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

FORM 8-K

TO CURRENT REPORT
Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 21, 2011

UNITED TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**1-812**	**06-0570975**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

One Financial Plaza
Hartford, Connecticut 06103
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code
(860) 728-7000

N/A
(Former name or former address, if changed since last report)

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On September 21, 2011, United Technologies Corporation ("UTC ") entered into an Agreement and Plan of Merger (the "Merger Agreement") among UTC, Charlotte Lucas Corporation, a wholly owned subsidiary of UTC ("Merger Sub"), and Goodrich Corporation ("Goodrich"), pursuant to which, among other things and subject to the satisfaction or waiver of specified conditions, Merger Sub will merge with and into Goodrich (the "Merger"). As a result of the Merger, Merger Sub will cease to exist, and Goodrich will survive as a wholly owned subsidiary of UTC.

At the effective time of the Merger (the "Effective Time"), each share of Goodrich common stock issued and outstanding immediately prior to the Effective Time (other than shares held by Goodrich, UTC, Merger Sub or any of their respective wholly owned subsidiaries) will be converted into the right to receive $127.50 in cash, without interest (the "Per Share Merger Consideration").

Pursuant to the Merger Agreement, each option to purchase Goodrich common stock outstanding as of the Effective Time, whether vested or unvested, will be converted into the right to receive a cash payment equal to the product of (1) the total number of shares of Goodrich common stock subject to such option and (2) the amount by which the Per Share Merger Consideration exceeds the exercise price per share, less any applicable taxes. As of the Effective Time, all other Goodrich equity and equity-based awards, subject to time-based or performance-based vesting conditions, will vest and be converted into the right to receive the Per Share Merger Consideration provided for under their terms in effect immediately prior to the Effective Time.

The purchase price is expected to be financed with a combination of new debt, equity or equity-linked securities and cash on UTC's balance sheet. UTC executed a commitment letter, dated September 21, 2011, with JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, Bank of America, N.A., HSBC Bank USA, National Association, HSBC Bank plc, Merrill Lynch, Pierce, Fenner & Smith Incorporated and HSBC Securities (USA) Inc., that provides a 12-month commitment, subject to a 6-month extension for regulatory reasons, for a $15 billion 364-day unsecured bridge loan facility. UTC is expected to be assuming $1.9 billion of Goodrich's outstanding debt.

The completion of the Merger is subject to customary conditions, including, without limitation, (1) the approval of the Merger by Goodrich's stockholders; (2) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (3) the receipt of other required antitrust approvals, (4) the absence of any order, law or other legal restraint or prohibition preventing or prohibiting completion of the Merger, (5) the absence of certain governmental actions and (6) the absence of a material adverse effect on Goodrich.

The Merger Agreement includes detailed representations, warranties and covenants of Goodrich, UTC and Merger Sub. Between the date of execution of the Merger Agreement and the Effective Time, Goodrich has agreed to operate its business and the business of its subsidiaries in the ordinary course of business consistent with past practices, to use its reasonable best efforts to preserve intact its business organizations and business relationships and to comply with certain other operating covenants.

In addition, Goodrich has agreed not to, and not to permit its subsidiaries or any of their respective representatives to, solicit, initiate or knowingly facilitate or encourage any third-party acquisition proposals, and has agreed to restrictions on its, its subsidiaries' and their respective representatives' ability to respond to any such proposals. Subject to certain exceptions, each of Goodrich, UTC and Merger Sub has agreed to use reasonable best efforts to cause the Merger to be consummated. The Merger Agreement includes termination provisions for both UTC and Goodrich and provides that, in connection with a termination of the Merger Agreement under specified circumstances, Goodrich will be required to pay UTC a termination fee of $500 million.

A copy of the Merger Agreement is attached as Exhibit 2.1 to this report and is incorporated herein by reference. The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement.

The representations, warranties and covenants set forth in the Merger Agreement have been made only for the purposes of that agreement and solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts, as well as by information contained in each party's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. In addition, such representations and warranties (1) will not survive consummation of the Merger and cannot be the basis for any claims under the Merger Agreement by the other party after termination of the Merger Agreement except as a result of a willful and material breach and (2) were made only as of the dates specified in the Merger Agreement. Accordingly, the Merger Agreement is included with this filing only to provide investors with information regarding the terms of the Merger Agreement and not to provide investors with any other factual information regarding the parties or their respective businesses.

Item 8.01. Other Events.

On September 21, 2011, UTC and Goodrich issued a joint press release announcing the execution of the Merger Agreement. A copy of the joint press release is attached as Exhibit 99.1 and is incorporated herein by reference.

In addition, on September 22, 2011, UTC provided supplemental information regarding the transactions contemplated by the Merger Agreement in connection with a presentation and a webcast with analysts and investors. Copies of the presentation and the transcript of the webcast are attached as Exhibit 99.2 and Exhibit 99.3 hereto, respectively, and are incorporated by reference herein.

Forward Looking Statements

This Form 8-K contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause actual results to differ materially from those anticipated or implied in forward looking statements are described in UTC's Form 10-K and 10-Q Reports under the headings "Business", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Cautionary Note Concerning Factors that May Affect Future Results", as well as the information included in UTC's Current Reports on Form 8-K. Additional important factors that could cause actual results to differ materially from those indicated by forward-looking statements include risks and uncertainties relating to: the Merger not being timely completed, if completed at all; prior to the completion of the Merger, UTC's and/or Goodrich's respective businesses experiencing disruptions due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with employees, business partners or governmental entities; and the parties being unable to successfully implement integration strategies. While UTC and/or Goodrich may elect to update forward-looking statements at some point in the future, UTC and Goodrich specifically disclaim any obligation to do so, even if estimates change and, therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today.

Additional Information and Where to Find It

In connection with the proposed transaction, Goodrich intends to file a definitive proxy statement and other relevant materials with the Securities and Exchange Commission ("SEC"). Before making any voting decision with respect to the proposed transaction, stockholders of Goodrich are urged to read the proxy statement and other relevant materials because these materials will contain important information about the proposed transaction. The proxy statement and other relevant materials, and any other documents filed by Goodrich with the SEC, may be obtained free of charge at the SEC's website at www.sec.gov or by directing a request to Goodrich Corporation, Four Coliseum Centre, 2730 West Tyvola Road, Charlotte, North Carolina 28217, c/o Secretary.

Participants in the Solicitation

Goodrich and UTC and each of their executive officers and directors may be deemed to be participants in the solicitation of proxies from Goodrich's stockholders in favor of the proposed transaction. Information about the directors and executive officers of UTC is set forth in its proxy statement for its 2011 Annual Meeting of Shareholders, which was filed with the SEC on February 25, 2011. Information about the directors and executive officers of Goodrich is set forth in its proxy statement for its 2011 Annual Meeting of Shareholders, which was filed with the SEC on March 10, 2011. Investors may obtain additional information regarding the interest of such participants by reading the proxy statement regarding the transaction when it becomes available.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

2.1	Agreement and Plan of Merger, among United Technologies Corporation, Charlotte Lucas Corporation, and Goodrich Corporation, dated as of September 21, 2011.
99.1	Joint Press Release, dated September 21, 2011, issued by United Technologies Corporation and Goodrich Corporation.
99.2	Investor Presentation, dated September 22, 2011.
99.3	Transcript, dated September 22, 2011.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on this 22nd day of September, 2011.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Kathleen M. Hopko

Name: Kathleen M. Hopko

Title: Vice President, Secretary and Associate General Counsel

EXHIBIT INDEX

Exhibit Number	Description
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Exhibit 2.1

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

UNITED TECHNOLOGIES CORPORATION,

CHARLOTTE LUCAS CORPORATION

and

GOODRICH CORPORATION

dated as of

September 21, 2011

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INDEX OF DEFINED TERMS

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "***Agreement***"), dated as of September 21, 2011, by and among United Technologies Corporation, a Delaware corporation ("***Parent***"), Charlotte Lucas Corporation, a New York corporation and a wholly owned subsidiary of Parent ("***Merger Sub***"), and Goodrich Corporation, a New York corporation (the "***Company***").

RECITALS

WHEREAS, the respective Boards of Directors of Parent, Merger Sub and the Company each have approved, and in the case of the Company and Merger Sub deem it advisable and in the best interests of their respective shareholders to consummate, the acquisition of the Company by Parent by means of a merger of Merger Sub with and into the Company upon the terms and subject to the conditions set forth in this Agreement, whereby each issued and outstanding share of the Company Common Stock (such issued and outstanding shares of the Company Common Stock, collectively, the "***Shares***"), other than Shares owned by Parent, Merger Sub, or any wholly owned Subsidiary of Parent (other than Merger Sub) or any wholly owned Subsidiary of the Company, and any shares of Company Common Stock held in the treasury of the Company, will be converted into the right to receive the Merger Consideration.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, upon the terms and subject to the conditions of this Agreement, the parties to this Agreement agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger. Upon the terms and subject to the conditions of this Agreement and in accordance with the Business Corporation Law of the State of New York (the "***NYBCL***"), at the Effective Time, Merger Sub will be merged with and into the Company (the "***Merger***"), the separate corporate existence of Merger Sub will cease, and the Company will continue as the surviving corporation. The Company as the surviving corporation after the Merger is referred to in this Agreement as the "***Surviving Corporation***."

Section 1.2 Closing. The closing of the Merger (the "***Closing***") shall take place at 10:00 a.m. on the third Business Day after the satisfaction or waiver of all of the conditions (other than any condition that by its nature cannot be satisfied until the Closing, but subject to satisfaction or waiver of any such condition) set forth in **Article VII**, at the offices of Jones Day, North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114, unless another date or place is agreed to in writing by the parties to this Agreement (the date of the Closing being the "***Closing Date***").

Section 1.3 Effective Time. The parties to this Agreement shall cause the Merger to be consummated by filing a certificate of merger (the "***Certificate of Merger***") on the Closing Date (or on such other date as Parent and the Company may agree in writing) with the Department of State of the State of New York, in such form as required by, and executed in accordance with, the relevant provisions of the NYBCL (the date and time of the filing of the Certificate of Merger with the Department of State of the State of New York, or such later time as is specified in the Certificate of Merger and as is agreed to by Parent and the Company in writing, being the "***Effective Time***").

Section 1.4 Effect of the Merger. The Merger shall have the effects set forth in the Section 906 of the NYBCL. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all the property, rights, privileges, immunities, powers, franchises and authority of the Company and Merger Sub shall vest in the Surviving Corporation and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

Section 1.5 Restated Certificate of Incorporation and By-Laws of the Surviving Corporation. At the Effective Time, the Restated Certificate of Incorporation and By-Laws of the Company, as in effect immediately prior to the Effective Time, shall be amended and restated as of the Effective Time to be in the form of (except with respect to the name of the Company) the certificate of incorporation and by-laws of Merger Sub, and as so amended shall be the certificate of incorporation and by-laws of the Surviving Corporation until thereafter amended as provided therein or by applicable Law (and, in each case, subject to **Section 6.7** hereof).

Section 1.6 Directors and Officers of the Surviving Corporation. The directors of Merger Sub immediately before the Effective Time will be the initial directors of the Surviving Corporation and the officers of the Company immediately before the Effective Time will be the initial officers of the Surviving Corporation, in each case until their successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and the by-laws of the Surviving Corporation.

Section 1.7 Subsequent Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation, its right, title or interest in, to or under any of the rights, properties or assets of either of the Company or Merger Sub vested in or to be vested in the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of either the Company or Merger Sub, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each such corporation or otherwise, all such other actions and things as may be necessary or desirable to

vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.

ARTICLE II

EFFECT OF THE MERGER ON CAPITAL STOCK

Section 2.1 Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or the holders of Shares or securities of Parent or Merger Sub:

(a) Each Share issued and outstanding immediately prior to the Effective Time (other than any Shares to be cancelled pursuant to **Section 2.1(b)(i)** and other than any Shares to be converted into shares of the Surviving Corporation pursuant to **Section 2.1(b)(ii)**) will be cancelled and extinguished and be converted into the right to receive $127.50 in cash, without interest, payable to the holder of each Share (the "***Merger Consideration***") upon surrender of either certificates formerly representing such Shares ("***Certificates***") or any book-entry Shares ("***Book-Entry Shares***") in the manner provided in **Section 2.2**. All such Shares, when so converted, will no longer be outstanding and will be automatically cancelled, retired and cease to exist. Each holder of Certificates or Book-Entry Shares will cease to have any rights with respect to such Shares, except the right to receive the Merger Consideration for such Shares upon the surrender of such Certificate or Book-Entry Share in accordance with **Section 2.2**, without interest.

(b)(i) Each share held in the treasury of the Company and each Share owned directly by Parent or Merger Sub immediately before the Effective Time will be cancelled and extinguished, and no payment or other consideration will be made with respect to such shares.

(ii) Each Share held by any direct or indirect wholly owned Subsidiary of the Company, any direct or indirect wholly owned Subsidiary of Parent (other than Merger Sub) or any direct or indirect wholly owned Subsidiary of Merger Sub immediately prior to the Effective Time shall be converted into such number of shares of common stock, par value $5.00 per share, of the Surviving Corporation such that the ownership percentage of any such Subsidiary in the Surviving Corporation immediately following the Effective Time shall equal the ownership percentage of such Subsidiary in the Company immediately prior to the Effective Time.

(c) Each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately before the Effective Time will thereafter represent one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation.

Section 2.2 Payment; Surrender of Shares; Stock Transfer Books.

(a) Prior to the Effective Time, Parent will designate a national bank or trust company, that is reasonably satisfactory to the Company, to act as agent for the holders of Shares in connection with the Merger (the "***Paying Agent***") to receive the funds necessary to make the payments contemplated by **Section 2.1(a)**. Promptly after the Effective Time and in any event not later than two Business Days following the Effective Time, Parent or Merger Sub shall deposit, or cause to be deposited, in trust with the Paying Agent in a separate account for the benefit of holders of Shares (the "***Payment Fund***") the aggregate Merger Consideration to which such holders shall be entitled at the Effective Time pursuant to **Section 2.1(a)**. If for any reason the cash in the Payment Fund shall be insufficient to fully satisfy all of the payment obligations to be made in cash by the Paying Agent hereunder, Parent shall promptly deposit cash into the Payment Fund in an amount which is equal to the deficiency in the amount of cash required to fully satisfy such cash payment obligations.

(b)(i) As soon as reasonably practicable after the Effective Time, and in any event within five Business Days thereafter, Parent shall cause the Paying Agent to mail to each holder of record of a Certificate or Book-Entry Share whose Shares were converted into the right to receive the Merger Consideration (A) a letter of transmittal (which will specify that delivery will be effected, and risk of loss and title to the Certificates will pass, only upon proper delivery of the Certificates to the Paying Agent or, in the case of Book-Entry Shares, upon adherence to the procedures set forth in the letter of transmittal, and such letter of transmittal will be in customary form) and (B) instructions for use in effecting the surrender of the Certificates or, in the case of Book-Entry Shares, the surrender of such Book-Entry Shares in exchange for the Merger Consideration. Each holder of Certificates or Book-Entry Shares may thereafter until the first anniversary of the Effective Time surrender such Certificates or Book-Entry Shares to the Paying Agent under cover of the letter of transmittal, as agent for such holder. Upon delivery of a duly completed and validly executed letter of transmittal and the surrender of Certificates or Book-Entry Shares on or before the first anniversary of the Effective Time, Merger Sub shall cause the Paying Agent to pay the holder of such Certificates or Book-Entry Shares, in exchange for the Certificates or Book-Entry Shares, cash in an amount equal to the Merger Consideration multiplied by the number of Shares represented by such Certificates or Book-Entry Shares. Until so surrendered, Certificates or Book-Entry Shares (other than Shares held by Parent, Merger Sub, or any direct or indirect wholly owned Subsidiary of Parent (other than Merger Sub), direct or indirect wholly owned Subsidiary of the Company or direct or indirect wholly owned Subsidiary of Merger Sub, and Shares held in the treasury of the Company) will represent solely the right to receive the aggregate Merger Consideration relating to the Shares represented by such Certificates or Book-Entry Shares.

(ii) If payment of all or any portion of the Merger Consideration in respect of cancelled Shares is to be made to a Person other than the Person in whose name surrendered Certificates are registered, it will be a condition to such payment that the Certificates so surrendered will be properly endorsed or otherwise be in proper form for transfer and that the Person requesting such payment shall have paid any transfer and other Taxes required by reason of such payment in a name other than that of the registered holder of the Certificates surrendered or shall have established to the satisfaction of the Paying Agent that such Tax is not applicable. The Merger Consideration paid upon the surrender for exchange of Certificates in accordance with the terms of this **Article II** will be deemed to have been paid in full satisfaction of all rights pertaining to the Shares theretofore represented by such Certificates, subject, however, to

the Surviving Corporation's obligation to pay any dividends or make any other distributions, in each case with a record date prior to the Effective Time, that have been declared or made by the Company on such Shares in accordance with the terms of this Agreement, but that have not been paid on such Shares.

(c) At the Effective Time, the stock transfer books of the Company will be closed and there will not be any further registration of transfers of any shares of the Company's capital stock thereafter on the records of the Company. From and after the Effective Time, the holders of Certificates and Book-Entry Shares will cease to have any rights with respect to any Shares, except as otherwise provided for in this Agreement or by applicable Law. If, after the Effective Time, Certificates or Book-Entry Shares (other than Certificates or Book-Entry Shares representing Shares held by Parent, Merger Sub, or any direct or indirect wholly owned Subsidiary of Parent (other than Merger Sub), direct or indirect wholly owned Subsidiary of the Company or direct or indirect wholly owned Subsidiary of Merger Sub, and Shares held in the treasury of the Company) are presented to the Surviving Corporation, they will be cancelled and exchanged for Merger Consideration as provided in this **Article II**. No interest will accrue or be paid on any cash payable upon the surrender of Certificates or Book-Entry Shares which immediately before the Effective Time represented the Shares.

(d) Promptly following the date which is one year after the Effective Time, the Surviving Corporation will be entitled to require the Paying Agent to deliver to it any cash, including any interest received with respect to such cash, and any Certificates or other documents, in its possession relating to the transactions contemplated by this Agreement (the "***Transactions***"), which had been made available to the Paying Agent and which have not been disbursed to holders of Certificates or Book-Entry Shares or previously delivered to the Surviving Corporation, and thereafter such holders will be entitled to look to the Surviving Corporation (subject to abandoned property, escheat or similar Laws) only as general creditors of the Surviving Corporation with respect to the Merger Consideration payable upon due surrender of their Certificates or Book-Entry Shares, without any interest on such Merger Consideration. Notwithstanding the foregoing, none of Parent, the Surviving Corporation, any other Subsidiary of Parent or the Paying Agent will be liable to any holder of Certificates or Book-Entry Shares for Merger Consideration delivered to a Governmental Entity pursuant to any applicable abandoned property, escheat or similar Law.

(e) Notwithstanding any provision in this Agreement to the contrary, Parent, the Surviving Corporation and the Paying Agent shall be entitled to deduct and withhold from amounts payable under this Agreement, such amounts as are required to be withheld or deducted under the Code, the rules and regulations promulgated thereunder, or any provision of state, local or foreign Tax Law with respect to the making of such payment. To the extent that amounts are so withheld or deducted and paid over to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding were made.

(f) If any Certificate has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent or the Surviving Corporation, the posting by such Person of a bond in such reasonable amount as Parent or the Surviving Corporation, as the case may be, may direct as indemnity against any Action that may be made against it with respect to such Certificate, the

Paying Agent shall issue, in exchange for such lost, stolen or destroyed Certificate, the Merger Consideration to be paid in respect of the Shares represented by such Certificates as contemplated by this **Article II**.

Section 2.3 Treatment of Company Stock Plans.

(a) Each option to purchase shares of Company Common Stock granted under the Company Stock Plans (an "***Option***") that is outstanding and unexercised as of the Effective Time (whether vested or unvested) shall be adjusted and converted into the right of the holder to receive from the Surviving Corporation an amount in cash equal to the product of (i) the total number of shares of Company Common Stock previously subject to such Option and (ii) the excess, if any, of the Merger Consideration over the exercise price per share of Company Common Stock set forth in such Option, less any required withholding Taxes (the "***Option Cash Payment***"), and as of the Effective Time each holder of an Option shall cease to have any rights with respect thereto, except the right to receive the Option Cash Payment. The Option Cash Payment shall be made promptly (and in any event within 15 Business Days) following the Effective Time.

(b) Each award of a right under any Company Stock Plan (other than awards of Options, the treatment of which is specified in **Section 2.3(a)**) entitling the holder thereof to shares of Company Common Stock or cash equal to or based on the value of Shares (a "***Share Unit***") that is outstanding or payable as of the Effective Time shall be adjusted and converted into the right of the holder to receive from the Surviving Corporation an amount in cash equal to the product of (i) (A) in the case of Share Units subject to performance-based vesting conditions, the number of Share Units determined under the applicable award agreement, and (B) in the case of Share Units subject to time-based vesting conditions, the total number of shares of Company Common Stock underlying such Share Units, and (ii) the Merger Consideration, less any required withholding Taxes (the "***Share Unit Payment***"). As of the Effective Time each holder of a Share Unit shall cease to have any rights with respect thereto, except the right to receive the Share Unit Payment. The Share Unit Payment shall be made promptly (and in any case within 15 Business Days) following the Effective Time; provided, however, in the event that such payment would cause any additional Taxes to be payable pursuant to Section 409A of the Code with respect to a Share Unit, the payment shall instead be made at the time specified in the applicable Company Stock Plan and related award document.

(c) All account balances (whether or not vested) under any Company Plan (other than a Company Stock Plan) that provides for the deferral of compensation and represents amounts notionally invested in a number of shares of Company Common Stock or otherwise provides for distributions or benefits that are calculated based on the value of a Share (collectively, the "***Deferred Compensation Plans***"), shall be adjusted and converted into a right of the holder to receive an amount in cash equal to the product of (i) the number of shares of Company Common Stock previously deemed invested under or otherwise referenced by such account and (ii) the Merger Consideration, less any required withholding Taxes (the "***Deferred Payment***"), and shall

cease to represent a right to receive a number of shares of Company Common Stock or cash equal to or based on the value of a number of Shares. The Deferred Payment shall be made promptly (and in any event within 15 Business Days) following the Effective Time; provided, however, in the event that such payment would cause additional Taxes to be payable pursuant to Section 409A of the Code with respect to a Deferred Payment, the Deferred Payment shall instead be made at the time specified in the applicable Deferred Compensation Plan and related plan documents.

(d) With respect to the Company's 2008 Global Employee Stock Purchase Plan (the "***ESPP***"), (i) no new offering period shall commence after the date of this Agreement and, to the extent not already provided for under the terms of the ESPP as of the date of this Agreement, no employees shall be permitted to begin participating in the ESPP, and no participants shall be permitted to increase elective deferrals in respect of the current offering period under the ESPP, in each case after the date of this Agreement; (ii) any offering period under the ESPP that is in effect immediately prior to the date of this Agreement shall terminate at the closing of the offering period between the date of this Agreement and the Effective Time, and amounts credited to the accounts of participants shall be used to purchase Shares in accordance with the terms of the ESPP; and (iii) such Shares shall be treated as other outstanding Shares in accordance with **Section 2.1**. For the avoidance of doubt, each fractional Share held by any participant under the ESPP will be cancelled and extinguished at the Effective Time, and be converted into the right to receive a commensurate fractional portion of the Merger Consideration in cash, without interest, payable to the holder of each such fractional Share.

