
Cash and cash equivalents	\$ 77
Accounts receivable, net	319
Inventories and contracts in progress, net	159
Future income tax benefits, current	20
Other assets, current	20
Future income tax benefits	7
Fixed assets, net	302
Goodwill	909
Intangible assets, net	109
Other assets	19
Assets of Discontinued Operations	<u>\$1,941</u>
<u>Liabilities</u>	
Short-term borrowings	\$ 1
Accounts payable	145
Accrued liabilities	513
Future pension and postretirement benefit obligations	4
Other long-term liabilities	108
Liabilities of Discontinued Operations	<u>\$ 771</u>

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Note 3: Earnings Per Share

(Dollars in millions, except per share amounts; shares in millions)	Quarter Ended March 31,	
	2012	2011
Net income from continuing operations	\$ 1,183	\$ 967
Net (loss) income from discontinued operations	(853)	45
Net income attributable to common shareowners	<u>\$ 330</u>	<u>\$ 1,012</u>
Basic weighted average number of shares outstanding	890.9	898.7
Stock awards	13.0	16.2
Diluted weighted average number of shares outstanding	<u>903.9</u>	<u>914.9</u>
Earnings (Loss) Per Share of Common Stock - Basic:		
Net income from continuing operations	\$ 1.33	\$ 1.08
Net (loss) income from discontinued operations	(0.96)	0.05
Net income attributable to common shareowners	0.37	1.13
Earnings (Loss) Per Share of Common Stock - Diluted:		
Net income from continuing operations	\$ 1.31	\$ 1.06
Net (loss) income from discontinued operations	(0.94)	0.05
Net income attributable to common shareowners	0.36	1.11

The computation of diluted earnings per share excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, when the average market price of the common stock is lower than the exercise price of the related stock awards during the period. These outstanding stock awards are not included in the computation of diluted earnings per share because the effect would be anti-dilutive. For the quarters ended March 31, 2012 and 2011, there were no anti-dilutive stock awards excluded from the computation.

Note 4: Inventories and Contracts in Progress

(Dollars in millions)	March 31, 2012	December 31, 2011
Raw materials	\$ 1,247	\$ 1,321
Work-in-process	3,596	3,175
Finished goods	3,238	3,078
Contracts in progress	7,173	6,899
	<u>15,254</u>	<u>14,473</u>
Less:		
Progress payments, secured by lien, on U.S.		
Government contracts	(387)	(422)
Billings on contracts in progress	(6,501)	(6,254)
	<u>\$ 8,366</u>	<u>\$ 7,797</u>

As of March 31, 2012 and December 31, 2011, the above inventory balances include capitalized contract development costs of \$808 million and \$776 million, respectively, related to certain aerospace programs. These capitalized costs are liquidated as production units are delivered to the customer. The capitalized contract development costs within inventory principally relate to costs capitalized on Sikorsky's CH-148 contract with the Canadian government. The CH-148 is a derivative of the H-92, a military variant of the S-92.

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Note 5: Borrowings and Lines of Credit

<u>(Dollars in millions)</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Commercial paper	\$ 20	\$ 455
Other borrowings	201	175
Total short-term borrowings	\$ 221	\$ 630

At March 31, 2012, we had revolving credit agreements with various banks permitting aggregate borrowings of up to \$4.0 billion pursuant to a \$2.0 billion revolving credit agreement and a \$2.0 billion multicurrency revolving credit agreement, both of which expire in November 2016. As of March 31, 2012, there were no borrowings under either of these revolving credit agreements. The undrawn portions of our revolving credit agreements are also available to serve as backup facilities for the issuance of commercial paper. As of March 31, 2012, our maximum commercial paper borrowing authority as set by our Board of Directors was \$4 billion. We generally use our commercial paper borrowings for general corporate purposes, including the funding of potential acquisitions and repurchases of our common stock.

On November 8, 2011, we entered into a bridge credit agreement with various financial institutions that provides for a \$15 billion unsecured bridge loan facility, available to pay a portion of the cash consideration for the Goodrich acquisition, and to finance certain related transactions and pay related fees and expenses. Any funding under the bridge credit agreement would occur substantially concurrently with the consummation of the Goodrich acquisition, subject to customary conditions for acquisition financings of this type. Any loans made pursuant to the bridge credit agreement would mature on the date that is 364 days after the funding date.

On April 24, 2012, we entered into a term loan credit agreement with various financial institutions that provides for a \$2 billion unsecured term loan facility, and which is available to pay a portion of the cash consideration for the Goodrich acquisition and finance certain related transactions and expenses. Any loan under the agreement would mature on December 31, 2012, and funding would occur shortly before consummation of the acquisition, subject to customary conditions for financings of this type. Funding would be conditioned on the substantially contemporaneous termination of the remaining commitments under our \$15 billion bridge credit agreement executed on November 8, 2011.

Long-term debt consisted of the following:

<u>(Dollars in millions)</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>
4.875% notes due 2015*	\$ 1,200	\$ 1,200
5.375% notes due 2017*	1,000	1,000
6.125% notes due 2019*	1,250	1,250
8.875% notes due 2019	272	272
4.500% notes due 2020*	1,250	1,250
8.750% notes due 2021	250	250
6.700% notes due 2028	400	400
7.500% notes due 2029*	550	550
5.400% notes due 2035*	600	600
6.050% notes due 2036*	600	600
6.125% notes due 2038*	1,000	1,000
5.700% notes due 2040*	1,000	1,000
Project financing obligations	87	127
Other (including capitalized leases)	111	131
Total long-term debt	9,570	9,630
Less current portion	(79)	(129)
Long-term debt, net of current portion	\$ 9,491	\$ 9,501

* We may redeem some or all of these series of notes at any time at a redemption price in U.S. dollars equal to the greater of 100% of the principal amount outstanding of the applicable series of notes to be redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the applicable series of notes to be redeemed. The discounts applied on such redemptions are based on a semiannual calculation at an adjusted treasury rate plus 10-50 basis points, depending on the particular series. The redemption price will also include interest accrued to the date of redemption on the principal balance of the notes being redeemed.

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We have an existing universal shelf registration statement filed with the Securities and Exchange Commission (SEC) for an indeterminate amount of equity and debt securities for future issuance, subject to our internal limitations on the amount of equity and debt to be issued under this shelf registration statement.

Note 6: Income Taxes

We conduct business globally and, as a result, UTC or one or more of our subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as Australia, Belgium, Canada, China, France, Germany, Hong Kong, Italy, Japan, South Korea, Singapore, Spain, the United Kingdom and the United States. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 1998.

In the ordinary course of business, there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. Where applicable, associated interest has also been recognized; interest accrued in relation to unrecognized tax benefits is recorded in interest expense. Penalties, if incurred, would be recognized as a component of income tax expense.

It is reasonably possible that over the next twelve months the amount of unrecognized tax benefits may change within a range of a net increase of \$10 million to a net decrease of \$120 million as a result of additional worldwide uncertain tax positions, the revaluation of current uncertain tax positions arising from developments in examinations, in appeals or in the courts, or the closure of tax statutes. A portion of this net reduction may impact the Company's 2012 or 2013 income tax expense. Not included in the range is €198 million (approximately \$263 million) of tax benefits that we have claimed related to a 1998 German reorganization. These tax benefits are currently being reviewed by the German Tax Office in the course of an audit of tax years 1999 to 2000. In 2008 the German Federal Tax Court denied benefits to another taxpayer in a case involving a German tax law relevant to our reorganization. The determination of the German Federal Tax Court on this other matter was appealed to the European Court of Justice (ECJ) to determine if the underlying German tax law is violative of European Union (EU) principles. On September 17, 2009 the ECJ issued an opinion in this case that is generally favorable to the other taxpayer and referred the case back to the German Federal Tax Court for further consideration of certain related issues. In May 2010, the German Federal Tax Court released its decision, in which it resolved certain tax issues that may be relevant to our audit and remanded the case to a lower court for further development. After consideration of the ECJ decision and the latest German Federal Tax Court decision, we continue to believe that it is more likely than not that the relevant German tax law is violative of EU principles and we have not accrued tax expense for this matter. As we continue to monitor developments related to this matter, it may become necessary for us to accrue tax expense and related interest.

Tax years 2004 through 2008 are currently before the Appeals Division of the Internal Revenue Service (IRS) for resolution discussions regarding certain proposed tax adjustments with which the Company does not agree. The Company expects resolution discussions relating to the 2004 and 2005 tax years to be completed within the next 12 months. During the quarter, the Company recognized a non-cash gain of approximately \$218 million, including a pre-tax interest adjustment of \$15 million, as a result of the Examination Division of the IRS completing audit fieldwork for tax years 2006, 2007 and 2008. The IRS also commenced audit fieldwork for the 2009 and 2010 tax years.

Note 7: Employee Benefit Plans

Pension and Postretirement Plans. We sponsor both funded and unfunded domestic and foreign defined pension and other postretirement benefit plans, and defined contribution plans. Contributions to these plans were as follows:

(Dollars in millions)	Quarter Ended March 31,	
	2012	2011
Defined Benefit Plans	\$ 13	\$ 29
Defined Contribution Plans	\$ 62	\$ 57

There were no contributions to our domestic defined benefit pension plans in the first quarters of 2012 and 2011.

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The following tables illustrate the components of net periodic benefit cost for our defined pension and other postretirement benefit plans:

<u>(Dollars in millions)</u>	<u>Pension Benefits</u> <u>Quarter Ended</u> <u>March 31,</u>		<u>Other Postretirement Benefits</u> <u>Quarter Ended</u> <u>March 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Service cost	\$ 115	\$ 111	\$ 1	\$ 1
Interest cost	313	324	8	10
Expected return on plan assets	(456)	(456)	—	—
Amortization	(3)	(3)	—	(1)
Recognized actuarial net loss (gain)	181	115	(2)	(2)
Net settlement and curtailment loss	28	—	—	—
Total net periodic benefit cost	\$ 178	\$ 91	\$ 7	\$ 8

Net settlements and curtailment losses for pension benefits includes a curtailment loss of \$21 million related to, and recorded in discontinued operations as of March 31, 2012.

Note 8: Restructuring Costs

During the first quarter of 2012, we recorded net pre-tax restructuring costs in our business segments totaling \$138 million for new and ongoing restructuring actions as follows:

<u>(Dollars in millions)</u>	
Otis	\$ 28
UTC Climate, Controls & Security	35
Pratt & Whitney	37
Hamilton Sundstrand	2
Sikorsky	3
Eliminations and other	<u>6</u>
Restructuring costs recorded within continuing operations	111
Restructuring costs recorded within discontinued operations	<u>27</u>
Total	<u>\$138</u>

The net costs included \$62 million recorded in cost of sales, \$49 million in selling, general and administrative expenses, and \$27 million in discontinued operations. As described below, these costs primarily relate to actions initiated during 2012 and 2011.

2012 Actions. During the first quarter of 2012, we initiated restructuring actions relating to ongoing cost reduction efforts, including workforce reductions and the consolidation of field operations. We recorded net pre-tax restructuring costs totaling \$116 million, including \$54 million in cost of sales, \$35 million in selling, general and administrative expenses and \$27 million in discontinued operations.

We expect the actions initiated in the first quarter of 2012 to result in net workforce reductions of approximately 1,700 hourly and salaried employees, the exiting of approximately 425,000 net square feet of facilities and the disposal of assets associated with exited facilities. As of March 31, 2012, we have completed net workforce reductions of approximately 350 employees. We are targeting the majority of the remaining workforce and all facility related cost reduction actions for completion during 2012 and 2013. No specific plans for significant other actions have been finalized at this time.

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The following table summarizes the accrual balances and utilization by cost type for the 2012 restructuring actions:

<u>(Dollars in millions)</u>	<u>Severance</u>	<u>Asset Write-Downs</u>	<u>Facility Exit, Lease</u>	
			<u>Termination and Other Costs</u>	<u>Total</u>
Net pre-tax restructuring costs	\$ 96	\$ 12	\$ 8	\$116
Utilization and foreign exchange	(12)	(12)	(5)	(29)
Balance at March 31, 2012	<u>\$ 84</u>	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 87</u>

The following table summarizes expected, incurred and remaining costs for the 2012 restructuring actions by type:

<u>(Dollars in millions)</u>	<u>Severance</u>	<u>Asset Write- Downs</u>	<u>Facility Exit, Lease</u>	
			<u>Termination and Other Costs</u>	<u>Total</u>
Expected costs	\$ 126	\$ 12	\$ 34	\$ 172
Costs incurred - quarter ended March 31, 2012	(96)	(12)	(8)	(116)
Balance at March 31, 2012	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ 26</u>	<u>\$ 56</u>

The following table summarizes expected, incurred and remaining costs for the 2012 restructuring actions by segment:

<u>(Dollars in millions)</u>	<u>Costs Incurred</u>		
	<u>Expected</u>	<u>Quarter Ended</u>	<u>Remaining</u>
	<u>Costs</u>	<u>March 31, 2012</u>	<u>Costs at March 31, 2012</u>
Otis	\$ 29	\$ (23)	\$ 6
UTC Climate, Controls & Security	65	(25)	40
Pratt & Whitney	43	(34)	9
Hamilton Sundstrand	2	(1)	1
Eliminations and other	6	(6)	—
Discontinued operations	27	(27)	—
Total	<u>\$ 172</u>	<u>\$ (116)</u>	<u>\$ 56</u>

2011 Actions. During the first quarter of 2012, we recorded net pre-tax restructuring costs totaling \$20 million for restructuring actions initiated in 2011, including \$6 million in cost of sales and \$14 million in selling, general and administrative expenses. The 2011 actions relate to ongoing cost reduction efforts, including workforce reductions and the consolidation of field operations.

As of March 31, 2012, we have completed net workforce reductions of approximately 3,500 employees of an expected 5,000 employees, and have exited approximately 100,000 net square feet of facilities of an expected 2 million net square feet. We are targeting the majority of the remaining workforce and facility related cost reduction actions for completion during 2012 and 2013.

The following table summarizes the accrual balances and utilization by cost type for the 2011 restructuring actions:

<u>(Dollars in millions)</u>	<u>Severance</u>	<u>Asset Write- Downs</u>	<u>Facility Exit, Lease</u>	
			<u>Termination and Other Costs</u>	<u>Total</u>
Restructuring accruals at December 31, 2011	\$ 144	\$ —	\$ 10	\$154
Net pre-tax restructuring costs	10	—	10	20
Utilization and foreign exchange	(71)	—	(6)	(77)
Balance at March 31, 2012	<u>\$ 83</u>	<u>\$ —</u>	<u>\$ 14</u>	<u>\$ 97</u>

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The following table summarizes expected, incurred and remaining costs for the 2011 restructuring actions by type:

(Dollars in millions)	Severance	Asset Write-	Facility Exit, Lease	Total
		Downs	Termination and Other Costs	
Expected costs	\$ 303	\$ 4	\$ 73	\$ 380
Costs incurred through December 31, 2011	(259)	(4)	(23)	(286)
Costs incurred - quarter ended March 31, 2012	(10)	—	(10)	(20)
Remaining costs at March 31, 2012	<u>\$ 34</u>	<u>\$ —</u>	<u>\$ 40</u>	<u>\$ 74</u>

The following table summarizes expected, incurred and remaining costs for the 2011 restructuring actions by segment:

(Dollars in millions)	Expected Costs	Costs Incurred through December 31, 2011	Costs Incurred	
			Quarter Ended March 31, 2012	Remaining Costs at March 31, 2012
Otis	\$ 100	\$ (76)	\$ (6)	\$ 18
UTC Climate, Controls & Security	126	(93)	(9)	24
Pratt & Whitney	47	(37)	(2)	8
Hamilton Sundstrand	8	(8)	—	—
Sikorsky	75	(51)	(3)	21
Eliminations and other	1	(1)	—	—
Discontinued operations	23	(20)	—	3
Total	<u>\$ 380</u>	<u>\$ (286)</u>	<u>\$ (20)</u>	<u>\$ 74</u>

2010 Actions. As of March 31, 2012, we have approximately \$53 million of accrual balances remaining related to 2010 actions.

Note 9: Financial Instruments

We enter into derivative instruments for risk management purposes only, including derivatives designated as hedging instruments under the Derivatives and Hedging Topic of the FASB Accounting Standards Codification (ASC) and those utilized as economic hedges. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. We have used derivative instruments, including swaps, forward contracts and options to manage certain foreign currency, interest rate and commodity price exposures.

By their nature, all financial instruments involve market and credit risks. We enter into derivative and other financial instruments with major investment grade financial institutions and have policies to monitor the credit risk of those counterparties. We limit counterparty exposure and concentration of risk by diversifying counterparties. While there can be no assurance, we do not anticipate any material non-performance by any of these counterparties.

Foreign Currency Forward Contracts. We manage our foreign currency transaction risks to acceptable limits through the use of derivatives that hedge forecasted cash flows associated with foreign currency transaction exposures, which are accounted for as cash flow hedges, as we deem appropriate. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, and otherwise meet the hedge accounting criteria of the Derivatives and Hedging Topic of the FASB ASC, the changes in the derivatives' fair values are not included in current earnings but are included in "Accumulated other comprehensive loss." These changes in fair value will subsequently be reclassified into earnings as a component of product sales or expenses, as applicable, when the forecasted transaction occurs. To the extent that a previously designated hedging transaction is no longer an effective hedge, any ineffectiveness measured in the hedging relationship is recorded currently in earnings in the period in which it occurs.

To the extent the hedge accounting criteria are not met, the foreign currency forward contracts are utilized as economic hedges and changes in the fair value of these contracts are recorded currently in earnings in the period in which they occur. These include hedges that are used to reduce exchange rate risks arising from the change in fair value of certain foreign currency denominated assets and liabilities (e.g. payables, receivables) and other economic hedges where the hedge accounting criteria were not met.

The four quarter rolling average of the notional amount of foreign exchange contracts hedging foreign currency transactions was \$11.0 billion and \$10.4 billion at March 31, 2012 and December 31, 2011, respectively.

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The following table summarizes the fair value of derivative instruments as of March 31, 2012 and December 31, 2011 which consist solely of foreign exchange contracts:

<u>(Dollars in millions)</u>	<u>March 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Derivatives designated as hedging instruments</u>	<u>Derivatives not designated as hedging instruments</u>	<u>Derivatives designated as hedging instruments</u>	<u>Derivatives not designated as hedging instruments</u>
Balance Sheet Asset Locations:				
Other assets, current	\$ 71	\$ 56	\$ 69	\$ 40
Other assets	18	1	3	2
	<u>89</u>	<u>57</u>	<u>72</u>	<u>42</u>
Total Asset Derivative Contracts		\$ 146		\$ 114
Balance Sheet Liability Locations:				
Accrued liabilities	\$ 23	\$ 29	\$ 81	\$ 40
Other long-term liabilities	12	2	43	1
	<u>35</u>	<u>31</u>	<u>124</u>	<u>41</u>
Total Liability Derivative Contracts		\$ 66		\$ 165

The impact from foreign exchange derivative instruments that qualified as cash flow hedges was as follows:

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Gain recorded in Accumulated other comprehensive loss	\$ 92	\$ 99
Gain reclassified from Accumulated other comprehensive loss into Product sales (effective portion)	\$ 11	\$ 43

Assuming current market conditions continue, a \$10 million pre-tax loss is expected to be reclassified from Accumulated other comprehensive loss into Product sales to reflect the fixed prices obtained from foreign exchange hedging within the next 12 months. At March 31, 2012, all derivative contracts accounted for as cash flow hedges will mature by February 2014.

The effect on the Condensed Consolidated Statement of Comprehensive Income from foreign exchange contracts not designated as hedging instruments was as follows:

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Gain (loss) recognized in Other income, net	\$ 38	\$ (4)

Fair Value Disclosure. As of January 1, 2012, we adopted the provisions of the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." This ASU clarifies many of the existing concepts for measuring fair value and does not result in a change in our application of the Fair Value Measurements and Disclosures Topic of the FASB ASC. The guidance includes enhanced disclosure requirements about recurring Level 3 fair value measurements for each class of assets and liabilities measured at fair value in the balance sheet, which has no impact on our financial statements or disclosures as there are presently no Level 3 fair value measurements in our Condensed Consolidated Balance Sheet. This ASU also requires additional disclosures for items that are not measured at fair value in the balance sheet but for which the fair value is required to be disclosed.

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Valuation Hierarchy. The following table provides the valuation hierarchy classification of assets and liabilities that are carried at fair value and measured on a recurring and nonrecurring basis in our Condensed Consolidated Balance Sheet as of March 31, 2012 and December 31, 2011:

<u>(Dollars in millions)</u>	<u>Total Carrying Value at March 31, 2012</u>	<u>Quoted price in active markets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Unobservable inputs (Level 3)</u>
Recurring fair value measurements:				
Available-for-sale securities	\$ 897	\$ 897	\$ —	\$ —
Derivative assets	146	—	146	—
Derivative liabilities	(66)	—	(66)	—
Nonrecurring fair value measurements:				
Equity method investment	239	—	239	—
Business dispositions	145	—	145	—

During 2012, we recorded a non-cash net gain on nonrecurring fair value measurements of approximately \$112 million within Other income, net from UTC Climate, Controls & Security's ongoing portfolio transformation efforts including integrating the legacy UTC Fire & Security businesses with the legacy Carrier businesses. This net gain includes approximately \$215 million from the sale of a controlling interest in a manufacturing and distribution joint venture in Asia, partially offset by \$103 million of other-than-temporary impairment charges related to planned business dispositions.

<u>(Dollars in millions)</u>	<u>Total Carrying Value at December 31, 2011</u>	<u>Quoted price in active markets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Unobservable inputs (Level 3)</u>
Recurring fair value measurements:				
Available-for-sale securities	\$ 926	\$ 926	\$ —	\$ —
Derivative assets	114	—	114	—
Derivative liabilities	(165)	—	(165)	—
Nonrecurring fair value measurements:				
Equity method investment	13	13	—	—

During 2011, we recorded non-cash other-than-temporary impairment charges of \$66 million within Other income, net on an equity investment. The impairment charge recorded on our investment was determined by comparing the carrying value of our investment to the closing market value of the shares on the dates the investment was deemed to be impaired.

Valuation Techniques. Our available-for-sale securities include equity investments that are traded in active markets, either domestically or internationally. They are measured at fair value using closing stock prices from active markets and are classified within Level 1 of the valuation hierarchy. Our derivative assets and liabilities are managed on the basis of net exposure to market and credit risks of each of the counterparties. The fair value for these derivative assets and liabilities is measured at the price that would be received on a net asset position for a particular risk or to transfer a net liability position for a particular risk in an orderly transaction between market participants at the measurement date. Our derivative assets and liabilities include foreign exchange contracts and commodity derivatives that are measured at fair value using internal models based on observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. Based on our continued ability to trade securities and enter into forward contracts, we consider the markets for our fair value instruments to be active. As of March 31, 2012, there were no significant transfers in and out of Level 1 and Level 2.

As of March 31, 2012, there has not been any significant impact to the fair value of our derivative liabilities due to our own credit risk. Similarly, there has not been any significant adverse impact to our derivative assets based on our evaluation of our counterparties' credit risks.

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The following table provides carrying amounts and fair values of financial instruments that are not carried at fair value in our Condensed Consolidated Balance Sheet at March 31, 2012 and December 31, 2011:

(Dollars in millions)	March 31, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term receivables	\$ 275	\$ 270	\$ 283	\$ 276
Customer financing notes receivable	298	272	309	297
Short-term borrowings	(221)	(221)	(630)	(630)
Long-term debt (excluding capitalized leases)	(9,514)	(11,745)	(9,575)	(11,639)

The following table provides the valuation hierarchy classification of assets and liabilities that are not carried at fair value in our Condensed Consolidated Balance Sheet as of March 31, 2012:

(Dollars in millions)	Total Fair Value at March 31, 2012	Quoted price in active markets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Recurring fair value measurements:				
Long-term receivables	\$ 270	\$ —	\$ 270	\$ —
Customer financing notes receivable	272	—	272	—
Short-term borrowings	(221)	—	(20)	(201)
Long-term debt (excluding capitalized leases)	(11,745)	—	(11,690)	(55)

Valuation Techniques. Our long-term receivables and customer financing notes receivables include our commercial and aerospace long-term trade, government and other receivables, leases, and notes receivable. Our long-term receivables and customer financing notes receivables are measured at fair value using an income statement approach based on the present value of the contractual, promised or most likely cash flows discounted at observed or estimated market rate for comparable assets or liabilities that are traded in the market. Based on these inputs, long-term receivables and customer financing notes receivables are classified within Level 2 of the valuation hierarchy. Our short-term borrowings include commercial paper and other international credit facility agreements. Our long-term debt includes domestic and international notes. Commercial paper and domestic long-term notes are measured at fair values based on comparable transactions and current market interest rates quoted in active markets for similar assets, and are classified within Level 2 of the valuation hierarchy. Foreign short-term borrowings and foreign long-term notes are measured at fair value based on comparable transactions and rates calculated from the respective countries' yield curves. Based on these inputs, foreign borrowings and foreign long-term notes are classified within Level 3 of the valuation hierarchy. The fair values of Accounts receivable and Accounts payable approximate the carrying amounts due to the short-term maturities of these instruments.

We had outstanding commercial aerospace financing and other contractual commitments totaling approximately \$2.2 billion and \$2.3 billion at March 31, 2012 and December 31, 2011, respectively. Risks associated with changes in interest rates on these commitments are mitigated by the fact that interest rates are variable during the commitment term, and are set at the date of funding based on current market conditions, the fair value of the underlying collateral and the credit worthiness of the customers. As a result, the fair value of these financings is expected to equal the amounts funded. The fair value of the commitment itself is not readily determinable and is not considered significant.

Note 10: Credit Quality of Long-Term Receivables

A long-term or financing receivable represents a contractual right to receive money on demand or on fixed and determinable dates, including trade receivable balances with maturity dates greater than one year. Our long-term and financing receivables primarily represent balances related to the aerospace businesses such as long-term trade accounts receivable, leases, and notes receivable. We also have other long-term receivables in our commercial businesses; however, both the individual and aggregate amounts are not significant.

Our classes within aerospace long-term receivables are comprised of long-term trade accounts receivable and notes and leases receivable. Long-term trade accounts receivable represent amounts arising from the sale of goods and services with a contractual maturity date of greater than one year and are recognized as "Other assets" in our Condensed Consolidated Balance Sheet. Notes and leases receivable represent notes and lease receivables other than receivables related to operating leases, and are recognized as "Customer financing assets" in our Condensed Consolidated Balance Sheet. The following table summarizes the balance by class of aerospace long-term receivables as of March 31, 2012 and December 31, 2011:

(Dollars in millions)	March 31, 2012	December 31, 2011
Long-term trade accounts receivable	\$ 195	\$ 204
Notes and leases receivable	353	365
Total long-term receivables	\$ 548	\$ 569

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Economic conditions and air travel influence the operating environment for most airlines, and the financial performance of our aerospace businesses is directly tied to the economic conditions of the commercial aerospace and defense industries. Additionally, the value of the collateral is also closely tied to commercial airline performance and may be subject to exposure of reduced valuation as a result of market declines. We determine a receivable is impaired when, based on current information and events, it is probable that we will be unable to collect amounts due according to the contractual terms of the receivable agreement. Factors considered in assessing collectability and risk include, but are not limited to, examination of credit quality indicators and other evaluation measures, underlying value of any collateral or security interests, significant past due balances, historical losses, and existing economic conditions.