(e) Prior to the Effective Time, the Company shall take all such lawful action as may be necessary (which include satisfying the requirements of Rule 16b-3(e) promulgated under the Exchange Act), without incurring any liability in connection therewith, to provide for and give effect to the transactions contemplated by this **Section 2.3**.

Section 2.4 No Appraisal Rights. In accordance with Section 910 of the NYBCL, no appraisal rights shall be available to holders of Shares in connection with the Merger.

Section 2.5 Adjustments. If at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock, or securities convertible or exchangeable into or exercisable for shares of capital stock, of the Company shall occur as a result of any merger, business combination, reclassification, recapitalization, stock split (including a reverse stock split) or subdivision or combination, exchange or readjustment of shares, or any stock dividend or stock distribution with a record date during such period, the Merger Consideration shall be appropriately adjusted to provide Parent and the holders of Shares the same economic benefit as contemplated by this Agreement prior to such event; provided that nothing in this **Section 2.5** shall be construed to permit the Company to take any action with respect to its securities that is prohibited by the terms of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the letter from the Company, dated the date hereof, addressed to Parent and Merger Sub (the "***Company Disclosure Letter***") or in the Company SEC Documents filed and publicly available after January 1, 2011 and prior to the date of this Agreement (excluding any forward-looking statements, risk factors and other similar statements in such Company SEC Documents that are cautionary, nonspecific or predictive in nature), the Company represents and warrants to Parent and Merger Sub as follows:

Section 3.1 Organization.

(a) Each of the Company and its Subsidiaries is a corporation, partnership or other entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization and has all requisite corporate or other organizational power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except, with respect to the Company's Subsidiaries that are not Significant Subsidiaries (as such term is defined in Rule 12b-2 under the Exchange Act), where the failure to be so organized, existing and in good standing or to have such power and authority has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The Company and each of its Subsidiaries is duly qualified or licensed, and has all necessary governmental approvals, to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such approvals, qualification or licensing necessary, except where the failure to be so duly approved, qualified or licensed and in good standing has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.2 Authorization; Validity of Agreement; Company Action.

(a) The Company has full corporate power and authority to execute and deliver this Agreement and to consummate the Transactions. The execution, delivery and performance by the Company of this Agreement, and the consummation by it of the Transactions, have been duly and validly authorized by the Board of Directors of the Company (the "***Company Board***"), and no other corporate action on the part of the Company is necessary to authorize the execution and delivery by the Company of this Agreement and the consummation by it of the Transactions, except that the consummation of the Merger requires the Shareholder Approval. This Agreement has been duly executed and delivered by the Company and, assuming due and valid authorization, execution and delivery of this Agreement by Parent and Merger Sub, is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except that such enforcement may

be subject to applicable bankruptcy, reorganization, insolvency, moratorium or other similar Laws affecting creditors' rights generally and general principles of equitable relief.

(b) Assuming the accuracy of the representation and warranty in **Section 4.4**, the affirmative vote of the holders of two-thirds of the outstanding Shares to adopt this Agreement (the "***Shareholder Approval***") is the only vote or consent of the holders of any class or series of the Company's capital stock, or any of them, that is necessary in connection with the consummation of the Merger.

(c) At a meeting duly called and held, the Company Board unanimously (i) determined that this Agreement and the Transactions are fair to and in the best interests of the Company's shareholders and declared this Agreement advisable, (ii) approved and adopted this Agreement and the Transactions, (iii) directed that the adoption of this Agreement be submitted to a vote at a meeting of the Company's shareholders and (iv) resolved (subject to **Section 5.2(d)** and **Section 5.2(e)**) to recommend to the Company's shareholders that they adopt this Agreement (such recommendation, the "***Company Recommendation***").

Section 3.3 Consents and Approvals; No Violations.

(a) Except for (i) the filing with the SEC of the preliminary proxy statement and the Proxy Statement, (ii) the filing of the Certificate of Merger with the Department of State of the State of New York pursuant to the NYBCL, (iii) the Shareholder Approval and (iv) filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, (A) the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), (B) the Securities Act of 1933, as amended (the "***Securities Act***"), (C) the rules and regulations of the New York Stock Exchange and (D) the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "***HSR Act***"), and any other Antitrust Laws, no consents or approvals of, or filings, declarations or registrations with, any federal, state, local, domestic, foreign or supranational court, administrative or regulatory agency or commission or other federal, state, local, domestic, foreign or supranational governmental authority or instrumentality (each a "***Governmental Entity***"), are necessary for the consummation by the Company of the Transactions, other than such other consents, approvals, filings, declarations or registrations that, if not obtained, made or given, would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Except as set forth in **Section 3.3(b)** of the Company Disclosure Letter, the execution and delivery of this Agreement by the Company and the consummation by the Company of the Transactions, and compliance by the Company with any of the terms or provisions hereof, do not and will not (i) contravene or conflict with or violate any provision of the Company's Restated Certificate of Incorporation or its By-Laws or any of the similar organizational documents of any of its Subsidiaries, (ii) assuming that the consents, approvals, filings, declarations and registrations referred to in **Section 3.3(a)** are duly obtained or made, contravene, conflict with or violate any Order or Law binding upon or applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, or (iii) violate, conflict with, result in the loss of any material benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the

termination of or a right to termination or cancellation under, accelerate the performance required by, or result in the creation of any Encumbrance upon any of the respective properties or assets of the Company or any of its Subsidiaries under, any of the terms, conditions or provisions of any Contract binding upon the Company or any of its Subsidiaries, or by which they or any of their respective properties or assets may be bound or affected, or any license, franchise, permit or other similar authorization held by the Company or any of its Subsidiaries, except, in the case of clauses (ii) and (iii) above, for such violations, conflicts, breaches, defaults, losses, terminations of rights thereof, accelerations or Encumbrance creations which, individually or in the aggregate, would not have or reasonably be expected to have a Material Adverse Effect.

Section 3.4 Capitalization.

(a) The authorized capital stock of the Company consists of 10,000,000 shares of Series Preferred Stock, par value $1.00 per share (the "***Company Series Preferred Stock***"), and 200,000,000 shares of Common Stock, par value $5.00 per share (the "***Company Common Stock***"). As of September 19, 2011, (i) no shares of Company Series Preferred Stock are issued and outstanding, (ii) 125,161,338 shares of Company Common Stock are issued and outstanding, (iii) 24,421,920 shares of Company Common Stock are held in the treasury of the Company, (iv) 9,012,104 shares of Company Common Stock are reserved for issuance under the Company Stock Plans in respect of outstanding and future awards, (v) 3,338,074 shares of Company Common Stock are issuable upon the exercise of outstanding Options at a weighted average exercise price of $60.20, (vi) 1,747,388 shares of Company Common Stock are issuable upon the vesting of outstanding restricted stock units and (vii) no shares of Company Common Stock are issuable upon the vesting of outstanding performance units, assuming achievement of performance goals of the maximum level of performance at the end of the applicable performance period. As of September 19, 2011, 840,340 performance vesting Share Unit awards representing a right to receive a cash payment based on the value of Company Common Stock are outstanding and unsettled, assuming achievement of the maximum level of performance at the end of the applicable performance period. All the outstanding shares of Company Common Stock are, and all shares of Company Common Stock which may be issued pursuant to the exercise of outstanding Options or lapse of restrictions with respect to Share Units will be, when issued in accordance with the terms of the Options or the Share Units, duly authorized, validly issued, fully paid and non-assessable. Except as set forth in this **Section 3.4(a)**, and for issuances of Company Common Stock resulting from the exercise of Options outstanding as of September 19, 2011, there are no (A) shares of capital stock or other equity interests or voting securities of the Company authorized, issued or outstanding, (B) existing options, warrants, calls, preemptive rights, subscription or other rights, instruments, agreements, arrangements or commitments of any character, obligating the Company or any of its Subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or other equity interest or voting security in the Company or any of its Subsidiaries or any securities or instruments convertible into or exchangeable for such shares of capital stock or other equity interests or voting securities, or obligating the Company or any of its Subsidiaries to grant, extend or enter into any such option, warrant, call, preemptive right, subscription or other right, instrument, agreement, arrangement or commitment, (C) outstanding contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Shares, or the capital stock or other equity interest or voting securities of the Company or of any of its Subsidiaries or

(D) issued or outstanding performance awards, units, rights to receive shares of Company Common Stock or the capital stock or other equity interest or voting securities of the Company or of any of its Subsidiaries on a deferred basis, or rights to purchase or receive Company Common Stock or such other capital stock or equity interest or voting securities issued or granted by the Company to any current or former director, officer, employee or consultant of the Company (the items referred to in clauses (A) through (D) of or with respect to any Person, collectively, "***Rights***"). Except as set forth in **Section 3.4(a)** of the Company Disclosure Letter, no Subsidiary of the Company owns any shares of capital stock of the Company.

(b) All of the outstanding shares of capital stock and other Rights of each of the Company's Subsidiaries are owned beneficially or of record by the Company, directly or indirectly, and all such shares and Rights have been validly issued and are fully paid and nonassessable and are owned by either the Company or one of its Subsidiaries free and clear of any Encumbrances. **Section 3.4(b)** of the Company Disclosure Letter lists each Subsidiary of the Company and its jurisdiction of organization. Neither the Company nor any of its Subsidiaries owns beneficially or of record any shares of capital stock or other Rights in any other Person that is not a Subsidiary of the Company.

(c) There are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of the capital stock and other Rights of the Company or any of its Subsidiaries.

(d) There have been no re-pricings of any Options through amendments, cancellation and reissuance or other means during the current or prior two calendar years. None of the Options or Share Units (i) have been granted since September 19, 2011, except as would be permitted by **Section 5.1** if granted during the period from the date of this Agreement through the Effective Time, or (ii) have been granted in contemplation of the Merger or the transactions contemplated in this Agreement. None of the Options was granted with an exercise price below the average of high and low price of Company Common Stock on the New York Stock Exchange on the date of grant. All grants of Options and Share Units were validly made and properly approved by the Company Board (or a duly authorized committee or subcommittee thereof) in compliance with all applicable Laws and recorded on the consolidated financial statements of the Company in accordance with United States generally accepted accounting principles ("***GAAP***"), and no such grants of Options involved any "back dating," "forward dating" or similar practices.

Section 3.5 SEC Reports and Financial Statements.

(a) The Company has filed with or furnished to the SEC (i) its annual reports on Form 10-K for its fiscal years ended December 31, 2008, 2009 and 2010, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended after December 31, 2010, (iii) its proxy or information statements relating to meetings of, or actions taken without a meeting by, the stockholders of the Company held since December 31, 2010, and (iv) all other forms, reports, schedules, statements and other documents required to be filed or furnished by it since January 1, 2011, under the Exchange Act or the Securities Act (clauses (i) through and including (iv), collectively, the "***Company SEC Documents***"). As of its

respective date, and, if amended, as of the date of the last such amendment, each Company SEC Document, including any financial statements or schedules included therein, (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated in such Company SEC Document or necessary in order to make the statements in such Company SEC Document, in light of the circumstances under which they were made, not misleading and (ii) complied in all material respects with the applicable requirements of the Exchange Act, the Securities Act and the Sarbanes-Oxley Act of 2002 ("***SOX***"), as the case may be, and the applicable rules and regulations of the SEC under the Exchange Act, the Securities Act and SOX, as the case may be. Each registration statement, as amended or supplemented, if applicable, filed by the Company pursuant to the Securities Act since December 31, 2008, as of the date such statement or amendment became effective, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. None of the Company's Subsidiaries is, or at any time since January 1, 2011 has been, required to file any forms, reports or other documents with the SEC. Each of the consolidated financial statements included in the Company SEC Documents (including the related notes and schedules) (the "***Company Financial Statements***") (w) has been prepared from, and is in accordance with, the books and records of the Company and its consolidated Subsidiaries, (x) complies in all material respects with the applicable accounting requirements and with the rules and regulations of the SEC, the Exchange Act and the Securities Act, (y) has been prepared in accordance with GAAP, in all material respects, applied on a consistent basis during the periods involved (except as may be indicated in the Company Financial Statements or in the notes to the Company Financial Statements and subject, in the case of unaudited statements, to normal year-end audit adjustments and the absence of footnote disclosure), and (z) fairly presents, in all material respects, the consolidated financial position and the consolidated results of operations and cash flows (and changes in financial position, if any) of the Company and its Subsidiaries as of the date and for the periods referred to in the Company Financial Statements.

(b) Neither the Company nor any of the Company's Subsidiaries is a party to, or has any commitment to become a party to, (i) any joint venture, off-balance sheet partnership or any similar Contract (including any Contract relating to any transaction or relationship between or among the Company and any of its Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K of the SEC)), and including similar collaboration, participation or off-set arrangements or obligations, where the result, purpose or effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries in the Company SEC Documents or the Company Financial Statements, or (ii) any Contract relating to any transaction or relationship with, or ownership or other economic interest in, any variable interest entity.

(c) Each of the principal executive officer of the Company and the principal financial officer of the Company (or each former principal executive officer of the Company and each former principal financial officer of the Company, as applicable) has made all certifications required by Rules 13a-14 and 15d-14 under the Exchange Act and Sections 302 and 906 of SOX and the rules and regulations of the SEC promulgated thereunder with respect to the Company SEC Documents, and the statements contained in such certifications were and are true and complete on the date such certifications were made and as of the date of this Agreement,

respectively. For purposes of this Agreement, “principal executive officer” and “principal financial officer” shall have the meanings given to such terms in SOX. Since December 31, 2008, neither the Company nor any of its Subsidiaries has arranged any outstanding “extensions of credit” to directors or executive officers within the meaning of Section 402 of SOX.

(d) There are no outstanding or unresolved comments from any comment letters received by the Company from the SEC relating to reports, statements, schedules, registration statements or other filings filed by the Company with the SEC. To the Knowledge of the Company, none of the Company SEC Documents is the subject of any ongoing review by the SEC.

(e) The Company has designed and maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurances regarding the reliability of financial reporting. The Company (i) has designed and maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) to provide reasonable assurance that all information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and the Exchange Act and the Securities Act, and is accumulated and communicated to the Company’s management as appropriate to allow timely decisions regarding required disclosure, and (ii) has disclosed, based on its most recent evaluation of internal control over financial reporting, to the Company’s outside auditors and the Audit Committee of the Company Board (A) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Company’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 Company’s internal control over financial reporting, all of which information described in clauses (A) and (B) above has been disclosed by the Company to Parent prior to the date hereof. Since December 31, 2008, any material change in internal control over financial reporting required to be disclosed in any Company SEC Document has been so disclosed.

(f) Since December 31, 2008 through the date of this Agreement, to the Knowledge of the Company (i) neither the Company nor any of its Subsidiaries nor any director, officer, employee, auditor, accountant or representative of the Company or any of its Subsidiaries has received or otherwise obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or any of its Subsidiaries or their respective internal accounting controls relating to periods after December 31, 2008, including any material complaint, allegation, assertion or claim that the Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no attorney representing the Company or any of its Subsidiaries, whether or not employed by the Company or any of its Subsidiaries, has reported to the Company Board or any committee thereof or to any director or officer of the Company any evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation, relating to periods after December 31, 2008, by the Company or any of its officers, directors, employees or agents.

Section 3.6 Absence of Certain Changes. From January 1, 2011 through the date of this Agreement, (a) the Company and its Subsidiaries have conducted their respective businesses only in the ordinary course of business consistent with past practice and (b) there has not been (i) any event, circumstance, change, occurrence, state of facts or effect (including the incurrence of any liabilities of any nature, whether or not accrued, contingent or otherwise) that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (ii) to the Knowledge of the Company, any action taken by the Company or any of its Subsidiaries that, if taken during the period from the date of this Agreement through the Effective Time, would constitute a breach of clause (v), (vi), (vii), (viii), (ix) or (xii) of **Section 5.1**.

Section 3.7 No Undisclosed Material Liabilities. There are no liabilities or obligations of the Company or any of its Subsidiaries, whether accrued, absolute, determined or contingent, except for (i) liabilities or obligations disclosed and provided for in the balance sheets included in the Company Financial Statements (or in the notes thereto) filed and publicly available prior to the date of this Agreement, (ii) liabilities or obligations incurred under this Agreement, (iii) liabilities or obligations incurred in the ordinary course of business consistent with past practice since December 31, 2010, and (iv) liabilities or obligations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.8 Compliance with Laws and Orders.

(a) The Company and each of its Subsidiaries is and, since December 31, 2008, has been in compliance with, and, to the Knowledge of the Company, is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any applicable Law or Order, except for failures to comply or violations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Company and its Subsidiaries hold all governmental licenses, authorizations, permits, consents, approvals, variances, exemptions and orders necessary for the operation of the businesses of the Company and its Subsidiaries, taken as a whole (the "***Company Permits***"), except where such failure has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Company and each of its Subsidiaries is in compliance with the terms of the Company Permits, except for failures to comply or violations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Without limiting the other provisions of this **Section 3.8**, to the Knowledge of the Company, the Company and its Subsidiaries are, and since December 31, 2008 have been, in compliance in all material respects with all statutory and regulatory requirements under the Foreign Corrupt Practices Act (15 U.S.C. §§ 78dd-1, et seq.), as amended, the Anti-Kickback Act of 1986, as amended, the Organization for Economic Cooperation and Development Convention Against Bribery of Foreign Officials in International Business Transactions and all legislation implementing such convention and all other international anti-bribery conventions, the Arms Export Control Act (22 U.S.C. §§ 2778), as amended, the International Traffic in Arms Regulations (ITAR) (22 CFR 120-130), as amended,

the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420), the Export Administration Regulations (EAR) (15 CFR 730-774), as amended, the Foreign Assets Control Regulations (31 CFR Parts 500-598), as amended, the Laws and Orders administered by Customs and Border Protection (19 CFR Parts 1-199), and all other anti-corruption, bribery, export, import, re-export, anti-boycott, embargo and similar Laws and Orders (including any applicable written standards, requirements, directives or policies of any Governmental Entity) (the "***Anti-Bribery and Export/Import Laws***") in jurisdictions in which the Company and its Subsidiaries have operated or currently operate. Since December 31, 2008, to the Knowledge of the Company, neither the Company nor any of its Subsidiaries has received any communication from any Governmental Entity or from any third Person that alleges that the Company, any of its Subsidiaries or any employee or agent thereof is in violation of any Anti-Bribery and Export/Import Laws.

(c) Since December 31, 2008, neither the Company nor any of its Subsidiaries has made any disclosure (voluntary or otherwise) to any Governmental Entity with respect to any alleged irregularity, misstatement or omission or other potential violation or liability arising under or relating to any Anti-Bribery and Export/Import Law.

Section 3.9 Material Contracts.

(a) Except as set forth in **Section 3.9(a)** of the Company Disclosure Letter, as of the date of this Agreement, neither of the Company nor any of its Subsidiaries is a party to or bound by (and none of their respective assets are bound by) any: (i) Contract (other than this Agreement) that would be required to be filed by the Company as a material contract pursuant to Item 601(b)(10) of Regulation S-K of the SEC; (ii) indenture, credit agreement, loan agreement, security agreement, guarantee, note, mortgage or other evidence of indebtedness for borrowed money or Contract providing for or guaranteeing indebtedness for borrowed money in excess of $15,000,000; (iii) Contract (other than this Agreement) for the sale of any of its assets after the date hereof (other than sales of inventory in the ordinary course of business); (iv) Contract that contains a put, call, right of first refusal, right of first negotiation, right of first offer, redemption, repurchase or similar right pursuant to which the Company or any of its Subsidiaries would be required to purchase or sell, as applicable, any equity interests, businesses, lines of business, divisions, joint ventures, partnerships or other assets of any Person; (v) settlement agreement or similar Contract with a Governmental Entity or Order to which the Company or any of its Subsidiaries is a party involving future performance by the Company or any of its Subsidiaries in any such case, which is material to the Company or material to the Company's Subsidiaries, taken as a whole; (vi) Contract providing for indemnification (including any obligations to advance funds for expenses) of the current or former directors or officers of the Company or any of its Subsidiaries; (vii) to the Knowledge of the Company, any collective bargaining agreement, or any other Contract (including any union "work rule" or "practice") with any labor union, labor organization or works council; (viii) any Contract for capital expenditures or the acquisition or construction of fixed assets which requires aggregate future payments in excess of $20,000,000; (ix) any Contract containing covenants of the Company or any of its Subsidiaries to indemnify or hold harmless another Person, unless such indemnification or hold harmless obligation to such Person contained in such Contract would not reasonably be expected to exceed a maximum of $25,000,000; (x) any Contract that limits or purports to limit the ability of the Company or any Subsidiary or Affiliate of the Company (including, following the Merger, Parent or any of its Affiliates) to compete in or conduct any line of business or compete with any Person or in any

geographic area or during any period of time; (xi) to the Knowledge of the Company, any license, royalty Contract or other Contract with respect to Intellectual Property Rights (other than generally commercially available, "off-the-shelf" software programs) which license, royalty Contract or other Contract, or which Intellectual Property, is material to the Company and its Subsidiaries, taken as a whole; (xii) (A) any Contract pursuant to which the Company or any of its Subsidiaries has entered into a partnership or joint venture with any other Person, or (B) any collaboration, participation, off-set or similar Contract which, in the case of this clause (B), is material to the Company and its Subsidiaries, taken as a whole; (xiii) to the Knowledge of the Company, any Contract that (A) grants to any third Person any material exclusive license or supply or distribution agreement or other similar material exclusive rights, (B) grants to any third Person any guaranteed availability of supply or services for a period greater than 12 months, and, in each case, requires aggregate payments to the Company or any of its Subsidiaries in excess of $25,000,000 per annum, (C) grants to any third Person any "most favored nation" rights and requires aggregate payments to the Company or any of its Subsidiaries in excess of $25,000,000 per annum or (D) grants to any third Person price guarantees for a period greater than 12 months and requires aggregate payments to the Company or any of its Subsidiaries in excess of $25,000,000 per annum; (xiv) any Contract, other than a Company Plan, which requires payments by or to the Company or any of its Subsidiaries in excess of $5,000,000 per annum containing "change of control" or similar provisions; (xv) to the Knowledge of the Company, any material sole source supply Contracts; (xvi) any other Contract (other than this Agreement, purchase orders for the purchase of inventory in the ordinary course of business consistent with past practice or Contracts between the Company and any of its wholly owned Subsidiaries or between any of the Company's wholly owned Subsidiaries) under which the Company and its Subsidiaries are obligated to make or receive payments in the future in excess of $50,000,000 per annum or $500,000,000 during the life of the Contract; or (xvii) any Contract the termination or breach of which, or the failure to obtain consent in connection with the Transactions in respect of which, would have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each such Contract described in clauses (i)-(xvii) is referred to herein as a "***Material Contract***."

(b) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) neither the Company nor any of its Subsidiaries is (and, to the Knowledge of the Company, no other party is) in default under any Material Contract, (ii) each of the Material Contracts is in full force and effect, and is the valid, binding and enforceable obligation of the Company and its Subsidiaries, and to the Knowledge of the Company, of the other parties thereto, except that such enforcement may be subject to applicable bankruptcy, reorganization, insolvency, moratorium or other similar Laws affecting creditors' rights generally and general principles of equitable relief, (iii) the Company and its Subsidiaries have performed all respective obligations required to be performed by them to date under the Material Contracts and are not (with or without the lapse of time or the giving of notice, or both) in breach thereunder and (iv) neither the Company nor any of its Subsidiaries has received any notice of termination or breach with respect to, and, to the Knowledge of the Company, no party has threatened to terminate, any Material Contract.

Section 3.10 Information in Proxy Statement. The proxy statement relating to the Special Meeting (such proxy statement, as amended or supplemented from time to time, the "***Proxy Statement***") will not, at the date it is first mailed to the Company's shareholders or at the time

of the Special Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will comply in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation or warranty is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by or on behalf of Parent or Merger Sub specifically for inclusion or incorporation by reference in the Proxy Statement.

Section 3.11 Litigation. There are no Actions pending or, to the Knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries or any of their respective properties or assets or any officer, director or employee of the Company or any of its Subsidiaries in such capacity before any Governmental Entity, which have had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party or subject to, or in default under, any Order which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.12 Employee Compensation and Benefit Plans; ERISA.

(a) As used herein, the term "***Company Plan***" shall mean each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***")) and each other equity incentive, compensation, severance, employment, change-in-control, retention, fringe benefit, bonus, incentive, savings, retirement, deferred compensation, or other benefit plan, agreement, program, policy or arrangement, whether or not subject to ERISA (including any related funding mechanism), in each case other than a "multiemployer plan," as defined in Section 3(37) of ERISA ("***Multiemployer Plan***"), under which (i) any current or former employee, officer, director, contractor or consultant of the Company or any of its Subsidiaries ("***Covered Employees***") has any present or future right to benefits and which are entered into, contributed to, sponsored by or maintained by the Company or any of its Subsidiaries, or (ii) with respect to which the Company or any of its Subsidiaries has any present or future liability. The Company has provided to Parent with respect to each material Company Plan: (A) a copy of the plan document; (B) the most recent annual report on Form 5500; (C) the most recent actuarial report; (D) the most recent summary plan description; and (E) the most recent IRS determination letter or opinion letter issued with respect to any plan intended to be qualified under Section 401(a) or 401(k) of the Code.

(b) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, each Company Plan has been established and maintained in compliance with its terms and is in compliance with all applicable Laws, including ERISA and the Code, and there are no Actions pending or, to the Knowledge of the Company, threatened with respect to any Company Plan. Each Company Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination or opinion letter to that effect from the IRS, and each trust forming a part thereof is exempt from federal income tax pursuant to Section 501(a) of the Code and, to the Knowledge

of the Company, no event has occurred since the date of such determination or opinion that would reasonably be expected to adversely affect such determination or exemption.

(c) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) neither the Company nor any ERISA Affiliate has incurred a liability under Title IV of ERISA that has not been satisfied in full, (ii) no condition exists that could subject the Company or any of its ERISA Affiliates to any such liability under Title IV of ERISA or to a civil penalty under Section 502(j) of ERISA or liability under Section 4069 of ERISA or Section 4975, 4976 or 4980B of the Code or other liability with respect to the Company Plans, (iii) all contributions required to be made under the terms of any Company Plan have been timely made, (iv) with respect to each Company Plan that is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code, (A) the Company and its ERISA Affiliates have complied with the minimum funding requirements under Sections 412, 430 and 431 of the Code and Sections 302, 303 and 304 of ERISA, whether or not waived, and (B) no such Company Plan is currently in "at risk status" within the meaning of Section 430(i) of the Code or Section 303(i) of ERISA and (v) neither the Company nor any ERISA Affiliate has engaged in any transaction described in Section 4069, 4204(a) or 4212(c) of ERISA.

(d) Except as has not had and would not reasonably expect to have, individually or in the aggregate, a Material Adverse Effect, (A) each Company Plan that is maintained primarily for the benefit of Covered Employees based outside of the United States (a "***Non-U.S. Plan***") (x) if it is intended to qualify for special tax treatment, meets all requirements for such treatment, and (y) has been operated in accordance, and is in compliance, in all material respects, with its terms and all applicable Laws; and (B) each Non-U.S. Plan that is required to be funded is funded to the extent required by applicable Law, and with respect to all other Non-U.S. Plans, adequate reserves therefor have been established on the accounting statements of the applicable Company or Subsidiary of the Company.

(e) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) the Company and its Subsidiaries are in compliance with all applicable Laws in respect of employment, employment practices, labor, terms and conditions of employment and wages and hours, (ii) there is no (A) unfair labor practice, labor dispute or labor arbitration proceeding pending or, to the Knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries, or (B) lockout, strike, slowdown, work stoppage or, to the Knowledge of the Company, threat thereof by or with respect to any employees of the Company or any of its Subsidiaries, and (iii) as of the date of this Agreement, neither the Company nor any of its Subsidiaries has breached or otherwise failed to comply with any provision of any collective bargaining agreement, or any other contract (including any union "work rule" or "practice") with any labor union, labor organization or works council, no demand for recognition of any employees of the Company or any of its Subsidiaries has been made by or on behalf of any labor union, labor organization or works council in the past two years, and no petition has been filed or proceeding been instituted by any employee or group of employees of the Company or any of its Subsidiaries with any labor relations board or commission seeking recognition of a collective bargaining representative in the past two years.

(f) Except as set forth in **Section 3.12(f)(i)** of the Company Disclosure Letter, the consummation of the Transactions will not, either alone or in combination with another event, (i) entitle any current or former employee or officer or director of the Company or any of its Subsidiaries to any retirement, severance, unemployment compensation or any other payment or enhanced or accelerated benefit (including any lapse of repurchase rights or obligations with respect to any Company Stock Plans or other benefit under any compensation plan or arrangement of the Company), or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such employee, officer or director, or result in any limitation on the right of the Company or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Company Plan or related trust. Except as set forth in **Section 3.12(f)(ii)** of the Company Disclosure Letter, no Company Plan provides for the gross-up or reimbursement of Taxes under Sections 4999 or 409A of the Code, or otherwise. The execution of this Agreement (either alone or in conjunction with any other event) shall not result in the funding of any "rabbi" or similar trust pursuant to any Company Plan.

Section 3.13 Properties.

(a) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Company or one of its Subsidiaries has good fee simple title to all Owned Real Property and valid leasehold estates in all Leased Real Property free and clear of all Encumbrances, except Permitted Encumbrances. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Company or one of its Subsidiaries has exclusive possession of each Leased Real Property and Owned Real Property, other than any use and occupancy rights granted to third-party owners, tenants or licensees pursuant to agreements with respect to such real property entered in the ordinary course of business. Other than as listed in **Section 3.13** of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries is a lessor or grantor under any material lease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any material Owned Real Property or material portion thereof.

(b) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) each lease for the Leased Real Property is in full force and effect and is valid, binding and enforceable in accordance with its terms, except that such enforcement may be subject to applicable bankruptcy, reorganization, insolvency, moratorium or other similar Laws affecting creditors' rights generally and general principles of equitable relief, and (ii) there is no default under any lease for the Leased Real Property either by the Company or its Subsidiaries or, to the Knowledge of the Company, by any other party thereto, and no event has occurred that, with the lapse of time or the giving of notice or both, would constitute a default by the Company or its Subsidiaries thereunder.

(c) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) there are no pending or, to the Knowledge of the Company, threatened condemnation or eminent domain proceedings that affect any Owned Real Property or Leased Real Property, and (ii) the Company has not received any written notice of the intention of any Governmental Entity or other Person to take any Owned Real Property or Leased Real Property.

Section 3.14 Intellectual Property.

(a) Except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole, (i) the Company or one of its Subsidiaries owns all right, title, and interest in, or has the right to use, pursuant to a license, sublicense or similar Contract, in each case, free and clear of all Encumbrances except Permitted Encumbrances, all Intellectual Property Rights required to operate, or used in, the Company's business as presently conducted, and (ii) (x) there is no pending, nor to the Knowledge of the Company, threatened, Action alleging a violation, misappropriation or infringement of the Intellectual Property Rights of any other Person by the Company or its Subsidiaries, (y) the operation of the business of the Company and its Subsidiaries as currently conducted does not violate, misappropriate, interfere with or infringe upon the Intellectual Property Rights of any other Person, and neither the Company nor any of its Subsidiaries has received any notice or claim asserting or suggesting that any such violation, misappropriation, interference or infringement is or may be occurring or has or may have occurred, and (z) to the Knowledge of the Company, no other Person has violated, misappropriated, diluted or infringed any Intellectual Property Rights owned by, and that are material to, any of the businesses of the Company or any of its Subsidiaries.

(b) No Intellectual Property Rights of the businesses of the Company or any of its Subsidiaries are subject to any outstanding Order restricting or limiting in any material respect the use or licensing thereof by the Company or any of its Subsidiaries, nor is any Action pending or, to the Knowledge of the Company, threatened that challenges the Company's or any of its Subsidiaries' rights in, or the validity of, any Intellectual Property Right owned or used by the Company or its Subsidiaries, except where any Order or pending or threatened Action has not been and would not be or reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole.

(c) Except as has not been and would not be or reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole, all Intellectual Property Rights owned by the Company and its Subsidiaries that is registered, applied for, filed or recorded with any Governmental Entity (and with respect to domain names, any material domain names registered with any registrar or similar entity), including any pending applications to register any of the foregoing, is subsisting and valid and enforceable and, except as set forth on **Section 3.14(c)** of the Company Disclosure Letter, no such Intellectual Property Rights are involved in any interference, reissue, reexamination, opposition, cancellation or similar Action and, to the Knowledge of the Company, no such Action is threatened with respect to any such Intellectual Property Rights.

Section 3.15 Environmental Laws.

(a) Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) the Company and its Subsidiaries comply and have in the past five years complied with all applicable Environmental Laws, and possess and comply, and have complied, with all applicable Environmental Permits required under such Laws to operate the businesses of the Company and its Subsidiaries as currently

operated; (ii) there are no, and there have not been any, Materials of Environmental Concern at any property currently or, to the Knowledge of the Company, formerly owned or operated by the Company or its Subsidiaries, under circumstances that have resulted in or are reasonably likely to result in liability to the Company or its Subsidiaries under any applicable Environmental Laws; and (iii) the Company has not received any notification alleging that it is liable, or request for information, pursuant to any applicable Environmental Law, including with respect to any release, threatened release of, or exposure to, any Materials of Environmental Concern at any location. Except as has not been and would not be or reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole, there are no Actions arising under Environmental Laws pending or, to the Knowledge of the Company, threatened against the Company, and no penalty has been assessed within the past five years against the Company or any of its Subsidiaries, in each case with respect to any matters relating to or arising out of any Environmental Laws.

(b) Without limiting the generality of **Section 3.15(a)**, and except as has not been and would not be or reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole, (i) any asbestos-containing material or presumed asbestos-containing material that is on or part of any real property, plant, building or facility now or, to the Knowledge of the Company, previously owned, leased or operated primarily by the Company or any of its present or past Subsidiaries, is in good repair according to the current standards and practices governing such material, does not create any liability (including the costs of required remediation) under any, applicable Environmental Law, and its presence or condition does not violate any currently applicable Environmental Law; (ii) none of the products manufactured, distributed or sold by the Company or any of its present or past Subsidiaries contained asbestos or asbestos-containing material; (iii) no notice, notification, demand, request for information, citation, summons, complaint or order has been received by, and no Action is pending or, to the Knowledge of the Company, threatened by any Person against, the Company or any of its Subsidiaries that are premised on exposure to asbestos or asbestos-containing material, whether or not related to products manufactured or distributed or sold by the Company or any of its present or past Subsidiaries; (iv) there are no, and there is no condition, situation or set of circumstances that could reasonably be expected to result in, liabilities of or relating to the Company or any of its Subsidiaries relating to or arising out of exposure of any Person to asbestos or asbestos-containing material, whether or not related to products manufactured or distributed or sold by the Company or any of its present or past Subsidiaries; and (v) any asbestos, asbestos-containing material or presumed asbestos-containing material that is on or part of any real property, plant, building or facility now or, to the Knowledge of the Company, previously owned, leased or operated primarily by the Company or any of its present or past Subsidiaries does not create any liability (including the costs of required remediation) under any applicable Environmental Law.

(c) Notwithstanding any other representations and warranties in this Agreement, the representations and warranties in **Section 3.6(b)**, **Section 3.7** and this **Section 3.15** are the only representations and warranties in this Agreement with respect to Environmental Laws, Environmental Permits or Materials of Environmental Concern.

Section 3.16 Taxes.

(a) Except as set forth in **Section 3.16** of the Company Disclosure Letter, the Company and each of its Subsidiaries has timely filed (or there has been timely filed with respect to it) all material Tax Returns required to be filed and has timely paid (or there has been timely paid with respect to it) all Taxes shown thereon as due and owing and all other Taxes required to be paid. All such Tax Returns were correct and complete in all material respects.

(b) No audit or other proceeding with respect to any material Taxes of the Company or any of its Subsidiaries, or any material Tax Return of the Company or any of its Subsidiaries, is pending or threatened in writing by any Governmental Entity. Each assessed deficiency resulting from any audit or examination relating to Taxes by any Governmental Entity has been timely paid and there is no assessed deficiency, refund litigation, proposed adjustment or matter in controversy with respect to any Taxes of the Company or any of its Subsidiaries.

(c) Neither the Company nor any of its Subsidiaries has agreed to any extension or waiver of the statute of limitations applicable to any material Tax Return, or agreed to any extension of time with respect to a material Tax assessment or deficiency, which period (after giving effect to such extension or waiver) has not yet expired.

(d) Neither the Company nor any of its Subsidiaries is a party to any material Tax allocation, Tax sharing, Tax indemnity or similar agreement.

(e) The Company and each of its Subsidiaries has withheld and remitted all material Taxes required to have been withheld and remitted under applicable Law in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, member or other party, and has otherwise complied, in all material respects, with all Laws relating to withholding.

(f) There are no material Encumbrances for unpaid Taxes on the assets of the Company or any of its Subsidiaries, except Encumbrances for current Taxes not yet due and payable.

(g) Neither the Company nor any of its Subsidiaries (i) has been a member of an affiliated group of corporations within the meaning of Section 1504 of the Code (other than a group the common parent of which is the Company) or (ii) has any liability for Taxes of any Person (other than the Company and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a transferee or successor or by contract.

(h) During the three-year period ending on the date of this Agreement, neither the Company nor any of its Subsidiaries has been a “distributing corporation” or a “controlled corporation” in a distribution intended to qualify under Section 355 of the Code.

(i) Neither the Company nor any of its Subsidiaries has participated in any “listed transaction” within the meaning of Treasury Regulation Section 1.6011-4(b)(1).

(j) The charges, accruals and reserves for Taxes with respect to the Company and its Subsidiaries reflected on the Company Financial Statements filed with the SEC prior to the date hereof are adequate, in accordance with GAAP, to cover Taxes payable by the Company and its Subsidiaries through the date of such Company Financial Statements.

Section 3.17 Opinions of Financial Advisors. The Company Board has received the opinion of each of Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC dated as of the date the Company Board approved this Agreement, to the effect that, as of such date and subject to certain assumptions, qualifications, limitations and other matters set forth in such opinion, the Merger Consideration to be received by the holders of Company Common Stock in the Merger pursuant to this Agreement is fair to such holders from a financial point of view.

Section 3.18 Brokers or Finders. Except for Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC, no agent, broker, investment banker, financial advisor, finder or other firm or Person is or will be entitled to any broker's or finder's fee or any other commission or similar fee or payment from the Company or any of its Subsidiaries in connection with any of the Transactions.

Section 3.19 State Takeover Statutes. The adoption and approval by the Company Board of this Agreement, the Merger and the other Transactions represents all the action necessary to render inapplicable to this Agreement, the Merger and the other Transactions, the provisions of Section 912 of the NYBCL, and, to the extent applicable, the provisions of Article Eleventh of the Company's Restated Certificate of Incorporation and, to the Knowledge of the Company, any other potentially applicable anti-takeover or similar statute or regulation.

Section 3.20 No Other Representations or Warranties. Except for the representations and warranties contained in this **Article III**, in the Company Disclosure Letter or in the certificate referenced in **Section 7.2(c)**, neither the Company nor any other Person makes any other express or implied representation or warranty on behalf of the Company or any of its Affiliates, and for the avoidance of doubt, neither the Company nor any of its Affiliates makes any express or implied representation or warranty with respect to "Information" as defined in and delivered under the Confidentiality Agreement, dated August 4, 2011, between the Company and Parent (the "***Confidentiality Agreement***").

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as set forth in the letter from Parent, dated the date hereof, addressed to the Company (the "***Parent Disclosure Letter***") or in the forms, reports, schedules, statements and other documents filed by Parent with the SEC under the Exchange Act or the Securities Act, and publicly available, after January 1, 2011 and prior to the date of this Agreement (excluding any forward-looking statements, risk factors and other similar statements in such forms, reports, schedules, statements and other documents that are cautionary, nonspecific or predictive in nature), Parent and Merger Sub, jointly and severally, represent and warrant to the Company as follows:

Section 4.1 Organization. Each of Parent and Merger Sub is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization and has all requisite corporate or other organizational power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power, authority and governmental approvals has not had and would not have or reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Parent and Merger Sub to consummate the Merger and the other Transactions. Parent owns all of the issued and outstanding capital stock of the Merger Sub.

Section 4.2 Authorization; Validity of Agreement; Necessary Action. Each of Parent and Merger Sub has full corporate power and authority to execute and deliver this Agreement and to consummate the Transactions. The execution, delivery and performance by Parent and Merger Sub of this Agreement, and the consummation by it of the Transactions have been duly and validly authorized by the respective boards of directors of Parent and Merger Sub and by Parent as the sole stockholder of Merger Sub, and no other corporate action on the part of Parent or Merger Sub is necessary to authorize the execution, delivery and performance by Parent and Merger Sub of this Agreement and the consummation of the Transactions. This Agreement has been duly executed and delivered by Parent and Merger Sub and, assuming due and valid authorization, execution and delivery of this Agreement by the Company, is a valid and binding obligation of each of Parent and Merger Sub enforceable against each of them in accordance with its terms, except that such enforcement may be subject to applicable bankruptcy, reorganization, insolvency, moratorium or other similar Laws affecting creditors' rights generally and general principles of equitable relief. No vote or approval of the stockholders of Parent is required in connection with the execution, delivery or performance by Parent and Merger Sub of their obligations hereunder or for the consummation of the Merger (including pursuant to the requirements of the New York Stock Exchange).

Section 4.3 Consents and Approvals; No Violations.

(a) Except for (i) the filing of the Certificate of Merger with the Department of State of the State of New York pursuant to the NYBCL, and (ii) filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, (A) the Exchange Act, (B) the Securities Act, (C) the rules and regulations of the New York Stock Exchange, and (D) the HSR Act and any other Antitrust Laws, no consents or approvals of, or filings, declarations or registrations with, any Governmental Entity are necessary for the consummation by Parent and Merger Sub of the Transactions, other than such other consents, approvals, filings, declarations or registrations that, if not obtained, made or given, would not have or reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Parent and Merger Sub to consummate the Merger and the other Transactions.

(b) The execution and delivery of this Agreement by Parent or Merger Sub and the consummation by Parent or Merger Sub of the Transactions, and compliance by Parent or Merger Sub with any of the terms or provisions hereof, do not and will not (i) contravene or conflict with or violate any provision of the organizational documents of Parent or Merger Sub or of any of their respective Subsidiaries, (ii) assuming that the consents, approvals, filings, declarations and registrations referred to in **Section 4.3(a)** are duly obtained or made, contravene, conflict with or violate any Order or Law binding upon or applicable to Parent or Merger Sub or any of their respective Subsidiaries or any of their respective properties or assets, or (iii) violate, conflict with, result in the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right to termination or cancellation under, accelerate the performance required by, or result in the creation of any Encumbrance upon any of the respective properties or assets of either Parent or Merger Sub or any of their respective Subsidiaries under, any of the terms, conditions or provisions of any Contract binding upon either Parent or Merger Sub or any of their respective Subsidiaries, or by which they or any of their respective properties or assets may be bound or affected, or any license, franchise, permit or other authorization held by Parent or any of its Subsidiaries, except, in the case of clauses (ii) and (iii) above, for such violations, conflicts, breaches, defaults, losses, terminations of rights thereof, accelerations or Encumbrance creations which would not have or reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Parent and Merger Sub to consummate the Merger and the other Transactions.

Section 4.4 Ownership of Company Common Stock. Neither Parent nor any of its Subsidiaries (including Merger Sub) is, and at no time during the last five years has Parent or any of its Subsidiaries (including Merger Sub) been, an “interested shareholder” of the Company as defined in Section 912 of the NYBCL. Except as set forth in Section 4.4 of the Parent Disclosure Letter, neither Parent nor any of its Subsidiaries (including Merger Sub) owns (directly or indirectly, beneficially or of record), or is a party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, any shares of capital stock of the Company (other than as contemplated by this Agreement).

Section 4.5 Information in Proxy Statement. None of the information supplied or to be supplied by Parent or Merger Sub specifically for inclusion or incorporation by reference in the Proxy Statement will, at the date it is first mailed to the Company’s shareholders or at the time of the Special Meeting,

contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. No representation or warranty is made by Parent in this **Section 4.5** with respect to statements made or incorporated by reference therein based on information supplied by any other Person that is included in the Proxy Statement.

Section 4.6 Availability of Funds. As of the Closing Date, Parent shall have or have immediately available to it, sufficient funds to pay the Merger Consideration in respect of all of the then outstanding Shares, pay all other cash amounts payable pursuant to **Article II**, and pay all fees, expenses and other amounts payable by the Company and its Subsidiaries in connection with the Merger. Parent and Merger Sub expressly acknowledge and agree that their obligations hereunder, including their obligations to consummate the Merger, are not subject to, or conditioned on, receipt of financing. Simultaneously with the execution and delivery of this Agreement, Parent has made available to the Company a true and correct copy of the commitment letter from JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, HSBC Bank USA, National Association, HSBC Securities (USA) Inc., HSBC Bank plc, dated as of the date hereof (the "***Financing Commitment***"). As of the date of this Agreement, the Financing Commitment is in full force and effect and is a valid and binding obligation of Parent and, to the Knowledge of the Parent, the other parties thereto, subject to applicable bankruptcy, reorganization, insolvency, moratorium or other similar Laws affecting creditors' rights generally and general principles of equitable relief. As of the date of this Agreement, the Financing Commitment has not been amended or otherwise modified in any respect. As of the date of this Agreement, to the Knowledge of Parent, no event has occurred that, with or without notice, lapse of time or both, would constitute a default or breach on the part of any of Parent or Merger Sub under the Financing Commitment.

Section 4.7 No Prior Activities. Except in connection with its incorporation or organization or the negotiation and consummation of this Agreement and the Transactions, Merger Sub has not incurred any obligations or liabilities, and has not engaged in any business or activities of any type or kind whatsoever or entered into any agreements or arrangements with any Person.

Section 4.8 Litigation. As of the date of this Agreement, there are no Actions pending or, to the Knowledge of Parent, threatened against Parent or Merger Sub or, to the Knowledge of Parent, any officer, director or employee of Parent or Merger Sub in such capacity, which would, individually or in the aggregate, prevent or materially delay Parent or Merger Sub from performing its obligations under this Agreement. Neither Parent nor Merger Sub is a party or subject to or in default under any Order which would prevent or materially delay Parent or Merger Sub from performing its obligations under this Agreement.