Long-term receivables can be considered delinquent if payment has not been received in accordance with the underlying agreement. If determined delinquent, long-term trade accounts receivable and notes and leases receivable balances accruing interest may be placed on nonaccrual status. We record potential losses related to long-term receivables when identified. The reserve for credit losses on these receivables relates to specifically identified receivables that are evaluated individually for impairment. For notes and leases receivable, we determine a specific reserve for exposure based on the difference between the carrying value of the receivable and the estimated fair value of the related collateral in connection with the evaluation of credit risk and collectability. For long-term trade accounts receivable, we evaluate credit risk and collectability individually to determine if an allowance is necessary. Uncollectible long-term receivables are written-off when collection of the indebtedness has been pursued for a reasonable period of time without collection; the customer is no longer in operation; or judgment has been levied, but the underlying assets are not adequate to satisfy the indebtedness. At both March 31, 2012 and December 31, 2011, we do not have any significant balances that are considered to be delinquent, on non-accrual status, past due 90 days or more, or considered to be impaired.

The following table provides the balance of aerospace long-term receivables and summarizes the associated changes in the reserve for estimated credit losses and exposure for the quarters ended March 31, 2012 and 2011, respectively:

<u>(Dollars in millions)</u>	<u>2012</u>	<u>2011</u>
Beginning balance of the reserve for credit losses and exposure as of January 1	\$ 70	\$ 42
Provision	—	—
Charge-offs	—	—
Recoveries	—	(9)
Other	(4)	—
Ending balance of the reserve for credit losses and exposure: individually evaluated for impairment as of March 31	<u>\$ 66</u>	<u>\$ 33</u>
Ending balance of long-term receivables: individually evaluated for impairment as of March 31	<u>\$548</u>	<u>\$524</u>

We determine credit ratings for each customer in the portfolio based upon public information and information obtained directly from our customers. We conduct a review of customer credit ratings, published historical credit default rates for different rating categories, and multiple third party aircraft value publications as a basis to validate the reasonableness of the allowance for losses on these balances quarterly or when events and circumstances warrant. The credit ratings listed below range from “A” which indicates an extremely strong capacity to meet financial obligations and the receivable is either collateralized or uncollateralized, to “D” which indicates that payment is in default and the receivable is uncollateralized. There can be no assurance that actual results will not differ from estimates or that consideration of these factors in the future will not result in an increase or decrease to the allowance for credit losses on long-term receivables.

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The following table summarizes the credit risk profile by creditworthiness category for aerospace long-term receivable balances at March 31, 2012 and December 31, 2011:

(Dollars in millions)	March 31, 2012		December 31, 2011	
	Long-term trade accounts receivable	Notes and leases receivable	Long-term trade accounts receivable	Notes and leases receivable
A - (low risk, collateralized/uncollateralized)	\$ 192	\$ —	\$ 201	\$ —
B - (moderate risk, collateralized/uncollateralized)	3	285	3	295
C - (high risk, collateralized/uncollateralized)	—	68	—	70
D - (in default, uncollateralized)	—	—	—	—
Total	\$ 195	\$ 353	\$ 204	\$ 365

Note 11: Shareowners' Equity and Noncontrolling Interest

As of January 1, 2012, we adopted the provisions of the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income." As a result of this adoption, we have presented total comprehensive income for each of the periods presented within a single continuous Condensed Consolidated Statement of Comprehensive Income.

A summary of the changes in shareowners' equity and noncontrolling interest (excluding redeemable noncontrolling interest) comprising total equity for the quarters ended March 31, 2012 and 2011 is provided below:

(Dollars in millions)	Quarter Ended March 31,					
	2012			2011		
	Shareowners' Equity	Noncontrolling Interest	Total Equity	Shareowners' Equity	Noncontrolling Interest	Total Equity
Equity, beginning of period	\$ 21,880	\$ 940	\$22,820	\$ 21,385	\$ 947	\$22,332
Comprehensive income for the period:						
Net income	330	77	407	1,012	89	1,101
Total other comprehensive income	489	8	497	668	36	704
Total comprehensive income for the period	819	85	904	1,680	125	1,805
Common Stock issued under employee plans	229		229	194		194
Common Stock repurchased	—		—	(750)		(750)
Dividends on Common Stock	(412)		(412)	(368)		(368)
Dividends on ESOP Common Stock	(16)		(16)	(15)		(15)
Dividends attributable to noncontrolling interest		(58)	(58)		(76)	(76)
Purchase of subsidiary shares from noncontrolling interest	(8)	(1)	(9)	—	—	—
Sale of subsidiary shares in noncontrolling interest	—	15	15	3	8	11
Acquisition of noncontrolling interest		8	8		5	5
Disposition of noncontrolling interest		(4)	(4)		—	—
Redeemable noncontrolling interest in subsidiaries' earnings		(4)	(4)		(5)	(5)
Redeemable noncontrolling interest in total other comprehensive income		1	1		(4)	(4)
Change in redemption value of put options Redeemable noncontrolling interest				(3)		(3)
reclassification to noncontrolling interest		75	75		—	—
Equity, end of period	\$ 22,492	\$ 1,057	\$23,549	\$ 22,126	\$ 1,000	\$23,126

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A summary of the changes in each component of accumulated other comprehensive (loss) income for the quarter ended March 31, 2012 is provided below:

<u>(Dollars in millions)</u>	<u>Foreign Currency Translation</u>	<u>Defined Benefit Pension and Post- retirement Plans</u>	<u>Unrealized Gains on Available- for-Sale Securities</u>	<u>Unrealized Hedging (Losses) Gains</u>	<u>Accumulated Other Comprehensive (Loss) Income</u>
Balance at December 31, 2011	\$ 206	\$ (5,810)	\$ 164	\$ (50)	\$ (5,490)
Other comprehensive income - quarter ended March 31, 2012	318	99	11	61	489
Balance at March 31, 2012	<u>\$ 524</u>	<u>\$ (5,711)</u>	<u>\$ 175</u>	<u>\$ 11</u>	<u>\$ (5,001)</u>

All noncontrolling interests with redemption features, such as put options, that are not solely within our control (redeemable noncontrolling interests) are reported in the mezzanine section of the Condensed Consolidated Balance Sheet, between liabilities and equity, at the greater of redemption value or initial carrying value.

A summary of the changes in redeemable noncontrolling interest recorded in the mezzanine section of the Condensed Consolidated Balance Sheet for the quarters ended March 31, 2012 and 2011 is provided below:

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Redeemable noncontrolling interest, beginning of period	\$ 358	\$ 317
Net income	4	5
Foreign currency translation, net	(1)	4
Dividends attributable to noncontrolling interest	(11)	(10)
Purchase of subsidiary shares from noncontrolling interest	(32)	—
Change in redemption value of put options	—	3
Redeemable noncontrolling interest reclassification to noncontrolling interest	(75)	—
Redeemable noncontrolling interest, end of period	<u>\$ 243</u>	<u>\$ 319</u>

Changes in noncontrolling interests that do not result in a change of control and where there is a difference between fair value and carrying value are accounted for as equity transactions. A summary of these changes in ownership interests in subsidiaries and the effect on shareowners' equity for the quarters ended March 31, 2012 and 2011 is provided below:

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Net income attributable to common shareowners	\$ 330	\$ 1,012
Transfers to noncontrolling interests:		
Increase in common stock for sale of subsidiary shares	—	3
Decrease in common stock for purchase of subsidiary shares	(8)	—
Change from net income attributable to common shareowners and transfers to noncontrolling interests	<u>\$ 322</u>	<u>\$ 1,015</u>

Note 12: Guarantees

We extend a variety of financial, market value and product performance guarantees to third parties. There have been no material changes to guarantees outstanding since December 31, 2011.

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The changes in the carrying amount of service and product warranties and product performance guarantees for the quarters ended March 31, 2012 and 2011 are as follows:

<u>(Dollars in millions)</u>	<u>2012</u>	<u>2011</u>
Balance as of January 1	\$1,468	\$1,136
Warranties and performance guarantees issued	77	134
Settlements made	(82)	(120)
Other	(328)	281
Balance as of March 31	<u>\$1,135</u>	<u>\$1,431</u>

The decrease in the above table in “Other” during the quarter ended March 31, 2012 primarily reflects the impact of warranty reserves reclassified to Liabilities of Discontinued Operations, see Note 2 for further discussion. The increase reflected in “Other” during the quarter ended March 31, 2011 primarily reflected the impact of finalizing purchase accounting on the acquisition of Clipper.

Note 13: Collaborative Arrangements

In view of the risks and costs associated with developing new engines, Pratt & Whitney has entered into certain collaboration arrangements in which sales, costs and risks are shared. Sales generated from engine programs, spare parts, and aftermarket business under collaboration arrangements are recorded as earned in our financial statements. Amounts attributable to our collaborative partners for their share of sales are recorded as an expense in our financial statements based upon the terms and nature of the arrangement. Costs associated with engine programs under collaborative arrangements are expensed as incurred. Under these arrangements, collaborators contribute their program share of engine parts, incur their own production costs and make certain payments to Pratt & Whitney for shared or joint program costs. The reimbursement of the collaborators’ share of program costs is recorded as a reduction of the related expense item at that time. As of March 31, 2012, the collaborators’ interests in all commercial engine programs ranged from 12% to 48%, inclusive of a portion of Pratt & Whitney’s interests held by other participants. Pratt & Whitney is the principal participant in all existing collaborative arrangements. There are no individually significant collaborative arrangements and none of the partners exceed a 31% share in an individual program.

On October 12, 2011, Pratt & Whitney and Rolls-Royce announced an agreement to restructure their interests in IAE and to form a new joint venture to develop engines to power the next generation of mid-size aircraft that will replace the existing fleet of mid-size aircraft currently in service or in development. Consummation of each of these transactions is subject to regulatory approvals and other closing conditions. We expect the restructuring of the parties’ interests in IAE to be completed in mid-2012. The closing of the new joint venture is also subject to the completion of the restructuring of the parties’ interests in IAE and may take a substantially longer period of time to complete. See Note 1 for further discussion.

Note 14: Contingent Liabilities

Summarized below are the matters previously described in Note 17 of the Notes to the Consolidated Financial Statements in our 2011 Annual Report, incorporated by reference in our 2011 Form 10-K, updated as applicable.

Environmental. Our operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over our foreign operations. We accrue for the costs of environmental investigatory, remediation, operating and maintenance costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to each individual site, including existing technology, current laws and regulations and prior remediation experience. Where no amount within a range of estimates is more likely, we accrue the minimum. For sites with multiple responsible parties, we consider our likely proportionate share of the anticipated remediation costs and the ability of the other parties to fulfill their obligations in establishing a provision for those costs. We discount liabilities with fixed or reliably determinable future cash payments. We do not reduce accrued environmental liabilities by potential insurance reimbursements. We periodically reassess these accrued amounts. We believe that the likelihood of incurring losses materially in excess of amounts accrued is remote.

Government. We are now, and believe that in light of the current U.S. government contracting environment we will continue to be, the subject of one or more U.S. government investigations. If we or one of our business units were charged with wrongdoing as a result of any of these investigations or other government investigations (including violations of certain environmental or export laws) the U.S. government could suspend us from bidding on or receiving awards of new U.S. government contracts pending the completion of legal proceedings. If convicted or found liable, the U.S. government could fine and debar us from new U.S. government contracting for a period generally not to exceed three years. The U.S. government could void any contracts found to be tainted by fraud.

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Our contracts with the U.S. government are also subject to audits. Like many defense contractors, we have received audit reports, which recommend that certain contract prices should be reduced to comply with various government regulations. Some of these audit reports involve substantial amounts. We have made voluntary refunds in those cases we believe appropriate, have settled some allegations and continue to litigate certain other cases. In addition, we accrue for liabilities associated with those matters that are probable and can be reasonably estimated. The most likely settlement amount to be incurred is accrued based upon a range of estimates. Where no amount within a range of estimates is more likely, then we accrue the minimum amount.

As previously disclosed, the Department of Justice (DOJ) sued us in 1999 in the U.S. District Court for the Southern District of Ohio, claiming that Pratt & Whitney violated the civil False Claims Act and common law. This lawsuit relates to the “Fighter Engine Competition” between Pratt & Whitney’s F100 engine and General Electric’s F110 engine. The DOJ alleges that the government overpaid for F100 engines under contracts awarded by the U.S. Air Force in fiscal years 1985 through 1990 because Pratt & Whitney inflated its estimated costs for some purchased parts and withheld data that would have revealed the overstatements. At trial of this matter, completed in December 2004, the government claimed Pratt & Whitney’s liability to be \$624 million. On August 1, 2008, the trial court judge held that the Air Force had not suffered any actual damages because Pratt & Whitney had made significant price concessions. However, the trial court judge found that Pratt & Whitney violated the False Claims Act due to inaccurate statements contained in the 1983 offer. In the absence of actual damages, the trial court judge awarded the DOJ the maximum civil penalty of \$7.09 million, or \$10,000 for each of the 709 invoices Pratt & Whitney submitted in 1989 and later under the contracts. In September 2008, both the DOJ and UTC appealed the decision to the Sixth Circuit Court of Appeals. In November 2010, the Sixth Circuit affirmed Pratt & Whitney’s liability under the False Claims Act and remanded the case to the U.S. District Court for further proceedings on the question of damages. Should the government ultimately prevail, the outcome of this matter could result in a material effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which damages would be paid.

As previously disclosed, in December 2008, the Department of Defense (DOD) issued a contract claim against Sikorsky to recover overpayments the DOD alleges it has incurred since January 2003 in connection with cost accounting changes approved by the DOD and implemented by Sikorsky in 1999 and 2006. These changes relate to the calculation of material overhead rates in government contracts. The DOD claims that Sikorsky’s liability is approximately \$92 million (including interest through March 2012). We believe this claim is without merit and Sikorsky filed an appeal in December 2009 with the U.S. Court of Federal Claims, which is pending. We do not believe the resolution of this matter will have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

A significant portion of our activities are subject to export control regulation by the U.S. Department of State (State Department) under the U.S. Arms Export Control Act and International Traffic in Arms Regulations (ITAR). From time to time, we identify, investigate, remediate and voluntarily disclose to the State Department’s Office of Defense Trade Controls Compliance (DTCC) potential violations of the ITAR. DTCC administers the State Department’s authority under the ITAR to impose civil penalties and other administrative sanctions for violations, including debarment from engaging in the export of defense articles or defense services. Most of our voluntary disclosures are resolved without the imposition of penalties or other sanctions. However, as previously disclosed, in November 2011, DTCC informed us that it considers certain of our voluntary disclosures filed since 2005 to reflect deficiencies warranting penalties and sanctions. We are currently in discussions with DTCC to reach a consent agreement, which we anticipate will provide for a payment by the Company to the State Department and commitments regarding additional remedial compliance efforts.

The voluntary disclosures that we anticipate will be addressed in the consent agreement currently under discussion include 2006 and 2007 disclosures regarding the export by Hamilton Sundstrand to Pratt & Whitney Canada (P&WC) of certain modifications to dual-use electronic engine control software, and the re-export by P&WC of those software modifications and subsequent P&WC-developed patches to China during the period 2002-2004 for use in the development of the Z-10 Chinese military helicopter. As previously disclosed, the DOJ has also separately conducted a criminal investigation of the matters addressed in these disclosures, as well as the accuracy and adequacy of the disclosures. We have been cooperating with the DOJ’s investigation. Since November 2011, we have been in discussions with the DOJ to resolve this matter.

We continue to evaluate the range of possible outcomes of these separate but related export compliance matters and have recognized a potential liability at March 31, 2012 of \$55 million. We currently expect resolution of these matters to occur in the first half of 2012. We do not believe the ultimate resolution of these matters, individually or collectively, will have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

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Other. We extend performance and operating cost guarantees beyond our normal warranty and service policies for extended periods on some of our products. We have accrued our estimate of the liability that may result under these guarantees and for service costs that are probable and can be reasonably estimated.

During the first quarter of 2012, we identified the potential for additional remediation costs associated with certain components within the main shaft of wind turbines previously installed by our Clipper business. We are currently researching the cause of the underlying quality issues and have not yet identified the final corrective remediation actions. We are unable to determine a reasonably possible remediation cost estimate at this time. Depending upon the nature of the remediation actions required and the number of installed turbines that may be affected, the outcome of this matter could result in a material effect on our results of operations in the period in which a warranty liability would be recognized or cash flows for the period in which warranty remediation is performed.

We are involved in a number of other legal proceedings, investigations and other contingency matters, including government audit matters, environmental investigatory, remediation, operating and maintenance costs, performance guarantees, self-insurance programs and matters arising out of the normal course of business. We are also subject to a number of routine lawsuits, investigations and claims (some of which involve substantial amounts) arising out of the ordinary course of our business. Many of these proceedings are at preliminary stages, and many of these cases seek an indeterminate amount of damages. We regularly evaluate the status of legal proceedings in which we are involved, to assess whether a loss is probable or there is a reasonable possibility that a loss or additional loss may have been incurred and determine if accruals and related disclosures are appropriate. The Company has established reserves for several hundred of its legal proceedings and other matters. We accrue contingencies based upon a range of possible outcomes. If no amount within this range is a better estimate than any other, then we accrue the minimum amount. With respect to any additional losses that may be incurred in excess of those accrued, either they are considered not material or we do not believe that a range of reasonably possible losses (defined by the relevant accounting literature to include all potential losses other than those deemed “remote”) can be determined. We do not believe that these matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition.

All forward-looking statements concerning the possible or anticipated outcome of environmental, investigatory, litigation proceedings and other contingency matters involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. For further information as to these risks and uncertainties, see “Cautionary Note Concerning Factors That May Affect Future Results” and Part II, Item 1A, “Risk Factors” in this Form 10-Q.

Note 15: Segment Financial Data

Our operations are classified into five principal segments: Otis, UTC Climate, Controls & Security, Pratt & Whitney, Hamilton Sundstrand and Sikorsky. The segments are generally based on the management structure of the businesses and the grouping of similar operating companies, where each management organization has general operating autonomy over diversified products and services. On September 28, 2011, we announced a new organizational structure that allows us to better serve customers through greater integration across product lines. Effective January 1, 2012, we formed the UTC Climate, Controls & Security segment which combines the former Carrier and UTC Fire & Security segments.

Results for the quarters ended March 31, 2012 and 2011 are as follows:

(Dollars in millions)	Net Sales		Operating Profits		Operating Profit Margins	
	2012	2011	2012	2011	2012	2011
Otis	\$ 2,770	\$ 2,772	\$ 566	\$ 630	20.4%	22.7%
UTC Climate, Controls & Security	4,112	4,393	544	471	13.2%	10.7%
Pratt & Whitney	3,052	2,873	389	428	12.7%	14.9%
Hamilton Sundstrand	1,236	1,138	198	172	16.0%	15.1%
Sikorsky	1,346	1,582	136	141	10.1%	8.9%
Total segments	12,516	12,758	1,833	1,842	14.6%	14.4%
Eliminations and other	(92)	(78)	(35)	(65)		
General corporate expenses	—	—	(96)	(89)		
Consolidated	<u>\$12,424</u>	<u>\$12,680</u>	<u>\$1,702</u>	<u>\$1,688</u>	<u>13.7%</u>	<u>13.3%</u>

See Note 8 to the Condensed Consolidated Financial Statements for a discussion of restructuring costs included in segment operating results.

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Note 16: Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, “Disclosures about Offsetting Assets and Liabilities.” This ASU is intended to enhance a financial statement user’s ability to understand the effects of netting arrangements on an entity’s financial statements, including financial instruments and derivative instruments that are either offset or subject to an enforceable master netting or similar arrangement. The scope of this ASU includes derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. This ASU includes enhanced disclosure requirements, including both gross and net information about instruments and transactions eligible for offset or subject to an agreement similar to a master netting arrangement. The provisions of this ASU will be applied retrospectively for interim and annual periods beginning on or after January 1, 2013. We are currently evaluating the impact of this new ASU.

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With respect to the unaudited condensed consolidated financial information of UTC for the quarters ended March 31, 2012 and 2011, 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 April 30, 2012, appearing below, states that the firm did not audit and does not express an opinion on that unaudited condensed consolidated financial information. 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 (the Act) for its report on the unaudited condensed consolidated financial information 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 Act.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareowners of United Technologies Corporation:

We have reviewed the accompanying condensed consolidated balance sheet of United Technologies Corporation and its subsidiaries as of March 31, 2012, and the related condensed consolidated statement of comprehensive income for the three-month periods ended March 31, 2012 and 2011 and the condensed consolidated statement of cash flows for the three-month periods ended March 31, 2012 and 2011. This interim financial information is the responsibility of the Corporation’s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 Public Company Accounting Oversight Board (United States), 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.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2011, and the related consolidated statements of operations, of cash flows and of changes in equity for the year then ended (not presented herein), and in our report dated February 9, 2012, 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, 2011, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut
April 30, 2012

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

BUSINESS OVERVIEW

We are a global provider of high technology products and services to the building systems and aerospace industries. Our operations are classified into five principal business segments: Otis, UTC Climate, Controls & Security, Pratt & Whitney, Hamilton Sundstrand and Sikorsky. Otis and UTC Climate, Controls & Security are referred to as the "commercial businesses," while Pratt & Whitney, Hamilton Sundstrand and Sikorsky are collectively referred to as the "aerospace businesses."

On September 28, 2011, we announced a new organizational structure that allows us to better serve customers through greater integration across product lines. Effective January 1, 2012, we formed the UTC Climate, Controls & Security segment which combines the former Carrier and UTC Fire & Security segments.

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation. The current status of significant factors impacting our business environment in 2012 is discussed below. For additional discussion, refer to the "Business Overview" section in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2011 Annual Report, which is incorporated by reference in our 2011 Form 10-K.

General

Our worldwide operations can be affected by industrial, economic and political factors on both a regional and global level. To limit the impact of any one industry, or the economy of any single country on our consolidated operating results, our strategy has been, and continues to be, the maintenance of a balanced and diversified portfolio of businesses. Our businesses include both commercial and aerospace operations, original equipment manufacturing (OEM) and extensive related aftermarket parts and services businesses, as well as the combination of shorter cycles at UTC Climate, Controls & Security and at our commercial aerospace aftermarket businesses, and longer cycles at Otis and at our aerospace OEM businesses. Our customers include companies in the private sector and governments, and our businesses reflect an extensive geographic diversification that has evolved with the continued globalization of world economies.

Although we are encouraged by increases in U.S. residential construction activity and improving U.S. consumer confidence, the global economy remains uneven. In the U.S., a strengthening job market, improving consumer finances, and growth in the manufacturing and retail sectors have been tempered by high gasoline prices. Europe remains in a mild recession, with declines in manufacturing activity, and China is experiencing what appears to be a short-term slowdown in construction. With continued signs of a slowing economy in China, we expect the Chinese government will ease fiscal policies in support of economic growth. Growth rates in other emerging markets have moderated but are still well above those of the developed economies. With an uneven growth outlook, we continue to take preemptive steps to position our business for future earnings growth by further reducing operating costs even as we continue to invest in new product launches and growth markets. As a result, we are increasing our 2012 full year estimate of restructuring cost in continuing operations from \$350 million to \$450 million.

Consolidated net sales decreased 2% in the first quarter of 2012, as compared to the same period of 2011. Organic sales growth (1%) was more than offset by the adverse effect of foreign currency translation (1%) and the impact from net dispositions (2%), as further discussed below within "Results of Operations." Consolidated operating profit increased 1% in the first quarter of 2012, as compared with the same period of 2011. This year-over-year improvement reflects the benefit from non-recurring items (8%), offset by higher year-over-year restructuring costs (5%) and the adverse effect of foreign exchange (2%).

Discontinued Operations

On March 14, 2012, the Board of Directors of the Company approved a plan for the divestiture of a number of non-core businesses. Cash generated from these divestitures is intended to be used to repay a portion of the short-term debt we expect to incur as part of the financing for the proposed acquisition of Goodrich. The divestitures are expected to generate approximately \$3 billion in cash, net of taxes. The results of operations including the net gain or loss and the related cash flows which result from these non-core businesses have been reclassified to Discontinued Operations on our Condensed Consolidated Statements of Comprehensive Income and Cash Flows for all periods presented. Cash flows from the operation of these discontinued businesses are expected to continue until their disposals, most of which are expected to occur in the second half of 2012. The planned divestitures are Hamilton Sundstrand's Industrial businesses, Rocketdyne, and Clipper. As a result of the decision to dispose of these businesses, the Company has recorded pre-tax goodwill impairment charges of approximately \$360 million and \$590 million related to Rocketdyne and Clipper, respectively, in discontinued operations during the first quarter of 2012. The goodwill impairment charges result from the decision to dispose of both Rocketdyne and Clipper within a relatively short period after acquiring the businesses. Consequently, there has not been sufficient opportunity for the long-term operations to recover the value implicit in goodwill at the initial date of acquisition.

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Acquisition and Disposition Activity

As discussed below in “Results of Operations,” our results include the impact from non-recurring items such as the adverse effect of asset impairment charges, and the beneficial impact of gains from business divestiture activities, including those related to the ongoing portfolio transformation at UTC Climate, Controls & Security. Our growth strategy contemplates acquisitions. Our operations and results can be affected by the rate and extent to which appropriate acquisition opportunities are available, acquired businesses are effectively integrated, and anticipated synergies or cost savings are achieved.

During the first quarter of 2012, our investment in business acquisitions was \$75 million (including debt assumed of \$3 million), and consisted primarily of a number of small acquisitions in our commercial businesses. We recorded the excess of the purchase price over the estimated fair value of the assets acquired as an increase in goodwill. As a result of acquisition activity in the first quarter of 2012, goodwill increased \$27 million.

On September 21, 2011, we announced an agreement to acquire Goodrich, a global supplier of systems and services to the aerospace and defense industry with 2011 sales of \$8.1 billion. Goodrich products include aircraft nacelles and interior systems, actuation and landing systems, and electronic systems. Under the terms of the agreement, Goodrich shareholders will receive \$127.50 in cash for each share of Goodrich common stock they own at the time of the closing of the transaction. This equates to a total estimated enterprise value of \$18.4 billion, including \$1.9 billion in net debt to be assumed. In March 2012, Goodrich received shareholder approval for the transaction. The transaction is subject to customary closing conditions, including regulatory approvals. We expect that this acquisition will close in mid-2012. Once the acquisition is complete, Goodrich and Hamilton Sundstrand will be combined to form a new segment named UTC Aerospace Systems. This segment and our Pratt & Whitney segment will be separately reportable segments although they will both be included within the UTC Propulsion & Aerospace Systems organizational structure. We expect the increased scale, financial strength and complementary products of the new combined business will strengthen our position in the aerospace and defense industry. Further, we expect that this acquisition will enhance our ability to support our customers with more integrated systems.