Section 4.9 No Vote of Parent Stockholders. Except for the adoption of the plan of merger (as such term is used in the NYBCL) contained in this Agreement by Parent as the sole stockholder of Merger Sub, no vote of the stockholders of Parent or the holders of any other securities of Parent (equity or otherwise), is required by any applicable Law, the certificate of incorporation or bylaws of

Parent or the applicable rules of any exchange on which securities of Parent are traded, in order for Parent to consummate the Merger.

Section 4.10 No Other Representations or Warranties. Except for the representations and warranties contained in this **Article IV**, in the Parent Disclosure Letter or in the certificate referenced in **Section 7.3(c)**, neither Parent, Merger Sub nor any other Person makes any other express or implied representation or warranty on behalf of Parent, Merger Sub or any of their Affiliates. Parent and Merger Sub acknowledge that neither the Company nor its Affiliates and/or other Persons on behalf of the Company are making any representation or warranty regarding financial projections or other financial forecasts of the Company; it being agreed that the foregoing is not intended to limit or modify in any respect any representation or warranty made by the Company in **Article III**, in the Company Disclosure Letter or in the certificate referenced in **Section 7.2(c)**.

ARTICLE V

COVENANTS

Section 5.1 Interim Operations of the Company. Except (a) as expressly required by this Agreement, (b) as set forth on **Section 5.1** of the Company Disclosure Letter, (c) as required by applicable Law, or (d) as consented to in writing by Parent after the date of this Agreement and prior to the Effective Time, which consent shall not be unreasonably withheld or delayed with respect to clauses (vi) and (vii) of this Section 5.1, the Company agrees that:

(i) the Company and its Subsidiaries will conduct business only in the ordinary course of business consistent with past practice and use their reasonable best efforts to preserve intact their business organizations, assets and lines of business, keep available the services of their present officers and key employees and preserve intact their relationships with third parties, including customers and suppliers;

(ii) the Company will not amend its Restated Certificate of Incorporation or By-Laws and the Company's Subsidiaries will not amend their certificate of incorporation, bylaws or other comparable charter or organizational documents;

(iii) neither the Company nor any of its Subsidiaries will (A) except for the Company's regular quarterly cash dividend in respect of Company Common Stock consistent with past practice (including with respect to the timing thereof) and not in excess of $0.29 per share, declare, set aside or pay any dividend or other distribution, whether payable in cash, stock or other property, with respect to its capital stock, (B) issue, sell, transfer, pledge, dispose of or encumber or agree to issue, sell, transfer, pledge, dispose of or encumber any additional shares of capital stock or other Rights of the Company or any of its Subsidiaries (including treasury stock), other than in respect of shares of Company Common Stock issued pursuant to the exercise of Options outstanding immediately prior to the date of this Agreement, (C) split, combine or reclassify the Shares or any other outstanding capital stock of the Company or any of the

Subsidiaries of the Company or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution therefor or (D) redeem, purchase or otherwise acquire, directly or indirectly, any capital stock or other Rights of the Company or any of its Subsidiaries;

(iv) except as required by applicable Law or as required under the terms of any Company Plan immediately prior to the date of this Agreement, the Company will not and will not permit its Subsidiaries to (A) increase or agree to increase the compensation payable or to become payable to any current or former officers, directors, employees or consultants of the Company or any of its Subsidiaries or pay any amount not required to be paid, except (x) for increases in annual base salaries in the ordinary course of business consistent with past and competitive markets practices, in an amount not to exceed 5% of such annual base salaries in effect immediately prior to the date hereof in the aggregate, or (y) in connection with the assumption by an officer or employee of the Company who is not a senior executive of the Company of materially new or additional material responsibilities and provided that the amounts so granted, combined with such officer's or employee's existing compensation and benefits, shall not exceed the aggregate amount of compensation of a similarly situated officer or employee, (B) accelerate, amend or change the period of exercisability or vesting of options, stock purchase rights, restricted stock or other stock-based awards granted under the Company Stock Plans, or authorize cash payments in exchange for any options, stock purchase rights, restricted stock or other stock-based awards granted under the Company Stock Plans; (C) grant any new rights to severance or termination pay to, or enter into any new rights to employment or severance contracts with, any employees or officers; (D) establish, adopt, enter into or materially amend any collective bargaining agreement, or any other contract or work rule or practice with any labor union, labor organization or works council; (E) establish, adopt, enter into, materially amend or terminate any Company Plan or any plan, contract, policy or program that would be a Company Plan if in effect as of the date hereof (except for any amendments expressly permitted by clauses (A) or (C) of this subsection (iv)); or (F) fund (or agree to fund) any compensation or benefits under any Company Plan, including through a "rabbi" or similar trust;

(v) neither the Company nor any of its Subsidiaries will (A) incur or assume any Indebtedness for borrowed money other than under the existing revolving credit facilities of the Company set forth on **Section 5.1(v)** of the Company Disclosure Letter or (B) except in the ordinary course of business consistent with past practice, (x) incur or assume any other form of Indebtedness, (y) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person or (z) make any loans, advances or capital contributions to, or investments in, any other Person;

(vi) neither the Company nor any of its Subsidiaries will (i) make, commit to make or authorize any capital expenditure or research and development expenditure, other than capital expenditures and research and development expenditures contemplated by the Company's existing capital budget, a true and correct copy of which has been furnished to Parent or (ii) announce or implement any restructuring programs or transactions that would qualify as an exit or disposal activity under FASB

Accounting Standards Codification Topic 420, including any programs or transactions that would, individually or in the aggregate, qualify as a restructuring as defined under International Account Standard (IAS) No. 37, other than as contemplated by such existing capital budget;

(vii) neither the Company nor any of its Subsidiaries will (A) release, assign, compromise, pay, discharge, waive, settle, agree to settle, or satisfy any Action (including any Action relating to this Agreement or the Merger) or other rights, claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the release, assignment, compromise, payment, discharge, waiver, settlement or satisfaction of (x) Actions or other claims, liabilities or obligations reflected or reserved against in the Company Financial Statements (or the notes to the Company Financial Statements), in the case of this clause (x), in each case not materially in excess of the amount reflected or reserved in respect of such right, claim, liability or obligation, provided that any such amount in excess of the applicable amount reflected or reserved shall be counted toward and reduce the limits set forth in clause (y) below, or (y) claims, liabilities or obligations incurred since the date of the Company Financial Statements in the ordinary course of business consistent with past practice that involve amounts not to exceed (in excess of recovered third party insurance proceeds) $5,000,000 individually or $25,000,000 in the aggregate, in either case of clause (x) or clause (y), without the imposition of injunctive or other equitable relief on, or the admission of wrongdoing or a nolo contendere or similar plea by, the Company or any of its Subsidiaries or (B) waive any claims of substantial value;

(viii) neither the Company nor any of its Subsidiaries will change any of the accounting methods, principles or practices used by it unless required by a change in GAAP or Law;

(ix) neither the Company nor any of its Subsidiaries will (A) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, business combination, restructuring, recapitalization or other reorganization (other than this Agreement), (B) acquire by merging or consolidating with, or by purchasing an equity interest in or portion of the assets of, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof, (C) acquire, transfer, lease, license, sell, mortgage, pledge, dispose of or encumber any assets, other than, in the case of this clause (C), acquisitions of raw materials and inventory and sales of inventory in the ordinary course of business consistent with past practice, (D) take or omit to take any action that would cause any material Intellectual Property Rights, including with respect to any registrations or applications for registration, to lapse, be abandoned or canceled, or fall into the public domain, other than actions or omissions in the ordinary course of business consistent with past practice and not otherwise in violation of this **Section 5.1** or (E) enter into a joint venture or partnership or similar third-party business enterprise;

(x) neither the Company nor any of its Subsidiaries will enter into any Contract which would have been a Material Contract under clauses (iv), (x), (xiii)(A), (xiv) (to the extent any such "change of control" or similar provision would be implicated by the Merger) or (xv) of **Section 3.9(a)** if entered into prior to the date

hereof, or amend or terminate any such Material Contract in any material respect, or grant any release or relinquishment of any material rights under, or renew, any such Material Contract;

(xi) neither the Company nor any of its Subsidiaries will make, change or revoke any material Tax election; settle or compromise any material Tax liability or refund; enter into any closing agreement within the meaning of Section 7121 of the Code (or any comparable provision of state, local or foreign Law); agree to any adjustment of any material Tax attribute; change any method of Tax accounting or Tax period; file any claim for a material refund of Taxes; execute or consent to any waivers extending the statutory period of limitations with respect to the collection or assessment of material Taxes; file any material amended Tax Return; or request any material Tax ruling;

(xii) except to the extent necessary to take any actions that the Company or any third party would otherwise be permitted to take pursuant to **Section 5.2** (and in such case only in accordance with the terms of **Section 5.2**), neither the Company nor any of its Subsidiaries will take any action to exempt or make any Person (other than Parent) or action (other than the transactions contemplated by this Agreement) not subject to the provision of Section 912 of the NYBCL or any other potentially applicable anti-takeover or similar statute or regulation, or the provisions of Article Eleventh of the Company's Restated Certificate of Incorporation; and

(xiii) neither the Company nor any of its Subsidiaries will enter into an agreement, Contract, commitment or arrangement to do any of the foregoing, or authorize, recommend, propose or announce an intention to do any of the foregoing.

Subject to compliance with applicable Law, from the date hereof until the Effective Time, the Company shall confer on a regular and frequent basis with one or more representatives of Parent to report on the general status of ongoing operations; provided, that nothing contained in this Agreement shall give Parent or Merger Sub, directly or indirectly, the right to control or direct the Company's operations prior to the Effective Time in violation of applicable Law.

Section 5.2 No Solicitation by the Company.

(a) Except as expressly permitted by this **Section 5.2**, the Company shall and shall cause each of its Subsidiaries and its and their respective officers, directors, employees, consultants, agents, financial advisors, investment bankers, attorneys, accountants and other representatives (collectively, "***Representatives***") to: (i) immediately cease any solicitation, encouragement, discussions or negotiations with any Persons that may be ongoing with respect to a Company Takeover Proposal, and immediately instruct any Person (and any of such Person's Representatives) in possession of confidential information about the Company that was furnished by or on behalf of the Company in connection with any actual or potential Company Takeover Proposal to return or destroy all such information or documents or material incorporating such information and (ii) until the Effective Time or, if earlier, the termination of this Agreement in accordance with **Article VIII**, not, directly or indirectly, (A)

solicit, initiate or knowingly facilitate or encourage (including by way of furnishing non-public information) any inquiries regarding, or the making of any proposal or offer that constitutes, or could reasonably be expected to lead to, a Company Takeover Proposal, (B) other than informing Persons of the provisions contained in this **Section 5.2**, engage in, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any other Person any non-public information in connection with or for the purpose of encouraging or facilitating, a Company Takeover Proposal, or (C) approve, recommend or enter into, or propose to approve recommend or enter into, any letter of intent or similar document, agreement, commitment, or agreement in principle (whether written or oral, binding or nonbinding) with respect to a Company Takeover Proposal. Except to the extent necessary to take any actions that the Company or any third party would otherwise be permitted to take pursuant to this **Section 5.2** (and in such case only in accordance with the terms hereof), (i) the Company and its Subsidiaries shall not release any third party from, or waive, amend or modify any provision of, or grant permission under, any confidentiality or standstill provision in any agreement to which the Company or any of its Subsidiaries is a party and (ii) the Company shall, and shall cause its Subsidiaries to, enforce the standstill provisions of any such agreement, and the Company shall, and shall cause its Subsidiaries to, immediately take all steps necessary to terminate any waiver that may have been heretofore granted, to any Person other than Parent or any of Parent's Affiliates, under any such provisions.

(b) Notwithstanding anything to the contrary contained in **Section 5.2(a)** or any other provisions of this Agreement, if at any time from and after the date of this Agreement and prior to obtaining the Shareholder Approval, the Company or any of its Representatives receives a bona fide, unsolicited written Company Takeover Proposal from any Person, under circumstances not involving any breach of this **Section 5.2**, if the Company Board determines in good faith, after consultation with outside financial advisors and outside legal counsel, that such Company Takeover Proposal constitutes or would reasonably be expected to lead to a Company Superior Proposal, then the Company may, directly or indirectly through its Representatives, (x) furnish, pursuant to an Acceptable Confidentiality Agreement, information (including non-public information) with respect to the Company and its Subsidiaries to the Person who has made such Company Takeover Proposal; provided, that the Company shall promptly (and in any event within 24 hours) provide to Parent any non-public information concerning the Company or any of its Subsidiaries that is provided to any Person given such access which was not previously provided to Parent or its Representatives and (y) engage in or otherwise participate in discussions or negotiations with the Person making such Company Takeover Proposal regarding such Company Takeover Proposal. For purposes of this Agreement, "***Acceptable Confidentiality Agreement***" means any customary confidentiality agreement that contains provisions that are no less favorable to the Company than those contained in the Confidentiality Agreement (including standstill restrictions).

(c) The Company shall promptly (and in no event later than 24 hours after receipt) notify (which notice shall be provided orally and in writing and shall identify the Person making the Company Takeover Proposal and set forth the material terms thereof) Parent after receipt of any Company Takeover Proposal, and shall promptly (and in no event later than 24 hours after receipt) provide copies to Parent of any proposals, indications of interest, and/or draft agreements relating to such Company Takeover Proposal. Without limiting the foregoing, the Company shall keep Parent reasonably informed of any material developments, discussion or negotiations regarding any Company Takeover Proposal (including by promptly (and in no event

later than 24 hours after receipt) providing to Parent copies of any additional or revised proposals, indications of interest, and/or draft agreements relating to such Company Takeover Proposal) on a prompt basis (and in any event within 24 hours) and upon the request of Parent shall apprise Parent of the status of such Company Takeover Proposal. The Company agrees that it and its Subsidiaries will not enter into any agreement with any Person subsequent to the date hereof which prohibits the Company from providing any information to Parent in accordance with this **Section 5.2**.

(d) Except as expressly permitted by this **Section 5.2(d)** or, in the case of the following subclauses (i)(A) and (i)(B) only, **Section 5.2(e)**, the Company Board shall not (i) (A) fail to include the Company Recommendation in the Proxy Statement, (B) change, qualify, withhold, withdraw or modify, or authorize or publicly propose to change, qualify, withhold, withdraw or modify, in a manner adverse to Parent, the Company Recommendation, (C) take any formal action or make any recommendation or public statement in connection with a tender offer or exchange offer (other than a recommendation against such offer or a customary "stop, look and listen" communication of the type contemplated by Rule 14d-9(f) under the Exchange Act, in each case that includes a reaffirmation of the Company Recommendation) (it being understood that the Company Board may refrain from taking a position with respect to such a tender offer or exchange offer until the close of business as of the tenth Business Day after the commencement of such tender offer or exchange offer pursuant to Rule 14d-9(f) under the Exchange Act without such action being considered a Company Adverse Recommendation Change) or (D) adopt, approve or recommend, or publicly propose to adopt, approve or recommend to shareholders of the Company a Company Takeover Proposal (any action described in this clause (i) being referred to as a "***Company Adverse Recommendation Change***"), or (ii) authorize, cause or permit the Company or any of its Subsidiaries to enter into any letter of intent or similar document, agreement, commitment or agreement in principle with respect to any Company Takeover Proposal (other than an Acceptable Confidentiality Agreement entered into in accordance with **Section 5.2(b)**) or (iii) terminate this Agreement pursuant to **Section 8.1(c)**. Notwithstanding anything to the contrary set forth in this Agreement, prior to the time the Shareholder Approval is obtained, the Company Board may make a Company Adverse Recommendation Change or terminate this Agreement pursuant to **Section 8.1(c),** if, after receiving a bona fide, unsolicited Company Takeover Proposal, the Company Board has determined in good faith, after consultation with its outside financial advisors and outside legal counsel, that (x) in light of such Company Takeover Proposal, the failure to so make a Company Adverse Recommendation Change or to so terminate this Agreement pursuant to **Section 8.1(c)**, respectively, would reasonably be likely to be a violation of the Company Board's fiduciary duties to the Company's shareholders under applicable Law, and (y) such Company Takeover Proposal constitutes a Company Superior Proposal; provided, however, that, prior to making such Company Adverse Recommendation Change or terminating this Agreement pursuant to **Section 8.1(c)**, (1) the Company has given Parent at least five calendar days' prior written notice of its intention to take such action (which notice shall include an unredacted copy of the Company Superior Proposal, an unredacted copy of the relevant proposed transaction agreements and an unredacted copy of any financing commitments (including Redacted Fee Letters) relating thereto and a written summary of the material terms of any Company Superior Proposal not made in writing, including with respect to any financing commitments (including Redacted Fee Letters) relating thereto), (2) the Company has negotiated, and has caused its Representatives to negotiate, in good faith with Parent during such notice period, to the extent Parent wishes to

negotiate, to enable Parent to propose revisions to the terms of this Agreement such that it would cause such Company Superior Proposal to no longer constitute a Company Superior Proposal, (3) following the end of such notice period, the Company Board shall have considered in good faith any revisions to the terms of this Agreement proposed in writing by Parent, and shall have determined, after consultation with its outside financial advisors and outside legal counsel, that the Company Superior Proposal would nevertheless continue to constitute a Company Superior Proposal if the revisions proposed were to be given effect, and (4) in the event of each and every change to any of the financial terms (including the form, amount and timing of payment of consideration) or any other material terms of such Company Superior Proposal, the Company shall, in each case, have delivered to Parent an additional notice consistent with that described in clause (1) above of this proviso and a new notice period under clause (1) of this proviso shall commence (except that the five calendar day period notice period referred to in clause (1) above of this proviso shall instead be equal to the longer of (I) three Business Days and (II) the period remaining under the notice period under clause (1) of this proviso immediately prior to the delivery of such additional notice under this clause (4)) during which time the Company shall be required to comply with the requirements of this **Section 5.2(d)** anew with respect to such additional notice, including clauses (1) through (4) above of this proviso; and provided, further, that the Company has complied in all material respect with its obligations under this **Section 5.2**; and provided, further, that any purported termination of this Agreement pursuant to this sentence shall be void and of no force and effect, unless the Company termination is in accordance with **Section 8.1** and, as a condition precedent to any such Company termination, the Company shall have paid Parent the applicable Termination Fee in accordance with **Section 8.2(b)** prior to or concurrently with such termination.

(e) Notwithstanding anything to the contrary herein, prior to the time the Shareholder Approval is obtained, the Company Board may change, qualify, withhold, withdraw or modify, or authorize or publicly propose to change, qualify, withhold, withdraw or modify, in a manner adverse to Parent, the Company Recommendation ("***Change of Recommendation***"), if, in response to an Intervening Event, the Company Board has determined in good faith, after consultation with its outside financial advisors and outside legal counsel, that failure to make such Change of Recommendation would reasonably be likely to be a violation of the Company Board's fiduciary duties to the Company's shareholders under applicable Law; provided, however, that such action shall not be in response to a Company Takeover Proposal or a Company Superior Proposal (which is addressed under **Section 5.2(d)**) and prior to taking such action, (i) the Company Board has given Parent at least five calendar days' prior written notice of its intention to make such Change of Recommendation and a reasonable description of the Intervening Event that serves as the basis of such Change of Recommendation, (ii) the Company has negotiated, and has caused its Representatives to negotiate, in good faith with Parent during such notice period after giving any such notice, to the extent Parent wishes to negotiate, to enable Parent to propose revisions to the terms of this Agreement in such a manner that would obviate the need for making such Change of Recommendation, (iii) at the end of such notice period, the Company Board shall have considered in good faith any revisions to the terms of this Agreement proposed in writing by Parent, and shall have determined in good faith, after consultation with its outside financial advisors and outside legal counsel, that failure to make a Change of Recommendation would nevertheless reasonably be likely to be a violation of the Company Board's fiduciary duties to the Company's shareholders under applicable Law if the revisions proposed were to be given effect and (iv) in the event of each and every change to the material facts and circumstances

relating to such Intervening Event, the Company shall, in each case, have delivered to Parent an additional notice consistent with that described in clause (i) above of this proviso and a new notice period under clause (i) of this proviso shall commence (except that the five calendar day period notice period referred to in clause (i) above of this proviso shall instead be equal to the longer of (x) three Business Days and (y) the period remaining under the notice period under clause (i) of this proviso immediately prior to the delivery of such additional notice under this clause (iv)) during which time the Company shall be required to comply with the requirements of this **Section 5.2(e)** anew with respect to such additional notice, including clauses (i) through (iv) above of this proviso.

(f) Nothing contained in this **Section 5.2** or in **Section 6.6** shall prohibit the Company or the Company Board from taking and disclosing to its shareholders a position contemplated by Rule 14e-2(a) or Rule 14d-9 promulgated under the Exchange Act or from making any other similar disclosure to the Company's shareholders if, in the Company Board's determination in good faith after consultation with outside counsel, the failure so to disclose would be inconsistent with its fiduciary duties to the Company's shareholders under applicable Law or its obligations under applicable federal securities Law; provided, that any such position or disclosure (other than a customary "stop, look and listen" communication of the type contemplated by Rule 14d-9(f) under the Exchange Act, in each case that includes a reaffirmation of the Company Recommendation) shall be deemed to be a Company Adverse Recommendation Change unless the Company Board expressly and concurrently reaffirms the Company Recommendation.

ARTICLE VI

ADDITIONAL AGREEMENTS

Section 6.1 Preparation of Proxy Statement.

(a) As soon as reasonably practicable after the date of this Agreement, the Company shall file with the SEC the Proxy Statement. The Company will use reasonable efforts to cause the Proxy Statement to be disseminated to the holders of the Shares, as and to the extent required by applicable federal securities Laws. Subject to **Section 5.2(d)** and **Section 5.2(e)**, the Proxy Statement will contain the Company Recommendation and the Company shall use reasonable best efforts to obtain the Shareholder Approval.

(b) Parent and Merger Sub will provide for inclusion or incorporation by reference in the Proxy Statement all reasonably required information relating to Parent or its Affiliates. Parent and its counsel shall be given the opportunity to review and comment on the Proxy Statement before it is filed with the SEC, and the Company will use it reasonable efforts to incorporate any such comments of Parent and/or its counsel prior to such filing. In addition, the Company will provide Parent and its counsel, in writing, any comments or other communications, whether written or oral, that the Company or its counsel may receive from time to time from the SEC or its staff with respect to the Proxy Statement promptly after the receipt of such comments or other communications, and the opportunity to review and comment on such comments. The Company will respond promptly to any such comments from the SEC or its

staff, and will use it reasonable efforts to incorporate any reasonable comments of Parent and/or its counsel prior to such response.

(c) Each of the Company, Parent and Merger Sub agrees to promptly (i) correct any information provided by it specifically for use in the Proxy Statement if and to the extent that such information shall have become false or misleading in any material respect and (ii) supplement the information provided by it specifically for use in the Proxy Statement to include any information that shall become necessary in order to make the statements in the Proxy Statement, in light of the circumstances under which they were made, not misleading. The Company further agrees to cause the Proxy Statement as so corrected or supplemented promptly to be filed with the SEC and to be disseminated to the holders of the Shares (and will use it reasonable efforts to incorporate any reasonable comments of Parent and/or its counsel prior to such filing and dissemination), in each case as and to the extent required by applicable federal securities Laws.

Section 6.2 Shareholders Meeting.