On October 12, 2011, Pratt & Whitney and Rolls-Royce plc (Rolls-Royce), participants in the IAE International Aero Engines AG (IAE) collaboration, announced an agreement to restructure their interests in IAE. Under the terms of the agreement, Rolls-Royce will sell its interests in IAE and license its V2500 intellectual property in IAE to Pratt & Whitney for \$1.5 billion plus an agreed payment contingent on each hour flown by V2500-powered aircraft in service at the closing date during the fifteen year period following closing of the transaction. Consummation of this restructuring is subject to regulatory approvals and other closing conditions. On April 12, 2012, MTU Aero Engines GmbH (MTU) and Japanese Aero Engines Corporation (JAEC), also participants in the IAE collaboration, consented to the restructuring. Upon closing, we anticipate Pratt & Whitney will begin consolidating IAE. The acquisition of the additional interests in IAE and the intellectual property licenses will be reflected as intangible assets and amortized in relation to the economic benefits received over the projected remaining life of the V2500 program.

Also, on October 12, 2011, Pratt & Whitney and Rolls-Royce announced an agreement to form a new joint venture to develop new engines to power the next generation of mid-size aircraft that will replace the existing fleet of mid-size aircraft currently in service or in development. With this new joint venture, Pratt & Whitney and Rolls-Royce will focus on high-bypass ratio geared turbofan technology as well as collaborate on future studies of next generation propulsion systems. Pursuant to the agreement, the formation of this new venture is subject to regulatory approvals and other closing conditions, including completion of the restructuring of the parties’ interests in IAE. We expect the restructuring of the parties’ interests in IAE to be completed in mid-2012. The closing of the new joint venture may take a substantially longer period of time to complete.

On March 14, 2012, the Board of Directors of the Company approved a plan for the divestiture of a number of non-core businesses. Cash generated from these divestitures is intended to be used to repay short-term debt incurred to finance the proposed acquisition of Goodrich and is expected to reduce the amount of equity issued in connection with financing the acquisition.

We expect to invest approximately \$500 million in acquisitions in 2012, excluding spending for the proposed acquisitions of Goodrich and Rolls-Royce’s interests in IAE. However, actual acquisition spending may vary depending upon the timing, availability and appropriate value of acquisition opportunities.

Other

Government legislation, policies and regulations can have a negative impact on our worldwide operations. Government regulation of refrigerants and energy efficiency standards, elevator safety codes and fire protection regulations are important to our commercial businesses. Government and market-driven safety and performance regulations, restrictions on aircraft engine noise and emissions, and government procurement practices can impact our aerospace and defense businesses.

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Commercial airline financial distress and consolidation, global economic conditions, changes in raw material and commodity prices, interest rates, foreign currency exchange rates, energy costs, and the impact from natural disasters and weather conditions create uncertainties that could impact our earnings outlook for the remainder of 2012. See Part II, Item 1A, "Risk Factors" in this Form 10-Q for further discussion.

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 the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 to the Consolidated Financial Statements in our 2011 Annual Report, incorporated by reference in our 2011 Form 10-K, describe the significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ from management's estimates. There have been no significant changes in our critical accounting estimates during the first quarter of 2012.

RESULTS OF OPERATIONS

Net Sales

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Net Sales	\$ 12,424	\$ 12,680

The 2% decrease in net sales for the first quarter of 2012 reflects organic sales growth (1%), which was more than offset by the impact of net dispositions (2%) and the adverse impact of foreign currency translation of 1%. During the first quarter of 2012, four of the five business segments experienced organic sales growth, led by Hamilton Sundstrand (10%) and Pratt & Whitney (7%). The organic growth at Hamilton Sundstrand was driven by higher aerospace OEM (5%) and aerospace aftermarket (5%) volumes. Pratt & Whitney's organic growth is primarily a result of higher military engine and aftermarket sales (5%) and higher volume at Pratt & Whitney Canada (3%), offset by a decrease in commercial spares and commercial engine deliveries (4%). Sikorsky organic sales contracted 15%, following 15% organic growth in the first quarter of 2011, due to the absence of high value development aircraft sales (9%), and fewer deliveries to the U.S. government (5%).

Cost of Products and Services Sold

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Cost of products sold	\$ 6,329	\$ 6,475
Percentage of product sales	75.2%	74.5%
Cost of services sold	\$ 2,612	\$ 2,689
Percentage of service sales	65.3%	67.3%
Total cost of products and services sold	\$ 8,941	\$ 9,164

The factors contributing to the total percentage change year-over-year for the quarter ended March 31, 2012 in total cost of products and services sold are as follows:

	<u>Quarter Ended March 31, 2012</u>
Organic volume	1 %
Foreign currency translation	(1)%
Acquisitions and divestitures, net	(2)%
Other	—
Total % Change	<u>(2)%</u>

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The organic increase in total cost of products and services sold of 1% corresponded to the 1% organic sales growth noted above. The 2% decline attributable to “Acquisitions and divestitures, net” is largely attributable to the ongoing portfolio transformation initiatives at UTC Climate, Controls & Security. The year-over-year decrease in cost of services sold, as a percentage of service sales, reflects favorable aftermarket service performance within the aerospace businesses.

Gross Margin

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Gross margin	\$ 3,483	\$ 3,516
Percentage of net sales	28.0%	27.7%

The 30 basis point increase in gross margin as a percentage of sales for the first quarter of 2012, as compared to the same period of 2011, is due to the absence of losses associated with international development aircraft sales at Sikorsky, which were recognized in the first quarter of the prior year (30 basis points). The benefit from higher margin services sales in the first quarter of 2012 (30 basis points) was offset by higher restructuring costs recorded in the first quarter of 2012 (30 basis points).

Research and Development

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Company-funded	\$ 547	\$ 470
Percentage of net sales	4.4%	3.7%
Customer-funded	\$ 329	\$ 326
Percentage of net sales	2.6%	2.6%

Research and development spending is subject to the variable nature of program development schedules and, therefore, year-over-year fluctuations in spending levels are expected. The majority of the company-funded spending is incurred by the aerospace businesses. The year-over-year increase in company-funded research and development in the quarter ended March 31, 2012 of 16%, reflects an increase at Pratt & Whitney to further advance development primarily of multiple geared turbo fan platforms (11%) and at Sikorsky primarily in support of military programs (4%). These increases were partially offset by a net decline at Hamilton Sundstrand (1%) led by lower expenditures on the Boeing 787 program. We continue to expect company-funded research and development for the full year 2012 to increase about \$150 million, as compared with 2011, in support of multiple next generation aerospace platforms.

Selling, General and Administrative

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Selling, general and administrative expenses	\$ 1,535	\$ 1,456
Percentage of net sales	12.4%	11.5%

Selling, general and administrative expenses increased 5% in the first quarter of 2012, as compared to the same period of 2011, due primarily to higher restructuring costs (3%) and costs related to the proposed acquisition of Goodrich (2%). The 90 basis point year-over-year increase as a percent of sales also reflects these higher acquisition related and restructuring costs.

Other Income, Net

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Other income, net	\$ 301	\$ 98

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Other income, net includes the operational impact of equity earnings in unconsolidated entities, royalty income, foreign exchange gains and losses as well as other ongoing and non-recurring items. The year-over-year increase in other income, net in the first quarter of 2012, largely reflects an approximately \$215 million net gain from the sale of a controlling interest in a manufacturing and distribution joint venture in Asia, partially offset by \$103 million of impairment charges related to planned business dispositions, both of which are related to the ongoing UTC Climate, Controls & Security portfolio transformation.

The remaining increase in other income, net is attributable primarily to net gains recognized on miscellaneous asset sales (\$42 million), and normal recurring operational activity as disclosed above (\$49 million).

Interest Expense, Net

<u>(Dollars in millions)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Interest expense	\$ 164	\$ 165
Interest income	(35)	(17)
Interest expense, net	\$ 129	\$ 148
Average interest expense rate	5.7%	5.8%

The increase in interest income in the first quarter of 2012, as compared with the same period of 2011, reflects approximately \$15 million of favorable pre-tax interest adjustments related to the conclusion of the IRS's examination of our 2006 – 2008 tax years.

Income Taxes

	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Effective tax rate	20.0%	31.6%

The decrease in the effective tax rate for the quarter ended March 31, 2012, primarily reflects the favorable non-cash income tax impact of \$203 million related to the conclusion of the IRS's examination of the Company's 2006 – 2008 tax years. This decrease is partially offset by the unfavorable tax impact related to the net gains associated with the UTC Climate, Controls & Security ongoing portfolio transformation.

We estimate our full year annual effective income tax rate in 2012, excluding the impact of the acquisition of Goodrich, to be approximately 29.5%, absent one-time adjustments and contingent upon the release of valuation allowances resulting from potential internal legal entity reorganizations. These internal legal entity reorganizations are separate from the creation of UTC Climate, Controls & Security as described above and are a component of our ongoing efforts to improve business efficiency.

Net Income Attributable to Common Shareowners from Continuing Operations

<u>(Dollars in millions, except per share amounts)</u>	<u>Quarter Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Net income attributable to common shareowners from continuing operations	\$ 1,183	\$ 967
Diluted earnings per share from continuing operations	\$ 1.31	\$ 1.06

Diluted earnings per share from continuing operations for the first quarter of 2012 includes a net \$.30 per share benefit from non-recurring items, partially offset by \$.09 per share of restructuring charges. The results for the first quarter of 2011 included a net charge for restructuring of \$.02 per share.

The impact of foreign currency generated an adverse impact of \$.02 per diluted share on our operational performance in the first quarter of 2012. This year-over-year impact also includes the net adverse foreign currency translation impact at Pratt & Whitney Canada (P&WC). At P&WC, strength in the U.S. Dollar in the first quarter of 2012 generated a benefit from foreign currency translation as the majority of P&WC's sales are denominated in U.S. Dollars, while a significant portion of its costs are incurred in local currencies. To help mitigate the volatility of foreign currency exchange rates on our operating results, we maintain foreign currency hedging programs, the majority of which are entered into by P&WC. As a result of hedging programs currently in place, P&WC's 2012 full year operating results are expected to include a net adverse impact of foreign currency translation and hedging of approximately \$50 million, of which approximately \$16 million has impacted our operating results in the first quarter of 2012. For additional discussion of hedging, refer to Note 9 to the Condensed Consolidated Financial Statements.

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Net (Loss) Income Attributable to Common Shareowners from Discontinued Operations

(Dollars in millions, except per share amounts)	Quarter Ended March 31,	
	2012	2011
Net (loss) income attributable to common shareowners from discontinued operations	\$ (853)	\$ 45
Diluted (loss) earnings per share from discontinued operations	\$ (0.94)	\$ 0.05

Diluted loss per share from discontinued operations for the first quarter of 2012 includes \$.71 per share of goodwill impairment charges related to Rocketdyne and Clipper, and \$.26 per share unfavorable income tax adjustments related to the recognition of a deferred tax liability on the existing difference between the accounting versus tax gain on the planned disposition of Hamilton Sundstrand's Industrial Businesses. Discontinued operations for the first quarter of 2012 also include a \$.03 per share benefit from the results of operations of the discontinued entities.

Restructuring Costs

During the first quarter of 2012, we recorded net pre-tax restructuring costs totaling \$138 million for new and ongoing restructuring actions as follows:

(Dollars in millions)	Quarter Ended March 31,	
	2012	2011
Otis	\$ 28	\$ 2
UTC Climate, Controls & Security	35	21
Pratt & Whitney	37	4
Hamilton Sundstrand	2	2
Sikorsky	3	1
Eliminations and other	6	—
Restructuring costs recorded within continuing operations	111	30
Restructuring costs recorded within discontinued operations	27	1
Total	\$ 138	\$ 31

The net costs included \$62 million recorded in cost of sales, \$49 million in selling, general and administrative expenses and \$27 million in discontinued operations. As described below, these costs primarily relate to actions initiated during 2012 and 2011.

2012 Actions. During the first quarter of 2012, we initiated restructuring actions relating to ongoing cost reduction efforts, including workforce reductions and the consolidation of field operations. We recorded net pre-tax restructuring costs totaling \$116 million as follows: Otis \$23 million, UTC Climate, Controls & Security \$25 million, Pratt & Whitney \$34 million, Hamilton Sundstrand \$1 million, Eliminations and other \$6 million and discontinued operations of \$27 million. The charges included \$54 million in cost of sales, \$35 million in selling, general and administrative expenses and \$27 million in discontinued operations. These costs include \$96 million for severance and related employee termination costs, \$12 million for asset write-downs and \$8 million for facility exit, lease termination costs and other related costs.

We expect the 2012 actions that were initiated in the first quarter to result in net workforce reductions of approximately 1,700 hourly and salaried employees, the exiting of approximately 425,000 net square feet and the disposal of assets associated with exited facilities. As of March 31, 2012, we have completed net workforce reductions of approximately 350 employees. We are targeting the majority of the remaining workforce and all facility related cost reduction actions for completion during 2012 and 2013. Approximately 70% of the total pre-tax charge will require cash payments, which we will fund with cash generated from operations. During the first quarter of 2012, we had cash outflows of approximately \$8 million related to the 2012 actions. We expect to incur additional restructuring costs of \$56 million to complete these actions. We expect recurring pre-tax savings to increase over the two-year period subsequent to initiating these actions to approximately \$150 million annually.

2011 Actions. During the first quarter of 2012, we recorded net pre-tax restructuring costs totaling \$20 million for restructuring actions initiated in 2011. The 2011 actions relate to ongoing cost reduction efforts, including workforce reductions and the consolidation of field operations. We recorded the charges for the first quarter of 2012 as follows: Otis \$6 million, UTC Climate,

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Controls & Security \$9 million, Pratt & Whitney \$2 million, and Sikorsky \$3 million. The charges included \$6 million in cost of sales and \$14 million in selling, general and administrative expenses. Those costs included \$10 million for severance and related employee termination costs and \$10 million for facility exit, lease termination costs and other related costs.

We expect the 2011 actions to result in net workforce reductions of approximately 5,000 hourly and salaried employees, the exiting of approximately 2 million net square feet of facilities and the disposal of assets associated with the exited facilities. As of March 31, 2012, we completed net workforce reductions of approximately 3,500 employees and exited approximately 100,000 net square feet of facilities. We are targeting the majority of the remaining workforce and facility related cost reduction actions for completion during 2012 and 2013. Approximately 70% of the total pre-tax charge will require cash payments, which we will fund with cash generated from operations. During the first quarter of 2012, we had cash outflows of approximately \$72 million related to the 2011 actions. We expect to incur additional restructuring costs of \$74 million to complete these actions. We expect recurring pre-tax savings to increase over the two-year period subsequent to initiating these actions to approximately \$300 million annually.

Additional 2012 Actions. We expect to initiate additional restructuring actions during the remainder of 2012. Including trailing costs related to previously initiated actions, we now expect full year 2012 restructuring costs from continuing operations of approximately \$450 million, including the \$111 million of charges incurred during the first quarter of 2012. The expected adverse impact on full year earnings in 2012 from anticipated restructuring costs is expected to be offset by the beneficial impact from net non-recurring items. Except for those actions described above, no specific plans for significant other actions have been finalized at this time.

Segment Review

Segments are generally based on the management structure of the businesses and the grouping of similar operating companies, where each management organization has general operating autonomy over diversified products and services. Effective January 1, 2012, we formed the UTC Climate, Controls & Security segment, which combines the former Carrier and UTC Fire & Security segments. Adjustments to reconcile segment reporting to the consolidated results for the quarters ended March 31, 2012 and 2011 are included in "Eliminations and other" below, which also includes certain smaller subsidiaries. We attempt to quantify material cited factors within our discussion of the results of each segment whenever those factors are determinable. However, in some instances, the factors we cite within our segment discussion are based upon input measures or qualitative information that does not lend itself to quantification when discussed in the context of the financial results measured on an output basis and are not, therefore, quantified in the below discussions.

Results for the quarters ended March 31, 2012 and 2011 are as follows:

(Dollars in millions)	Net Sales		Operating Profits		Operating Profit Margins	
	2012	2011	2012	2011	2012	2011
Otis	\$ 2,770	\$ 2,772	\$ 566	\$ 630	20.4%	22.7%
UTC Climate, Controls & Security	4,112	4,393	544	471	13.2%	10.7%
Pratt & Whitney	3,052	2,873	389	428	12.7%	14.9%
Hamilton Sundstrand	1,236	1,138	198	172	16.0%	15.1%
Sikorsky	1,346	1,582	136	141	10.1%	8.9%
Total segments	12,516	12,758	1,833	1,842	14.6%	14.4%
Eliminations and other	(92)	(78)	(35)	(65)		
General corporate expenses	—	—	(96)	(89)		
Consolidated	<u>\$12,424</u>	<u>\$12,680</u>	<u>\$1,702</u>	<u>\$1,688</u>	<u>13.7%</u>	<u>13.3%</u>

Commercial Businesses

Our commercial businesses generally serve customers in the worldwide commercial and residential property industries, although UTC Climate, Controls & Security also serves customers in the commercial and transport refrigeration industries. Sales in the commercial businesses are influenced by a number of external factors, including fluctuations in residential and commercial construction activity, regulatory changes, interest rates, labor costs, foreign currency exchange rates, customer attrition, raw material and energy costs, credit markets and other global and political factors. UTC Climate, Controls & Security's financial performance can also be influenced by production and utilization of transport equipment, and, in the case of its residential business, weather conditions. To ensure adequate supply of products in the distribution channel, UTC Climate, Controls & Security customarily offers its customers incentives to purchase products. The principal incentive program provides reimbursements to distributors for offering promotional pricing on UTC Climate, Controls & Security products. We account for incentive payments made as a reduction to sales.

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Within the Otis segment, new equipment orders were down 9% in the first quarter of 2012 due primarily to a decline in China (17%). The ongoing Chinese government effort to reduce housing prices has had an adverse impact on the high-end residential market, which represents nearly half of Otis' China sales. Otis also continues to face challenges of higher commodity and labor costs and pricing competition in China.

U.S. residential HVAC orders increased late in the quarter as UTC Climate, Controls & Security benefited from warmer than normal temperatures across most of the U.S. As begun in 2008 for the legacy Carrier business, we will continue the process of evaluating and transforming the UTC Climate, Controls & Security portfolio.

Summary performance for each of the commercial businesses was as follows:

(Dollars in millions)	Otis			UTC Climate, Controls & Security		
	2012	2011	Change	2012	2011	Change
Net Sales	\$ 2,770	\$ 2,772	—	\$ 4,112	\$ 4,393	(6)%
Cost of Sales	(1,828)	(1,781)	3 %	(2,996)	(3,223)	(7)%
	942	991	(5)%	1,116	1,170	(5)%
Operating Expenses and Other	376	361	4 %	572	699	(18)%
Operating Profits	\$ 566	\$ 630	(10)%	\$ 544	\$ 471	15 %

A discussion of the significant variances in operating results during the first quarter of 2012 as compared with the same period in 2011 for each segment follows.

Otis –

	Factors contributing to total % Change				
	Acquisitions /				
	Organic / Operational	FX Translation	Divestitures, net	Restructuring Costs	Other
Net Sales	1 %	(1)%	—	—	—
Cost of Sales	3 %	(1)%	—	1 %	—
Operating Profits	(6)%	(1)%	—	(4)%	1 %

The organic sales increase in the quarter (1%) is due primarily to growth in service sales with increases in both contractual maintenance and modernization sales. Lower new equipment sales in China (1%) were offset by continued growth in new equipment sales in other emerging markets (1%).

The decrease in operational profit in the quarter (6%) is due primarily to the impact of lower new equipment volume in China (2%), commodity costs increases (3%) and higher overhead costs (3%), all of which were partially offset by savings from cost reduction initiatives (2%). Higher service volume (3%) was offset by lower average service pricing (3%).

UTC Climate, Controls & Security –

	Factors contributing to total % Change				
	Acquisitions /				
	Organic / Operational	FX Translation	Divestitures, net	Restructuring Costs	Other
Net Sales	1 %	(1)%	(6)%	—	—
Cost of Sales	1 %	(1)%	(7)%	—	—
Operating Profits	(4)%	—	(2)%	(3)%	24 %

Organic sales increased 1% reflecting growth in Europe (1%) and in the Automation and Controls businesses (1%), partially offset by the shutdown of a Thailand factory due to extensive flooding in that region (1%). The decrease in “Acquisitions and divestitures, net” (6%) reflects the net year-over-year impact of net divestitures completed in the preceding twelve months associated with UTC Climate, Controls & Security's ongoing portfolio transformation efforts including integrating the legacy UTC Fire & Security businesses with the legacy Carrier businesses.

Operational operating profit declined year-over-year (4%) driven largely by the Americas region due to a combination of lower furnace volume (2%) and weaker performance in Brazil (1%). Europe commercial refrigeration benefited from volume and a previously implemented factory restructuring action (1%), while a decline in the fire protection and security services business in northern Europe (2%) was offset by fire protection and security services in southern Europe. The 24% increase in “Other” primarily reflects the net year-over-year impact of gains and losses associated with the on-going portfolio transformation at UTC Climate,

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Controls & Security as we continue to integrate the legacy UTC Fire & Security businesses with the legacy Carrier businesses. This includes an approximately \$215 million net gain from the sale of a controlling interest in a manufacturing and distribution joint venture in Asia, partially offset by \$103 million of impairment charges related to planned business dispositions.

Aerospace Businesses

The aerospace businesses serve both commercial and government aerospace customers. In addition, elements of Pratt & Whitney also serve customers in the industrial markets. Revenue passenger miles (RPMs), U.S. government military and space spending, and the general economic health of airline carriers are all barometers for our aerospace businesses. Performance in the general aviation sector is closely tied to the overall health of the economy and is positively correlated to corporate profits.

The commercial airline industry rebounded in 2010 and has remained generally strong since. Airline traffic, as measured by RPMs is expected to grow between 4% and 6% in 2012. Although many airlines have returned to profitability, high fuel prices continue to challenge the airlines to consider the need for more fuel efficient aircraft. Commercial aerospace spares orders at Pratt & Whitney's large commercial engine business declined 3% in the first quarter of 2012, following a 33% increase in the first quarter of 2011. Hamilton Sundstrand commercial aerospace spares orders grew 1% on strength from Boeing 787 initial provisioning, following a 23% increase in the first quarter of 2011. Consolidated commercial aerospace aftermarket sales, including Sikorsky, increased 3% in the first quarter of 2012, as compared with the same period of 2011.

Deficit reduction measures being considered by the U.S. government are expected to pressure the U.S. Department of Defense budget in the coming years, resulting in a decline in U.S. Department of Defense spending. Total sales to the U.S. government were \$2.1 billion and \$2.0 billion, or 17% and 15% of total UTC sales in the first quarter of 2012 and 2011, respectively. Our participation in long-term production and development programs for the U.S. government has and is expected to contribute positively to our results in 2012.

Summary performance for each of the aerospace businesses was as follows:

(Dollars in millions)	Pratt & Whitney			Hamilton Sundstrand			Sikorsky		
	2012	2011	Change	2012	2011	Change	2012	2011	Change
Net Sales	\$ 3,052	\$ 2,873	6 %	\$1,236	\$1,138	9 %	\$ 1,346	\$ 1,582	(15)%
Cost of Sales	(2,232)	(2,089)	7 %	(886)	(809)	10 %	(1,083)	(1,335)	(19)%
	820	784	5 %	350	329	6 %	263	247	6 %
Operating Expenses and Other	431	356	21 %	152	157	(3)%	127	106	20 %
Operating Profits	\$ 389	\$ 428	(9)%	\$ 198	\$ 172	15 %	\$ 136	\$ 141	(4)%

A discussion of the significant variances in operating results during the first quarter of 2012 as compared with the same period in 2011 for each segment follows.

Pratt & Whitney –

	Factors contributing to total % Change				
	Organic / Operational	FX Translation*	Acquisitions / Restructuring		
			Divestitures, net	Costs	Other
Net Sales	7 %	(1)%	—	—	—
Cost of Sales	6 %	—	—	1 %	—
Operating Profits	3 %	(4)%	—	(8)%	—

* As discussed further in the "Business Overview" and "Results of Operations" sections of Management's Discussion and Analysis of Financial Condition and Results of Operations, for Pratt & Whitney only, the transactional impact of foreign exchange hedging at P&WC has been netted against the translational foreign exchange impact for presentation purposes in the above table. For all other segments, these foreign exchange transactional impacts are included within the organic sales/operational operating profit caption in their respective tables. Due to its significance to Pratt & Whitney's overall operating results, we believe it is useful to segregate the foreign exchange transactional impact in order to clearly identify the underlying financial performance.

Organic sales growth (7%) was driven by higher military engine deliveries and aftermarket sales (5%), higher shipments at P&WC (3%) and higher industrial volumes at Pratt & Whitney Power Systems (2%), offset by a decrease in commercial spares and commercial engine deliveries (4%).

The operational profit increase (3%) reflects higher engine and spares volumes within the military business (7%) and at P&WC (9%), and the benefit from a commercial contract termination (5%), offset by higher research and development (13%) and pension costs (4%). A gain on the sale of intellectual property in the first quarter of 2012 (4%) was offset by the absence of a gain on the sale of an equity interest in a venture in the first quarter of 2011 (4%).

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Hamilton Sundstrand –

	Factors contributing to total % Change				
	Organic / Operational	FX Translation	Acquisitions /		
Divestitures, net			Restructuring		Other
			Costs		
Net Sales	10 %	—	(1)%	—	—
Cost of Sales	12 %	—	(2)%	—	—
Operating Profits	16 %	(1)%	(1)%	—	1 %

The organic sales growth (10%) reflects higher volumes in both the aerospace OEM (5%) and aerospace aftermarket (5%) businesses. The increase within aerospace OEM sales is primarily attributable to volume growth within commercial production and development programs (6%). The increase within aerospace aftermarket is primarily attributable to commercial and military spares volume growth (4%).

The increase in operational profit (16%) reflects higher commercial spares aftermarket volume (12%) due largely to Boeing 787 initial provisioning, higher military spares volume (6%) and the benefit of lower research and development costs (3%), all of which were offset in part by higher pension costs (6%).

Sikorsky –

	Factors contributing to total % Change				
	Organic / Operational	FX Translation	Acquisitions /		
Divestitures, net			Restructuring		Other
			Costs		
Net Sales	(15)%	—	—	—	—
Cost of Sales	(19)%	—	—	—	—
Operating Profits	(2)%	—	—	(2)%	—

The organic sales decline (15%) reflects reduced aircraft deliveries for international development programs (12%), fewer aircraft sales to the U.S. government (5%) and lower sales from customer funded development programs (2%). These declines were partially offset by increased net sales from commercial operations (2%) attributable primarily to strong S-92 demand, and increased aftermarket support (2%) driven by higher military spares volume.

The operational profit decline (2%) reflects the adverse impact of lower U.S. government volume (12%), higher year-over-year research and development spending (12%) and other operational cost increases (2%). This was partially offset by higher aftermarket support volume (14%), increased commercial profit (8%) and increased foreign military and international development profits (3%), due primarily to the absence of one Canadian maritime helicopter delivery in the first quarter of 2011.

Eliminations and other –

Eliminations and other reflects the elimination of sales, other income and operating profit transacted between segments, as well as the operating results of certain smaller businesses such as UTC Power. The year-over-year change in sales for the first quarter of 2012, as compared with the same period of 2011, reflects an increase in the amount of inter-segment sales eliminations. The year-over-year change in operating profit for the first quarter of 2012, as compared with the same period of 2011, primarily reflects the impact of lower self-insurance and legal costs.

LIQUIDITY AND FINANCIAL CONDITION

	March 31,	December 31,	March 31,
(Dollars in millions)	2012	2011	2011
Cash and cash equivalents	\$ 6,285	\$ 5,960	\$ 4,440
Total debt	9,791	10,260	10,487
Net debt (total debt less cash and cash equivalents)	3,506	4,300	6,047
Total equity	23,549	22,820	23,126
Total capitalization (debt plus equity)	33,340	33,080	33,613
Net capitalization (debt plus equity less cash and cash equivalents)	27,055	27,120	29,173
Debt to total capitalization	29%	31%	31%
Net debt to net capitalization	13%	16%	21%

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. Our principal source of liquidity is operating cash flows of continuing operations, which, after netting out capital expenditures, we target to equal or exceed net income attributable to common shareowners from continuing operations. In addition to operating cash flows, other significant factors that affect our overall management of liquidity include: capital expenditures, customer financing requirements, investments in businesses, dividends, common stock repurchases, pension funding, access to the commercial paper markets, adequacy of available bank lines of credit, and the ability to attract long-term capital at satisfactory terms.

Improvement in the global economy remains uneven, and in light of these circumstances, we continue to assess our current business and closely monitor the impact on our customers and suppliers. We have determined that overall there has not been a significant impact on our financial position, results of operations or liquidity during the first quarter of 2012.

Our domestic pension funds experienced a positive return on assets of approximately 6% during the first quarter of 2012. Approximately 88% of our domestic pension plans are invested in readily-liquid investments, including equity, fixed income, asset-backed receivables and structured products. The balance of our domestic pension plans (12%) is invested in less-liquid but market-valued investments, including real estate and private equity. The continued recognition of prior pension losses and the impact of a lower discount rate, partially offset by additional funding and the positive returns experienced during 2011 and the first quarter of 2012, are expected to result in increased pension expense in 2012 of approximately \$250 million as compared to 2011.

Our strong debt ratings and financial position have historically enabled us to issue long-term debt at favorable market rates. Our ability to obtain debt financing at comparable risk-based interest rates is partly a function of our existing debt-to-total-capitalization level as well as our current credit standing.

The purchase price for our pending acquisition of Goodrich for \$127.50 per share in cash equates to a total estimated enterprise value of \$18.4 billion, including \$1.9 billion in net debt to be assumed. We expect to finance the total \$16.5 billion to be paid to Goodrich shareholders at the closing of the acquisition through a combination of short- and long-term debt, mandatory convertible securities and cash. On March 14, 2012, the Board of Directors of the Company approved a plan for the divestiture of a number of non-core businesses. Cash generated from these divestitures is intended to be used to repay a portion of the short-term debt we expect to incur as part of the financing for the proposed acquisition of Goodrich. The divestitures are expected to generate approximately \$3 billion in cash, net of taxes. To manage the cash flow and liquidity impacts of these actions, we have suspended share repurchases until at least September 30, 2012, and will significantly reduce repurchases for two years thereafter. In addition, we will reduce our budgeted acquisition spending for the next few years, which for 2012 we expect to approximate \$500 million excluding spending for our pending acquisitions of Goodrich and Rolls-Royce's interests in IAE.

On November 8, 2011, we entered into a bridge credit agreement with various financial institutions that provides for a \$15 billion unsecured bridge loan facility, available to pay a portion of the cash consideration for the Goodrich acquisition, and to finance certain related transactions and pay related fees and expenses. Any funding under the bridge credit agreement would occur substantially concurrently with the consummation of the Goodrich acquisition, subject to customary conditions for acquisition financings of this type. Any loans made pursuant to the bridge credit agreement would mature on the date that is 364 days after the funding date.

On April 24, 2012, we entered into a term loan credit agreement with various financial institutions that provides for a \$2 billion unsecured term loan facility, available to pay a portion of the cash consideration for the Goodrich acquisition, and to finance certain related transactions and expenses. Any loan under the agreement would mature on December 31, 2012, and funding would occur shortly before consummation of the acquisition, subject to customary conditions for financings of this type. Funding would be conditioned on the substantially contemporaneous termination of the remaining commitments under our \$15 billion bridge credit agreement executed in November 2011.

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At March 31, 2012, we had revolving credit agreements with various banks permitting aggregate borrowings of up to \$4.0 billion pursuant to a \$2.0 billion revolving credit agreement and a \$2.0 billion multicurrency revolving credit agreement, both of which expire in November 2016. As of March 31, 2012, there were no borrowings under either of these revolving credit agreements. The undrawn portions of our revolving credit agreements are also available to serve as backup facilities for the issuance of commercial paper. As of March 31, 2012, our maximum commercial paper borrowing authority as set by our Board of Directors was \$4 billion.

We continue to have access to the commercial paper markets and our existing credit facilities, and expect to continue to generate strong operating cash flows. While the impact of market volatility cannot be predicted, we believe we have sufficient operating flexibility, cash reserves and funding sources to maintain adequate amounts of liquidity and to meet our future operating cash needs.

Given our extensive international operations, most of our cash is denominated in foreign currencies. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to capital controls; however, those balances are generally available without legal restrictions to fund ordinary business operations. With few exceptions, U.S. income taxes have not been provided on undistributed earnings of international subsidiaries. Our intention is to reinvest these earnings permanently or to repatriate the earnings only when it is tax effective to do so.

On occasion, we are required to maintain cash deposits with certain banks with respect to contractual obligations related to acquisitions or divestitures or other legal obligations. Restricted cash as of March 31, 2012 and December 31, 2011 was approximately \$31 million and \$37 million, respectively, all of which was included in current assets.

We believe our future operating cash flows will be sufficient to meet our future operating cash needs. Further, our ability to obtain debt or equity financing, as well as the availability under committed credit lines, provides additional potential sources of liquidity should they be required or appropriate.

Cash Flow - Operating Activities of Continuing Operations

<u>(Dollars in millions)</u>	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Net cash flows provided by operating activities of continuing operations	<u>\$ 1,312</u>	<u>\$ 1,320</u>

Cash generated from operating activities of continuing operations in the first quarter of 2012 was consistent with the same period in 2011. Although net income attributable to common shareowners increased by approximately \$200 million, this included approximately \$112 million of net non-cash gains from the portfolio transformation activities at UTC Climate, Controls & Security and an approximately \$218 million non-cash tax benefit from the conclusion of the IRS's examination of the Company's 2006 – 2008 tax years, which are netted out of operating cash flows through both other operating activities and the deferred tax provision. Lower working capital cash requirements were offset by normal variances in other operational accounts. During the first quarter of 2012, the net increase in working capital resulted in a cash outflow of \$191 million compared to a cash outflow of \$272 million during the first three months of 2011. This decrease of \$81 million was primarily driven by a decrease in accounts receivable, due to strong collections, and increased advances at Sikorsky, which were partially offset by an increase in inventories largely associated with anticipated volume changes at Sikorsky and Pratt & Whitney.

The funded status of our defined benefit pension plans is dependent upon many factors, including returns on invested assets and the level of market interest rates. We can contribute cash or company stock to our plans at our discretion, subject to applicable regulations. Total cash contributions to our global defined benefit pension plans during the first quarter of 2012 and 2011 were \$13 million and \$29 million, respectively. We expect to make total contributions of approximately \$100 million to our foreign defined benefit pension plans in 2012. Our domestic pension plans are approximately 90% funded on a projected benefit obligation basis and we are not required to make additional contributions through the end of 2012. Contributions to our global defined benefit pension plans in 2012 are expected to meet or exceed the current funding requirements.

Cash Flow - Investing Activities of Continuing Operations

<u>(Dollars in millions)</u>	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Net cash flows used in investing activities of continuing operations	\$ (112)	\$ (202)

The decrease in cash used in investing activities of continuing operations was a result of a decrease in acquisition activity in the first quarter of 2012, as compared with the same period of 2011, as well as cash received from the sale of fixed assets and the maturity of short-term investments. Investments in businesses in the first quarter of 2012 consisted primarily of a number of small acquisitions in our commercial businesses. Investments in businesses in the first quarter of 2011 consisted of a number of small acquisitions in both our commercial and aerospace businesses. Excluding spending for our pending acquisitions of Goodrich and Rolls-Royce's interests in IAE, we expect total cash investments for acquisitions in 2012 to be approximately \$500 million, including acquisitions completed during the first quarter of 2012. However, actual acquisition spending may vary depending upon the timing, availability and appropriate value of acquisition opportunities. Capital expenditures increased \$17 million primarily at Otis and Hamilton Sundstrand, which reflected expenditures related to investment in new programs and low-cost manufacturing facilities.

Customer financing activities were a net source of cash of \$16 million and \$18 million for the first quarter of 2012 and 2011, respectively. While we expect that 2012 customer financing activity will be a net use of funds, actual funding is subject to usage under existing customer financing commitments during the remainder of the year. We may also arrange for third-party investors to assume a portion of our commitments. We had commercial aerospace financing and other contractual commitments of approximately \$2.2 billion and \$2.3 billion related to commercial aircraft and certain contractual rights to provide product on new aircraft platforms at March 31, 2012 and December 31, 2011, respectively, of which as much as \$109 million may be required to be disbursed during 2012.

Cash Flow - Financing Activities of Continuing Operations

<u>(Dollars in millions)</u>	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Net cash flows used in financing activities of continuing operations	\$ (837)	\$ (871)

The timing and levels of certain cash flow activities, such as acquisitions and repurchases of our stock, have resulted in the issuance of both long-term and short-term debt. Commercial paper borrowings and revolving credit facilities provide short-term liquidity to supplement operating cash flows and are used for general corporate purposes, including the funding of potential acquisitions and repurchases of our stock. We repaid \$435 million of outstanding commercial paper during the quarter ended March 31, 2012.

As a result of our pending acquisition of Goodrich, we have suspended share repurchases until at least September 30, 2012, and will significantly reduce repurchases for two years thereafter. At March 31, 2012, management had authority to repurchase approximately 7 million shares under the previously announced share repurchase program. When we repurchase shares, our share repurchases vary depending upon various factors including the level of other investing activities.

We paid dividends on Common Stock of \$0.48 per share in the first quarter of 2012 totaling \$412 million in the aggregate. On April 11, 2012, the Board of Directors declared a dividend of \$0.48 per share payable June 10, 2012 to shareowners of record at the close of business on May 18, 2012.

We have an existing universal shelf registration statement filed with the SEC for an indeterminate amount of debt and equity securities for future issuance, subject to our internal limitations on the amount of debt to be issued under this shelf registration statement.

Off-Balance Sheet Arrangements and Contractual Obligations

In our 2011 Annual Report, incorporated by reference in our 2011 Form 10-K, we disclosed our off-balance sheet arrangements and contractual obligations. At March 31, 2012, there have been no material changes to these off-balance sheet arrangements and contractual obligations outside the ordinary course of business except as otherwise disclosed.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the first quarter of 2012. For discussion of our exposure to market risk, refer to Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” contained in our 2011 Form 10-K.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (Exchange Act), we carried out an evaluation under the supervision and with the participation of our management, including the Chairman & 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 March 31, 2012. 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, our CFO and our Controller have concluded that, as of March 31, 2012, our disclosure controls and procedures were effective to 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, our CFO and our Controller, as appropriate, to allow timely decisions regarding required disclosure.

Effective January 1, 2012, we formed the UTC Climate, Controls & Security segment which combines the former Carrier and UTC Fire & Security segments. This change in segments gave rise to material changes in the Company’s internal control over financial reporting in connection with the revised segment information disclosed in our financial statements. There have been no other changes in our internal control over financial reporting during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Note Concerning Factors That May Affect Future Results

This Form 10-Q contains statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other materials 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,” “confident” and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash and other measures of financial performance. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Such risks, uncertainties and other factors include, without limitation:

- the effect of economic conditions in the markets in which we operate in the United States and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction and in both the commercial and defense segments of the aerospace industry, levels of air travel, financial difficulties (including bankruptcy) of commercial airlines, the impact of weather conditions and natural disasters and the financial condition of our customers and suppliers;
- in respect of our previously announced agreement to acquire Goodrich and Pratt & Whitney’s previously announced transactions with Rolls-Royce, the satisfaction of conditions precedent to, and consummation of, the proposed transactions, the timing of consummation of these proposed transactions, the timing and consummation of proposed financing in connection with the proposed Goodrich transaction, and the ability of the parties to secure regulatory approvals;
- in respect of our recently announced agreement to acquire Goodrich, our ability to integrate the acquired operations and to realize synergies and opportunities for growth and innovation;
- our ability to realize the intended benefits of recently announced organizational changes;
- future levels of indebtedness and capital spending and research and development spending;
- future availability of credit and factors that may affect such availability, including credit market conditions and our capital structure;
- delays and disruption in delivery of materials and services from suppliers;
- new business opportunities;
- cost reduction efforts and restructuring costs and savings and other consequences thereof;

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- the scope, nature or impact of other acquisition and divestiture activity, including integration of acquired businesses into our existing businesses;
- the development, production, delivery, support, performance and anticipated benefits of advanced technologies and new products and services;
- the anticipated benefits of diversification and balance of operations across product lines, regions and industries;
- the impact of the negotiation of collective bargaining agreements and labor disputes;
- the outcome of legal proceedings and other contingencies;
- future repurchases of our common stock;
- pension plan assumptions and future contributions; and
- the effect of changes in tax, environmental and other laws and regulations or political conditions in the United States and other countries in which we operate.

In addition, this Form 10-Q includes important information as to risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. See the “Notes to Condensed Consolidated Financial Statements” under the heading “Contingent Liabilities,” the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the headings “Business Overview,” “Critical Accounting Estimates,” “Results of Operations,” and “Liquidity and Financial Condition,” and the section titled “Risk Factors” in this Form 10-Q and in our 2011 Form 10-K. Our Form 10-K also includes important information as to these factors in the “Business” section under the headings “General,” “Description of Business by Segment” and “Other Matters Relating to Our Business as a Whole,” and in the “Legal Proceedings” section. Additional important information as to these factors is included in our 2011 Annual Report in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the headings “Environmental Matters” and “Restructuring Costs.” The forward-looking statements speak only as of the date of this Form 10-Q or, in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the SEC.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

A significant portion of our activities are subject to export control regulation by the U.S. Department of State (State Department) under the U.S. Arms Export Control Act and International Traffic in Arms Regulations (ITAR). From time to time, we identify, investigate, remediate and voluntarily disclose to the State Department’s Office of Defense Trade Controls Compliance (DTCC) potential violations of the ITAR. DTCC administers the State Department’s authority under the ITAR to impose civil penalties and other administrative sanctions for violations, including debarment from engaging in the export of defense articles or defense services. Most of our voluntary disclosures are resolved without the imposition of penalties or other sanctions. However, as previously disclosed, in November 2011, DTCC informed us that it considers certain of our voluntary disclosures filed since 2005 to reflect deficiencies warranting penalties and sanctions. We are currently in discussions with DTCC to reach a consent agreement, which we anticipate will provide for a payment by the Company to the State Department and commitments regarding additional remedial compliance efforts.

The voluntary disclosures that we anticipate will be addressed in the consent agreement currently under discussion include 2006 and 2007 disclosures regarding the export by Hamilton Sundstrand to P&WC of certain modifications to dual-use electronic engine control software, and the re-export by P&WC of those software modifications and subsequent P&WC-developed patches to China during the period 2002-2004 for use in the development of the Z-10 Chinese military helicopter. As previously disclosed, the Department of Justice (DOJ) has also separately conducted a criminal investigation of the matters addressed in these disclosures, as well as the accuracy and adequacy of the disclosures. We have been cooperating with the DOJ’s investigation. Since November 2011, we have been in discussions with the DOJ to resolve this matter.

We continue to evaluate the range of possible outcomes of these separate but related export compliance matters and have recognized a potential liability at March 31, 2012 of \$55 million. We currently expect resolution of these matters to occur in the first half of 2012. We do not believe the ultimate resolution of these matters, individually or collectively, will have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Except as otherwise noted above, there have been no material developments in legal proceedings. For a description of previously reported legal proceedings refer to Part I, Item 3, “Legal Proceedings,” of our 2011 10-K.

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Item 1A. Risk Factors

Our business, financial condition, operating results and cash flows can be impacted by the factors set forth below, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results.

Our Global Growth Is Subject to a Number of Economic Risks

In 2011, the global economy improved as compared to 2010 and continued to show signs of a gradual recovery from the significant downturn of 2008 and 2009 when the global economy experienced widespread recessionary conditions, record levels of unemployment, significant distress of financial institutions, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. However, despite positive economic indicators seen in the beginning of 2012, uncertainty continues to exist as to the overall rate and stability of the recovery. Global gross domestic product growth continues to be led by emerging markets, particularly in Brazil, Russia, India and China, while in the developed economies, particularly in Europe, the recovery remains uncertain due to persistent high unemployment in the U.S. and Europe, a weak U.S. and European housing market, government budget reduction plans, the unwinding of fiscal stimuli and concerns over the deepening European sovereign debt crisis. In early 2012, China has shown signs of a short-term slowdown in construction. As a result, further disruptions in Europe or in other economies could affect our sales or liquidity.

Although consumer confidence in the U.S. has improved since the economic downturn, it still remains low, while, as mentioned above, unemployment remains high and the housing market remains weak. There can be no assurance that any of the recent economic improvements will be broad-based and sustainable, or that they will enhance conditions in markets relevant to us. Further, there can be no assurance that we will not experience further adverse effects that may be material to our cash flows, competitive position, financial condition, results of operations, or our ability to access capital. While these economic developments have not impaired our ability to access credit markets and finance our operations to date, there can be no assurance that there will not be a further deterioration in financial markets and confidence in major economies. These economic developments affect businesses such as ours in a number of ways. The tightening of credit in financial markets adversely affects the ability of our customers and suppliers to obtain financing for significant purchases and operations and could result in a decrease in or cancellation of orders for our products and services as well as impact the ability of our customers to make payments. Similarly, this tightening of credit may adversely affect our supplier base and increase the potential for one or more of our suppliers to experience financial distress or bankruptcy. Our global business is also adversely affected by decreases in the general level of economic activity, such as decreases in business and consumer spending, air travel, construction activity, the financial strength of airlines and business jet operators, and government procurement. Strengthening of the rate of exchange for the U.S. Dollar against certain major currencies such as the Euro, the Canadian Dollar and other currencies also adversely affects our results, as the majority of our sales are non-U.S. based.

Our Financial Performance Is Dependent on the Conditions of the Construction and Aerospace Industries

The results of our commercial and industrial businesses, which generated approximately 58 percent of our consolidated net sales in 2011, are influenced by a number of external factors including fluctuations in residential and commercial construction activity, regulatory changes, interest rates, labor costs, foreign currency exchange rates, customer attrition, raw material and energy costs, the tightening of global credit markets and other global and political factors. For example, a slowdown in building and remodeling activity can adversely affect our UTC Climate, Controls & Security segment. In addition to these factors, the financial performance of UTC Climate, Controls & Security can also be influenced by production and utilization of transport equipment and, particularly in its residential business, weather conditions.

The results of our commercial and military aerospace businesses, which generated approximately 42 percent of our consolidated net sales in 2011, are directly tied to the economic conditions in the commercial aviation and defense industries, which are cyclical in nature. Although the operating environment currently faced by commercial airlines has shown signs of improvement in 2012 with many airlines returning to profitability, uncertainty continues to exist. As a result, financial difficulties, including bankruptcy, of one or more of the major commercial airlines could result in significant cancellations of orders, reductions in our aerospace sales and losses under existing contracts. In addition, capital spending and demand for aircraft engines, aerospace products and component aftermarket parts and service by commercial airlines, aircraft operators and aircraft manufacturers are influenced by a wide variety of factors, including current and predicted traffic levels, load factors, aircraft fuel pricing, labor issues, worldwide airline profits, airline consolidation, competition, the retirement of older aircraft, regulatory changes, terrorism and related safety concerns, general economic conditions, corporate profitability, and backlog levels, all of which could reduce the demand for air travel and the aftermarket sales and margins of our aerospace businesses. Future terrorist actions, pandemic health issues or major natural disasters could dramatically reduce both the demand for air travel and our aerospace businesses aftermarket sales and margins. Also, since a substantial portion of the backlog for commercial aerospace customers is scheduled for delivery beyond 2012, changes in economic conditions may cause customers to request that firm orders be rescheduled or canceled. At times, our aerospace businesses also enter into firm fixed-price development contracts, which may require us to bear cost overruns related to unforeseen technical and design challenges that arise during the development stage of the program. In addition, our aerospace businesses face intense competition from domestic and foreign manufacturers of new equipment and spare parts. The defense industry is also affected by a changing global political environment, continued pressure on U.S. and global defense spending and U.S. foreign policy and the level of activity in

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military flight operations. Spare parts sales and aftermarket service trends are affected by similar factors, including usage, pricing, technological improvements, regulatory changes and the retirement of older aircraft. Furthermore, because of the lengthy research and development cycle involved in bringing products in these business segments to market, we cannot predict the economic conditions that will exist when any new product is complete. A reduction in capital spending in the commercial aviation or defense industries could have a significant effect on the demand for our products, which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Our Business May Be Affected by Government Contracting Risks and Laws Relating to Export of Goods and Technology

U.S. government contracts are subject to termination by the government, either for the convenience of the government or for default as a result of our failure to perform under the applicable contract. If terminated by the government as a result of our default, we could be liable for additional costs the government incurs in acquiring undelivered goods or services from another source and any other damages it suffers. We are now, and believe that in light of the current U.S. government contracting environment we will continue to be, the subject of one or more U.S. government investigations relating to certain of our U.S. government contracts. If we or one of our business units were charged with wrongdoing as a result of any U.S. government investigation (including violation of certain environmental or export laws), the U.S. government could suspend us from bidding on or receiving awards of new U.S. government contracts pending the completion of legal proceedings. If convicted or found liable, the U.S. government could subject us to fines, penalties, repayments and treble and other damages, and/or bar us from bidding on or receiving new awards of U.S. government contracts. The U.S. government could void any contracts found to be tainted by fraud. The U.S. government also reserves the right to debar a contractor from receiving new government contracts for fraudulent, criminal or other seriously improper conduct. Debarment generally does not exceed three years. Independently, failure to comply with U.S. laws and regulations related to the export of goods and technology outside the United States could result in civil or criminal penalties and suspension or termination of our export privileges. As disclosed in Note 15 to the Consolidated Financial Statements in our 2011 Annual Report and Note 14 to the Condensed Consolidated Financial Statements in this Form 10-Q, we are currently in discussions with DTCC and the DOJ regarding separate but related export licensing compliance matters. In addition, we are also sensitive to U.S. military budgets, which may fluctuate based on the policies of a new administration or Congress.

Our International Operations Subject Us to Economic Risk As Our Results of Operations May Be Adversely Affected by Changes in Foreign Currency Fluctuations, Economic Conditions and Changes in Local Government Regulation

We conduct our business on a global basis, with approximately 61 percent of our total 2011 segment sales derived from international operations, including U.S. export sales. Changes in local and regional economic conditions, including fluctuations in exchange rates, may affect product demand and reported profits in our non-U.S. operations (primarily the commercial businesses), where transactions are generally denominated in local currencies. In addition, currency fluctuations may affect the prices we pay suppliers for materials used in our products. As a result, our operating margins may also be negatively impacted by worldwide currency fluctuations that result in higher costs for certain cross border transactions. Our financial statements are denominated in U.S. Dollars. Accordingly, fluctuations in exchange rates may also give rise to translation gains or losses when financial statements of non-U.S. operating units are translated into U.S. Dollars. Given that the majority of our sales are non-U.S. based, a strengthening of the U.S. Dollar against other major foreign currencies could adversely affect our results of operations.

The majority of sales in the aerospace businesses are transacted in U.S. Dollars, consistent with established industry practice, while the majority of costs at locations outside the United States are incurred in the applicable local currency (principally the Euro, the Canadian Dollar, and the Polish Zloty). For operating units with U.S. Dollar sales and local currency costs, there is a foreign currency exposure that could impact our results of operations depending on market changes in the exchange rate of the U.S. Dollar against the applicable foreign currencies. To manage certain exposures, we employ long-term hedging strategies associated with U.S. Dollar sales. See Note 1 and Note 13 to the Consolidated Financial Statements in our 2011 Annual Report and Note 9 to the Condensed Consolidated Financial Statements in this Form 10-Q for further discussion of our hedging strategies.

Our international sales and operations are subject to risks associated with changes in local government laws, regulations and policies, including those related to tariffs and trade barriers, investments, taxation, exchange controls, capital controls, employment regulations, and repatriation of earnings. Our international sales and operations are also sensitive to changes in foreign national priorities, including government budgets, as well as to political and economic instability. International transactions may involve increased financial and legal risks due to differing legal systems and customs in foreign countries. For example, as a condition of sale or award of a contract, some international customers require us to agree to offset arrangements, which may include in-country purchases, manufacturing and financial support arrangements. The contract may provide for penalties in the event we fail to perform in accordance with the offset requirements.