(a) The Company shall take all actions in accordance with applicable Law, its constituent documents and the rules of the New York Stock Exchange to duly call, set a record date for, give notice of, convene and hold a special meeting of the Company's shareholders (including any adjournment or postponement thereof, the "***Special Meeting***") as promptly as practicable for the purpose of considering and taking action upon the adoption of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not adjourn or postpone the Special Meeting without Parent's consent; provided that without Parent's consent, the Company may adjourn or postpone the Special Meeting (i) after consultation with Parent, to the extent necessary to ensure that any required supplement or amendment to the Proxy Statement is provided to the shareholders of the Company within a reasonable amount of time in advance of the Special Meeting or (ii) if as of the time for which the Special Meeting is originally scheduled (as set forth in the Proxy Statement) there are insufficient shares of Company Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of the Special Meeting. Notwithstanding any Company Adverse Recommendation Change or Change in Recommendation, unless this Agreement shall have been terminated in accordance with its terms, the Company shall (x) submit this Agreement to the shareholders of the Company as promptly as practicable for the purpose of obtaining the Shareholder Approval at the Special Meeting and (y) not submit any Company Takeover Proposal for approval by the shareholders of the Company.

(b) At the Special Meeting or any postponement or adjournment thereof, Parent shall vote, or cause to be voted, all of the Shares then beneficially owned by it, Merger Sub or any of its other Subsidiaries and controlled Affiliates in favor of the adoption of this Agreement.

Section 6.3 Reasonable Best Efforts.

(a) Prior to the Closing, Parent, Merger Sub and the Company shall use their respective reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under any applicable Laws to consummate and make effective in the most expeditious manner possible the Transactions including (i) the preparation and filing of all forms, registrations and notices required to be filed to consummate the Transactions, (ii) the satisfaction of the other parties' conditions to consummating the Transactions, (iii) taking all reasonable actions necessary to obtain (and cooperation with each other in obtaining) any consent, authorization, Order or approval of, or any exemption by, any third party, including any Governmental Entity (which actions shall include furnishing all information required under the HSR Act and in connection with approvals of or filings with any Governmental Entity responsible for or having jurisdiction over antitrust, competition, trade regulation, foreign investment and/or national security or defense matters) required to be obtained or made by Parent, Merger Sub, the Company or any of their respective Subsidiaries in connection with the Transactions or the taking of any action contemplated by this Agreement, and (iv) the execution and delivery of any additional instruments necessary to consummate the Transactions and to fully carry out the purposes of this Agreement. Additionally, each of Parent and the Company shall use all reasonable best efforts to fulfill all conditions precedent to the Merger and shall not take any action after the date of this Agreement that would reasonably be expected to materially delay the obtaining of, or result in not obtaining, any permission, approval or consent from any such Governmental Entity necessary to be obtained prior to Closing.

(b) Parent and the Company shall each keep the other apprised of the status of matters relating to the completion of the Transactions and work cooperatively in connection with obtaining all required consents, authorizations, Orders or approvals of, or any exemptions by, any Governmental Entity, including by working cooperatively in connection with any sales, divestitures or dispositions of assets or businesses if and to the extent undertaken pursuant to the provisions of this **Section 6.3**. In that regard, prior to the Closing, each party shall promptly consult with the other parties to this Agreement with respect to, provide any necessary information with respect to (and, in the case of correspondence, provide the other parties (or their counsel) copies of), all filings made by such party with any Governmental Entity or any other information supplied by such party to, or correspondence with, a Governmental Entity in connection with this Agreement and the Transactions. Each party to this Agreement shall promptly inform the other parties to this Agreement, and if in writing, furnish the other party with copies of (or, in the case of material oral communications, advise the other party orally of) any communication from any Governmental Entity regarding any of the Transactions, and permit the other party to review and discuss in advance, and consider in good faith the views of the other party in connection with, any proposed written (or any material proposed oral) communication with any such Governmental Entity. If any party to this Agreement or any Representative of such parties receives a request for additional information or documentary material from any Governmental Entity with respect to the Transactions, then such party will use reasonable best efforts to make, or cause to be made, promptly and after consultation with the other parties to this Agreement, an appropriate response in compliance with such request. Neither party shall participate in any meeting with any Governmental Entity in connection with this Agreement and the Transactions (or make oral submissions at meetings or in telephone or other conversations) unless it consults with the other party in advance and to the extent permitted by such Governmental Entity gives the other party the opportunity to attend and participate thereat. Each party shall furnish the other party with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and any such

Governmental Entity with respect to this Agreement and the Merger, and furnish the other party with such necessary information and reasonable assistance as the other party may reasonably request in connection with its preparation of necessary filings or submissions of information to any such Governmental Entity. Parent and the Company may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other under this Section as "outside counsel/corporate in-house antitrust counsel only." Such materials and the information contained therein shall be given only to the outside legal counsel and corporate in-house antitrust counsel of the recipient and will not be disclosed by such outside counsel and corporate in-house antitrust counsel to employees (other than corporate in-house antitrust counsel), officers, or directors of the recipient unless express permission is obtained in advance from the source of the materials (Parent or the Company, as the case may be) or its legal counsel; provided, however, that materials provided pursuant to this **Section 6.3(b)** may be redacted (i) to remove references concerning the valuation of the Company and the Merger, (ii) as necessary to comply with contractual arrangements, and (iii) as necessary to address reasonable privilege concerns. To the extent that transfers of any permits issued by any Governmental Entity are required as a result of the execution of this Agreement or the consummation of the Transactions, the parties hereto shall use reasonable best efforts to effect such transfers.

(c) The Company and Parent shall use reasonable best efforts to file, as promptly as practicable, but in any event no later than fifteen Business Days after the date of this Agreement, notifications under the HSR Act, and the Company and Parent shall use reasonable best efforts to file, as promptly as practicable, any other filings and/or notifications under applicable Antitrust Laws. In the event that the parties receive a request for information or documentary materials following the HSR Act filing (a "***Second Request***") and/or the Transactions are subject to "Second Phase" review following any filing, notice, petition, statement, registration, submission of information, application or similar filing required by any other Antitrust Law or by any Governmental Entity responsible for or having jurisdiction over antitrust, competition, trade regulation, foreign investment and/or national security or defense matters (a "***Second Phase Information Request***"), the parties will use their respective reasonable best efforts to respond to such Second Request and/or Second Phase Information Request, as applicable, as promptly as possible or as otherwise instructed by Parent pursuant to **Section 6.3(f)** and counsel for both parties will closely cooperate during the entirety of any such Second Request review process and/or Second Phase Information Request process, as the case may be.

(d) Each of Parent and the Company shall use all reasonable best efforts to resolve such objections, if any, as may be asserted by any Governmental Entity with respect to the Transactions under the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, and any other United States federal or state or foreign or supranational Laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or that provide for review of foreign investment and/or national security or defense matters (collectively, "***Antitrust Laws***"). In connection therewith, if any Action is instituted (or threatened to be instituted) challenging any of the Transactions as violative of any Antitrust Laws, each of Parent and the Company shall cooperate and use all reasonable best efforts to vigorously contest and resist any such Action, and to have vacated, lifted, reversed, or overturned any decree, judgment, injunction or other order whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents, or restricts consummation of the Merger or any other Transactions, including

by vigorously pursuing all available avenues of administrative and judicial appeal. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this **Section 6.3(d)** shall limit the right of any party hereto to terminate this Agreement pursuant to **Section 8.1(b)(i)** or **Section 8.1(b)(ii)**, so long as such party hereto has, up to the time of termination, complied in all material respects with its obligations under this **Section 6.3(d)**. Each of Parent and the Company shall use all reasonable best efforts to take such action as may be required to cause the expiration of the notice periods under the HSR Act or other Antitrust Laws with respect to the Transactions as promptly as possible after the execution of this Agreement.

(e) The parties shall take all actions necessary to avoid or eliminate each and every impediment under any Antitrust Laws so as to enable the Closing to occur as soon as reasonably possible (and in any event no later than the Outside Date), including (i) proposing, negotiating, committing to and effecting, by consent decree, hold separate order, or otherwise, the sale, divestiture or disposition of such businesses, product lines or assets of the Company, Parent and their respective Subsidiaries and (ii) otherwise taking or committing to take actions that after the Closing Date would limit Parent's or its Subsidiaries' freedom of action with respect to, or its or their ability to retain, one or more of the businesses, product lines or assets of the Company, Parent and their respective Subsidiaries, in each case as may be required in order to avoid the entry of, or to effect the dissolution of, any preliminary or permanent injunction, in any Action under any Antitrust Laws, which would otherwise have the effect of preventing the Closing, and in that regard Parent and, if requested by Parent, the Company shall (but if not so requested by Parent shall not) agree to divest, sell, dispose of, hold separate, or otherwise take or commit to take any action that limits its freedom of action with respect to, or Parent's, the Company's or their respective Subsidiaries' ability to retain, any of the businesses, product lines or assets of the Company, Parent or any of their respective Subsidiaries; provided, however, that any such action shall be conditioned upon the consummation of the Merger, and notwithstanding anything to the contrary set forth in this Agreement, Parent shall not be required to take, or agree or commit to take, any such action, or agree or commit to, or effect, any such other matter, described in clauses (i) or (ii) above that, in the reasonable judgment of Parent, would constitute or reasonably be expected to result in the sale, divestiture or disposal of, or the holding separate of or direct or indirect operational or ownership restrictions on, businesses, product lines or assets of the Company, Parent or their respective Subsidiaries having or generating revenues (including for both Parent and its Subsidiaries and the Company and its Subsidiaries) for the fiscal year ended December 31, 2010 in excess of $900 million in the aggregate (an "***Unacceptable Condition***"), for the sake of clarity, it being understood that any revenues of the Company from the Aero Engine Controls joint venture, as constituted on the date hereof, shall be excluded for purposes of this calculation if the Company's interest in such joint venture is sold pursuant to a contractual obligation of the Company existing as of the date hereof.

(f) Notwithstanding anything to the contrary contained herein, the parties agree that it is Parent's sole right to devise the strategy for all filings, notifications, submissions and communications in connection with any filing, notice, petition, statement, registration, submission of information, application or similar filing subject to this Section 6.3.

Section 6.4 Notification of Certain Matters. Subject to applicable Law, the Company shall give prompt notice to Merger Sub and Parent, and Merger Sub and Parent shall give prompt notice to the Company

of (a) the occurrence or non-occurrence of any event whose occurrence or non-occurrence would be reasonably likely to cause either (i) any representation or warranty contained in this Agreement or in the Company Disclosure Letter to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time or (ii) any condition to the Merger to be unsatisfied in any material respect at the Effective Time and (b) any material failure of the Company, Merger Sub or Parent, as the case may be, or any officer, director, employee, agent or representative of the Company, Merger Sub or Parent as applicable, to comply with or satisfy any covenant or agreement to be complied with or satisfied by it under this Agreement; provided, however, that the delivery of any notice pursuant to this **Section 6.4** shall not limit or otherwise affect the remedies available under this Agreement to the party receiving such notice. The Company and Parent shall each promptly notify the other of any written notice from any Person alleging that the consent of such Person is or may be required in connection with the Transactions. The Company and Parent shall each promptly notify the other of any Actions commenced or, to its Knowledge, threatened against, relating to or involving or otherwise affecting such party or any of its Subsidiaries which relate to the consummation of the Transactions.

Section 6.5 Access; Confidentiality. Subject to the Confidentiality Agreement and applicable Law relating to the sharing of information, the Company agrees to (a) provide, and shall cause its Subsidiaries to provide, Parent and its Representatives, from the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, reasonable access during normal business hours to (i) the Company's and its Subsidiaries' respective properties, books, Contracts, commitments, personnel and records and (ii) such other information as Parent shall reasonably request with respect to the Company and its Subsidiaries and their respective businesses, financial condition and operations; and (b) request its and its Subsidiaries' respective Representatives to cooperate with Parent with respect to the foregoing; provided that nothing in this Agreement shall require the Company or any of its Subsidiaries to disclose any information to Parent or its Representatives that would cause a violation of any material Contract to which the Company or any of its Subsidiaries is a party, would cause a risk of a loss of privilege to the Company or any of its Subsidiaries, or would constitute a violation of applicable Laws; provided, further that (x) no investigation of the Company's business shall affect any representation or warranty given by the Company hereunder, in the Company Disclosure Letter or in the certificate referenced in **Section 7.2(c)**, or otherwise limit or affect the remedies available under this Agreement to Parent and (y) competitively sensitive material (reasonably designated by the Company as such) may be provided in accordance with the procedures set forth in **Section 6.3(b)**. Parent shall and shall cause Parent's controlled Affiliates and Representatives to keep confidential any non-public information received from the Company, its Affiliates or Representatives, directly or indirectly, pursuant to this **Section 6.5** in accordance with the Confidentiality Agreement.

Section 6.6 Publicity. The initial press release with respect to the Merger shall be a joint press release, to be agreed upon by Parent and the Company. Thereafter, neither the Company, Parent nor any of their respective Affiliates shall issue or cause the publication of any press release or other announcement with respect to this Agreement or the Transactions without the prior consent of the other party (or without giving such other party the opportunity to review and comment on such press release or other announcement), except as such party reasonably believes, after receiving the advice of outside counsel and after informing the other party, is required by Law or by any listing agreement with

or rules of any applicable national securities exchange, trading market or listing authority, in which event, such party shall endeavor, on a basis reasonable under the circumstances, to provide a meaningful opportunity to the other party to review and comment upon such press release or other announcement.

Section 6.7 Indemnification; Directors' and Officers' Insurance.

(a) From and after the Effective Time, the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, to the fullest extent permitted under the NYBCL, honor the Company's obligations existing immediately prior to the date of this Agreement to indemnify and hold harmless each present and former director and officer of the Company and its Subsidiaries and each such individual who served at the request of the Company or its Subsidiaries as a director, officer, trustee, partner, fiduciary, employee or agent of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise other than the Company or a Subsidiary thereof (collectively, the "***Indemnified Parties***"), in accordance with the terms of the Company's Restated Certificate of Incorporation and By-laws and all indemnification agreements with Indemnified Parties, in each case in effect immediately prior to the date hereof.

(b) Prior to the Closing, the Company shall purchase a six-year "tail" prepaid officers' and directors' liability insurance policy, providing, for a period of six years after the Effective Time, the Company's current and former directors and officers (as defined to mean those persons insured under the Company's existing officers' and directors' liability insurance policy) with insurance and indemnification policy coverage for events occurring at or prior to the Effective Time (the "***D&O Insurance***") that is no less favorable than the existing policy (including that such purchase does not result in any gaps or lapses in coverage with respect to matters occurring prior to the Effective Time); provided, however, that the Company shall not pay an aggregate amount for the D&O Insurance in excess of 300 percent of the current aggregate annual premium paid by the Company for the existing policy, but in such case shall purchase such coverage under a six-year "tail" prepaid policy as shall then be available at an aggregate cost no greater than 300 percent of such rate). From and after the Effective Time, Parent shall continue to honor its obligations under the D&O Insurance and shall not cancel nor take any action or omit to take any action that would result in the cancellation thereof.

(c) The certificate of incorporation and by-laws of the Surviving Corporation shall contain the provisions with respect to indemnification set forth in the Restated Certificate of Incorporation and By-Laws of the Company, which provisions shall not be amended, modified or otherwise repealed for a period of six years from the Effective Time in any manner that would adversely affect the rights thereunder as of the Effective Time of any individual who at the Effective Time is an Indemnified Party, unless such modification is required after the Effective Time by Law and then only to the minimum extent required by such Law.

(d) The rights of each Indemnified Party under this **Section 6.7** shall be in addition to any rights such individual may have under the Restated Certificate of Incorporation and By-Laws (or other governing documents) of the Company and any of its Subsidiaries, under the NYBCL or any other applicable Laws or under any agreement of any Indemnified Party with

the Company or any of its Subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Party.

(e) In the event that the Parent or Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision will be made so that the successors and assigns of the Surviving Corporation assume the obligations set forth in this **Section 6.7**.

Section 6.8 Merger Sub Compliance. Parent shall cause Merger Sub to comply with all of its obligations under or related to this Agreement.

Section 6.9 Employee Matters.

(a) From and after the Effective Time, Parent and the Surviving Corporation shall honor all Company Plans and compensation arrangements and agreements in accordance with their terms as in effect immediately prior to the date of this Agreement (or as amended as contemplated or permitted hereby or with the prior written consent of Parent). For a period of one year following the Effective Time, Parent shall provide, or shall cause to be provided, to each current employee of the Company and its Subsidiaries who is not subject to a collective bargaining agreement (the "***Company Employees***"), for so long as such employee remains employed by Parent or its Subsidiaries, compensation and benefits (excluding equity compensation) which, in the aggregate, are substantially equivalent to the compensation and benefits (excluding equity compensation), in the aggregate, provided to such Company Employee immediately before the Effective Time; provided that the foregoing obligation may be satisfied through participation and coverage following the Effective Time in Parent's or its Subsidiaries' (as applicable) compensation and benefit plans, programs, policies and arrangements as in effect from time to time, it being understood that the Company Employees may commence participating in the plans of Parent and its Subsidiaries on different dates following the Effective Time with respect to different plans of Parent and its Subsidiaries. For a period of one year following the Effective Time, Parent shall provide, or shall cause to be provided, to each current employee of the Company and its Subsidiaries (other than those who are party to a Management Continuity Agreement, whose rights shall be governed by the terms of such agreements, and those who are covered by a collective bargaining agreement, whose rights shall be governed by the applicable bargaining agreement) who following the Effective Time suffers a qualifying termination of employment under the terms and conditions of the severance arrangement of the Company and its Subsidiaries applicable to such employee as in effect on the date hereof (taking into account such Company Employee's service as required pursuant to **Section 6.9(b)** below), and thereafter, Company Employees shall be eligible for severance benefits under the severance arrangements applicable to similarly situated employees of Parent or its Subsidiaries as they may maintain such plans from time to time.

(b) For purposes of vesting, eligibility to participate and benefit accrual (other than for purposes of benefit accruals under any pension plan sponsored by Parent or its Subsidiaries (other than the Company and its Subsidiaries)) under the employee benefit plans of Parent and its Subsidiaries providing benefits to any Company Employees after the Effective

Time (the "***New Plans***"), each Company Employee shall be credited with his or her years of service with the Company and its Subsidiaries or predecessors before the Effective Time, to the same extent as such Company Employee was entitled, before the Effective Time, to credit for such service under any similar employee benefit plan or the Company or its Subsidiaries in which such Company Employee participated or was eligible to participate immediately prior to the Effective Time (and to the extent there is not a similar employee benefit plan of the Company or its Subsidiaries, service as recognized for purposes of the Company's 401(k) Plan); provided that the foregoing shall not apply to the extent that its application would result in a duplication of benefits or where prior service is not credited for similarly situated employees of Parent or its Subsidiaries or with respect to frozen or grandfathered plans of Parent or its Subsidiaries. In addition, and without limiting the generality of the foregoing: (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any and all New Plans that are welfare benefit plans to the extent coverage under such New Plan is comparable to a Company Plan in which such Company Employee participated immediately before the consummation of the Transactions (such plans, collectively, the "***Old Plans***") other than limitations or waiting periods that would have been in effect with respect to such Company Employee immediately prior to the Effective Time; and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical and/or vision benefits to any Company Employee, Parent shall cause all pre-existing condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of the Company or its Subsidiaries in which such employee participated immediately prior to the Effective Time and Parent shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plan ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(c) Without limiting the generality of the foregoing, the Company, Parent and the Surviving Corporation, and their respective Subsidiaries and Affiliates, as applicable, will take all actions necessary to effectuate the provisions of Section 6.9(c) of the Company Disclosure Letter.

(d) Prior to the Effective Time, the Company shall take all such action necessary (if any) to ensure that no "rabbi" or similar trust maintained by the Company or its Subsidiaries is required to be funded as a result of the transactions contemplated by this Agreement.

(e) Nothing in this **Section 6.9** shall (i) be treated as an amendment of, or undertaking to amend, any benefit plan or (ii) prohibit Parent or any of its Affiliates, including the Surviving Corporation, from amending or terminating any employee benefit plan. The provisions of this **Section 6.9** are solely for the benefit of the respective parties to this Agreement and nothing in this **Section 6.9**, express or implied, shall confer upon any Covered Employee, or legal representative or beneficiary thereof or other Person, any rights or remedies, including any right to employment or continued employment for any specified period, or compensation or benefits of any nature or kind whatsoever under this Agreement or a right in any employee or beneficiary of such employee or other Person under a Company Plan that such

employee or beneficiary or other Person would not otherwise have under the terms of that Company Plan.

Section 6.10 Parent Approval. As promptly as practicable following the execution of this Agreement, Parent shall execute and deliver, in accordance with Section 903 of the NYBCL and in its capacity as the sole stockholder of Merger Sub, a written consent adopting the plan of merger contained in this Agreement.

Section 6.11 Financing Cooperation.

(a) Prior to the Effective Time, the Company shall, and shall cause its Subsidiaries and their respective Representatives to, provide such reasonable cooperation in connection with any financing by Parent or any of its Subsidiaries in connection with the Transactions as may be reasonably requested by Parent, Merger Sub or their Representatives. Without limiting the generality of the foregoing, the Company shall, and shall cause its Subsidiaries and their respective Representatives to, upon request (i) furnish the report of the Company's auditor on the most recently available audited consolidated financial statements of the Company and its Subsidiaries and use its reasonable best efforts to obtain the consent of such auditor to the use of such report in accordance with normal custom and practice and use reasonable best efforts to cause such auditor to provide customary comfort letters to the underwriters, initial purchasers or placement agents, as applicable, in connection with any such financing; (ii) furnish any additional financial statements, schedules or other financial data relating to the Company and its Subsidiaries reasonably requested by Parent as may be reasonably necessary to consummate any such financing, including any pro forma financial statements required pursuant to the Securities Act in connection with any such financing; (iii) provide direct contact between (x) senior management and advisors, including auditors, of the Company and (y) the proposed lenders, underwriters, initial purchasers or placement agents, as applicable, and/or Parent's auditors in connection with, the financing, at reasonable times and upon reasonable advance notice; (iv) make available the employees and advisors of the Company and its Subsidiaries to provide reasonable assistance with Parent's preparation of business projections, financing documents and offer materials; (v) obtain the cooperation and assistance of counsel to the Company and its Subsidiaries in providing customary legal opinions and other services; (vi) provide information, documents, authorization letters, opinions and certificates, enter into agreements (including supplemental indentures) and take other actions that are or may be customary in connection with the financing or necessary or desirable to permit Parent to fulfill conditions or obligations under the financing documents, provided that such agreements entered into shall be conditioned upon, and shall not take effect until, the Effective Time; (vii) assist in the preparation of one or more confidential information memoranda, prospectuses, offering memoranda and other marketing and syndication materials reasonably requested by Parent; (viii) use commercially reasonably efforts to ensure that the syndication efforts benefit materially from the existing banking relationships of the Company and its Subsidiaries, (ix) permit Parent's reasonable use of the Company's and its Subsidiaries' logos for syndication and underwriting, as applicable, of financing (subject to advance review of and consultation with respect to such use), (x) participate in meetings and presentations with prospective lenders and investors, as applicable (including the participation in such meetings of the Company's senior management), (xi) use commercially reasonable efforts to assist in procuring any necessary rating agency

ratings or approvals, and (xii) not commence or effect any offering, placement or arrangement of any debt securities or bank financing competing with the proposed Parent financing (and not permit any such offering, placement or arrangements to occur on its behalf).