In addition, as part of our globalization strategy, we have invested in certain countries, including Argentina, Brazil, China, India, Mexico, Russia, South Africa and countries in the Middle East, that carry high levels of currency, political and economic risk. We expect that sales to emerging markets will continue to account for a significant portion of our sales as our business evolves and as these and other developing nations and regions around the world increase their demand for our products. Emerging market operations can present many risks, including civil disturbances, health concerns, cultural differences (such as employment and business

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practices), volatility in gross domestic product, economic and government instability, and the imposition of exchange controls and capital controls. While these factors and their impact are difficult to predict, any one or more of them could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We Use a Variety of Raw Materials, Supplier-Provided Parts, Components, Sub-Systems and Third Party Contract Manufacturing Services in Our Businesses, and Significant Shortages, Supplier Capacity Constraints, Supplier Production Disruptions or Price Increases Could Increase Our Operating Costs and Adversely Impact the Competitive Positions of Our Products

Our reliance on suppliers, third party contract manufacturing and commodity markets to secure raw materials, parts, components and sub-systems used in our products exposes us to volatility in the prices and availability of these materials. In many instances, we depend upon a single source of supply, manufacturing or assembly or participate in commodity markets that may be subject to allocations of limited supplies by suppliers. A disruption in deliveries from our suppliers or third party contract manufacturers, supplier capacity constraints, supplier and third party contract manufacturer production disruptions, closing or bankruptcy of our suppliers, price increases, or decreased availability of raw materials or commodities, could have a material adverse effect on our ability to meet our commitments to customers or increase our operating costs. We believe that our supply management and production practices are based on an appropriate balancing of the foreseeable risks and the costs of alternative practices. Nonetheless, price increases, supplier capacity constraints, supplier production disruptions or the unavailability of some raw materials may have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We Engage in Acquisitions and Divestitures, and May Encounter Difficulties Integrating Acquired Businesses with, or Disposing of Divested Businesses from, Our Current Operations; Therefore, We May Not Realize the Anticipated Benefits of these Acquisitions and Divestitures

We seek to grow through strategic acquisitions in addition to internal growth. In the past several years, we have made various acquisitions and have entered into joint venture arrangements intended to complement and expand our businesses, and expect to do so in the future. For example, on September 21, 2011, we announced an agreement to acquire Goodrich and on October 12, 2011, Pratt & Whitney announced that Rolls-Royce will sell its interests in IAE to Pratt & Whitney. Further, on October 12, 2011 Pratt & Whitney and Rolls-Royce announced an agreement to form a new joint venture to develop new engines to power the next generation of mid-size aircraft that will replace the existing fleet of mid-size aircraft currently in service or in development. Our due diligence reviews may not identify all of the material issues necessary to accurately estimate the cost and potential loss contingencies of a particular transaction, including potential exposure to regulatory sanctions resulting from an acquisition target's previous activities. We may incur unanticipated costs or expenses, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, litigation, and other liabilities. We also may encounter difficulties in integrating acquisitions with our operations, applying our internal controls processes to these acquisitions, or managing strategic investments. Additionally, we may not realize the degree or timing of benefits we anticipate when we first enter into a transaction. The success of our proposed acquisition of Goodrich and Pratt & Whitney's previously announced transactions with Rolls-Royce plc will depend on the satisfaction of conditions precedent to, and consummation of, the proposed transactions, the timing of consummation of these proposed transactions, and the ability of the parties to secure regulatory approvals in a timely manner. Any of the foregoing could adversely affect our business and results of operations. Accounting requirements relating to business combinations, including the requirement to expense certain acquisition costs as incurred, may cause us to incur greater earnings volatility and generally lower earnings during periods in which we acquire new businesses. Furthermore, we make strategic divestitures from time to time. These divestitures may result in continued financial involvement in the divested businesses, such as through guarantees or other financial arrangements, following the transaction. Under these arrangements, nonperformance by those divested businesses could result in obligations imposed on us and could affect our future financial results. In addition, as disclosed in Note 2 to the Condensed Consolidated Financial Statements in this Form 10-Q, the Board of Directors of the Company has approved a plan for the divestiture of a number of non-core businesses, and cash generated from these divestitures is intended to be used to repay a portion of the short-term debt we expect to incur as part of the financing for the proposed acquisition of Goodrich. Whether, when and at what price these divestitures are consummated will determine how much of such debt we are able to repay using these divestiture proceeds and the timeframe of repayment.

We May Not Complete the Goodrich Acquisition or Complete the Acquisition Within the Time Frame We Anticipate; The Acquired Business May Underperform Relative to our Expectations; The Transaction May Cause Our Financial Results to Differ From Our Expectations or the Expectations of the Investment Community; We May Not Be Able to Achieve Anticipated Cost Savings or Other Anticipated Synergies.

The Goodrich acquisition is subject to a number of closing conditions, as described above, and the completion of the transaction is subject to a number of risks and uncertainties. The unpredictability of the business and regulatory conditions affecting the industries in which we and Goodrich operate, the uncertainty of regulatory approvals, and other risks and uncertainties may adversely affect our ability to complete the acquisition or complete the acquisition within the time frame we anticipate.

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In addition, if the acquisition is consummated, the success of the acquisition will depend, in part, on our ability to realize the anticipated synergies, cost savings and growth opportunities from the integration of Goodrich with our existing businesses. The integration process may be complex, costly and time-consuming. The potential difficulties of integrating the operations of Goodrich and realizing our expectations for the acquisition include, among others:

- failure to implement our business plan for the combined business;
- unanticipated issues in integrating manufacturing, logistics, information, communications and other systems;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- unanticipated changes in applicable laws and regulations;
- retaining key customers, suppliers and employees;
- retaining and obtaining required regulatory approvals, licenses and permits;
- operating risks inherent in the Goodrich business and our business;
- the impact on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002; and
- other unanticipated issues, expenses and liabilities.

We Have Outstanding Debt and We Will Incur Significant Transaction- and Acquisition-Related Costs in Connection With Financing the Acquisition of Goodrich; Our Debt Will Increase As A Result of the Acquisition and Any Incurrence of Indebtedness In Connection With the Acquisition, and Will Increase If We Incur Additional Debt in the Future and Do Not Retire Existing Debt.

We have outstanding debt and other financial obligations and significant unused borrowing capacity. As of March 31, 2012, we had approximately \$9.8 billion of total debt on a consolidated basis. We anticipate that Goodrich will have approximately \$1.9 billion of net debt as of the closing of the acquisition of Goodrich, and we further anticipate incurring significant additional debt in connection with the financing of the acquisition. Our debt level and related debt service obligations could have negative consequences, including:

- requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds we have available for other purposes, such as acquisitions;
- reducing our flexibility in planning for or reacting to changes in our business and market conditions; and
- exposing us to interest rate risk since a portion of our debt obligations are at variable rates.

We may incur significantly more debt in the future. If we add new debt and do not retire existing debt, the risks described above could increase.

Our current global and domestic revolving credit facilities impose restrictions on us, including certain restrictions on our ability to incur liens on our assets. Our current revolving credit facilities are available for general corporate purposes. There are currently no amounts outstanding under our credit facilities. Our long-term debt obligations include covenants that may adversely affect our ability to incur certain secured indebtedness or engage in certain types of sale and leaseback transactions. Our ability to comply with these restrictions and covenants may be affected by events beyond our control. If we breach any of these restrictions or covenants and do not obtain a waiver from the lenders, then, subject to applicable cure periods, our outstanding indebtedness could be declared immediately due and payable.

We Design, Manufacture and Service Products that Incorporate Advanced Technologies; The Introduction of New Products and Technologies Involves Risks and We May Not Realize the Degree or Timing of Benefits Initially Anticipated

We seek to achieve growth through the design, development, production, sale and support of innovative products that incorporate advanced technologies. The product, program and service needs of our customers change and evolve regularly, and we invest substantial amounts in research and development efforts to pursue advancements in a wide range of technologies, products and services. Our ability to realize the anticipated benefits of these advancements depends on a variety of factors, including meeting development, production, certification and regulatory approval schedules; execution of internal and external performance plans; availability of supplier- and internally-produced parts and materials; performance of suppliers and subcontractors; hiring and training of qualified personnel; achieving cost and production efficiencies; identification of emerging technological trends in our target end-markets; validation of innovative technologies; the level of customer interest in new technologies and products; and customer acceptance of our products and products that incorporate technologies we develop. These factors involve significant risks and uncertainties. Any development efforts divert resources from other potential investments in our businesses, and these efforts may not lead to the development of new technologies or products on a timely basis or meet the needs of our customers as fully as competitive offerings. In addition, the markets for our products or products that incorporate our technologies may not develop or grow as we anticipate. We or our suppliers and subcontractors may encounter difficulties in developing and producing these new products and services, and may not realize the degree or timing of benefits initially anticipated. Due to the design complexity of our products, we may in the future experience delays in completing the development and introduction of new products. Any delays could result in

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increased development costs or deflect resources from other projects. For example, we cannot predict with certainty whether, when and in what quantities our aerospace businesses will produce and sell aircraft engines, helicopters, aircraft systems and components and other products currently in development or pending required certifications. Our contracts are typically awarded on a competitive basis. Our bids are based upon, among other items, the cost to provide the products and services. To generate an acceptable return on our investment in these contracts, we must be able to accurately estimate our costs to provide the services required by the contract and to be able to complete the contracts in a timely manner. If we fail to accurately estimate our costs or the time required to complete a contract, the profitability of our contracts may be materially and adversely affected. Some of our contracts provide for liquidated damages in the event that we are unable to perform and deliver in accordance with the contractual specifications and schedule. Furthermore, we cannot be sure that our competitors will not develop competing technologies which gain market acceptance in advance of or instead of our products. The possibility exists that our competitors might develop new technology or offerings that might cause our existing technology and offerings to become obsolete. Any of the foregoing could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We Are Subject to Litigation, Tax, Environmental and Other Legal Compliance Risks

We are subject to a variety of litigation, tax and legal compliance risks. These risks include, among other things, possible liability relating to product liability matters, personal injuries, intellectual property rights, contract-related claims, government contracts, taxes, environmental matters and compliance with U.S. and foreign export laws, competition laws and laws governing improper business practices. We or one of our business units could be charged with wrongdoing as a result of such matters. If convicted or found liable, we could be subject to significant fines, penalties, repayments, other damages (in certain cases, treble damages), or suspension or debarment from government contracts. Independently, failure of us or one of our business units to comply with applicable export and trade practice laws could result in civil or criminal penalties, suspension, debarment or termination of export privileges. As disclosed in Note 15 to the Consolidated Financial Statements in our 2011 Annual Report and Note 14 to the Condensed Consolidated Financial Statements in this Form 10-Q, we are currently in discussions with DTCC and the DOJ regarding separate but related export licensing compliance matters. As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses and payments, and uncertainty relating to laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights. Changes in environmental and climate change laws or regulations, including laws relating to greenhouse gas emissions, could lead to new or additional investment in product designs and could increase environmental compliance expenditures. Changes in climate change concerns, or in the regulation of such concerns, including greenhouse gas emissions, could subject us to additional costs and restrictions, including increased energy and raw materials costs.

In the area of taxes, changes in tax laws and regulations, as well as changes in related interpretations and other tax guidance could materially impact our tax receivables and liabilities and our deferred tax assets and deferred tax liabilities. Additionally, in the ordinary course of business we are subject to examinations by various authorities, including tax authorities. In addition to ongoing investigations, there could be investigations launched in the future by governmental authorities in various jurisdictions, and existing investigations could be expanded. The global and diverse nature of our operations means that these risks will continue to exist and additional legal proceedings and contingencies will arise from time to time. Our results may be affected by the outcome of legal proceedings and other contingencies that cannot be predicted with certainty.

For non-income tax risks, we estimate material loss contingencies and establish reserves as required by generally accepted accounting principles based on our assessment of contingencies where liability is deemed probable and reasonably estimable in light of the facts and circumstances known to us at a particular point in time. Subsequent developments in legal proceedings may affect our assessment and estimates of the loss contingency recorded as a liability or as a reserve against assets in our financial statements and could result in a material adverse effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which damages would be paid. For a description of current legal proceedings, see Part I, Item 3 “Legal Proceedings,” in our Form 10-K, as updated from time to time in subsequent filings, including this Form 10-Q. For income tax risks, we recognize tax benefits based on our assessment that a tax benefit has a greater than 50 percent likelihood of being sustained upon ultimate settlement with the applicable taxing authority that has full knowledge of all relevant facts. For those income tax positions where we assess that there is not a greater than 50 percent likelihood that such tax benefits will be sustained, we do not recognize a tax benefit in our financial statements. Subsequent events may cause us to change our assessment of the likelihood of sustaining a previously-recognized benefit which could result in a material adverse effect on our financial condition or results of operations in the period in which any such event occurs or on our cash flows in the period in which the ultimate settlement with the applicable taxing authority occurs.

We May Be Unable to Realize Expected Benefits From Our Cost Reduction and Restructuring Efforts; Our Profitability May Be Hurt or Our Business Otherwise Might Be Adversely Affected

In order to operate more efficiently and control costs, we announce from time to time restructuring plans, which include workforce reductions as well as global facility consolidations and other cost reduction initiatives. These plans are intended to generate operating expense savings through direct and indirect overhead expense reductions as well as other savings. We may undertake further

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workforce reductions or restructuring actions in the future. These types of cost reduction and restructuring activities are complex. If we do not successfully manage our current restructuring activities, or any other restructuring activities that we may undertake in the future, expected efficiencies and benefits might be delayed or not realized, and our operations and business could be disrupted. Risks associated with these actions and other workforce management issues include delays in implementation of anticipated workforce reductions, additional unexpected costs, changes in restructuring plans that increase or decrease the number of employees affected, adverse effects on employee morale and the failure to meet operational targets due to the loss of employees, any of which may impair our ability to achieve anticipated cost reductions or may otherwise harm our business, which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Our Financial Performance May Be Adversely Affected By Information Technology and Other Business Disruptions

Our business may be impacted by disruptions, including information technology attacks or failures, threats to physical security, as well as damaging weather or other acts of nature, pandemics or other public health crises. Cybersecurity attacks, in particular, are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. We have experienced cybersecurity attacks in the past and may experience them in the future, potentially with more frequency. We believe that we have adopted appropriate measures to mitigate potential risks to our technology and our operations from these information technology-related and other potential disruptions. However, given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to production downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems and networks, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation, any of which could have a material adverse effect on our cash flows, competitive position, financial condition or results of operations.

We Depend On Our Intellectual Property, and Have Access to Certain Intellectual Property and Information of Our Customers and Suppliers; Infringement or Failure to Protect Our Intellectual Property Could Adversely Affect Our Future Growth and Success

We rely on a combination of patents, trademarks, copyrights, trade secrets, nondisclosure agreements, information technology security systems and other measures to protect our proprietary intellectual property. We also rely on nondisclosure agreements, information technology security systems and other measures to protect certain customer and supplier information and intellectual property that we have in our possession or to which we have access. Our efforts to protect intellectual property and proprietary rights may not be sufficient. We cannot be sure that our pending patent applications will result in the issuance of patents to us, that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors, or that these patents will be found to be valid or sufficiently broad to preclude our competitors from introducing technologies similar to those covered by our patents and patent applications. In addition, our ability to enforce and protect our intellectual property rights may be limited in certain countries outside the United States, which could make it easier for competitors to capture market position in such countries by utilizing technologies that are similar to those developed or licensed by us. We may also be subject to disruptions, losses and liability resulting from various cybersecurity attacks or information technology failures. Cybersecurity attacks, in particular, are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. We have experienced cybersecurity attacks in the past and may experience them in the future, potentially with more frequency.

Any of these events or factors could diminish or cause us to lose the competitive advantages associated with our intellectual property, subject us to judgments, penalties and significant litigation costs or temporarily or permanently disrupt our sales and marketing of the affected products or services. Any of the foregoing could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

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

Issuer Purchases of Equity Securities

We did not make any repurchases of our common stock under the current share repurchase program during the three months ended March 31, 2012. Under the current program, which was announced on March 10, 2010 and which authorizes the repurchase of up to 60 million shares of our common stock, shares may be purchased on the open market, in privately negotiated transactions and under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. In connection with our pending acquisition of Goodrich, we announced that we will suspend additional share repurchases until at least September 30, 2012, and will significantly reduce repurchases for two years thereafter. The number of shares remaining for purchase under the current program is approximately 6,937,000. We may, however, continue to reacquire shares outside of this program from time to time in connection with the surrender of shares to cover taxes on the vesting of restricted stock. Approximately 2,000 shares were reacquired in transactions outside the program during the quarter ended March 31, 2012.

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Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On April 24, 2012, we entered into a Term Loan Credit Agreement (Term Loan Agreement) with JPMorgan Chase Bank, N.A., as administrative agent, J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners, and Bank of America, N.A., Citibank, N.A. and HSBC USA, National Association, as syndication agents.

The Term Loan Agreement provides for a \$2.0 billion term loan facility, which will be available to pay a portion of the cash consideration for our previously announced acquisition of Goodrich, and to finance certain transactions and pay related fees and expenses. The obligations under the Term Loan Agreement are unsecured.

Any loan made pursuant to the Term Loan Agreement would occur shortly before the consummation of the Goodrich acquisition, subject to customary conditions for financings of this type, including the substantially contemporaneous termination of the remaining commitments under our Bridge Credit Agreement (Bridge Credit Agreement) executed on November 8, 2011 with various financial institutions. Any loan made pursuant to the Term Loan Agreement would mature on December 31, 2012.

Borrowings under the Term Loan Agreement will bear interest at a rate equal to, at UTC's option, either an adjusted base rate or the London interbank offered rate (LIBOR), in each case plus an applicable rate, which depends on UTC's senior, unsecured, non-credit-enhanced, long term debt ratings. Upon termination of the Bridge Credit Agreement and prior to funding under the Term Loan Agreement, UTC will pay a commitment fee on the commitments under the Term Loan Agreement.

The Term Loan Agreement includes specified events of default, including events of default relating to non-payment of principal, interest or fees, inaccuracy of material representations and warranties in any material respect, violation of covenants, cross payment defaults, cross acceleration, bankruptcy and insolvency events and a change of control.

After the funding date, if an event of default under the Term Loan Agreement occurs and is continuing, the principal amount outstanding, and all accrued unpaid interest and other amounts owed, may be declared immediately due and payable.

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Item 6. Exhibits

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.34	Term Loan Credit Agreement, among United Technologies Corporation, JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of America, N.A., Citibank, N.A. and HSBC Bank USA, National Association, dated as of April 24, 2012.*
12	Statement re: computation of ratio of earnings to fixed charges.*
15	Letter re: unaudited interim financial information.*
31	Rule 13a-14(a)/15d-14(a) Certifications.*
32	Section 1350 Certifications.*
101.INS	XBRL Instance Document.* (File name: utx-20120331.xml)
101.SCH	XBRL Taxonomy Extension Schema Document.* (File name: utx-20120331.xsd)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.* (File name: utx-20120331_cal.xml)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.* (File name: utx-20120331_def.xml)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.* (File name: utx-20120331_lab.xml)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.* (File name: utx-20120331_pre.xml)

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 Statements of Comprehensive Income for the quarters ended March 31, 2012 and 2011, (ii) Condensed Consolidated Balance Sheet at March 31, 2012 and December 31, 2011, (iii) Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2012 and 2011 and (iv) Notes to Condensed Consolidated Financial Statements. In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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.

**UNITED TECHNOLOGIES CORPORATION
(Registrant)**

Dated: April 30, 2012

by: / s / G R E G O R Y J. H A Y E S
Gregory J. Hayes
Senior Vice President and Chief Financial Officer

(on behalf of the Registrant and as the Registrant's Principal
Financial Officer)

Dated: April 30, 2012

by: / s / P E T E R F. L O N G O
Peter F. Longo
Vice President, Controller

(on behalf of the Registrant and as the Registrant's Principal
Accounting Officer)

EXHIBIT INDEX

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101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.* (File name: utx-20120331_def.xml)
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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.* (File name: utx-20120331_pre.xml)

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TERM LOAN CREDIT AGREEMENT

dated as of

April 24, 2012,

among

UNITED TECHNOLOGIES CORPORATION,

the LENDERS party hereto,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

and

J.P. MORGAN SECURITIES LLC,
CITIGROUP GLOBAL MARKETS INC.,
HSBC SECURITIES (USA) INC.

and

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Joint Lead Arrangers and Joint Bookrunners

BANK OF AMERICA, N.A.,
CITIBANK, N.A.

and

HSBC BANK USA, NATIONAL ASSOCIATION,
as Syndication Agents

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Exhibit B	— Form of Borrowing Request
Exhibit C	— Form of Interest Election Request
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Exhibit D-2	— Form of U.S. Tax Certificate (For Foreign Participants that are not Partnerships for U.S. Federal Income Tax Purposes and Participants that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is not a Partnership for U.S. Federal Income Tax Purposes)

-
- Exhibit D-3 — Form of U.S. Tax Certificate (For Foreign Participants that are partnerships for U.S. Federal Income Tax Purposes and Participants that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is a Partnership for U.S. Federal Income Tax Purposes)
 - Exhibit D-4 — Form of U.S. Tax Certificate (For Foreign Lenders that are partnerships for U.S. Federal Income Tax Purposes and Lenders that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is a Partnership for U.S. Federal Income Tax Purposes)
 - Exhibit E — Form of Financial Officer's Certificate
 - Exhibit F — Form of Bridge Termination Notice

TERM LOAN CREDIT AGREEMENT dated as of April 24, 2012, among UNITED TECHNOLOGIES CORPORATION, the LENDERS party hereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent, and J.P. MORGAN SECURITIES LLC, CITIGROUP GLOBAL MARKETS INC., HSBC SECURITIES (USA) INC. and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Joint Lead Arrangers and Joint Bookrunners.

The Borrower has requested the Lenders (such term and each other capitalized term used and not otherwise defined herein having the meaning assigned to it in Article I) to extend credit in the form of Loans to the Borrower in Dollars in an aggregate principal amount of not more than \$2,000,000,000. The Lenders are willing to extend such credit to the Borrower on the terms and subject to the conditions set forth herein.

Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, shall bear interest at a rate determined by reference to the Alternate Base Rate.

“Acquired Company” means Goodrich Corporation, a New York corporation.

“Administrative Agent” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent hereunder, and its successors in such capacity as provided in Article VIII.

“Administrative Agent Fee Letter” means the Administrative Agent Fee Letter dated April 24, 2012, among the Borrower, the Administrative Agent and certain other parties thereto.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to any Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agreement” means this Term Loan Credit Agreement.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such

day plus $\frac{1}{2}$ of 1% and (c) LIBOR on such day (or if such day is not a Business Day, the immediately preceding Business Day) for a deposit in Dollars with a maturity of one month plus 1%. For purposes of clause (c) above, LIBOR on any day shall be based on the rate per annum appearing on the Reuters "LIBOR01" screen displaying British Bankers' Association Interest Settlement Rates (or on any successor or substitute screen provided by Reuters, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such screen, as reasonably determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, on such day for deposits in Dollars with a maturity of one month. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or LIBOR shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or LIBOR, respectively.

"Applicable Rate" means, for any day, with respect to any Eurodollar Loan or any ABR Loan, as the case may be, the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the Ratings applicable on such date:

	Ratings (Moody's/S&P)	Eurodollar Spread (basis points per annum)	ABR Spread (basis points per annum)
Level 1	A2/A or higher	75.0	0.0
Level 2	A3/A or A2/A-	100.0	0.0
Level 3	A3/A-	125.0	25.0
Level 4	Lower than A3/A-	150.0	150.0

or unrated

For purposes of the foregoing, (a) if either Moody's or S&P shall not have in effect a Rating (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a Rating in Level 4; (b) if the Ratings established or deemed to be established by Moody's and S&P shall fall within different Levels (and Level 2 is not applicable to those Ratings), the Applicable Rate shall be based upon the higher Rating unless the Ratings differ by two or more Levels, in which case the Applicable Rate will be based upon the Level one level below that corresponding to the higher Rating; and (c) if the Ratings established or deemed to have been established by Moody's and S&P shall be changed (other than as a result of a change in the ratings system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Administrative Agent shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such

rating agency (it being understood that, in the discretion of the Administrative Agent, any such negotiation on the part of the Administrative Agent may be subject to prior consultation with one or more Lenders and any consent by the Administrative Agent to any such amendment may be subject to the Administrative Agent having obtained consent thereto from the Required Lenders), and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

“Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arranger Fee Letter” means the Lead Arranger Fee Letter dated April 24, 2012, among the Borrower, the Arrangers and certain other parties thereto.

“Arrangers” means J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, in their capacities as the joint lead arrangers and joint bookrunners for the credit facility provided for herein.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee, with the consent of any Person whose consent is required by Section 9.04, and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent and the Borrower.

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

“Board of Governors” means the Board of Governors of the Federal Reserve System of the United States of America.

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

“Borrower Materials” has the meaning set forth in Section 5.01.

“Borrower Merger Agreement Material Adverse Effect” means any event, occurrence, state of facts, condition, effect or change that is, or would reasonably be expected to become, individually or in the aggregate, a material adverse effect on the business, assets, results of operations or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, except to the extent such material adverse effect results from (a) any changes in general United States or global economic conditions (including securities, credit, financial or other capital markets conditions), except to the extent such changes in conditions have a disproportionate effect on the Borrower and its Subsidiaries, taken as a whole, relative to others in any industry in which the Borrower and any of its Subsidiaries operate, (b) any changes in conditions generally affecting any of the industries in which the Borrower and its Subsidiaries operate, except to the extent such changes in conditions have a disproportionate effect on the Borrower and its Subsidiaries, taken as a whole, relative to others in any such industry, (c) any decline in the market price of the common stock of the Borrower (it being understood that the facts or occurrences giving rise to or contributing to such decline may be deemed to constitute, and be taken into account in determining whether there has been or would reasonably be expected to be, a Borrower Merger Agreement Material Adverse Effect), (d) any failure, in and of itself, by the Borrower to meet any internal or published projections or forecasts in respect of revenues, earnings or other financial or operating metrics (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, and be taken into account in determining whether there has been or would reasonably be expected to be, a Borrower Merger Agreement Material Adverse Effect), (e) the public announcement of the Merger, (f) any change in Law (as defined in the Merger Agreement as in effect on the Transaction Signing Date) or GAAP (or authoritative interpretations thereof), except to the extent such changes have a disproportionate effect on the Borrower and its Subsidiaries, taken as a whole, relative to others in any industry in which the Borrower and any of its Subsidiaries operate, (g) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the Transaction Signing Date, except to the extent such conditions or events have a disproportionate effect on the Borrower and its Subsidiaries, taken as a whole, relative to others in any industry in which the Borrower and any of its Subsidiaries operate, or (h) any hurricane, tornado, flood, earthquake or other natural disaster, except to the extent such events have a disproportionate effect on the Borrower and its Subsidiaries, taken as a whole, relative to others in any industry in which the Borrower and any of its Subsidiaries operate.

“Borrowing” means Loans of the same Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.03, which shall be, in the case of any such written request, in the form of Exhibit B or any other form approved by the Administrative Agent.

“Bridge Credit Agreement” means that certain Bridge Credit Agreement dated as of November 8, 2011, among the Borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto from time to time.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term “Business Day” shall also exclude any day that is not a London Banking Day.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption of any rule, regulation, treaty or other law, (b) any change in any rule, regulation, treaty or other law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law, but if not having the force of law, one which applies generally to the class or category of financial institutions of which any Lender or the Administrative Agent forms a part and compliance with which is in accordance with the general practice of those financial institutions) of any Governmental Authority; provided that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III (upon implementation), shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, promulgated or issued.

“Charges” has the meaning set forth in Section 9.13.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitment” means, with respect to each Lender, the commitment of such Lender to make Loans hereunder as set forth in Section 2.01, expressed as an amount representing the maximum principal amount of the Loans to be made by such Lender hereunder. The amount of each Lender’s Commitment on the date hereof is set forth on Schedule 2.01, and the aggregate amount of the Commitments on the date hereof is \$2,000,000,000. The amount of each Lender’s Commitment on the Funding Date will be the amount set forth in Schedule 2.01 on the date hereof, as adjusted for any reduction in Commitments made pursuant to Sections 2.06.

“Commitment Fee Accrual Commencement Date” means the date on which the commitments of lenders under the Bridge Credit Agreement shall have been terminated.

“Commitment Termination Date” means the earlier of (a) the date of the consummation of the Merger and (b) December 31, 2012.

“Consolidated” refers to the consolidation of the accounts of a Person and its Subsidiaries in accordance with GAAP consistent with those applied in the preparation of the consolidated financial information of the Borrower referred to in Section 3.05(a).