(b) The Company shall use all reasonable best efforts to (i) obtain customary payoff letters from third-party lenders and trustees with respect to the indebtedness of the Company and its Subsidiaries specified by Parent to the Company no later than ten Business Days prior to the Effective Time and (ii) deliver or cause to be delivered such payoff letters to Parent at the Effective Time. At the Effective Time, subject to Parent making available necessary funds to do so, the Company shall use all reasonable best efforts to, and to cause its Subsidiaries to, permanently (x) terminate the credit facilities requested by Parent to be so terminated, if and to the extent such facilities are specified by Parent to the Company no later than ten Business Days prior to the Effective Time, and all related contracts to which the Company or any of its Subsidiaries is a party and (y) cause to be released any Encumbrances on its assets relating to such terminated credit facilities.

(c) Notwithstanding anything in this **Section 6.11** to the contrary, in fulfilling its obligations pursuant to this **Section 6.11**, (i) none of the Company, its Subsidiaries or its Representatives shall be required to pay any commitment or other fee, provide any security or incur any other liability in connection with any financing prior to the Effective Time, (ii) any requested cooperation shall not unreasonably interfere with the ongoing operations of the Company and its Subsidiaries, and (iii) Parent shall, promptly upon request by the Company, reimburse the Company for all reasonable and documented out-of-pocket costs incurred by the Company or any of the Company Subsidiaries in connection with such cooperation. Parent shall indemnify and hold harmless the Company and the Company Subsidiaries from and against any and all losses or damages actually suffered or incurred by them directly in connection with the arrangement of any such financing (other than to the extent related to information provided by the Company, its Subsidiaries or their respective Representatives). All non-public or otherwise confidential information regarding the Company obtained by Parent or the Parent Representatives pursuant to this **Section 6.11** shall be "Information" as defined in and delivered under the Confidentiality Agreement; provided that the parties acknowledge and agree that a "Representative" for purposes of this **Section 6.11** and the Confidentiality Agreement shall mean any director, officer, employee, agent, lender or other debt financing source, any underwriter, initial purchaser or placement agent in respect of debt or equity securities offerings by Parent or its Subsidiaries, or other representative, including any accountant, attorney, financial advisor or consultant, as well as Representatives of any of the foregoing.

Section 6.12 Stockholder Litigation. The Company shall give Parent the opportunity to participate in the defense or settlement of any Action against the Company and/or its directors or officers relating to the Transactions. The Company agrees that it shall not settle or offer to settle any Action against the Company and/or any of its directors or officers relating to the Transactions, without first consulting with Parent.

Section 6.13 Takeover Statutes. If any anti-takeover or similar statute or regulation is or may become applicable to the transactions contemplated hereby, the Company and the Company Board shall grant such approvals and take all such actions as are legally permissible under such statute or regulation so

that the Transactions may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act under such statute or regulation to eliminate or minimize the effects of any such statute or regulation on the Transactions.

ARTICLE VII

CONDITIONS

Section 7.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions, any and all of which may be waived in whole or in part by the Company, Parent and Merger Sub to the extent permitted by applicable Law:

(a) Shareholder Approval. The Shareholder Approval shall have been obtained.

(b) Governmental Approvals. (i) The waiting period (including any extension thereof) applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated, and (ii) all other filings with or permits, authorizations, consents and approvals of or expirations of waiting periods imposed pursuant to any other applicable Antitrust Laws required to consummate the Merger shall have been obtained or filed or shall have occurred.

(c) No Injunctions or Restraints. No Order or Law, entered, enacted, promulgated, enforced or issued by any court of competent jurisdiction, or any other Governmental Entity, or other legal restraint or prohibition shall be in effect preventing or prohibiting the consummation of the Merger (collectively, "***Restraints***").

Section 7.2 Conditions to Obligations of Parent and Merger Sub. The obligation of Parent and Merger Sub to effect the Merger is further subject to the satisfaction, or waiver by Parent and Merger Sub, on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company contained in **Section 3.2**, **Section 3.4(a)** and **Section 3.19** shall be true and correct in all respects (except for any *de minimis* inaccuracy) both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), and (ii) each of the other representations and warranties of the Company set forth herein shall be true and correct in all respects (without giving effect to any materiality or "Material Adverse Effect" qualifications contained therein) both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except, in the case of this subclause (ii), where the failure of such representations and warranties to be so true and correct would not reasonably be expected to have or result in, individually or in the aggregate, a Material Adverse Effect.

(b) Performance of Obligations of the Company. The Company shall have performed or complied in all material respects with the covenants and agreements contained in this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c) Officer's Certificate. The Company shall have furnished Parent with a certificate dated the Closing Date signed on its behalf by its chief executive officer and chief financial officer to the effect that the conditions set forth in **Section 7.2(a)** and **Section 7.2(b)** have been satisfied.

(d) Certain Actions. There shall not be instituted or pending any Action by any Governmental Entity (i) seeking an Order that would result in, or would reasonably be expected to result in, an Unacceptable Condition or (ii) that would reasonably be expected to result in any Restraint.

(e) No Material Adverse Effect. Since January 1, 2011, there shall not have been any event, circumstance, change, occurrence, state of facts or effect (including the incurrence of any liabilities of any nature, whether or not accrued, contingent or otherwise) that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 7.3 Conditions to Obligations of the Company. The obligation of the Company to effect the Merger is further subject to the satisfaction, or waiver by the Company, on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of Parent contained in **Section 4.2** shall be true and correct in all respects (except for any *de minimis* inaccuracy) both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), and (ii) each of the other representations and warranties of Parent and Merger Sub set forth herein shall be true and correct in all respects (without giving effect to any materiality or "material adverse effect" qualifications contained therein) both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except, in the case of this subclause (ii), where the failure of such representations and warranties to be so true and correct would not reasonably be expected to have or result in, individually or in the aggregate, a material adverse effect on the ability of Parent and Merger Sub to consummate the Merger and the other Transactions.

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed or complied in all material respects with the covenants and agreements contained in this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c) Officer's Certificate. Each of Parent and Merger Sub shall have furnished the Company with a certificate dated the Closing Date signed on its behalf by its chief executive officer (or chief legal officer in the case of Parent) and chief financial officer to the effect that the conditions set forth in **Section 7.3(a)** and **Section 7.3(b)** have been satisfied.

ARTICLE VIII

TERMINATION

Section 8.1 Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time (notwithstanding any Shareholder Approval):

(a) by mutual written consent of Parent, Merger Sub and the Company;

(b) by either Parent or the Company if:

(i) the Merger has not been consummated on or before September 21, 2012 (the "***Outside Date***"); provided, however, that if, on the Outside Date, any of the conditions to the Closing set forth in **Section 7.1(b)**, **Section 7.1(c)** (to the extent any such Restraint is in respect of an Antitrust Law) or **Section 7.2(d)** (in the case of clause (ii) thereof, to the extent any such Restraint would be in respect of an Antitrust Law) shall not have been fulfilled but all other conditions to the Closing either have been fulfilled or are then capable of being fulfilled, then the Outside Date shall, without any action on the part of the parties hereto, be extended to March 21, 2013, and such date shall become the Outside Date for purposes of this Agreement; provided, however, that the party seeking to terminate this Agreement pursuant to this **Section 8.1(b)(i)** shall have used all reasonable best efforts to cause the conditions in **Section 7.1(b)** and **Section 7.1(c)** to be satisfied, in each case, to the extent required by and subject to **Section 6.3**;

(ii)(x) any Governmental Entity that must grant a permit, authorization, consent, approval, expiration or termination required by **Section 7.1(b)** shall have denied such grant and such denial has become final and non-appealable or (y) a permanent injunction or other Order which is final and nonappealable shall have been issued or taken preventing or prohibiting consummation of the Merger; provided, however, that the party seeking to terminate this Agreement pursuant to this **Section 8.1(b)(ii)** shall have used all reasonable best efforts to obtain such permit, authorization, consent, approval, expiration or termination, or to prevent the entry of such permanent injunction or other Order as applicable, in each case, to the extent required by and subject to **Section 6.3**; or

(iii) if the Special Meeting (including any adjournments and postponements thereof in accordance with Section 6.2) shall have concluded without the Shareholder Approval having been obtained by reason of the failure to obtain the required vote of the holders of Shares;

(c) by the Company prior to the receipt of the Shareholder Approval, in order to concurrently enter into a definitive agreement with respect to a Company Superior Proposal; provided that the Company shall have complied with **Section 5.2** and shall have paid or shall concurrently pay to Parent the Termination Fee under **Section 8.2(b)**;

(d) by Parent, if:

(i) the Company Board shall have made a Company Adverse Recommendation Change or a Change of Recommendation; or

(ii) the Company shall have breached its obligations under **Section 5.2** in any material respect;

(e) by Parent, if the Company breaches or fails to perform or comply with any of its representations, warranties, agreements or covenants contained in this Agreement, which breach or failure to perform or comply (i) would give rise to the failure of a condition set forth in **Section 7.2(a)** or **Section 7.2(b)** and (ii) cannot be cured by the Outside Date, or, if capable of being cured by the Outside Date, shall not have been cured within 30 calendar days after written notice thereof shall have been received by the Company (provided that Parent is not then in material breach of any representation, warranty, agreement or covenant contained in this Agreement); or

(f) by the Company, if Parent or Merger Sub breaches or fails to perform or comply with any of its representations, warranties, agreements or covenants contained in this Agreement, which breach or failure to perform or comply (i) would give rise to the failure of a condition set forth in **Section 7.3(a)** or **Section 7.3(b)** and (ii) cannot be cured by the Outside Date, or, if capable of being cured by the Outside Date, shall not have been cured within 30 calendar days after written notice thereof shall have been received by the Company (provided that the Company is not then in material breach of any representation, warranty, agreement or covenant contained in this Agreement).

A terminating party shall provide written notice of termination to the other parties specifying with particularity the reason for such termination. If more than one provision of this **Section 8.1** is available to a terminating party in connection with a termination, a terminating party may rely on any and/or all available provisions in this **Section 8.1** for any such termination.

Section 8.2 Effect of Termination.

(a) If this Agreement is terminated pursuant to **Section 8.1**, this Agreement shall become void and of no effect with no liability on the part of any party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other party hereto; provided, however, that (i) if such termination shall result from a willful and material breach of this Agreement by any party, such party shall not be relieved of any liability to the other parties as a result of such willful and material breach; and (ii) this **Section 8.2**, **Article IX**, **Article X**, the provisions of the last sentence of **Section 6.5**, and the provisions of the Confidentiality Agreement shall survive such termination. For purposes of this Agreement, "***willful and material breach***" shall mean a material breach that is a consequence of an act undertaken by the breaching party with the knowledge that the taking of such act would, or would reasonably be expected to, cause a breach of this Agreement.

(b) If this Agreement is terminated (i) by Parent pursuant to the provisions of **Section 8.1(d)**, (ii) by the Company pursuant to the provisions of **Section 8.1(b)(i)** and, at the time of such termination, (A) the Shareholder Approval shall not have been obtained and (B) Parent would have been permitted to terminate this Agreement pursuant to **Section 8.1(d)**, (iii)

by the Company pursuant to the provisions of **Section 8.1(c)** or (iv) by either Parent or the Company pursuant to the provisions of **Section 8.1(b)(i)** or **Section 8.1(b)(iii)** and, in the case of this clause (iv), (x) prior to such termination a Company Takeover Proposal shall have been publicly announced or shall have become publicly known (or, in the case of a termination pursuant to the provisions of **Section 8.1(b)(i)**, otherwise made known to the Company Board) and shall not have been withdrawn and (y) at any time on or prior to the twelve month anniversary of such termination the Company or any of its Subsidiaries enters into a definitive agreement with respect to any Company Takeover Proposal or the transactions contemplated by any Company Takeover Proposal are consummated (provided that solely for purposes of this **Section 8.2(b)(iv)(y)**, the term "Company Takeover Proposal" shall have the meaning set forth in the definition of Company Takeover Proposal except that all references to 20% shall be deemed references to 40%), the Company shall pay Parent the Termination Fee by wire transfer (to an account designated by Parent) in immediately available funds (1) in the case of clause (i) of this **Section 8.2(b)**, within two Business Days after such termination, (2) in the case of clause (ii) or (iii) of this **Section 8.2(b)**, prior to or concurrently with such termination, and (3) in the case of clause (iv) of this **Section 8.2(b)**, upon the earlier of entering into such definitive agreement with respect to a Company Takeover Proposal or consummation of the transactions contemplated by a Company Takeover Proposal. "***Termination Fee***" shall mean a cash amount equal to $500,000,000. Notwithstanding anything to the contrary in this Agreement, if the Termination Fee shall become due and payable in accordance with this **Section 8.2(b)**, from and after such termination and payment of the Termination Fee pursuant to and in accordance with this **Section 8.2(b)** (and any amounts payable under **Section 8.2(d)**), the Company shall have no further liability of any kind for any reason in connection with this Agreement or the termination contemplated hereby other than as provided under this **Section 8.2(b)**, except in the case of a willful and material breach by the Company of this Agreement. Each of the parties hereto acknowledges that the Termination Fee is not a penalty, but rather are liquidated damages in a reasonable amount that will compensate Parent and Merger Sub, as the case may be, in the circumstances in which such Termination Fee is due and payable, for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Transactions, which amount would otherwise be impossible to calculate with precision. In no event shall Parent be entitled to the Termination Fee on more than one occasion.

(c) If Parent shall terminate this Agreement pursuant to **Section 8.1(e)**, then the Company shall reimburse Parent, up to an aggregate of $50 million, for all of the documented out-of-pocket fees and expenses incurred by Parent or its Affiliates in connection with this Agreement and the transactions contemplated herein, including (i) all fees and expenses of accountants, counsel, investment banking firms or financial advisors (and their respective counsel and representatives), experts and consultants to Parent or any of its Affiliates in connection with this Agreement and the transactions contemplated hereby and (ii) all fees and expenses payable to banks, investment banking firms and other financial institutions (and their respective counsel and representatives) in connection with arranging or providing financing for the Merger Consideration or any of the other Transactions, and costs and expenses otherwise allocated to Parent pursuant to **Section 9.3**.

(d) The Company acknowledges that the agreements contained in **Section 8.2(b)** and **Section 8.2(c)** are an integral part of the Transactions, and that, without these agreements, Parent and Merger Sub would not enter into this Agreement. Accordingly, if the

Company fails to pay in a timely manner any amount due pursuant to **Section 8.2(b)** or **Section 8.2(c)**, then (i) the Company shall reimburse Parent for all costs and expenses (including disbursements and reasonable fees of counsel) incurred in the collection of such overdue amount, including in connection with any related Actions commenced by or against Parent and (ii) the Company shall pay to Parent interest on such amount from and including the date payment of such amount was due to but excluding the date of actual payment at the prime rate set forth in the *Wall Street Journal* in effect on the date such payment was required to be made plus 2%.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Amendment and Waivers. Subject to applicable Law, and in accordance with the immediately following sentence, this Agreement may be amended by the parties hereto by action taken or authorized by or on behalf of their respective boards of directors, at any time prior to the Closing, whether before or after adoption of this Agreement by the shareholders of the Company and Merger Sub. This Agreement may not be amended except by an instrument in writing signed by the parties hereto. At any time prior to the Effective Time, any party hereto may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties by the other party contained herein or in any document delivered pursuant hereto, and (iii) subject to the requirements of applicable Law, waive compliance by the other party with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 9.2 Non-survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any schedule, instrument or other document delivered pursuant to this Agreement shall survive after the Effective Time. This **Section 9.2** shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

Section 9.3 Expenses. Subject to **Section 8.2(c)** and **Section 8.2(d)**, all fees, costs and expenses (including all legal, accounting, broker, finder or investment banker fees) incurred in connection with this Agreement and the Transactions are to be paid by the party incurring such fees, costs and expenses, except that the filing fees in respect to filings made pursuant to the HSR Act and all other Antitrust Laws shall be shared equally by Parent and the Company.

Section 9.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and sent by facsimile, by electronic mail, by nationally recognized overnight courier service or by registered mail and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via electronic mail at the email address specified in this **Section 9.4** or facsimile at the facsimile telephone number specified in this **Section 9.4**, in either case, prior to 5:00 p.m. (New York City time) on a Business Day and, in each case, a copy is sent on such Business Day by nationally recognized overnight courier service, (ii) the Business Day after the date of transmission, if such notice or communication is delivered via electronic mail at the

email address specified in this **Section 9.4** or facsimile at the facsimile telephone number specified in this **Section 9.4**, in each case, later than 5:00 p.m. (New York City time) on any date and earlier than 12 midnight (New York City time) on the following date and a copy is sent no later than such date by nationally recognized overnight courier service, (iii) when received, if sent by nationally recognized overnight courier service (other than in the cases of clauses (i) and (ii) above), or (iv) upon actual receipt by the party to whom such notice is required to be given if sent by registered mail. The address for such notices and communications shall be as follows:

(a) if to Parent or Merger Sub, to:

Charles D. Gill
Senior Vice President and General Counsel
One Financial Plaza
Hartford, Connecticut 06103
Telephone No.: (860) 728-7000
Facsimile No.: (860) 728-7979
Email: charles.gill@utc.com

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Telephone No.: (212) 403-1200
Facsimile No.: (212) 403-2200
Email: mlipton@wlrk.com; jrcammaker@wlrk.com
Attention: Martin Lipton, Esq.
Joshua Cammaker, Esq.

(b) if to the Company, to:

Terrence G. Linnert
Executive Vice President, Administration and General
Four Coliseum Centre
2730 West Tyvola Road
Charlotte, NC 28217
Telephone No.: (704) 423-7000
Facsimile No.: (704) 423-7011
Email: terry.linnert@goodrich.com

Attention:

with a copy to:

Jones Day
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Telephone No.: (216) 586-3939
Facsimile No.: (216) 579-0212
Email: lgganske@jonesday.com; jpdougherty@jonesday.com
Attention: Lyle G. Ganske, Esq.
James P. Dougherty, Esq.

Section 9.5 Counterparts. This Agreement may be executed in two or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

Section 9.6 Entire Agreement; No Third Party Beneficiaries. This Agreement (including the Company Disclosure Letter and the Parent Disclosure Letter) and the Confidentiality Agreement (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement, and (b) except for the provisions in **Section 6.7**, (which provisions may be enforced directly by Indemnified Parties) is not intended to and shall not confer upon any Person other than the parties to this Agreement and their permitted assigns any rights, benefits or remedies of any nature whatsoever, other than (i) the right of the holders of Shares to receive the Merger Consideration after the Closing (a claim with respect to which may not be made unless and until the Effective Time shall have occurred, and only in accordance with **Article II**) and (ii) the right of such party on behalf of its security holders to pursue damages in the event of the other party's willful and material breach of this Agreement. For the avoidance of doubt, the rights granted pursuant to the foregoing clause (ii) shall be enforceable only by the Company in its sole and absolute discretion, on behalf of the holders of Shares. Notwithstanding the foregoing, the parties acknowledge and agree that the Financing Sources shall be express third-party beneficiaries of **Section 9.8** and the third sentence of **Section 9.10**. The representations and warranties in this Agreement are the product of negotiations among the parties and are for the sole benefit of the parties. The representations and warranties in this Agreement may represent an allocation among the parties of risks associated with particular matters regardless of the knowledge of any of the parties and may have been qualified by certain disclosures not reflected in the text of this Agreement. Accordingly, Persons other than the parties may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

Section 9.7 Severability. Any term or provision of this Agreement that is held by a court of competent jurisdiction or other Governmental Entity to be invalid, void or unenforceable in any situation in any jurisdiction

shall not affect the validity or enforceability of the remaining terms and provisions of this Agreement or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction or other Governmental Entity declares that any term or provision of this Agreement is invalid, void or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible and the parties agree that the court making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, void or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

Section 9.8 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the Transactions (including any Actions against the Financing Sources in connection with the Transactions) shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of law principles of the State of Delaware (except that the procedures of the Merger and matters relating to the fiduciary duties of the Company Board shall be subject to the internal laws of the State of New York).

Section 9.9 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by any of the parties to this Agreement (whether by operation of Law or otherwise) without the prior written consent of the other parties, except that each of Parent and Merger Sub may transfer or assign, in whole or from time to time in part, to one or more of its respective wholly owned Subsidiaries, its rights under this Agreement, but any such transfer or assignment will not relieve Parent or Merger Sub, as applicable, of its obligations hereunder. Any attempted assignment in violation of this **Section 9.9** shall be void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 9.10 Consent to Jurisdiction; Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions or other appropriate equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Delaware Court of Chancery in and for New Castle County, or in the event (but only in the event) that such Delaware Court of Chancery does not have subject matter jurisdiction over such matter, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court also does not have jurisdiction over such matter, any Delaware State court sitting in New Castle County, this being in addition to any other remedy to which they are entitled at law or in equity, and the parties hereby waive in any such proceeding the defense of adequacy of a remedy at law and any requirement for the securing or posting of any bond or any other security related to such equitable relief. In addition, each of the parties hereto (a) submits to the personal jurisdiction of the Delaware Court of Chancery in and for New Castle County, or in the event (but only in the

event) that such Delaware Court of Chancery does not have subject matter jurisdiction over such dispute, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court also does not have jurisdiction over such dispute, any Delaware State court sitting in New Castle County, in the event any dispute (whether in contract, tort or otherwise) arises out of this Agreement or the Transactions (including any Actions against the Financing Sources in connection with the Transactions), (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (c) agrees that it will not bring any Action relating to this Agreement or the Transactions (including any Actions against the Financing Sources in connection with the Transactions) in any court other than the Delaware Court of Chancery in and for New Castle County, or in the event (but only in the event) that such Delaware Court of Chancery does not have subject matter jurisdiction over such Action, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court also does not have jurisdiction over such Action, any Delaware State court sitting in New Castle County, and (d) irrevocably waives any and all right to trial by jury with respect to any action related to or arising out of this Agreement or the Transactions (including any Actions against the Financing Sources in connection with the Transactions).

ARTICLE X

DEFINITIONS; INTERPRETATION

Section 10.1 Certain Terms Defined. The following terms shall have the meanings set forth below for purposes of this Agreement:

"***Action***" means any claim, action, suit, proceeding, audit, review, inquiry, examination or investigation.

"***Affiliates***" has the meaning set forth in Rule 12b-2 of the Exchange Act.

"***Business Day***" means any day other than a Saturday, Sunday or a day on which banks in New York, New York or Connecticut are authorized or obligated by Law or Order to close.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Company Stock Plans***" means the Company's 2011 Equity Compensation Plan (effective April 19, 2011), the Company's Amended and Restated 2001 Equity Compensation Plan (amended and restated effective April 22, 2008) and the Company's Preferred Stock Option Plan (effective April 19, 1999), each as may be amended from time to time.