“Consolidated Net Tangible Assets” means the total amount of assets of the Borrower and its Consolidated Subsidiaries (less applicable reserves and other properly deductible items) after deducting therefrom (a) all current liabilities (excluding any thereof which are by their terms extendible or renewable at the option of the obligor thereon to a time

more than 12 months after the time as of which the amount thereof is being computed) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the most recent Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries and computed in accordance with GAAP.

“Continuing Director” means a director who either (a) was a member of the Borrower’s board of directors on the date of this Agreement, (b) becomes a member of the Borrower’s board of directors subsequent to the date of this Agreement and whose appointment, election or nomination for election by the Borrower’s stockholders is duly approved by a majority of the directors referred to in clause (a) above constituting at the time of such appointment, election or nomination at least a majority of that board, or (c) becomes a member of the Borrower’s board of directors subsequent to the date of this Agreement and whose appointment, election or nomination for election by the Borrower’s stockholders is duly approved by a majority of the directors referred to in clauses (a) and (b) above constituting at the time of such appointment, election or nomination at least a majority of that board.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Debt” has the meaning set forth in Section 6.01.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes, or upon notice, lapse of time or both would constitute, an Event of Default.

“Defaulting Lender” means, subject to Section 2.17(b), any Lender that, as determined by the Administrative Agent in good faith, (a) has failed to perform any of its funding obligations hereunder on the date and at the time required to be funded by it hereunder, unless such obligation is the subject of a good faith dispute; (b) has notified the Borrower, or the Administrative Agent or any Lender that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or generally under other agreements in which it commits to extend credit; (c) has failed, within three Business Days after request by the Administrative Agent, to confirm that it will comply with its funding obligations under this Agreement; or (d) has, or has a direct parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a governmental authority.

“Dollars” or “\$” means the lawful money of the United States of America.

“Eligible Assignee” means any Person, other than a natural person or the Borrower or any Subsidiary or other Affiliate of the Borrower.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) which is a member of a group of which the Borrower is a member and which is under common control within the meaning of Section 414 of the Code.

“Eurodollar”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, shall bear interest at a rate determined by reference to LIBOR.

“Event of Default” has the meaning set forth in Section 7.01.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended from time to time.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case (i) imposed by the United States, (ii) imposed as a result of such Recipient being organized under the laws of, or having its principal office in, or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (iii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. Federal withholding Taxes (including backup withholding Taxes) imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.16(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender acquired the applicable interest in a Loan or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.14(f) and (d) any U.S. Federal withholding Taxes imposed under FATCA.

“Existing Credit Agreements” means (a) the US\$2,000,000,000 Revolving Credit Agreement dated as of November 4, 2011, among the Borrower, the lenders party thereto, Citibank, N.A., as administrative agent, and the other agent and arranger parties thereto, and (b) the US\$2,000,000,000 Revolving Credit Agreement dated as of November 4, 2011, among the Borrower, the subsidiary borrowers party thereto, the lenders party thereto, HSBC Bank plc, as administrative agent, and the other agent and arranger parties thereto, in each case as amended, extended, restated or otherwise modified, or as refinanced or replaced with any other credit agreement.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Financial Officer” means, with respect to any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

“Foreign Lender” means a Lender that is not a U.S. Person.

“Funding Date” means the date, on or after the Signing Date, on which the conditions specified in Section 4.02 are satisfied (or waived in accordance with Section 9.02).

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under this Agreement and (b) to the extent not otherwise described in (a), Other Taxes.

“Indemnitee” has the meaning set forth in Section 9.03(b).

“Industrial Development Bonds” means obligations issued by a State, a Commonwealth, a Territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof pursuant to the provisions of Section 103(a)(1) of the Code (or any similar provision of the Code), as in effect on the date of the issuance of such obligations.

“Information” has the meaning set forth in Section 9.12.

“Interest Election Request” means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05, which shall be, in the case of any such written request, in the form of Exhibit C or any other form approved by the Administrative Agent and the Borrower.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part.

“Interest Period” means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two or three months thereafter, as the Borrower may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made, and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“IRS” means the United States Internal Revenue Service, or any other Governmental Authority that shall have succeeded to the functions thereof.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that shall have ceased to be a party hereto pursuant to an Assignment and Assumption.

“LIBOR” means, for any Interest Period for any Eurodollar Borrowing, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

“Eurodollar Base Rate” means, for any Interest Period, the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two London Banking Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the

“Eurodollar Base Rate” for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the average (calculated as provided below and rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the rates per annum at which deposits in Dollars are offered by each of the LIBOR Reference Banks to prime banks in the London interbank eurodollar market at their request at approximately 11:00 a.m., London time, two London Banking Days prior to the first day of such Interest Period in an amount substantially equal to such LIBOR Reference Bank’s Eurodollar Loan comprising part of such Borrowing and for a period equal to such Interest Period; provided that if the Administrative Agent receives rate quotations from all five of the LIBOR Reference Banks, the foregoing average rate shall be calculated by disregarding the highest and lowest of the rate quotations received from such LIBOR Reference Banks, and averaging the remaining three quotations and, if the Administrative Agent receives rate quotations from less than five of the LIBOR Reference Banks, the foregoing average rate shall be calculated based upon the rate quotations actually furnished to the Administrative Agent by the LIBOR Reference Banks. If such rate is not available by the LIBOR Reference Banks, at such time for any reason, then the “Eurodollar Base Rate” for such Interest Period shall be the rate per annum reasonably determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period, in same day funds in the approximate amount of the Loan being made, continued or converted by JPMorgan Chase Bank, N.A. and with a term equivalent to such Interest Period would be offered by JPMorgan Chase Bank, N.A.’s London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m., London time, two London Banking Days prior to the commencement of such Interest Period.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board of Governors for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The LIBOR for each outstanding Eurodollar Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“LIBOR Reference Banks” means the principal offices in London of Bank of America, N.A., Citibank, N.A., JPMorgan Chase Bank, N.A. and HSBC Bank USA, National Association or such other financial institutions as may be agreed between the Borrower and the Administrative Agent from time to time in writing.

“Liens” has the meaning set forth in Section 6.01.

“Loans” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Material Adverse Effect” means a material adverse effect on (a) the Consolidated results of operations or Consolidated financial condition of the Borrower or (b) the rights of or remedies available to the Lenders against the Borrower under this Agreement, taken as a whole.

“Material Debt” means Debt in the principal amount in excess of \$100,000,000.

“Maturity Date” means December 31, 2012.

“Maximum Rate” has the meaning set forth in Section 9.13.

“Merger” means the merger of the Merger Sub with and into the Acquired Company pursuant to the Merger Agreement, with the separate existence of the Merger Sub ceasing and the Acquired Company continuing as the surviving corporation.

“Merger Agreement” means the Agreement and Plan of Merger dated as of September 21, 2011, by and among the Borrower, the Merger Sub and the Acquired Company, together with all definitive disclosure letters relating thereto.

“Merger Sub” means Charlotte Lucas Corporation, a New York corporation and a wholly owned Subsidiary of the Borrower.

“MNPI” means material information concerning the Borrower and the other Subsidiaries and their securities that has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD under the Securities Act and the Exchange Act.

“Moody’s” means Moody’s Investors Service, Inc., and any successor to its rating agency business.

“Multiemployer Plan” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising solely from such Recipient having taken any of the following actions: executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement, or sold or assigned, pursuant to Section 2.16 (b), an interest in any Loan or other interest under this Agreement).

“Other Taxes” means all present or future stamp, court or, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the

execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.16(b)).

“Participant” has the meaning set forth in Section 9.04(c)(i).

“Participant Register” has the meaning set forth in Section 9.04(c)(ii).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA, or any other Governmental Authority that shall have succeeded to the functions thereof.

“Permitted Assignee” means any Person that is a Lender or a lender under any Existing Credit Agreement.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or any other entity.

“Plan” means an employee benefit plan, other than a Multiemployer Plan, which is (or, in the event that any such plan has been terminated within five years after a transaction described in Section 4069 of ERISA, was) maintained for employees of the Borrower or any ERISA Affiliate and subject to Title IV of ERISA.

“Platform” means IntraLinks/IntraAgency, SyndTrak or another website or other information platform.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City. Each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

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

“Private Side Lender Representatives” means, with respect to any Lender, representatives of such Lender that are not Public Side Lender Representatives.

“ Public Lender ” has the meaning set forth in Section 5.01.

“ Public Side Lender Representatives ” means, with respect to any Lender, representatives of such Lender that do not wish to receive MNPI.

“ Ratings ” means the ratings of the Borrower’s senior, unsecured, non-credit-enhanced, long-term debt by Moody’s and S&P.

“ Recipient ” means the Administrative Agent or any Lender

“ Register ” has the meaning set forth in Section 9.04(b)(iv).

“ Related Parties ” means, with respect to any specified Person, such Person’s Affiliates and the directors, officers, partners, trustees, employees, agents and advisors of such Person and of such Person’s Affiliates.

“ Required Lenders ” means, at any time, Lenders having Commitments and Loans representing more than 50% of the sum of the aggregate amount of all the Commitments and the aggregate principal amount of all the Loans at such time.

“ S&P ” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business.

“ Sale and Leaseback Transaction ” has the meaning set forth in Section 6.03.

“ SEC ” means the United States Securities and Exchange Commission, or any other Governmental Authority that shall have succeeded to the functions thereof.

“ Securities Act ” means the United States Securities Act of 1933, as amended from time to time.

“ Signing Date ” means the date on which the conditions specified in Section 4.01 have been satisfied (or waived in accordance with Section 9.02).

“ Subsidiary ” means, for any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall or might have voting power upon the occurrence of any contingency) is at the time of any determination directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person or by one or more other Subsidiaries of such Person.

“ Syndication Agents ” means Bank of America, N.A., Citibank, N.A and HSBC Bank USA, National Association, in their capacities as syndication agents for the credit facility provided for herein.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Transaction Signing Date” means September 21, 2011.

“Transactions” means (a) the execution, delivery and performance by the Borrower of this Agreement, the borrowing of Loans and the use of the proceeds thereof, (b) the Merger, (c) the repayment of any Debt of the Acquired Company and its Subsidiaries that would become due or otherwise default upon the consummation of the Merger and (d) the payment of fees and expenses incurred in connection with the foregoing.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to LIBOR or the Alternate Base Rate.

“United States” means the United States of America (including the constituent States thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 2.14(f).

“USA PATRIOT Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended from time to time, and the rules and regulations promulgated or issued thereunder.

“Wholly-Owned Domestic Manufacturing Subsidiary” means any Subsidiary of the Borrower of which, at the time of determination, all of the outstanding capital stock (other than directors’ qualifying shares) is owned by the Borrower directly and/or indirectly and which, at the time of determination, is primarily engaged in manufacturing; provided, however, that “Wholly-Owned Domestic Manufacturing Subsidiary” shall not include any Subsidiary of the Borrower (a) that neither transacts any substantial portion of its business nor regularly maintains any substantial portion of its fixed assets within the United States, (b) that is engaged primarily in the finance business, including financing the operations of, or the purchase of products that are products of or incorporate products of, the Borrower and/or its Subsidiaries or (c) that is primarily engaged in ownership and development of real estate, construction of buildings or related activities, or a combination of the foregoing. In the event that there shall at any time be a question as to whether a Subsidiary of the Borrower is primarily engaged in manufacturing or is described in the foregoing clause (a), (b) or (c), such matter shall be determined for all purposes of this Agreement by resolution of the board of directors of the Borrower.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Type (e.g., a “Eurodollar Loan” or an “ABR Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all real and personal, tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Except as otherwise expressly provided herein, any definition of or reference to any agreement, instrument or other document (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (but disregarding any amendment, supplement or other modification made in breach of this Agreement). Unless the context requires otherwise, (a) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (b) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature used herein shall be construed in accordance with GAAP, as in effect from time to time; provided that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make a Loan to the Borrower on the Funding Date (but in no event later than the Commitment Termination Date), in Dollars in a principal amount not to exceed such Lender’s Commitment. Amounts repaid or prepaid in respect of Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their Commitments; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender’s failure to make Loans as required hereunder.

(b) Each Borrowing shall be comprised entirely of Eurodollar Loans or ABR Loans, as the Borrower may request in accordance herewith. Each Lender at its option may

make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Sections 2.12, 2.13, 2.14 or 9.03 solely in respect of increased costs or Taxes resulting from such exercise and existing at the time of such exercise (and that would not have been incurred but for such exercise).

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof; provided that a Eurodollar Borrowing that results from a continuation of an outstanding Eurodollar Borrowing may be in an aggregate amount that is equal to such outstanding Borrowing. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of five (or such greater number as may be agreed to by the Administrative Agent) Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert to or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing. Such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or facsimile to the Administrative Agent of an executed written Borrowing Request. Such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (v) the location and number of the account to which funds are to be disbursed.

Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the Funding Date by wire transfer of immediately available funds in Dollars by 10:00 a.m., New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that, notwithstanding anything to the contrary in this Agreement, in the event that any Lender fails to make available funds to the Administrative Agent in accordance herewith, each other Lender shall be relieved of its funding obligations hereunder (and the Commitments shall terminate), and the Administrative Agent shall remit to each other Lender the funds, if any, that such other Lender has previously made available to the Administrative Agent for the purpose of funding its Loan on the Funding Date (it being understood that the foregoing is not intended to relieve any such Defaulting Lender of any liability that may otherwise apply under or with respect to this Agreement). Subject to and following its receipt of Loans from all Lenders in accordance herewith, the Administrative Agent will make such Loans available to the Borrower by promptly (and in any event, no later than two hours after receipt) remitting the amounts so received, in like funds, to an account specified by the Borrower in the Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the Funding Date that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance on such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its full share of such Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to such Borrowing. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. If the Borrower pays such amount to the Administrative Agent, then such amount shall constitute a reduction of such Borrowing.

SECTION 2.05. Interest Elections. (a) Each Borrowing initially shall be of the Type and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in the Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a Borrowing of a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone (i) in the case of a conversion to or a continuation of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three

Business Days before the date of the proposed conversion or continuation or (ii) in the case of a conversion to an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed conversion. Each such telephonic Interest Election Request shall be revocable at any time prior to the effective date of the conversion or continuation specified in such notice (subject to the payment by the Borrower of amounts described in Section 2.13 if the Administrative Agent has already given notice of such requested conversion or continuation to the Lenders) and shall be confirmed promptly by hand delivery or facsimile to the Administrative Agent of an executed written Interest Election Request. Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is to be a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

(c) Promptly following receipt of an Interest Election Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(d) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, the Borrower shall be deemed to have elected to convert such Eurodollar Borrowing into an ABR Borrowing effective as of the last day of such Interest Period.

SECTION 2.06. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate upon the earlier of (i) the borrowing of the Loans on the Funding Date and (ii) 5:00 p.m., New York City time, on the Commitment Termination Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$10,000,000 and not less than \$50,000,000. The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under this paragraph (b) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the

Borrower pursuant to this paragraph (b) shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

(c) Promptly following receipt of any notice pursuant to paragraph (b) of this Section, the Administrative Agent shall advise the Lenders of the contents thereof. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their Commitments.

SECTION 2.07. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of the Loan of such Lender on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The records maintained by the Administrative Agent and the Lenders shall be prima facie evidence of the existence and amounts of the obligations of the Borrower in respect of the Loans, interest and fees due or accrued hereunder; provided that the failure of the Administrative Agent or any Lender to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to pay any amounts due hereunder in accordance with the terms of this Agreement.

(d) Any Lender may request that the Loan made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and reasonably acceptable to the Borrower. Thereafter, the Loan evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.08. Prepayment of Loans. (a) The Borrower shall have the right, in its sole discretion, at any time and from time to time, to prepay any Borrowing in whole or in part, without premium or penalty (but subject to Section 2.13) upon notice to the Administrative Agent by telephone (confirmed by hand delivery or facsimile) of any such optional prepayment (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 9:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date.

(b) Each notice delivered pursuant to paragraph (a) of this Section shall specify the principal amount of each Borrowing or portion thereof to be prepaid. Promptly

following receipt of any notice pursuant to paragraph (a) of this Section, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial optional prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest thereon.

SECTION 2.09. Fees. (a) Subject to Section 2.17, the Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue in an amount equal to 0.05% per annum on the daily amount of the Commitment of such Lender during the period from and including the Commitment Fee Accrual Date to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of June, September and December of 2012 and on the date on which all the Commitments terminate, commencing on the first such date to occur after the Commitment Fee Accrual Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the parties entitled thereto the fees payable pursuant to the Arranger Fee Letter, in the amounts and at the times set forth therein.

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable pursuant to the Administrative Agent Fee Letter, in the amounts and at the times set forth therein.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the parties entitled thereto or, in the case of the commitment fees, to the Administrative Agent for distribution to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.10. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at LIBOR for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2.00% per annum plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2.00% per annum plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of

such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBOR shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.11. [Reserved].

SECTION 2.12. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in LIBOR);

(ii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender; or

(iii) subject any Lender to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or other Recipient of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or otherwise), then, from time to time upon request of such Lender or other Recipient, the Borrower will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs or expenses incurred or reduction suffered.

(b) If any Lender reasonably determines that any Change in Law regarding capital requirements (except any such reserve requirement reflected in LIBOR) has had or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company would have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then, from time to time upon request of such Lender, the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section delivered to the Borrower shall be prima facie evidence of the amount claimed; provided that it is accompanied by a statement in reasonable detail of the calculation on which such amount was based. The Borrower shall pay such Lender, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender or the Administrative Agent has determined that it will make a request for increased compensation pursuant to this Section, such Lender or the Administrative Agent, as applicable, shall notify the Borrower thereof. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or expenses incurred or reductions suffered more than 180 days prior to the date that such Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or expenses or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or expenses or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.13. Break Funding Payments . In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert or continue any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (whether or not such notice may be revoked in accordance with the terms hereof), (d) the failure to prepay any Eurodollar Loan on a date specified therefor in any notice of prepayment given by the Borrower or (e) the assignment (other than as a result of a default by the applicable Lender in the performance of its agreements set forth herein) of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.16, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at LIBOR that would have been applicable to such Loan (but not including the Applicable Rate applicable thereto), for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for Dollar deposits of a comparable amount and period from other banks in the London interbank market. A certificate of any Lender delivered to the Borrower and setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be prima facie evidence of such amount; provided that it is accompanied by a statement in reasonable detail of the calculation on which such amount was based. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof

SECTION 2.14. Taxes. (a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under this Agreement shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of the Borrower or any other applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by the Borrower or such other withholding agent, then the Borrower or such other applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law or, at the option of the Administrative Agent, timely reimburse it for Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 20 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with this Agreement, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Each Lender shall severally indemnify the Borrower for any Taxes paid or payable by the Borrower (and not deducted or withheld by the Borrower from any payment otherwise due hereunder to such Lender) as a result of the failure of

such Lender to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender to the Borrower pursuant to Section 2.14(f), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent and the Borrower to set off and apply any and all amounts at any time owing by the Administrative Agent or the Borrower (as applicable) to such Lender under this Agreement or otherwise payable by the Administrative Agent or the Borrower (as applicable) to the Lender from any other source against any amount due to the Administrative Agent or the Borrower (as applicable) under this paragraph.

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under this Agreement shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to any withholding (including backup withholding) or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.14(f)(ii)(A), 2.14(f)(ii)(B) and 2.14(f)(ii)(D)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person:

(A) any Lender (or if such Lender is disregarded as an entity separate from its owner for U.S. Federal tax purposes, the Person treated as its owner for U.S. Federal tax purposes) that is a U.S. Person shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), duly completed and executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender (or if such Foreign Lender is disregarded as an entity separate from its owner for U.S. Federal tax purposes, the Person treated as its owner for U.S. Federal tax purposes) shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender (or if the Foreign Lender is disregarded as an entity separate from its owner for U.S. Federal tax purposes, the Person treated as its owner for U.S. Federal tax purposes) entitled to the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under this Agreement, duly completed and executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under this Agreement, duly completed and executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) duly completed and executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender (or if such Foreign Lender is disregarded as an entity separate from its owner for U.S. Federal tax purposes, the Person treated as its owner for U.S. Federal tax purposes) entitled to the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a duly completed and executed certificate substantially in the form of Exhibit D-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) duly completed and executed originals of IRS Form W-8BEN; or

(4) to the extent a Foreign Lender (or if such Foreign Lender is disregarded as an entity separate from its owner for U.S. Federal tax purposes, the Person treated as its owner for U.S. Federal tax purposes) is not the beneficial owner, duly completed and executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-2 or Exhibit D-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable (and including any other information required to be provided by IRS Form W-8IMY); provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-4 on behalf of each such direct and indirect partner;

(C) any Lender (or if such Lender is disregarded as an entity separate from its owner for U.S. Federal tax purposes, the Person treated as its owner for U.S. Federal tax purposes) shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under this Agreement would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Upon the reasonable request of the Borrower or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.14(f). Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) (x) update such form or certification or (y) notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds . If any party determines, in its sole discretion exercised in good faith, that it has received a refund or credit of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund or credit (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (plus any penalties, interest (but solely with respect to the period during which the indemnifying party held such refund) or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this

paragraph, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

SECTION 2.15. Payments Generally; Pro Rata Treatment; Sharing of Setoffs. (a) The Borrower shall make each payment required to be made by it hereunder prior to the time expressly required hereunder for such payment (or, if no such time is expressly required, prior to 12:00 noon, New York City time), on the date when due, in Dollars in immediately available funds, without any setoff or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to such account as may be specified by the Administrative Agent; provided that payments pursuant to Sections 2.09(b), 2.12, 2.13, 2.14 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payment received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Any payment by the Borrower credited to the account specified by the Administrative Agent shall discharge the obligation of the Borrower to make such payment at the time such credit is so effected, irrespective of the time of any distribution of such payment by the Administrative Agent to any Lender.

(b) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the amount of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amounts of principal of and accrued interest on their Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (for the avoidance of doubt, as in effect from time to time) or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower agrees that any Lender acquiring a participation pursuant to the foregoing arrangements may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(d) If any Lender shall fail to make any payment required to be made by it hereunder to or for the account of the Administrative Agent, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations in respect of such payment until all such unsatisfied obligations have been discharged or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender pursuant to Sections 2.04(b), 2.15(c) and 9.03(c), in each case in such order as shall be determined by the Administrative Agent in its discretion.

SECTION 2.16. Mitigation Obligations; Replacement of Lenders. (a) Each Lender shall (i) if it determines that it is specifically entitled to compensation under Section 2.14, use its reasonable efforts to designate a different lending office, if any, for funding or booking its Loans hereunder or to assign and delegate its rights and obligations hereunder to another of its offices, branches or Affiliates, if any, if such designation or assignment and delegation would avoid, or minimize the amount of, any payment by the Borrower of additional amounts under Section 2.14 in respect of such Lender and (ii) if it determines that it is specifically entitled to compensation under Section 2.12, use its reasonable efforts (including using reasonable efforts to designate a different lending office, if any, for funding or booking its Loans hereunder or to assign and delegate its rights and obligations hereunder to another of its offices, branches or Affiliates, if any), but only if it shall not incur any disadvantage as a result thereof, to avoid, or to minimize the amount of, any payment by the Borrower of additional amounts under Section 2.12 in respect of such Lender.

(b) If (i) any Lender requests or becomes entitled to and does not waive compensation under Section 2.12, (ii) the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, (iii) any Lender has become a Defaulting Lender on or prior to the Funding Date or (iv) any Lender has failed to consent to a proposed amendment, waiver, discharge or termination that under Section 9.02 requires the consent of all the Lenders (or all the affected Lenders) and with respect to which the Required Lenders shall have granted their consent, then the Borrower may, at its sole expense and effort, upon notice to the Administrative Agent and, to the extent permitted under applicable law, such Lender, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.12 and 2.14) and obligations under this Agreement to an assignee that shall assume such obligations (which may be a Lender, if another Lender accepts such

assignment and delegation); provided that (A) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (in the case of such principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (B) in the case of any such assignment and delegation resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.14, such assignment and delegation will result in a reduction in such compensation or payments and (C) in the case of any such assignment and delegation resulting from the failure to provide a consent, the assignee shall have given such consent. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver or consent by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation have ceased to apply. Each party hereto agrees that an assignment and delegation required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee and that the Lender required to make such assignment and delegation need not be a party thereto.

SECTION 2.17. Defaulting Lenders (a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender on or prior to the Funding Date, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any waiver, amendment or modification with respect to this Agreement shall be restricted as set forth in Section 9.02(b).

(ii) Certain Fees. Such Defaulting Lender shall not be entitled to receive any commitment fee pursuant to Section 2.09(a) for any period during which such Defaulting Lender is a "Defaulting Lender".

(b) Defaulting Lender Cure. If the Borrower and the Administrative Agent agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, such Defaulting Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans to be held on a pro rata basis by the Lenders in accordance with their respective Commitments, whereupon such Defaulting Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants on the Funding Date as follows:

SECTION 3.01. Organization; Powers. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and in good standing as a foreign corporation in all other jurisdictions in which the conduct of its operations or the ownership of its properties requires such qualification except where the failure to so qualify will not have a material adverse effect on the Consolidated financial condition of the Borrower. The Borrower has all requisite power and authority, corporate or otherwise, to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under, this Agreement.

SECTION 3.02. Authorization; Absence of Conflicts. The execution, delivery and performance by the Borrower of this Agreement (a) have been duly authorized by all necessary corporate action and (b) do not contravene (i) the Borrower's certificate of incorporation or by-laws or (ii) except where such contravention would not reasonably be expected to have a Material Adverse Effect, any law or contractual restriction binding on the Borrower.

SECTION 3.03. Governmental Consents. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body in the United States, or to the Borrower's knowledge, in any other jurisdiction, is required for the due execution, delivery and performance by the Borrower of this Agreement other than routine requirements which, to the Borrower's knowledge, have (to the extent that compliance is required on or prior to the date hereof) been complied with in all material respects.

SECTION 3.04. Enforceability. This Agreement is a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.05. Financial Statements; No Material Adverse Effect. (a) The Consolidated balance sheets of the Borrower and its Consolidated Subsidiaries as of the most recent fiscal year end and as of the most recent fiscal quarter end, and the related Consolidated statements of operations of the Borrower and its Consolidated Subsidiaries for the most recent fiscal year end and for the most recent fiscal quarter end, in each case which have been made publicly available on the SEC's EDGAR system website, fairly present the Consolidated financial condition of the Borrower as at such dates and the Consolidated results of operations of the Borrower for such periods all in accordance with GAAP and (except to the extent otherwise noted therein) consistently applied.

(b) Since December 31, 2011, there has been no Borrower Merger Agreement Material Adverse Effect.

SECTION 3.06. Litigation. There is no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator, which would reasonably be expected to have a material adverse effect on the Consolidated results of operations or the Consolidated financial condition of the Borrower.

SECTION 3.07. Federal Reserve Regulations. Neither the Borrower nor any of its Subsidiaries is engaged or will engage, principally or as one of its important activities, in the business of extending credit for the purpose of “purchasing” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation T, U or X of the Board of Governors as now and from time to time hereafter in effect. No part of the proceeds of any Loans hereunder will be used in a manner that would cause the Loans to be in violation of Regulation U of the Board of Governors.