"***Company Superior Proposal***" means a bona fide, unsolicited written Company Takeover Proposal (i) that if consummated would result in a third party (or in the case of a direct merger between such third party and the Company, the shareholders of such third party) acquiring, directly or indirectly, more than 80% of the

outstanding Company Common Stock or all or substantially all the assets of the Company and its Subsidiaries, taken as a whole, for consideration consisting of cash and/or securities, (ii) that the Company Board determines in good faith, after consultation with its outside legal counsel and its outside financial advisor, is reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal, including all conditions contained therein and the Person making such Company Takeover Proposal, (iii) that the Company Board determines in good faith, after consultation with its outside legal counsel and its outside financial advisor (taking into account any changes to this Agreement proposed by Parent in response to such Company Takeover Proposal, and all financial, legal, regulatory and other aspects of such Company Takeover Proposal, including all conditions contained therein and the Person making such proposal, and this Agreement), is more favorable to the shareholders of the Company from a financial point of view than the Merger, and (iv) the definitive documentation in respect of which does not contain any due diligence or financing condition.

"***Company Takeover Proposal***" means (i) any inquiry, proposal or offer for or with respect to a merger, consolidation, business combination, recapitalization, binding share exchange, liquidation, dissolution, joint venture or other similar transaction involving the Company, (ii) any inquiry, proposal or offer (including tender or exchange offers) to acquire in any manner, directly or indirectly, more than 20% of the outstanding Company Common Stock or securities of the Company representing more than 20% of the voting power of the Company or (iii) any inquiry, proposal or offer to acquire in any manner (including the acquisition of stock in any Subsidiary of the Company), directly or indirectly, assets or businesses of the Company or its Subsidiaries, including pursuant to a joint venture, representing more than 20% of the consolidated assets, revenues or net income of the Company, in each case, other than the Merger and the Transactions.

"***Contract***" means any contract, note, bond, mortgage, indenture, deed of trust, license, lease, agreement, arrangement, commitment or other instrument or obligation, whether oral or written.

"***Encumbrance***" means any security interest, pledge, mortgage, lien, charge, hypothecation, option to purchase or lease or otherwise acquire any interest, conditional sales agreement, adverse claim of ownership or use, title defect, easement, right of way, or other encumbrance of any kind.

"***Environmental Laws***" means all Laws relating to the protection of the environment, including the ambient air, soil, surface water or groundwater, or relating to the protection of human health, including from exposure to Materials of Environmental Concern.

"***Environmental Permits***" means all permits, licenses, registrations, and other authorizations required under applicable Environmental Laws.

"***ERISA Affiliate***" means, with respect to any Person, any trade or business, whether or not incorporated, that together with such Person would be deemed a "single employer" within the meaning of Section 414 of the Code.

"***Financing Sources***" means any entity that commits to provide debt financing in connection with the Transactions, including the lenders parties to the Financing Commitment or any definitive loan agreement.

"***Indebtedness***" of any Person means (a) all indebtedness for borrowed money and (b) any other indebtedness which is evidenced by a note, bond, indenture, debenture or similar Contract, (c) all reimbursement obligations with respect to (i) letters of credit, bank guarantee or bankers' acceptances or (ii) surety, customs, reclamation or performance bonds (in each case not related to judgments or litigation) other than, in the case of this clause (ii), those entered into in the ordinary course of business consistent with past practice and (d) all guarantees for obligations of any other Person constituting Indebtedness of such other Person.

"***Intellectual Property Rights***" means United States or foreign intellectual property, including (i) patents and patent applications, together with all applications, registrations, reissues, continuations, continuations-in-part, revisions, divisionals, provisionals, extensions, reexaminations and renewals thereof, (ii) trademarks, service marks, logos, trade names, corporate names, trade dress, designs, slogans and general intangibles of like nature, including all goodwill associated therewith, and all applications, registrations, reissues, continuations, continuations-in-part, revisions, divisionals, provisionals, extensions, reexaminations and renewals in connection therewith, (iii) copyrights and copyrightable works and all applications, registrations, reissues, continuations, continuations-in-part, revisions, divisionals, provisionals, extensions, reexaminations in connection with any of the foregoing, (iv) inventions and discoveries (whether patentable or not), industrial designs, trade secrets, confidential information and know-how, (v) computer software (including source and object codes, databases and related documentation), (vi) technology, trade secrets, confidential business information (including ideas, formulae, algorithms, models, methodologies, compositions, know-how, manufacturing and production processes and techniques, research and development information, drawings, designs, plans, proposals, technical data, financial, marketing and business data and pricing and cost information), (vii) uniform resource locators, web site addresses and Internet domain names, and registrations and applications therefor, (viii) moral and economic rights of authors and inventors and (ix) all other proprietary rights whether now known or hereafter recognized in any jurisdiction (in whatever form or medium).

"***Intervening Event***" means an event, fact, circumstance or development that occurs after the date of this Agreement that does not relate to a Company Takeover Proposal or to the Transactions and that was not known by the Company Board as of the date of this Agreement, which becomes known by the Company Board prior to the time at which the Shareholder Approval is obtained.

"***IRS***" means the Internal Revenue Service.

"***Knowledge***" means (i) with respect to Parent, the actual knowledge (without independent inquiry or investigation) of the Chairman and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, and the Senior Vice President and General Counsel of Parent and (ii) with respect to the Company, the actual knowledge (without independent inquiry or investigation) of the Chairman, President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President and

General Counsel, the Segment President of Actuation and Landing Systems, the Segment President of Nacelles and Interior Systems, and the Segment President of Electronic Systems of the Company.

"***Law***" means any law, statute, code, ordinance, regulation or rule of any Governmental Entity.

"***Leased Real Property***" means all material real property leased or subleased (whether as a tenant or subtenant) by the Company or any Subsidiary of the Company.

"***Material Adverse Effect***" means, with respect to the Company, 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 (i) the ability of the Company to consummate the Merger and the other Transactions, or (ii) the business, assets, results of operations or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, except to the extent such material adverse effect under this clause (ii) 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 Company and its Subsidiaries, taken as a whole, relative to others in any industry in which the Company and any of its Subsidiaries operate, (B) any changes in conditions generally affecting any of the industries in which the Company and its Subsidiaries operate, except to the extent such changes in conditions have a disproportionate effect on the Company and its Subsidiaries, taken as a whole, relative to others in any such industry, (C) any decline in the market price of the Company Common Stock (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 Material Adverse Effect), (D) any failure, in and of itself, by the Company 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 Material Adverse Effect), (E) the public announcement of the Merger or any of the other Transactions, (F) any change in Law or GAAP (or authoritative interpretations thereof), except to the extent such changes have a disproportionate effect on the Company and its Subsidiaries, taken as a whole, relative to others in any industry in which the Company 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 date of this Agreement, except to the extent such conditions or events have a disproportionate effect on the Company and its Subsidiaries, taken as a whole, relative to others in any industry in which the Company 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 Company and its Subsidiaries, taken as a whole, relative to others in any industry in which the Company and any of its Subsidiaries operate.

"***Materials of Environmental Concern***" means any hazardous, acutely hazardous, explosive, dangerous, flammable, radioactive or toxic substance, material or waste defined or regulated as such under Environmental Laws, including

the federal Comprehensive Environmental Response, Compensation and Liability Act and the federal Resource Conservation and Recovery Act, which include (i) petroleum, asbestos, or polychlorinated biphenyls and (ii) in the United States, all substances defined as Hazardous Substances, Oils, Pollutants or Contaminants in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. "SS" 300.5.

"***Order***" means any order, judgment, judicial decision, ruling, injunction (preliminary or permanent), assessment, award, decree or writ of any Governmental Entity.

"***Owned Real Property***" means all real property owned by the Company or any Subsidiary of the Company.

"***Permitted Encumbrances***" means: (i) Encumbrances that relate to Taxes, assessments and governmental charges or levies imposed upon the Company that are not yet due and payable or that are being contested in good faith by appropriate proceedings or for which reserves have been established on the most recent financial statements included in the Company SEC Documents filed prior to the date hereof, (ii) pledges or deposits to secure obligations under workers' compensation Laws or similar legislation or to secure obligations to local or state Governmental Entities in connection with the receipt of funds or other benefits from such Governmental Entity relating to capital projects, (iii) mechanics', carriers', workers', repairers' and similar Encumbrances imposed upon the Company arising or incurred in the ordinary course of business, (iv) other imperfections or irregularities in title, charges, easements, survey exceptions, leases, subleases, license agreements and other occupancy agreements, reciprocal easement agreements, restrictions and other customary encumbrances on title to or use of real property, (v) utility easements for electricity, gas, water, sanitary sewer, surface water drainage or other general easements granted to Governmental Entities in the ordinary course of developing or operating any Site, (vi) any utility company rights, easements or franchises for electricity, water, steam, gas, telephone or other service or the right to use and maintain poles, lines, wires, cables, pipes, boxes and other fixtures and facilities in, over, under and upon any of the Sites, and (vii) any encroachments of stoops, areas, cellar steps, trim and cornices, if any, upon any street or highway; provided, however, that in the case of clauses (iv) through (vii), none of the foregoing, individually or in the aggregate, materially adversely affect the continued use of the property to which they relate in the conduct of the business currently conducted thereon, and (viii) as to any Leased Real Property, any Encumbrance on the fee interest of such Leased Real Property.

"***Person***" means a natural person, sole proprietorship, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated society or association, a "group" (as defined under Section 13(d)(3) of the Exchange Act), joint venture, Governmental Entity or other legal entity or organization.

"***Redacted Fee Letter***" means a fee letter from a financing source in which the only redactions relate to fee amounts, "market flex" provisions and "securities demand" provisions, provided, that such redactions do not relate to any terms that would adversely affect the conditionality, enforceability, availability, termination or aggregate principal amount of the debt financing or other funding being made available by such financing source, except to the extent a reduction from such financing source would be offset by an

increase in the debt financing or other funding being made available by such financing source or another financing source.

"***SEC***" means the United States Securities and Exchange Commission.

"***Site***" means each location where the Company or any Subsidiary of the Company conducts business, including each Owned Real Property and Leased Real Property.

"***Subsidiary***" means, with respect to any party, any foreign or domestic Person, whether incorporated or unincorporated, of which (a) such party or any other Subsidiary of such party is a general partner or (b) at least a majority of the voting power to elect a majority of the directors or others performing similar functions with respect to such corporation or other entity is directly or indirectly owned or controlled by such party or by any one or more of such party's Subsidiaries, or by such party and one or more of its Subsidiaries.

"***Tax***" or "***Taxes***" means any and all taxes, charges, fees, duties, levies, or other like assessments, including all net income, gross income, gross receipts, franchise, excise, stamp, property, ad valorem, payroll, withholding, social security (or similar), employment, unemployment, occupation, sales, use, service, license, net worth, severance, transfer, recording, premium, customs duties, capital stock, value added, estimated or other taxes, imposed by any Governmental Entity, together with any interest, penalties, additional amounts or additions to tax imposed with respect thereto.

"***Tax Return***" or "***Tax Returns***" means all federal, state, local and foreign tax returns, declarations, statements, reports, schedules, forms and information returns, claims for refund, election or similar statement filed or required to be filed with respect to any Tax.

Section 10.2 Other Definitional and Interpretative Provisions. The words "hereof," "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Terms defined in the singular in this Agreement shall also include the plural and vice versa. The captions and headings herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," whether or not they are in fact followed by those words or words of like import. The phrases "the date of this Agreement," "the date hereof" and phrases of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the Preamble. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". The word "will" shall be construed to have the same meaning as the word "shall". The term "or" is not exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

[Signatures on Following Page.]

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement and Plan of Merger to be signed by their respective officers thereunto duly authorized as of the date first written above.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Louis R. Chênevert
Name: Louis R. Chênevert
Title: Chairman & Chief Executive Officer

CHARLOTTE LUCAS CORPORATION

By: /s/ Louis R. Chênevert
Name: Louis R. Chênevert
Title: President

GOODRICH CORPORATION

By: /s/ Marshall O. Larsen
Name: Marshall O. Larsen
Title: Chairman, President and Chief Executive Officer

Exhibit 99.1

Contacts: John Moran, UTC
(860) 728-7062

Lisa Bottle, Goodrich
(704) 423-7060

FOR IMMEDIATE RELEASE
www.utc.com

UNITED TECHNOLOGIES TO ACQUIRE GOODRICH CORPORATION

Complements and strengthens position in aerospace and defense industry

HARTFORD, Conn., and CHARLOTTE, N.C., Sept. 21, 2011 – United Technologies Corp. (NYSE:UTX) today announced it has reached agreement to purchase Goodrich Corporation (NYSE: GR) for $127.50 per share in cash. This equates to a total enterprise value of $18.4 billion, including $1.9 billion in net debt assumed. United Technologies expects to finance the transaction through a combination of debt and equity issuance. The equity component is expected to approximate 25 percent of the total. The closing is subject to customary closing conditions, including regulatory and Goodrich shareholder approvals.

Following completion of the transaction, United Technologies is expected to have worldwide sales of approximately $66 billion based on projected 2011 results. The combined company's increased scale, financial strength and complementary products will strengthen United Technologies' position in the aerospace and defense industry.

Goodrich is a global supplier of systems and services to the aerospace and defense industry. Its products include aircraft landing gear, aircraft wheels and brakes. Goodrich, with estimated 2011 sales of $8 billion, serves a global customer base with 27,000 employees worldwide.

"Goodrich delivers on all of our acquisition criteria. It is strategic to our core, has great technology and people, and strengthens our position in growth markets," said United Technologies Chairman and Chief Executive Officer Louis Chênevert. "We are very excited to bring the capabilities of two great companies together, making us more competitive and better able to provide value to both customers and shareholders."

“We are extremely pleased to have an agreement with United Technologies that delivers immediate cash value to our shareholders at a premium that reflects the strength of our business,” said Marshall Larsen, Chairman, President and Chief Executive Officer of Goodrich. “Our combination with United Technologies is a testament to our employees and will enable us to shape the future of aerospace through continued innovation, increased global scale and the best talent in the industry. Importantly, United Technologies has a similar culture of mutual trust and respect, accountability and teamwork. Goodrich’s long and proud history will enter a new chapter as part of United Technologies.”

Goodrich is well positioned for future growth based on its increased content on leading new commercial and military aircraft. The company’s broad position across many platforms, combined with increased air-framer production rates, will drive sustainable long-term aftermarket growth. United Technologies expects the transaction will be accretive to earnings in the second year.

“Goodrich is a great business with a solid product portfolio and significant aftermarket sales that complement UTC’s existing aerospace presence,” Chênevert said. “This acquisition further strengthens our position in the growing commercial aerospace market and enhances our ability to support our customers with more integrated systems.”

Larsen, now Chairman, President and Chief Executive Officer of Goodrich, will become Chairman and Chief Executive Officer of a combined UTC Aerospace Systems business unit. The senior leadership team of the combined business will be located in Charlotte, N.C.

United Technologies today also reaffirmed its expectations for 2011 revenues of approximately $58 billion, earnings per share in the range of $5.35 to $5.45, and cash flow from operations less capital expenditures equal to or in excess of net income attributable to common shareowners.

J.P. Morgan and Goldman, Sachs & Co. are acting as financial advisors to United Technologies. Wachtell, Lipton, Rosen & Katz is serving as legal advisor to

United Technologies. Credit Suisse Securities (USA) LLC and Citi are acting as financial advisors and Jones Day is acting as legal advisor to Goodrich.

CONFERENCE CALL

United Technologies will hold a conference call with financial analysts to discuss this announcement beginning at 8:30 a.m. ET Thursday, Sept. 22. Analysts should call (866) 582-8907 in the U.S. or (707) 287-9365 internationally at least 15 minutes prior to the scheduled start. The presentation will be webcast at www.utc.com, and a recording will be archived on the website. A slideshow accompanying the presentation will be posted to www.utc.com prior to the call. For a replay, dial (855) 859-2056 in the U.S. or (404) 537-3406 internationally. At the prompt for a conference ID number, enter 12882625.

United Technologies Corp., based in Hartford, Connecticut, is a diversified company providing high technology products and services to the global aerospace and building industries. UTC's products include Pratt & Whitney aircraft engines, Sikorsky helicopters, Carrier heating, air conditioning and refrigeration systems, Hamilton Sundstrand aerospace systems and industrial products, Otis elevators and escalators, UTC Fire & Security systems and UTC Power fuel cells.

Goodrich Corporation, a Fortune 500 company, is a global supplier of systems and services to aerospace, defense and homeland security markets. With one of the most strategically diversified portfolios of products in the industry, Goodrich serves a global customer base with significant worldwide manufacturing and service facilities. For more information, visit www.goodrich.com.

This release includes "forward looking statements" concerning the proposed transaction, its financial and business impact, management's beliefs and objectives with respect thereto, and management's current expectations 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. It is uncertain whether the events anticipated will transpire, or if they do occur what impact they will have on the results of operations and financial condition of UTC and of the combined companies. These forward looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including but not limited to the ability of the parties to satisfy the conditions precedent and consummate the proposed transaction, the timing or consummation of the proposed transaction, the ability of the parties to secure regulatory approvals in a timely manner or on the terms desired or anticipated, the ability of UTC to integrate the acquired operations, the ability to implement the anticipated business plans following closing and achieve anticipated benefits and savings, and the ability to realize opportunities for growth and innovation. Other important economic, political, regulatory, legal, technological, competitive and other uncertainties are identified in the SEC filings submitted by UTC and Goodrich from time to time, including their respective Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K, and Current Reports on Form 8-K. The forward looking statements included in this press release are made only as of the date hereof. Neither UTC nor Goodrich undertakes any obligation to update the forward looking statements to reflect subsequent events or circumstances.

UTC-IR

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United Technologies

United Technologies Investor Webcast

September 22, 2011

This presentation includes "forward looking statements" concerning a proposed transaction, its financial and business impact, management's beliefs and objectives with respect thereto, and management's current expectations for our future operating and financial performance, including anticipated sales, earnings and cash flow, 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. It is uncertain whether the events anticipated will transpire, or if they do occur what impact they will have on the results of operations and financial condition of UTC and of the combined companies. These forward looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including but not limited to the ability of the parties to satisfy the conditions precedent and consummate the proposed transaction, the timing or consummation of the proposed transaction, the ability of the parties to secure regulatory approvals in a timely manner or on the terms desired or anticipated, the ability of UTC to integrate the acquired operations, the ability to implement the anticipated business plans following closing and achieve anticipated benefits and savings, and the ability to realize opportunities for growth and innovation. Other important economic, political, regulatory, legal, technological, competitive and other uncertainties are identified in the SEC filings submitted by UTC and Goodrich from time to time, including their respective Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K, and Current Reports on Form 8-K. The forward looking statements included in this press release are made only as of the date hereof. Neither UTC nor Goodrich undertakes any obligation to update the forward looking statements to reflect subsequent events or circumstances.

UTC
Goodrich rationale

Well-established segment position
- Complementary products
- High aftermarket content

Solid growth prospects
- Aerospace cycle timing
- Well positioned on next generation aircraft

Significant value creation for customers and investors

UTC AND GOODRICH

Complementary across the airframe

- Hamilton Sundstrand — Auxiliary Power Systems
- Goodrich — Tail Cones
- Goodrich — Exterior Lighting

- Hamilton Sundstrand — Environmental Controls Systems
- Goodrich — Cargo Systems
- Hamilton Sundstrand — Electrical Power Systems
- Goodrich — Passenger Service Units
- Hamilton Sundstrand — Fire Detections and Suppression

- Goodrich — Security Systems
- Hamilton Sundstrand — Flight/Cockpit Controls
- Goodrich — Air data, Sensors & systems

- Goodrich — Landing gear
- Goodrich — Wheels and brakes
- Goodrich — Proximity sensors

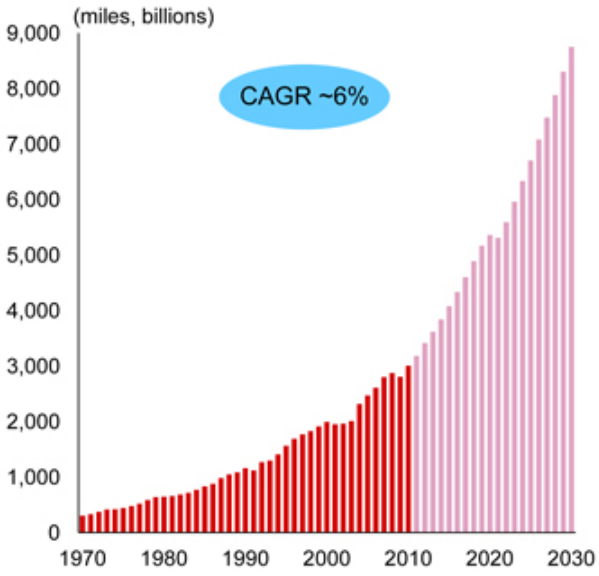
- Goodrich — Actuation flight control
- Hamilton Sundstrand — Engine Bleed Systems
- Goodrich — Anti-Ice and Ice Detection
- Hamilton Sundstrand — Emergency Power Systems

- Hamilton Sundstrand — Engine Controllers (EEC)
- Hamilton Sundstrand — Engine gearboxes
- Engines
- Goodrich — Nacelles & thrust reversers

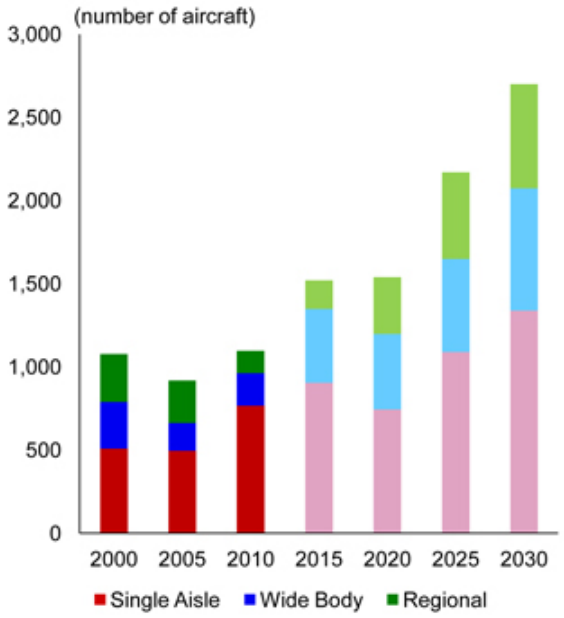
COMMERCIAL AERO OPPORTUNITY

RPM growth

(1970 – 2030)