SECTION 3.08. Investment Company Status. The Borrower is not an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09. ERISA. No event described in clause (i)(A) or (i)(B) of Section 7.01(f) has occurred or is reasonably expected to occur with respect to any Plan which would materially and adversely affect the Consolidated financial condition of the Borrower, and no event described in clause (i)(C) or (i)(D) of Section 7.01(f) has occurred or is reasonably expected to occur which would materially and adversely affect the Consolidated financial condition of the Borrower.

ARTICLE IV

Conditions

SECTION 4.01. Signing Date. The “Signing Date” shall occur upon the satisfaction (or waiver in accordance with Section 9.02), in each case on the date hereof, of each of the following conditions:

(a) The Administrative Agent shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) evidence satisfactory to the Administrative Agent (which may include a facsimile or electronic transmission of a signed counterpart of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received a Secretary’s Certificate, dated the Signing Date and signed by the Secretary or Assistant Secretary of the Borrower, in form and substance reasonably satisfactory to the Administrative Agent, together with all attachments contemplated thereby.

(c) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Signing Date) of the General Counsel and/or In-House Counsel of the Borrower, in each case in form and substance reasonably satisfactory to the Administrative Agent.

(d) The Administrative Agent shall have received all fees due and payable on or prior to the Signing Date, and, to the extent invoiced at least one Business Day prior to the Signing Date, other amounts due and payable on or prior to the Signing Date (including reasonable fees, charges and disbursements of Cravath, Swaine & Moore, LLP) required to be paid or reimbursed by the Borrower.

(e) The Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act, reasonably requested by the Lenders in writing at least four Business Days prior to the Signing Date.

SECTION 4.02. Funding Date. The obligations of the Lenders to make Loans hereunder is subject to receipt by the Administrative Agent of a Borrowing Request therefor in accordance with Section 2.03, and to the satisfaction (or waiver in accordance with Section 9.02) of the following conditions on or after the Signing Date:

(a) The Administrative Agent shall have received a certificate, substantially in the form attached hereto as Exhibit E (and, if not in the form of such Exhibit, with all modifications therefrom to be reasonably acceptable to the Administrative Agent), dated the Funding Date and signed by a Financial Officer of the Borrower, (i) confirming satisfaction of the conditions set forth in paragraph (c) and (d) of this Section and (ii) stating that the Borrower reasonably believes that the Merger will be consummated within three Business Days of the Funding Date on the terms set forth in the Merger Agreement, without giving effect to amendments, waivers or consents by the Borrower or the Merger Sub (other than any waiver or consent to any interim operating covenants of the Acquired Company and its Subsidiaries not involving the incurrence of Debt or Liens or the disposition of assets) that are adverse in any material respect to the Lenders and that have not been approved by the Arrangers (such approval not to be unreasonably withheld or delayed).

(b) The Arrangers shall have received (i) audited Consolidated balance sheets and related Consolidated statements of operations, stockholders’ equity and cash flows of the Borrower for the three most recently completed fiscal years ended at least 90 days prior to the Funding Date, prepared in accordance with GAAP, and (ii) unaudited Consolidated balance sheets and related Consolidated statements of operations, stockholders’ equity and cash flows of the Borrower for each subsequent fiscal quarter ended at least 45 days before the Funding Date, in each case prepared in accordance with GAAP; provided that filing of the required financial statements by the Borrower with the SEC of an Annual Report on Form 10-K and a Quarterly Report on Form 10-Q will satisfy the foregoing requirements.

(c) The representations and warranties in Article III shall be true and correct in all material respects.

(d) No event referred to in Section 7.01(d)(2) or 7.01(e) (in each case, with respect to the Borrower) or Section 7.01(i) shall have shall have occurred and be continuing or would result from the making of the Loans on the Funding Date.

(e) The Administrative Agent and the Arrangers shall have received all fees and other amounts due and payable on or prior to the Funding Date to the extent invoiced by 8:00 a.m., New York City time, on the Funding Date, including payment or reimbursement of all fees and expenses (including reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP) required to be paid or reimbursed by the Borrower on or prior to the Funding Date, including pursuant to the Arranger Fee Letter.

(f) Prior to or substantially contemporaneously with the funding of the Loans on the Funding Date, all principal, interest, fees and other amounts due or outstanding under the Bridge Credit Agreement shall have been or shall be paid in full and all commitments of the lenders thereunder shall have been terminated. The Administrative Agent shall have received evidence of the satisfaction of the conditions set forth in this paragraph in the form of Exhibit F attached hereto.

This Agreement shall be deemed “effective” for purposes of this Section 4.02 upon the funding of the Loans on the Funding Date.

ARTICLE V

Affirmative Covenants

After the funding of the Loans on the Funding Date, so long as any Loan shall remain unpaid hereunder:

SECTION 5.01. Financial Statements; Other Information; Notices of Material Events . The Borrower will, unless the Required Lenders shall otherwise consent in writing, furnish to each Lender:

(a) promptly after the sending or filing thereof, copies of all such regular, periodic and special reports and all registration statements (except those relating to employee benefit or stock option plans) which the Borrower or any of its Consolidated Subsidiaries which is an issuer of securities which are registered under Section 12 of the Exchange Act files with the SEC or with any national securities exchange and of all such proxy statements, financial statements and reports as the Borrower sends to its stockholders; provided that, a copy of each report, registration statement, proxy statement and financial statement required to be furnished under clause (a) of this Article V shall be deemed furnished to each Lender if it is made publicly available on the SEC’s EDGAR system website; and provided, however, that, in the event that the Borrower ceases to have any class of its securities registered pursuant to the requirements of Section 12 of the Exchange Act, the Borrower shall continue to furnish to the Lenders substantially the same information, bearing substantially the same certifications and on substantially the same schedule as required pursuant to the Exchange Act;

(b) promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities pursuant to the terms of any indenture or to the lenders under the Existing Credit Agreements pursuant to the terms thereof and not otherwise required to be furnished to the Lenders pursuant to any other clause of this Section;

(c) as soon as possible and in any event within five Business Days after the occurrence of each Default or Event of Default that is continuing on the date of such statement, the statement of the chief financial officer of the Borrower setting forth details of such Default or Event of Default and the action that the Borrower proposes to take with respect thereto;

(d) promptly and in any event within five Business Days after the occurrence thereof, notice of the occurrence of any event described in clause (i) of Section 7.01(f); and

(e) such other publicly available information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender may from time to time reasonably request.

The Borrower hereby acknowledges that (i) the Administrative Agent and/or the Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, the “Borrower Materials”) by posting the Borrower Materials on the Platform and (ii) certain of the Lenders (each, a “Public Lender”) may have personnel who are Private Side Lender Representatives. The Borrower hereby agrees that (A) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC”, which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (B) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, treatment of such Borrower Materials shall be subject to Section 9.12 in all respects); (C) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Side Information;” and (D) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Side Information.” Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials “PUBLIC”.

SECTION 5.02. Use of Proceeds . The Borrower will use the proceeds of the Loans solely to finance the payment of the merger consideration payable under the Merger Agreement upon the consummation of the Merger and to finance the other Transactions.

ARTICLE VI

Negative Covenants

So long as any Loan shall remain unpaid or any Lender shall have any Commitment, without the written consent of the Required Lenders:

SECTION 6.01. Liens. The Borrower will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, create, incur, issue or assume any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed (notes, bonds, debentures or other similar evidences of indebtedness for money borrowed collectively called "Debt") secured by any pledge of, or mortgage, lien, encumbrance or security interests on (such pledges, mortgages, liens, encumbrances and security interests collectively called "Liens") any Principal Property owned by the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary, and will not itself, and will not permit any Subsidiary to, create, incur, issue or assume any Debt secured by any Lien on any shares of stock or Debt of any Wholly-Owned Domestic Manufacturing Subsidiary, without in any such case effectively providing that the Loans (together with, if the Borrower shall so determine, any other Debt of the Borrower then existing or thereafter created that is not subordinate to indebtedness hereunder) shall be secured equally and ratably with (or prior to) such secured Debt, so long as such secured Debt shall be so secured, unless, after giving effect thereto, the aggregate principal amount of all such secured Debt then outstanding plus Attributable Debt of the Borrower and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of Sale and Leaseback Transactions involving Principal Properties entered into after the date hereof (other than such Sale and Leaseback Transactions as are permitted by Section 6.03(b)) would not exceed an amount equal to 10% of Consolidated Net Tangible Assets; provided, however, that nothing contained in this Section 6.01 shall prevent, restrict or apply to, and there shall be excluded from secured Debt in any computation under this Section 6.01, Debt secured by:

(a) Liens on any property or assets of the Borrower or any Subsidiary of the Borrower (including shares of stock or Debt owned by the Borrower or any Subsidiary of the Borrower) existing as of the date hereof;

(b) Liens on any property or assets of, or on any shares of stock or Debt of, any corporation existing at the time such corporation becomes a Wholly-Owned Domestic Manufacturing Subsidiary, or arising thereafter (i) otherwise than in connection with the borrowing of money arranged thereafter and (ii) pursuant to contractual commitments entered into prior to and not in contemplation of such corporation's becoming a Wholly-Owned Domestic Manufacturing Subsidiary;

(c) Liens on any property or assets or shares of stock or Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation) or securing the payment of all or any part of the purchase price or construction cost thereof or securing any Debt incurred prior to, at the time of or within 120 days after, the acquisition of such property or assets or shares of stock or Debt or the completion of any such construction, whichever is later, for the purpose of financing all or any part of the purchase price or construction cost thereof (provided that such Liens are limited to such

shares of stock or Debt or such other property or assets, improvements thereon and the land upon which such property, assets and improvements are located and any other property or assets not then constituting a Principal Property);

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

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

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

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

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

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

For purposes of this Section 6.01 and Section 6.03, the giving of a guarantee which is secured by a Lien on a Principal Property, and the creation of a Lien on a Principal Property or shares of stock or Debt to secure Debt which existed prior to the creation of such Lien, shall be deemed to involve the creation of Debt in an amount equal to the principal amount guaranteed or secured by such Lien; but the amount of Debt secured by Liens on Principal Properties and shares of stock and Debt shall be computed without cumulating the underlying indebtedness with any guarantee thereof or Lien securing the same, and the following shall not be deemed to be Liens securing Debt and, accordingly, nothing contained in this Section 6.01 or in Section 6.03 shall prevent, restrict or apply to: (x) any acquisition by the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in oil, gas and/or any other mineral and/or the proceeds thereof, (y) any conveyance or assignment under the terms of which the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary conveys or assigns to any Person or Persons an interest in oil, gas and/or any other mineral and/or proceeds thereof, or (z) any Lien upon any property or assets owned or leased by the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary or in which the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary owns an interest to secure to the Person or Persons paying the expenses of developing and/or conducting operations for the recovery, storage, transportation and/or sale of the mineral resources of the said property (or property with which it is unitized) the payment to such Person or Persons of the Borrower's or such Wholly-Owned Domestic Manufacturing Subsidiary's proportionate part of such development and/or operating expense.

SECTION 6.02. Fundamental Changes. (a) The Borrower will not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless: (i) the corporation formed by such consolidation or into which the Borrower is merged or the Person which acquires by conveyance

or transfer, or which leases, the properties and assets of the Borrower substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by writing approved by the Required Lenders, which approval shall not be unreasonably withheld, the Borrower's obligation for the due and punctual payment of the principal of and interest on all Loans and the performance of every covenant of this Agreement on the part of the Borrower to be performed; and (ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing. This paragraph (a) shall only apply to a merger or consolidation in which the Borrower is not the surviving corporation and to conveyances, leases and transfers by the Borrower as transferor or lessor.

(b) Upon any consolidation by the Borrower with or merger by the Borrower into any other corporation or any conveyance, transfer or lease of the properties and assets of the Borrower substantially as an entirety in accordance with paragraph (a) of this Section, the successor corporation formed by such consolidation or into which the Borrower is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Borrower under this Agreement with the same effect as if such successor corporation had been named as the Borrower herein, and in the event of any such conveyance or transfer, the Borrower (which term shall for this purpose mean the Person named as the "Borrower" in the first paragraph of this Agreement or any successor corporation which shall theretofore become such in the manner described in paragraph (a) of this Section), except in the case of a lease, shall be discharged of all obligations and covenants under this Agreement and may be dissolved and liquidated.

(c) If, upon any such consolidation of the Borrower with or merger of the Borrower into any other corporation, or upon any conveyance, lease or transfer of the property of the Borrower as an entirety or substantially as an entirety to any other Person, any Principal Property of the Borrower or of any Wholly-Owned Domestic Manufacturing Subsidiary (or any shares of stock or Debt of any Wholly-Owned Domestic Manufacturing Subsidiary) would thereupon become subject to any Lien, then unless such Lien could be created pursuant to Section 6.01 without equally and ratably securing the Loans, the Borrower, prior to or simultaneously with such consolidation, merger, conveyance, lease or transfer, will as to such Principal Property, shares of stock or Debt, secure the Loans outstanding hereunder (together with, if the Borrower shall so determine, any other Debt of the Borrower now existing or hereafter created which is not subordinate to indebtedness hereunder) equally and ratably with (or prior to) the Debt which upon such consolidation, merger, conveyance, lease or transfer is to become secured as to such Principal Property, shares of stock or Debt by such Lien, or will cause such Loans to be so secured.

SECTION 6.03. Sale and Leaseback Transactions. The Borrower will not, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, enter into any arrangement after the date hereof with any bank, insurance company or other lender or investor (other than the Borrower or another Wholly-Owned Domestic Manufacturing Subsidiary) providing for the leasing by the Borrower or any such Wholly-Owned Domestic Manufacturing Subsidiary of any Principal Property (except a lease for a temporary period not to exceed three years by the end of which it is intended that the use of such Principal Property by the lessee will be discontinued), which was or is owned by the Borrower or a Wholly-Owned Domestic

Manufacturing Subsidiary and which has been or is to be sold or transferred, more than 120 days after the completion of construction and commencement of full operation thereof by the Borrower or such Wholly-Owned Domestic Manufacturing Subsidiary, to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such Principal Property (herein referred to as a “Sale and Leaseback Transaction”) unless either (a) Attributable Debt of the Borrower and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of such Sale and Leaseback Transaction and all other Sale and Leaseback Transactions entered into after the date hereof (other than such Sale and Leaseback Transactions permitted by clause (b) below), plus the aggregate principal amount of Debt secured by Liens on Principal Properties then outstanding (excluding any such Debt secured by Liens covered in clauses (a) through (i) of Section 6.01) without equally and ratably securing the Loans, would not exceed 10% of Consolidated Net Tangible Assets or (b) the Borrower, within 120 days after the sale or transfer, applies, or causes a Wholly-Owned Domestic Manufacturing Subsidiary to apply, an amount equal to the greater of the net proceeds of such sale or transfer or fair market value of the Principal Property so sold and leased back at the time of entering into such Sale and Leaseback Transaction (in either case as determined by any two of the following: the Chairman, the President, any Vice President, the Treasurer and the Controller of the Borrower) to the prepayment (subject to the conditions of Section 2.08) of the Loans hereunder or the retirement of other indebtedness of the Borrower (other than indebtedness subordinated to indebtedness hereunder), or indebtedness of a Wholly-Owned Domestic Manufacturing Subsidiary, for money borrowed, having a stated maturity more than 12 months from the date of such application or which is extendible at the option of the obligor thereon to a date more than 12 months from the date of such application. Notwithstanding the foregoing, (x) no prepayment or retirement referred to in clause (b) above may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision and (y) where the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary is the lessee in any Sale and Leaseback Transaction, Attributable Debt shall not include any Debt resulting from the guarantee by the Borrower or any other Wholly-Owned Domestic Manufacturing Subsidiary of the lessee’s obligation thereunder.

ARTICLE VII

Events of Default

SECTION 7.01. Events of Default. Each of the following shall, after the funding of the Loans on the Funding Date, constitute an event of default (collectively, the “Events of Default”):

(a) the Borrower shall fail to pay (i) any principal of any Loan when the same becomes due and payable, (ii) any interest on any Loan or any invoiced fees payable under Section 2.09 when the same becomes due and payable, and such failure shall continue for a period of five Business Days, or (iii) any other amount owing by the Borrower when the same becomes due and payable, and such failure shall continue for a period of five Business Days after receipt by the Borrower of written notice from the Administrative Agent (or other applicable Person) of such amount being due, together with a statement in reasonable detail of the calculation thereof;

(b) any material representation or warranty made by the Borrower herein on the Funding Date or in any certificate delivered by the Borrower pursuant to Section 4.01 or 4.02 shall prove to have been incorrect in any material respect when made;

(c) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower and the Administrative Agent by any Lender;

(d) the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary (1) shall admit in writing its inability to pay its debts generally, (2) shall make a general assignment for the benefit of creditors or shall institute any proceeding or voluntary case seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or seeking the entry of any order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property or (3) shall take any corporate action to authorize any of the actions set forth above in this clause (d);

(e) any proceeding shall be instituted against the Borrower or any Wholly-Owned Domestic Manufacturing Subsidiary seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of any order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and such proceeding shall remain undismissed or unstayed for period of 60 days;

(f) both (i) either (A) the plan administrator of any Plan shall provide the notice referred to in Section 4041(a)(2) of ERISA to any affected party of its intent to terminate a Plan under Section 4041(c) of ERISA or the PBGC shall institute proceedings under Section 4042(a) of ERISA to terminate any such Plan, (B) a plan administrator of any such Plan shall notify the PBGC of the withdrawal of the Borrower or any ERISA Affiliate from such Plan and the Borrower or any ERISA Affiliate is, or is treated as, a substantial employer as that term is used in Section 4062(e) or 4063 of ERISA, (C) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred a withdrawal liability (as defined under Part I of Subtitle E of Title IV of ERISA) to such Multiemployer Plan (except to the extent the Borrower or such ERISA Affiliate is contesting such liability (or the amount of such liability) in good faith and by appropriate proceedings and there is a reasonable basis to reduce materially such liability) or (D) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA; and (ii) such occurrence materially and adversely affects the Consolidated financial condition of the Borrower;

(g) both (i) a Person (or two or more Persons acting as a syndicate or other group for the purpose of acquiring or holding securities of the Borrower) shall obtain more than a majority of the voting stock of the Borrower without the approval of the Borrower's board of directors and shall effectuate a change in a majority of the members of such board (including the Chairman and the President) and (ii) within 60 days after the occurrence of such change the Borrower shall have failed to obtain a waiver of such event from the Required Lenders;

(h) both (i) a change shall occur in a majority of the members of the Borrower's board of directors (including the Chairman and the President) within a six - month period such that such majority shall no longer consist of Continuing Directors, and (ii) within 90 days after the occurrence of such change, the Required Lenders shall in their sole discretion notify the Borrower that such change shall constitute an Event of Default; or

(i) any Material Debt of the Borrower shall be declared to be due and payable prior to the stated maturity thereof or shall not be paid at the stated maturity thereof.

SECTION 7.02. Lenders' Rights upon an Event of Default . If an Event of Default occurs and is continuing, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Loans, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Loans, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the case of an Event of Default referred to in Section 7.01(d) or 7.01(e) (in each case, with respect to the Borrower) constituting an entry of an order for relief under the United States federal bankruptcy laws, the Loans, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VIII

The Administrative Agent

Each of the Lenders hereby irrevocably appoints the entity named as Administrative Agent in the heading of this Agreement and its successors to serve as administrative agent hereunder, and authorizes the Administrative Agent to take such actions and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or to exercise any discretionary power, except discretionary rights and powers expressly contemplated by this Agreement that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in this Agreement); provided that the Administrative Agent shall not be required to take any action that, in its opinion, could expose the Administrative Agent to liability or be contrary to this Agreement or applicable law, and (c) except as expressly set forth in this Agreement, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any Subsidiary or any other Affiliate thereof that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it (other than not making any delivery of a notice or any other strictly administrative, non-discretionary action expressly required hereunder to be taken by it on or prior to the Funding Date) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in this Agreement) or in the absence of its own gross negligence or willful misconduct (such absence to be preserved unless otherwise determined by a court of competent jurisdiction by a final and non-appealable judgment). The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in this Agreement or the occurrence of any Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall not incur any liability for relying, upon any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person (whether or not such Person in fact meets the requirements set forth in this Agreement for being the signatory, sender or authenticator thereof). The Administrative Agent also shall be entitled to rely, and shall not incur any liability for relying,

upon any statement made to it orally or by telephone and believed by it to be made by the proper Person (whether or not such Person in fact meets the requirements set forth in this Agreement for being the signatory, sender or authenticator thereof), and may act upon any such statement prior to receipt of written confirmation thereof. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it (other than not making any delivery of a notice or any other strictly administrative, non-discretionary action expressly required hereunder to be taken by it on or prior to the Funding Date) in good faith and in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any of and all its duties and exercise its rights and powers hereunder by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of and all their duties and exercise their rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the terms of this paragraph, after the funding of the Loans on the Funding Date, the Administrative Agent may resign at any time from its capacity as such. In connection with such resignation, the Administrative Agent shall give notice of its intent to resign to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, subject to the consent of the Borrower (unless an Event of Default has occurred and is continuing), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof, having a combined capital and surplus of at least \$500,000,000 and a local office in New York, New York. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Borrower and such successor. Notwithstanding the foregoing, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and (b) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that (i) all payments required to be made hereunder to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (ii) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall also directly be given or

made to each Lender. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder or thereunder.

Each Lender, by delivering its signature page to this Agreement on the Signing Date, or delivering its signature page to an Assignment and Assumption pursuant to which it shall become a Lender hereunder prior to the Funding Date, shall be deemed to have acknowledged receipt of, and consented to and approved, this Agreement and each document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Signing Date.

Each Lender, by funding its Loans on the Funding Date, or delivering its signature page to an Assignment and Assumption pursuant to which it shall become a Lender hereunder on or after the Funding Date, shall be deemed to have acknowledged receipt of, and consented to and approved, this Agreement and each document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Funding Date.

Notwithstanding anything herein to the contrary, neither the Arrangers nor any Person named on the cover page of this Agreement as a Syndication Agent shall have any duties or obligations under this Agreement (except in its capacity, as applicable, as a Lender), but all such Persons shall have the benefit of the indemnities to the extent expressly provided for hereunder.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax, as follows:

(i) if to the Borrower, to it at United Technologies Corporation, One Financial Plaza, 25th Floor, Hartford, CT 06101, Attention of Treasurer (Fax No. (860) 728-7092);

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin Street, Floor 10, Houston, Texas 77002-6925, Attention of Colton Rainey (Fax No. (713) 750-2938), with a copy to JPMorgan Chase Bank, N.A., 383 Madison Avenue, New York, New York 10179, Attention of Robert P. Kellas (Fax No. (212) 270-5100);

(iii) if to any other Lender, to it at its address (or fax number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient); and notices delivered through electronic communications to the extent provided in paragraph (b) below shall be effective as provided in such paragraph.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications (including email and Internet and intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices under Article II to any Lender if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. Any notices or other communications to the Administrative Agent or the Borrower may be delivered or furnished by electronic communications pursuant to procedures expressly approved by the recipient thereof prior thereto; provided that approval of such procedures may be limited or rescinded by the Administrative Agent by notice to each other such Person and by the Borrower by notice to the Administrative Agent.

(c) Any party hereto may change its address or fax number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. All covenants, agreements, representations and warranties made by the Borrower in this Agreement and in the certificates delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto. Without limiting the

generality of the foregoing, the execution and delivery of this Agreement or the making of a Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent, the Arrangers, the Syndication Agents or any Lender may have had notice or knowledge of such Default at the time (it being the express intent of the parties hereto that the Lenders be able to exercise all rights and remedies provided for in Section 7.01 after the funding of the Loans on the Funding Date, whether or not any Event of Default entitling the exercise of such rights and remedies was a condition precedent to the making of the Loans on the Funding Date).

(b) None of this Agreement or any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing and signed by the Borrower, the Administrative Agent and the Required Lenders; provided that (i) any provision of this Agreement may be amended by an agreement in writing entered into by the Borrower and the Administrative Agent to cure any ambiguity, omission, defect or inconsistency so long as, in each case, the Lenders shall have received at least 10 Business Days' prior written notice thereof and the Administrative Agent shall not have received, within 10 Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment and (ii) no such agreement shall (A) increase the Commitment of any Lender without the written consent of such Lender, (B) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (C) postpone the scheduled maturity date of any Loan, or any date for the payment of any interest or fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (D) change Section 2.15(b) in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender and (E) change any of the provisions of this Section or the percentage set forth in the definition of the term "Required Lenders" or any other provision of this Agreement specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify, extend or otherwise affect the rights or obligations of the Administrative Agent without the prior written consent of the Administrative Agent. Notwithstanding the foregoing, (x) any amendment of the definition of the term "Applicable Rate" pursuant to the last sentence of such definition shall require only the written consent of the Borrower and the Administrative Agent and (y) no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (ii)(A), (ii)(B) or (ii)(C) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be affected by such amendment, waiver or other modification.

(c) The Administrative Agent may, but shall have no obligation to, with the concurrence of any Lender, execute amendments, waivers or other modifications on behalf of such Lender. Any amendment, waiver or other modification effected in accordance with this Section 9.02 shall be binding upon each Person that is at the time thereof a Lender and each Person that subsequently becomes a Lender.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Arrangers, the Syndication Agents and their Affiliates, including the reasonable fees, charges and disbursements of one firm of outside counsel for the foregoing (and, if deemed reasonably necessary by such Persons, one firm of regulatory counsel and/or one firm of local counsel in each appropriate jurisdiction), in connection with the arrangement and syndication of the credit facility provided for herein, including the preparation, execution and delivery of the Commitment Letter and the Fee Letters referred to therein, as well as the preparation, execution, delivery and administration of this Agreement or any amendments, modifications or waivers (to the extent such amendments, modifications or waivers are requested by the Borrower) of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses of the Administrative Agent in connection with the administration (other than routine administrative procedures and excluding costs and expenses relating to assignments and participations of lenders) of this Agreement and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Arranger or any Lender, including the fees, charges and disbursements of any counsel for any of the foregoing, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such reasonable out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Administrative Agent, the Arrangers, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and expenses reasonably related thereto, including reasonable fees, charges and disbursements of one firm of outside counsel for Indemnitees (and, if deemed reasonably necessary by the Administrative Agent, one firm of regulatory counsel and/or one firm of local counsel in each appropriate jurisdiction, and, in the case of an actual or perceived conflict of interest for any Indemnitee, one firm of counsel (and, if deemed reasonably necessary by such Indemnitee, one firm of regulatory and/or one firm of local counsel in each appropriate jurisdiction) for such Indemnitee), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the preparation, execution, delivery and (in the case of the Administrative Agent and its Related Parties only) administration of this Agreement or any other agreement or instrument contemplated hereby or the consummation of the Transactions or any other transactions contemplated hereby (including the Merger) or (ii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, and regardless of whether any Indemnitee is a party thereto (and regardless of whether such matter is initiated by the Borrower or any other Person); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or a material breach, including any such breach in bad faith, of the agreements by such Indemnitee set forth in this Agreement or (B) result from any claim, litigation, investigation or proceeding that does not involve an act or omission of the Borrower or any of its Affiliates and that is brought by an Indemnitee against any other Indemnitee (other than any claim, litigation, investigation or proceeding brought by an Indemnitee against the Administrative Agent or any Arranger in its capacity in fulfilling its role

as an agent or arranger or any other similar role hereunder). The Borrower shall indemnify and hold harmless in accordance with the Commitment Letter the Persons entitled to the benefit of the indemnification provisions set forth therein with respect to all matters expressly covered by such provisions in the Commitment Letter that are not expressly covered in this paragraph, and no such provision in the Commitment Letter shall, with respect to such matters, terminate as a result of the execution and delivery of this Agreement. No Indemnitee shall be liable for any damages arising from the use of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence or willful misconduct of such Indemnitee, and no party hereto shall be liable for any special, indirect, consequential or punitive damages in connection with the Loans, this Agreement or its activities related thereto; provided that nothing contained in this sentence will limit the Borrower's indemnity and reimbursement obligations set forth in this Section 9.03. This paragraph shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it under paragraph (a) or (b) of this Section to the Administrative Agent or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such or against any Related Party of any of the foregoing acting for the Administrative Agent in connection with such capacity. For purposes of this paragraph, a Lender's "pro rata share" shall be determined based upon its share of the aggregate Commitments in effect (or, after the Funding Date, of the aggregate principal amount of the Loans outstanding) at the time (or most recently in effect or outstanding, as the case may be).

(d) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not (except, after the Funding Date, as expressly provided in Section 6.02) assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section), each Arranger, each Syndication Agent and, to the extent expressly contemplated hereby, the Related Parties of any of the Administrative Agent, the Arrangers, the Syndication Agents and any Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Commitment or Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower; provided that no consent of the Borrower shall be required (1) for an assignment to a Permitted Assignee or (2) after the Funding Date, for an assignment to a Lender (other than a Defaulting Lender), an Affiliate of a Lender or an Approved Fund; provided that any liability of the Borrower to an assignee that is an Approved Fund or Affiliate of the assigning Lender under Section 2.12 shall be limited to the amount, if any, that would have been payable hereunder by the Borrower in the absence of such assignment; and

(B) the Administrative Agent; provided that no consent of the Administrative Agent shall be required for an assignment to a Lender or an Affiliate of a Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$1,000,000 unless otherwise agreed by the Borrower and the Administrative Agent;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall (i) execute and deliver to the Administrative Agent (and, if its consent is required as set forth above, the Borrower), an Assignment and Assumption and (ii) pay to the Administrative Agent a processing and recordation fee of \$3,500; provided that only one such processing and recordation fee shall be payable in the event of simultaneous assignments from any Lender or its Approved Funds to one or more other Approved Funds of such Lender; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain MNPI) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable law, including Federal, State and foreign securities laws.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(v) of this Section, from and after the effective date specified in each Assignment and

Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.13 and 2.14 (to the extent accrued for periods prior to it ceasing to be a party hereto) and Section 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section, provided that the requirements of such paragraph are met.

(iv) The Administrative Agent shall maintain at one of its offices in the United States a copy of each Assignment and Assumption delivered to it and records of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon receipt by the Administrative Agent of an Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder) and the processing and recordation fee referred to in this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that the Administrative Agent shall not be required to accept such Assignment and Assumption or so record the information contained therein if the Administrative Agent reasonably believes that such Assignment and Assumption lacks any written consent required by this Section or is otherwise not in proper form, it being acknowledged that the Administrative Agent shall have no duty or obligation (and shall incur no liability) with respect to obtaining (or confirming the receipt) of any such written consent or with respect to the form of (or any defect in) such Assignment and Assumption, any such duty and obligation being solely with the assigning Lender and the assignee. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph, and following such recording, unless otherwise determined by the Administrative Agent (such determination to be made in the sole discretion of the Administrative Agent, which determination may be conditioned on the consent of the assigning Lender and the assignee), shall be effective notwithstanding any defect in the Assignment and Assumption relating thereto. Each assigning Lender and the assignee, by its execution and delivery of an Assignment and Assumption, shall be deemed to have represented to the Administrative Agent that all written consents required by this Section with respect

thereto (other than the consent of the Administrative Agent) have been obtained and that such Assignment and Assumption is otherwise duly completed and in proper form, and each assignee, by its execution and delivery of an Assignment and Assumption, shall be deemed to have represented to the assigning Lender and the Administrative Agent that such assignee is an Eligible Assignee.

(c) (i) Any Lender may sell participations to one or more Eligible Assignees (a “ Participant ”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitment and Loans) (1) prior to the Funding Date, subject to obtaining the prior written consent of the Borrower (such consent not to be unreasonably withheld); provided that no such consent shall be required in the case of a participation to a Permitted Assignee so long as such Lender shall have given notice of such participation to the Borrower; and (2) after the Funding Date; provided that, in each case, (A) such Lender’s obligations under this Agreement (including its Commitment hereunder) shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in subclauses (ii) (A), (ii)(B) or (ii)(C) of the first proviso to Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.13 and 2.14 (subject to the requirements and limitations therein, including the requirements under Section 2.14(f) (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (x) agrees to be subject to the provisions of Section 2.16 as if it were an assignee under paragraph (b) of this Section and (y) shall not be entitled to receive any greater payment under Section 2.12 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive (it being understood and agreed that such Participant shall not be entitled to the benefit of any other indemnity, expense reimbursement, yield protection or similar provision solely on account of becoming a Participant rather than being a party hereto).

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other rights and obligations of such Lender under this Agreement (the “ Participant Register ”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any Commitments, Loans or other rights and obligations under this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other right or obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be

conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining any Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. The provisions of Sections 2.12, 2.13, 2.14, 2.15(c), 2.16 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement.

SECTION 9.06. Counterparts; Integration. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement constitutes the entire contract among the parties relating to the subject matter hereof and, upon the occurrence of the Signing Date, supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. On and after the Signing Date, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. [Reserved]

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims arising out of or

relating to this Agreement brought by it or any of its Affiliates shall be brought, and shall be heard and determined, exclusively in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process made by registered or certified mail, return receipt requested, to the applicable party at its address provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices, except that Information may be disclosed (a) to its Related Parties, including accountants and legal counsel, it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential, (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners) (it being understood that such regulatory authority will be informed of the confidential nature of such Information and, except where such regulatory authority would be required to keep such Information confidential as a matter of law, requested to keep such Information confidential), (c) to the extent

required by applicable law or by any subpoena or similar legal process (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and, except where such Person would be required to keep such Information confidential as a matter of law, requested to keep such Information confidential), (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and requested to keep such Information confidential), (f) subject to a written agreement with the Borrower containing confidentiality undertakings substantially the same as those in this Section, to any permitted assignee of or permitted Participant in, or any prospective permitted assignee of or permitted Participant in, any of its rights or obligations under this Agreement, (g) with the written consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) is or becomes available to, or is independently developed by, the Administrative Agent, any Lender or any Affiliate of any of the foregoing on a nonconfidential basis from a source other than the Borrower. For purposes of this Section, “Information” means all information received from the Borrower, any of its Affiliates or any of the Borrower’s or such Affiliate’s Related Parties, including accountants and legal counsel, relating the Borrower or any of its Subsidiaries or their businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower, any of its Affiliates or any of the Borrower’s or such Affiliate’s Related Parties. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised no less than reasonable care and at least the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.14. USA PATRIOT Act Notice. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with such Act.

SECTION 9.15. No Fiduciary Relationship. The Borrower, on behalf of itself and its Subsidiaries, agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Borrower and its Subsidiaries and other Affiliates, on the one hand, and the Administrative Agent, the Lenders and their Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Administrative Agent, the Lenders or their Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

SECTION 9.16. Non-Public Information. Each of the Administrative Agent, the Arrangers and each Lender acknowledges that all Information will be syndicate-level information, which may contain MNPI. Each Lender represents to the Borrower and the Administrative Agent that (a) it has developed compliance procedures regarding the use of MNPI and that it will handle MNPI in accordance with such procedures and applicable law, including Federal, state and foreign securities laws, and (b) it has identified in its Administrative Questionnaire a credit contact who may receive information that may contain MNPI in accordance with its compliance procedures and applicable law, including Federal, state and foreign securities laws.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

UNITED TECHNOLOGIES CORPORATION,

By: / s / T H O M A S I . R O G A N _____

Name: Thomas I. Rogan

Title: Vice President, Treasurer

SIGNATURE PAGE TO
THE TERM LOAN CREDIT AGREEMENT
OF UNITED TECHNOLOGIES CORPORATION

Name of Institution: Bank of America, N.A., as Lender

By: /s/ G EORGE H LENTZAS
Name: George Hlentzas
Title: Vice President

SIGNATURE PAGE TO
THE TERM LOAN CREDIT AGREEMENT
OF UNITED TECHNOLOGIES CORPORATION

Name of Institution: Citibank, N.A.

By: /s/ CAROLYN A. KEE
Name: Carolyn A. Kee
Title: Vice President

CITIGROUP GLOBAL MARKETS INC.,
as Joint Lead Arranger and Joint Bookrunner,

By: /s/ CAROLYN A. KEE
Name: Carolyn A. Kee
Title: Managing Director

SIGNATURE PAGE TO
THE TERM LOAN CREDIT AGREEMENT
OF UNITED TECHNOLOGIES CORPORATION

Name of Institution: HSBC Bank USA, National Association

By: /s/ JAY S CHWARTZ

Name: Jay Schwartz

Title: Managing Director

HSBC SECURITIES (USA) INC., as Joint Lead
Arranger and Joint Bookrunner,

By: /s/ JAY S CHWARTZ

Name: Jay Schwartz

Title: Managing Director

JPMORGAN CHASE BANK, N.A.,
individually and as Administrative Agent,

By: /s/ ROBERT P. KELLAS
Name: Robert P. Kellas
Title: Executive Director

J.P. MORGAN SECURITIES LLC, as
Joint Lead Arranger and Joint Bookrunner

By: /s/ THOMAS D. CASSIN
Name: Thomas D. Cassin
Title: Managing Director

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED, as Joint Lead Arranger and Joint
Bookrunner,

By: /s/ Peter Hall

Name: Peter Hall

Title: Managing Director

[FORM OF] ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (a) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the credit facility provided for under the Credit Agreement and (b) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned pursuant to clauses (a) and (b) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____
[and is a Lender or an Affiliate/Approved Fund of [Identify Lender]]¹
3. Borrower: United Technologies Corporation
4. Administrative Agent: JPMorgan Chase Bank, N.A., as the Administrative Agent under the Credit Agreement

¹ Select as applicable.

5. Credit Agreement: The Term Loan Credit Agreement dated as of April 24, 2012, among United Technologies Corporation, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners.
6. Assigned Interest: ²

<u>Interest Assigned</u>	<u>Aggregate Amount of [Commitments] [Loans] of all Lenders</u>	<u>Amount of [Commitment] [Loans] Assigned</u>	<u>Percentage Assigned of [Commitments] [Loans] of all Lenders ³</u>
[Commitment] [Loans]	\$	\$	%

Effective Date: _____, 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR].

The Assignee, if not already a Lender, agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain MNPI) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable law, including Federal, state and foreign securities laws.

² Must comply with the minimum assignment amounts set forth in Section 9.04(b)(ii)(A) of the Credit Agreement, to the extent such minimum assignment amounts are applicable

³ Set forth, to at least 9 decimals, as a percentage of the [Commitments][Loans] of all Lenders.

The terms set forth in this Assignment and Assumption are hereby agreed to:

[NAME OF ASSIGNOR], as Assignor,

by

Name:

Title:

[NAME OF ASSIGNEE], as Assignee,

by

Name:

Title:

[Consented to and] ¹ Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent,

by

Name:

Title:

[Consented to:

UNITED TECHNOLOGIES CORPORATION,

by

Name:

Title:] ²

¹ To be included only if the consent of the Administrative Agent is required by Section 9.04(b)(i)(B) of the Credit Agreement

² To be included only if the consent of the Borrower is required by Section 9.04(b)(i)(A) of the Credit Agreement

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement, other than the representations and warranties made by it herein, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, (iii) the financial condition of the Borrower, any of its Subsidiaries or other Affiliates or any other Person obligated in respect of the Credit Agreement or (iv) the performance or observance by the Borrower, any of its Subsidiaries or other Affiliates or any other Person of any of their respective obligations under the Credit Agreement.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Article V thereof (or, prior to the first such delivery, the financial statements referred to in Section 3.05 thereof), and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) attached to this Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement (including Section 2.14(f) thereof), duly completed and executed by the Assignee, and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of

principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by facsimile or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be construed in accordance with and governed by the law of the State of New York.

[FORM OF] BORROWING REQUEST

JPMorgan Chase Bank, N.A.
 as Administrative Agent
 Loan and Agency Services Group
 1111 Fannin Street, Floor 10
 Houston, Texas 77002-6925
 Attention: Colton Rainey
 Fax: (713) 750-2938

Copy to:

JPMorgan Chase Bank, N.A.
 as Administrative Agent
 383 Madison Avenue
 New York, New York 10179
 Attention: Robert P. Kellas
 Fax: (212) 270-5100

[Date]

Ladies and Gentlemen:

Reference is made to the Term Loan Credit Agreement dated as of April 24, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among United Technologies Corporation, a Delaware corporation (the “Borrower”), the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners. Capitalized terms used but not otherwise defined herein shall have the meanings specified in the Credit Agreement.

This notice constitutes a Borrowing Request, and the Borrower hereby gives you notice, pursuant to Section 2.03 of the Credit Agreement, that it requests a Borrowing under the Credit Agreement, and in connection therewith specifies the following information with respect to such Borrowing:

(B) Aggregate principal amount of Borrowing: ¹ \$ _____

(C) Date of Borrowing: ² _____

(D) Type of Borrowing: ³ _____

¹ Must comply with Section 2.02(c) of the Credit Agreement.

² Must be a Business Day.

³ Specify ABR Borrowing or Eurodollar Borrowing.

(E) Interest Period: ⁴ _____

(F) Location and number of the account to which proceeds of the requested Borrowing are to be disbursed: [Name of Bank] (Account No.: _____)

Very truly yours,

UNITED TECHNOLOGIES CORPORATION

By: _____

Name:

Title:

⁴ Applicable to Eurodollar Borrowings only. Shall be subject to the definition of "Interest Period" and can be a period of one, two or three months.

[FORM OF] INTEREST ELECTION REQUEST

JPMorgan Chase Bank, N.A.
as Administrative Agent
Loan and Agency Services Group
1111 Fannin Street, Floor 10
Houston, Texas 77002-6925
Attention: Colton Rainey
Fax: (713) 750-2938

Copy to:

JPMorgan Chase Bank, N.A.
as Administrative Agent
383 Madison Avenue
New York, New York 10179
Attention: Robert P. Kellas
Fax: (212) 270-5100

[Date]

Ladies and Gentlemen:

Reference is made to the Term Loan Credit Agreement dated as of April 24, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among United Technologies Corporation, a Delaware corporation (the “Borrower”), the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners. Capitalized terms used but not otherwise defined herein shall have the meanings specified in the Credit Agreement.

This notice constitutes an Interest Election Request and the Borrower hereby gives you notice, pursuant to Section 2.05 of the Credit Agreement, that it requests the conversion or continuation of a Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to such Borrowing and each resulting Borrowing:

- 1. Borrowing to which this request applies: _____
- Principal Amount: _____
- Type: _____
- Interest Period ¹ _____

¹ In the case of a Eurodollar Borrowing, specify the last day of the current Interest Period therefor.

2. Effective date of this election ² : _____
3. Resulting Borrowing[s] ³ _____
 Principal Amount ⁴ : _____
 Type ⁵ : _____
 Interest Period ⁶ : _____

Very truly yours,

UNITED TECHNOLOGIES CORPORATION

by

Name:

Title:

² Must be a Business Day.

³ If different options are being elected with respect to different portions of the Borrowing, provide the information required by this item 3 for each resulting Borrowing. Each resulting Borrowing shall be subject to Section 2.02(c) of the Credit Agreement.

⁴ Indicate the principal amount of the resulting Borrowing.

⁵ Specify whether the resulting Borrowing is to be a ABR Borrowing or a Eurodollar Borrowing.

⁶ Applicable only if the resulting Borrowing is to be a Eurodollar Borrowing. Shall be subject to the definition of "Interest Period" and can be a period of one, two or three months. Cannot extend beyond the Maturity Date.

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders that are not Partnerships for U.S. Federal Income Tax Purposes and Lenders that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is not a Partnership for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Credit Agreement dated as of April 24, 2012 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among United Technologies Corporation, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) issued pursuant to Section 2.07(d) of the Credit Agreement evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a duly completed and executed certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

In the case of a Lender that is a disregarded entity for U.S. federal income tax purposes, each of the above certifications and representations is given with respect to the person treated as such Lender’s owner for U.S. federal income tax purposes.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____, 201

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants that are not Partnerships for U.S. Federal Income Tax Purposes and Participants that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is not a Partnership for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Credit Agreement dated as of April 24, 2012 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among United Technologies Corporation, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a duly completed and executed certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

In the case of a Participant that is a disregarded entity for U.S. federal income tax purposes, each of the above certifications and representations is given with respect to the person treated as such Participant’s owner for U.S. federal income tax purposes.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____, 201

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants that are partnerships for U.S. Federal Income Tax Purposes and Participants that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is a Partnership for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Credit Agreement dated as of April 24, 2012 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among United Technologies Corporation, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with duly completed and executed IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) a duly completed and executed IRS Form W-8BEN or (ii) a duly completed and executed IRS Form W-8IMY accompanied by a duly completed and executed IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption, together with any other information required to be provided by IRS Form W-8IMY. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

In the case of a Participant that is a disregarded entity for U.S. Federal income Tax purposes, each of the above certifications and representations is given with respect to the person treated as such Participant's owner for U.S. federal income tax purposes.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:

Name:

Title:

Date: , 201

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders that are partnerships for U.S. Federal Income Tax Purposes and Lenders that are Disregarded Entities for U.S. Federal Income Tax Purposes Whose Owner, for U.S. Federal Income Tax Purposes, is a Partnership for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Credit Agreement dated as of April 24, 2012 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among United Technologies Corporation, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners.

Pursuant to the provisions of Section 2.14 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) issued pursuant to Section 2.07(d) of the Credit Agreement evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) issued pursuant to Section 2.07(d) of the Credit Agreement evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Credit Agreement, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a duly completed and executed IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) a duly completed and executed IRS Form W-8BEN or (ii) a duly completed and executed IRS Form W-8IMY accompanied by a duly completed and executed IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption, together with any other information required to be provided by IRS Form W-8IMY. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

In the case of a Lender that is a disregarded entity for U.S. Federal Income Tax purposes, each of the above certifications and representations is given with respect to the person treated as such Lender's owner for U.S. federal income tax purposes.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By:

Name:

Title:

Date: , 201

UNITED TECHNOLOGIES CORPORATION

FINANCIAL OFFICER'S CERTIFICATE

[Date]

I the undersigned, [Name of Financial Officer], do hereby certify that I am the [Title] of United Technologies Corporation, a corporation duly organized and existing under the laws of the State of Delaware, having its principal office in Hartford, Connecticut (the "Company"). Capitalized terms used and not defined herein shall have the meaning assigned to such terms in the Credit Agreement (as defined below). Pursuant to Section 4.02(a) of the Credit Agreement dated as of April 24, 2012 (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners, I do hereby confirm, in my capacity as a Financial Officer and not in my individual capacity, on behalf of the Company, that:

(a) The representations and warranties in Article III of the Credit Agreement are true and correct in all material respects;

(b) The Company reasonably believes that the Merger will be consummated within three Business Days of the date hereof on the terms set forth in the Merger Agreement, without giving effect to amendments, waivers or consents by the Company or the Merger Sub (other than any waiver or consent to any interim operating covenants of the Acquired Company and its Subsidiaries not involving the incurrence of Debt or Liens or the disposition of assets) that are adverse in any material respect to the Lenders and that have not been approved by the Arrangers; and

(c) No event referred to in Section 7.01(d)(2) or 7.01(e) of the Credit Agreement (in each case, with respect to the Company) or Section 7.01(i) of the Credit Agreement has occurred and is continuing or would result from the making of the Loans on the date hereof.

[Remainder of the Page Intentionally Left Blank.]

IN WITNESS WHEREOF, I have duly executed this Certificate as of the date first written above.

By:

Name:
Title:

UNITED TECHNOLOGIES CORPORATION

FINANCIAL OFFICER'S CERTIFICATE

[Date]

I the undersigned, [Name of Financial Officer], do hereby certify that I am the [Title] of United Technologies Corporation, a corporation duly organized and existing under the laws of the State of Delaware, having its principal office in Hartford, Connecticut (the "Company"). Capitalized terms used and not defined herein shall have the meaning assigned to such terms in the Credit Agreement (as defined below).

Pursuant to Section 4.02(f) of the Term Loan Credit Agreement dated as of April 24, 2012 (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners, I do hereby confirm, in my capacity as a Financial Officer and not in my individual capacity, on behalf of the Company, that:

(a) Pursuant to, and in accordance with, Section 2.06 of the Bridge Credit Agreement dated as of November 8, 2011, among the Company, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners (as amended, restated, supplemented or otherwise modified from time to time, the "Bridge Credit Agreement"), the Company has delivered an irrevocable notice to JPMorgan Chase Bank, N.A., in its capacity as administrative agent thereunder, of its election to terminate all the commitments of all the lenders under the Bridge Credit Agreement, a copy of which is attached as Exhibit A hereto;

(b) All principal, interest, fees and other amounts due or outstanding under the Bridge Credit Agreement as of the date hereof (and after giving effect to the termination of the commitments thereunder as contemplated by paragraph (a), above) have been or, substantially contemporaneously with the funding of the Loans on the Funding Date, will be paid in full.

IN WITNESS WHEREOF, I have duly executed this Certificate as of the date first written above.

By:

Name:
Title:

[FORM OF] CONDITIONAL TERMINATION NOTICE

JPMorgan Chase Bank, N.A.
as Administrative Agent to the Lenders under the Bridge Credit Agreement
Loan and Agency Services Group
1111 Fannin St., Floor 10
Houston, Texas 77002-6925
Attention: Colton Rainey
Fax: (713) 750-2938

[Date]

Ladies and Gentlemen:

Reference is made to the Bridge Credit Agreement dated as of November 8, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Bridge Credit Agreement"), among United Technologies Corporation, a Delaware corporation (the "Borrower"), the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and J.P. Morgan Securities LLC, HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners. Capitalized terms used but not otherwise defined herein shall have the meanings specified in the Bridge Credit Agreement.

Pursuant to Section 2.06 of the Bridge Credit Agreement, the Borrower hereby gives irrevocable notice of its election to terminate the Commitments thereunder, effective, on [], 2012¹; provided that such notice of termination of the Commitments is conditioned upon the effectiveness of the Term Loan Credit Agreement, dated as of April [24], 2012 (the "Term Credit Agreement"), among the Borrower, the Lenders party thereto, JPMorgan Chase Bank, N.A., the Administrative Agent, and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated pursuant to Section 4.02 thereof (it being understood that the termination of the Commitments shall occur substantially contemporaneously with the funding of the loans to the borrower under the Term Credit Agreement).

Very truly yours,

UNITED TECHNOLOGIES CORPORATION

by

Name:
Title:

¹ Such date to be the Funding Date of the Term Loan Credit Agreement or any date prior.

COMMITMENTS

<u>Lender</u>	<u>Commitment</u>
JPMorgan Chase Bank, N.A.	\$ 500,000,000.00
Citibank, N.A.	\$ 500,000,000.00
HSBC Bank USA, National Association	\$ 500,000,000.00
Bank of America, N.A.	\$ 500,000,000.00
Total Commitments	\$2,000,000,000.00

**UNITED TECHNOLOGIES CORPORATION
AND SUBSIDIARIES**

STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<u>(Dollars in millions)</u>	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Fixed Charges:		
Interest expense ¹	\$ 164	\$ 165
Interest capitalized	5	5
One-third of rents ²	38	39
Total fixed charges	<u>\$ 207</u>	<u>\$ 209</u>
Earnings:		
Income from continuing operations before income taxes	\$1,573	\$1,540
Fixed charges per above	207	209
Less: capitalized interest	<u>(5)</u>	<u>(5)</u>
	<u>202</u>	<u>204</u>
Amortization of interest capitalized	<u>3</u>	<u>4</u>
Total earnings	<u>\$1,778</u>	<u>\$1,748</u>
Ratio of earnings to fixed charges	<u>8.59</u>	<u>8.36</u>

¹ Pursuant to the guidance in the Income Taxes Topic of the FASB ASC, interest related to unrecognized tax benefits recorded was approximately \$8 million and \$4 million for the three months ended March 31, 2012 and 2011, respectively. The ratio of earnings to fixed charges would have been 8.93 and 8.53 for the three months ended March 31, 2012 and 2011, respectively, if such interest were excluded from the calculation.

² Reasonable approximation of the interest factor.

April 30, 2012

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

Commissioners:

We are aware that our report dated April 30, 2012 on our review of interim financial information of United Technologies Corporation (the "Corporation") for the three-month periods ended March 31, 2012 and 2011 and included in the Corporation's quarterly report on Form 10-Q for the quarter ended March 31, 2012 is incorporated by reference in its Registration Statement on Form S-3 (No. 333-167771) as amended by Post-Effective Amendment No. 1 on Form S-3 (No. 333-167771), in the Registration Statement on Form S-4 (No. 333-77991) as amended by Post-Effective Amendment No. 1 on Form S-8 (No. 333-77991) and in the Registration Statements on Form S-8 (Nos. 333-177520, 333-177517, 333-175781, 333-175780, 333-156390, 333-150643, 333-125293, 333-110020, 333-100724, 333-100723, 333-100718, 333-82911, 333-77817, 333-21853, 333-21851 and 033-51385).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

CERTIFICATION

I, Louis R. Chênevert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Technologies 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.

/s/ LOUIS R. C HÊNEVERT

Louis R. Chênevert
Chairman & Chief Executive Officer

Date: April 30, 2012

CERTIFICATION

I, Gregory J. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Technologies 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.

/ s / G REGORY J. H AYES

Gregory J. Hayes

Senior Vice President and Chief Financial Officer

Date: April 30, 2012

CERTIFICATION

I, Peter F. Longo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Technologies 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.

/s/ PETER F. LONGO

Peter F. Longo
Vice President, Controller

Date: April 30, 2012

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 United Technologies Corporation, a Delaware corporation (the “Corporation”), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (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: April 30, 2012

/s/ L OUIS R. C HÊNEVERT

Louis R. Chênevert

Chairman & Chief Executive Officer

Date: April 30, 2012

/s/ G REGORY J. H AYES

Gregory J. Hayes

Senior Vice President and Chief Financial Officer

Date: April 30, 2012

/s/ P ETER F. L ONGO

Peter F. Longo

Vice President and Controller