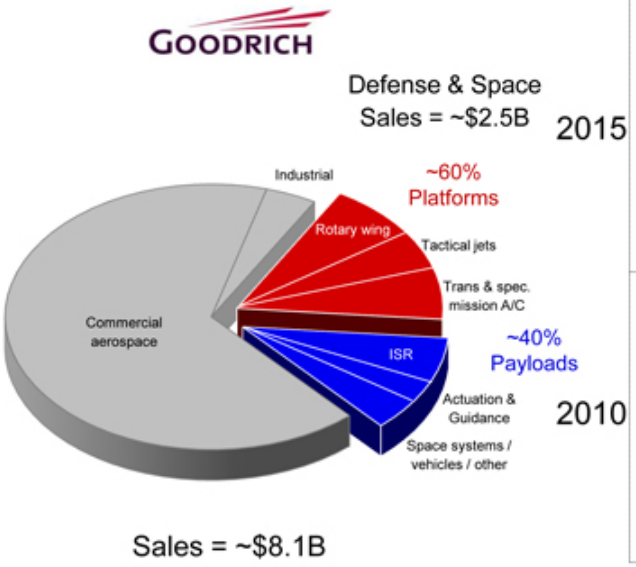


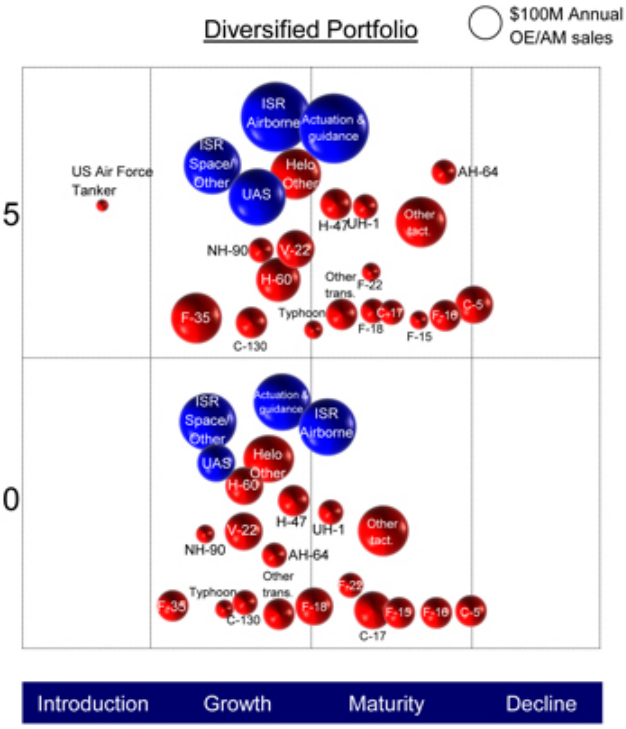
Annual aircraft deliveries



GOODRICH

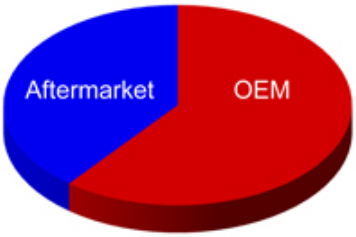
Defense & Space



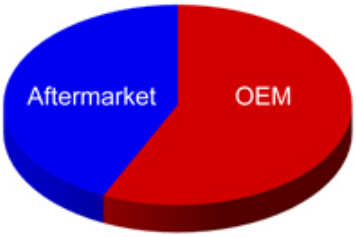


STRONG AFTERMARKET CONTENT

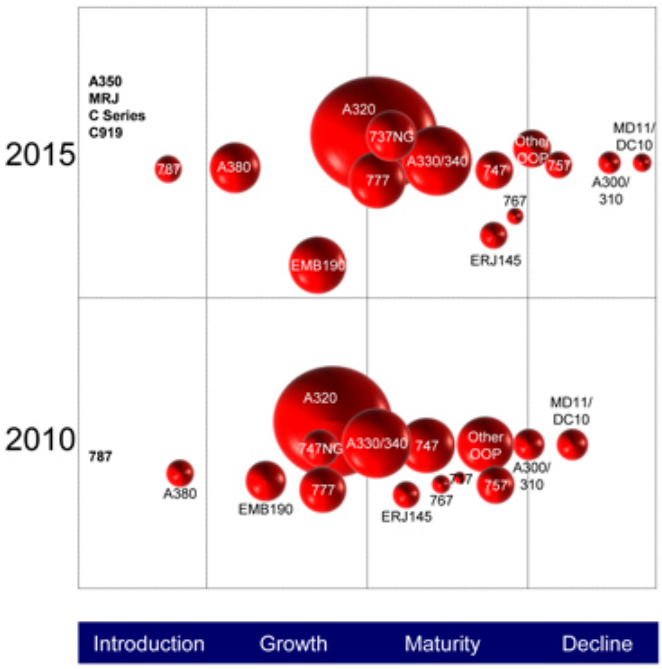
Hamilton Sundstrand
A United Technologies Company



GOODRICH



Goodrich: Broad presence on a growing fleet



CUSTOMER VALUE

Integrated systems

	More electric…	More integrated…	More intelligent…
	 kVA electric power	 % integrated controls	 # detectable faults
Systems	 Electric Generation and distribution  Motor Controls  Wheels and Brakes	 Engine Controls  Generation  Nacelles  Nacelle Actuation	 Distribution Networks  Sensors
Next Generation System	**More electric braking** ***Reduced complexity and maintenance***	**Integrated Propulsion System** ***Improved efficiency and reliability***	**Vehicle Health Monitoring** ***Improved reliability and lower costs***

CUSTOMER VALUE

World class aftermarket support

Customer response center

Extensive network

Field support

CARE

OSS ON-SITE SUPPORT

Leading asset management programs

SYNERGIES / INTEGRATION PLANNING

Synergies

Base case

Costs

- Run-rate synergies: $350M – $400M (year 5)
- One-time P&L costs: ~$500M
- Public company/ administrative costs
- Facilities rationalization
- Supply chain
- Low cost sourcing

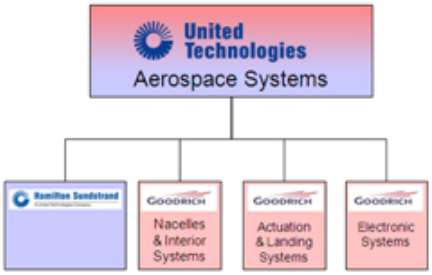
Upside

Sales

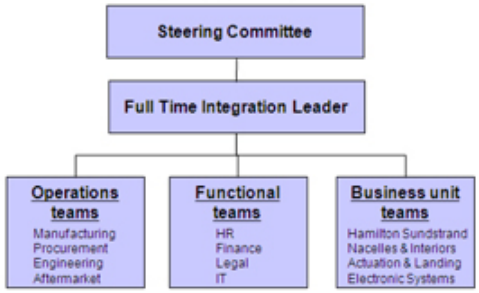
- Integrated systems
- Aftermarket network

EPS accretive in year 2

Organization



Integration



- **Regular senior management review**
- **Joint GR/UTC representation**
- **Synergy capture focused**

VALUATION AND FUNDING

Valuation

Price: $127.50 per share
EV: $18.4B

2.5x LTM Sales
2.3x 2011E Sales

12.9x LTM EBITDA
11.7x 2011E EBITDA

Funding

100% cash to Goodrich shareholders

UTC to raise cash through:

- 75% debt offering
- 25% equity

UTC AND GOODRICH

2011E Pro-forma

United Technologies

~$58B

United Technologies GOODRICH

~$66B

UTC

Disciplined approach to M&A

Strategic to core

+

Growth markets

+

Real synergies

+

Right value

FINAL TRANSCRIPT

Thomson StreetEvents™

UTX - United Technologies to Acquire Goodrich Corporation Conference Call

Event Date/Time: Sep. 22. 2011 / 12:30PM GMT

CORPORATE PARTICIPANTS

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Marshall Larsen
Goodrich Corporation - Chairman, President & CEO

Greg Hayes
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Cai von Rumohr
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Jefferies & Company - Analyst

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Deutsche Bank - Analyst

David Strauss
UBS - Analyst

Ron Epstein
BofA Merrill Lynch - Analyst

Ajay Kejriwal
FBR Capital Markets - Analyst

Shannon O'Callaghan
Nomura Securities Intl - Analyst

PRESENTATION

Operator

Good morning and welcome to the United Technologies webcast call. On the call today from United Technologies are Louis Chenevert, Chairman and CEO and Greg Hayes, Senior Vice President and Chief Financial Officer. Also on the call today from Goodrich Corporation are Marshall Larsen, Chairman, President, and CEO and Scott Kuechle, Executive Vice President and Chief Financial Officer. This call is being carried live on the Internet and there is a presentation available for download from UTC's website at www.utc.com. The Company reminds listeners that any forward-looking statements concerning the proposed transaction and its financial and business impact provided in this call are subject to risks and uncertainties. UTC and Goodrich's SEC filings, including the 10-Q and 10-K reports, provide details on important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements. (Operator Instructions) Please go ahead, Mr. Chenevert.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Good morning. We have exciting times at UTC. You always ask me about M&A and when are we going to do a deal and I've always answered that we have a disciplined approach to M&A. It has to be strategic to the core, it has to be in growth market, there's got to be the ability to apply the UTC model and exercise the synergies and its also got to be the right value. Goodrich perfectly fits these criteria and more. As you know, we've reached an agreement to acquire Goodrich, subject to usual closing conditions. Goodrich is a well-established position in aerospace systems with products that are largely complementary to Hamilton Sundstrand as well as Pratt & Whitney.

Aftermarket content is attractive and like UTC, more than 40% of sales end with high growth expectation, so the timing is also very good. I'm bullish on aerospace and the whole team is bullish on aerospace. It's one of the few areas with a brighter outlook today. Goodrich, again, like UTC, is well-positioned with higher content on many new platforms. We're very excited to bring capabilities of 2 great companies together, making us more competitive, yielding significant value to both customers and our shareholders. We've got seasoned management teams, we've got similar culture, strong focus on growth, productivity and margin expansion, and the opportunity to apply the UTC model and coupled with ACE, our lean manufacturing discipline to further drive performance. There's excellent fit from nose to tail.

Goodrich brings complementary product lines such as wheels and brakes, landing gears, nacelles, actuation and lighting systems. It's a great addition to Hamilton Sundstrand's strong suit of products with electric systems, environmental control systems and engine control systems. The combination will significantly increase our systems offering to air framers and allow greater integration across the platform, just as we did with the Hamilton systems on the 787. We reduced the wirings, the component, created value for the customers and for our shareholders and contributed to lower weight and fuel efficiency for these new aircraft. Timing is good as well. The aerospace sector is poised for upswing. Over a long period, air traffic has grown consistently.

RPMs increased 6% annually for the last 40 years and they're expected to grow 5% for the next 20 years, supported by economic growth in emerging markets. Emerging market trends and replacement of older fleets also drive demand for these new aircraft. As you all know, Boeing's estimate 33,500 new airplane deliveries from 2011 through 2030, compared with less than 20,000 in the last 20 years. Both Hamilton and Goodrich have high content on these new platforms. One of the questions we've asked ourselves, why increase defense exposure in this environment? And I've got Marshall here this morning to talk about the very strong position Goodrich has in this segment.

Marshall Larsen - *Goodrich Corporation - Chairman, President & CEO*

Thanks, Louis. About 30% of our sales are in defense and space within a very strong portfolio. First, we have a very broad presence and are not dependent in any 1 or 2 large programs. Second, we have a core business in priority areas such as electro-optical surveillance systems, precision guided systems, helicopter programs and the JSF; areas that are least likely to be impacted, even in the face of tighter defense budgets. In fact, our defense and space sales were up 8% organically in the first half of this year. Finally, even with programs that are ending, like the F-22, there is meaningful aftermarket sales for the foreseeable future. And as Louis said, just like UTC, Goodrich has a very strong aftermarket.

43% of our sales come from the aftermarket and we have a very broad base of content on in-service platforms and even higher content on the new platforms. Air framers are increasing production rates driving substantial growth for current aircraft in production which will mature and lead to a solid aftermarket. And, new platforms like the 787, the A350, the Embraer 190, the A320 NEO with the GTF, MRJ, and C-series are coming market. Goodrich is on all those new platforms, and in fact, we have more content on those platforms then on the platforms we are replacing. So, broad positions and higher content a new platforms will drive sustainable, long-term aftermarket growth. With that, let me hand it back to Louis to talk about how this combination adds great value to our customers.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

As we saw with the 787, customers are looking for substantial improvements in the next-generation aircraft. The trends are for more electric, more integrated and more intelligent aircraft. Combination of the UTC and Goodrich capabilities will create offerings such as more electric braking, integrated propulsion systems and vehicle health monitoring systems. These will provide systems with better performance and reliability, reduce complexity and maintenance for the end-users and lower overall cost to our customers. And, we will provide better value to airlines by leveraging Hamilton Sundstrand's recently opened 24/7 world-class customer response center.

Customers will also benefit from expanded aftermarket network and excellent field support. Although we do not include sales synergies in our business case for M&A, we fully expect additional sales synergy as we leverage the capabilities of the 2 world-class product development, sales and aftermarket organizations. I'll come back and answer some questions you might have, but for now, let me hand it off to Greg to briefly talk about the synergies and valuation.

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Good morning, everyone. Thanks, Louis. As we always talk about with these deals, the focus here is on real cost synergies. And similar to previous transactions like GE Security and the Sundstrand deal we did 10 years ago, we haven't included any sales synergies in our model, but we fully expect that this combination will eventually result in significant synergies, both on the cost side, as well as the top line. The cost synergies are going to come really from leveraging the combined volumes with our supply chain, rationalizing our facilities, optimizing our production capacity and consolidation of the back office, along with more efficiency in our E&D. We also get the benefits that UTC's typically get from the ACE operating system and along with the lean manufacturing principles that Goodrich has employed, we're going to have a strong focus on low-cost sourcing and low-cost manufacturing. We know how to integrate transactions. I think if you look back to what we've done over time with the fire and security transactions, with GE Security and others, we know how to do this.

We'll have a dedicated team in place, we'll be looking at these synergies every single day. We're confident that this deal will be accretive by the second year and the IRR for this deal is well in excess of our cost of capital. Turning to valuation, price multiples are consistent with similar deals out the marketplace. We plan to use a combination of debt and stock to fund the transaction. Our current thinking is about 75% debt and 25% equity. Obviously, with the equity markets weak like they are today and have been for the last couple of months, the focus right now is on the debt markets. But we recognize we will have to issue equity, probably prior to close.

We're also going to maintain our credit ratings; we've worked very hard to do that. We expect to have a good terms and a stable credit rating. We will be suspending share buyback through 2012 and significantly reducing that in 2013 and 2014; probably cutting it in half to about $1 billion a year. We're also going to take our M&A placeholder, which we typically have at $2 billion a year, and reduce it to $1 billion a year for the next couple of years; in all, things that we think we need to do to help maintain the credit rating. This deal creates value for both Goodrich and UTC shareholders, as well as our customers. The combination of UTC and Goodrich will make UTC a $66 billion Company, based on pro-forma 2011 results, with slightly less than 50% of our sales from the aerospace sector. As Louis said, the aerospace cycle is one of the few growth sectors in these uncertain times and the addition of a premier company, such as Goodrich, will significantly enhance our capabilities in the attractive aerospace systems space and aftermarket.

UTC will remain a well-balanced enterprise with no single business driving more than 1/3 of sales. We remain well-positioned to serve the growing emerging markets with industry-leading franchises, game changing technologies and a seasoned management team focused on execution. Just to remind everyone of the principles we use in M&A, as Louis said at the start, we look for companies that are in the core, that are in growth markets, and have real synergies and create significant share owner value. The Goodrich acquisition should be no surprise to any of our share owners. We followed the principles in the Sundstrand acquisition, the Carriers acquisition of Linde, and as we built the fire and security segment through the acquisitions

of Chubb, Kidde and recently, GE Security and we'll create value again with the Goodrich acquisition. Let's stop there and open up the call for questions if we could.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Doug Harned, Sanford Bernstein.

Doug Harned - *Sanford C. Bernstein & Company, Inc. - Analyst*

Could you walk through how you think about the different sources -- I'm assuming cost is the main thing that you've done this deal on. Could you walk through the different elements of that and what the relative size of different cost saving areas are likely to be?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Sure. As we size the cost synergies, we think about 6% of the Goodrich cost base will result in synergies here. So we're thinking about $350 million to $400 million of synergies on a run rate basis. A little over $100 million is going to come from the SG&A, about $100 million from facilities, another $100 million from materials, and then a little bit from R&D and overhead. Again, I would tell you we think this is a very conservative estimate of these synergies. Alain Bellemare and Marshall will be working closely over the coming months to finalize these plans and get the integration teams working, but we think this $350 million to $400 million ought to be a slam dunk from a synergies standpoint.

Doug Harned - *Sanford C. Bernstein & Company, Inc. - Analyst*

Now if you look longer-term, I would assume that the efforts that you've done in sourcing in low-cost countries, Goodrich has been moving in that same direction, but you've done this quite extensively at UTC. Is this an area that you have also looked at here and attach some value to longer term?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Yes, definitely. As you know, we're not afraid of big goals at UTC and we have a good track record with our ACE operating system, with our supply chain also involved with the ACE operating system, as well as low-cost sourcing. It's substantial opportunities and we have leadership that knows how to do this. I think on the Goodrich side, there's also good leadership that knows how to do this and I think working jointly together, we'll be able to leverage what's already in place on both sides and optimize how we bring it together and create the value for the end customer, as well as for our shareholders.

Doug Harned - *Sanford C. Bernstein & Company, Inc. - Analyst*

And then if I can, you've looked at Goodrich for quite some time. Why now? What's different today than what you saw 2 years ago, 3 years ago, 4 years ago?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Well, I think it's been on our radar screen. Big deals are lumpy, it's not always easy to connect the seller with the buyers. We have very stringent criteria. It had to be in the core, it had to be that we could apply our model synergies. If you look, my last big deal was the GE Security which turned out to be accretive in year 1. We are very proud of what it did to our property. This is one, clearly, was on the radar screen and I think it's been in the works for over a year between Marshall and I.

If you go back even in George's day, George had sometime Goodrich on his slides. So it's not new news that there was interest on our part. It's just that it kind of converged and where the time where we're early in the up cycle all the air framers have announced more volume on production of 73, on 320. I think our shareholders and our customers are going to like this a lot, that we have a brand-new set of capabilities and a bright future with this property after we close.

Doug Harned - *Sanford C. Bernstein & Company, Inc. - Analyst*

Okay, thank you.

Operator

Carter Copeland, Barclays Capital.

Carter Copeland - *Barclays Capital - Analyst*

Good morning, gentlemen and congratulations on the transaction.

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Thanks, Carter.

Carter Copeland - *Barclays Capital - Analyst*

Just really a couple quick accounting questions for Greg and/or Scott. With respect to the differences in accounting and contract accounting that you guys use at Goodrich, Scott, when we look at the capitalized balance of excess over average and inventory, what should we be thinking are the duration of those contracts and when was the plan to begin working down that balance as opposed to adding to it? That's the first one. And the second is, do you have a sense of what sort of incremental amortization of intangibles you expect to see as a result of the deal?

Scott Kuechle - *Goodrich Corporation - EVP & CFO*

Sure, Greg. This is Scott. I'd be happy to just comment on the contract accounting piece. First of all, we've got a lot of work to do over the next 6 to 8 months as we work to integrate and work toward closing to determine how we're going to handle things like this. So, all I can speak to is the Goodrich side. We're going to work on accounting policies, et cetera, going forward so we'll give you more information as we get closer to closing. But our view is that we're about at the peak level this year, next year, in terms of what we put on the balance sheet in contract accounting, as we have a large number of production programs where we're finishing up the pre-production R&D phase.

And then, as we start to get into production on things like 787, there'll be some excess over average in the early stages and that will work down quickly as we start to reach our cost targets over the next couple of years. So, we're looking at $200 million to

$300 million this year of additional, non-product inventory excess over average and that should start to work down over the next several years as we get more mature in production and as some of these programs complete.

Carter Copeland - *Barclays Capital - Analyst*

Do you have a sense of the average duration of those contracts? 5 years, 10 years?

Scott Kuechle - *Goodrich Corporation - EVP & CFO*

Some of those contracts go out 20 years. It's all over the map, based on different production programs.

Carter Copeland - *Barclays Capital - Analyst*

Okay, great.

Marshall Larsen - *Goodrich Corporation - Chairman, President & CEO*

This is Marshall, Carter. One of the things that I think this combination does, it helps us totally rationalize our supply chain and our low cost country manufacturing and should help us move down that cost curve even faster.

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Carter, just to give you some of the numbers in terms of the amortization. First year, obviously, there's going to be some step up of the fixed assets and such and it's probably about $0.30 of impact from the first year amortization. That goes down to about a $0.15 a year average run rate. I think the other good news is that, again, as we conform Goodrich's accounting to UTC's accounting, we'll probably move away from the contract accounting that Goodrich has done over the last 10 years or so. What that does is give us an opportunity to probably get some of these costs behind us that have been capitalized. We'll take care of that in purchase accounting. The good news is, as Scott and Marshall were saying, we're coming down the curve quickly on the 787. That's probably the biggest issue that we've got out there, but we've looked and we're confident in Goodrich's plans on cost reduction and getting to a break even on that program relatively quickly.

Carter Copeland - *Barclays Capital - Analyst*

That's great. Thank you very much. Congratulations again.

Operator

George Shapiro, Access 342.

George Shapiro - *Access 342 - Analyst*

Just one follow-up on the accounting, there's also a difference in pension. Goodrich was able to move away from the high pension costs because you had something over whatever the exact number is, 80% of the people not on defined benefit anymore. How's that going to get affected in the combination here?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

We'll conform to the pension accounting to UTC methodology. It's not a big number for us. We think, as we look at Goodrich's pension funding, there's about 90% or so right now, I think, at a 5% discount rate. We'll see where the discount rates end up, but we don't anticipate a big impact from the pension as we conform it to UTC's plan.

George Shapiro - *Access 342 - Analyst*

And then, the other question, Greg, in terms of just to clarify, you're going to totally suspend the buyback next year so you're not going to even by shares to offset option and share creep? That share creep number is what, 8 million or 9 million shares a year?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

It's a little bit less than that, but typically we have to buy back about $500 million year to cover the dilution associated with option exercise. So, we'll see a little bit of a headwind from that next year. Again, it's all in the numbers as we look at accretion dilution for the next couple of years. Obviously, next year it's a bigger number as we take all the deal costs, we take the restructuring charges, take the amortization associated with the intangibles, but still solidly accretive by year 2.

George Shapiro - *Access 342 - Analyst*

Okay, thanks a lot and congratulations to both of you.

Operator

Cai von Rumohr, Cowen and Company.

Cai von Rumohr - *Cowen and Company - Analyst*

Yes, thank you and let me join in congratulations. Could you give us some color? You haven't talked about potential regulatory hurdles and you haven't talked about your customers' reaction. Is the EU going to think this is okay? Is China going to think this is okay? Do Boeing and Airbus think this is okay?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Well, Cai, that's a very good question and good morning. Simply said, a lot of the Goodrich product line is complementary to what we do. We don't have landing gears and brakes, we don't have nacelles today. I talked to several European customers this morning before this call and I would say the level of energy and enthusiasm was very good from the customer. So, I think this is something we've done, acquisitions, before we know to do this and touch every customer worldwide and they know our culture.

I think they like the UTC culture of how we deliver on time. We optimize value for them. So, I expect minimal issues in the whole process. We're going to do that by working our customers and making sure they're comfortable with our game plan.

Cai von Rumohr - *Cowen and Company - Analyst*

Okay. What sort of timetable should we think about this thing happening on?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

I think most likely somewhere by the end of Q2 '12 or Q3 is probably the reasonable timing that we expect.

Cai von Rumohr - *Cowen and Company - Analyst*

Okay, a last quick one -- in your cost savings, I can understand SG&A and facilities. Help me understand how, combined, you get $100 million in material savings that you couldn't get individually?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Cai, that's really just a question of leveraging the global supply contracts that we have and the global sourcing. Again, Goodrich is an $8 billion company, UTC is a $58 billion company. You put the two of us together and we just think there are natural opportunities, and we've actually identified some of those in due diligence, that give us high confidence that we can take about 3% of the cost out on the procurement side relatively quickly.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

You've got to remember, Cai, we buy the same types of material whether it's titanium, nickel alloy, bearings, et cetera. All of a sudden, we aggregate all these after closing and it simplifies the relationship between us and the supply chain. We're going to certainly do that and more, in my view, as we move forward.

Cai von Rumohr - *Cowen and Company - Analyst*

Terrific. Thank you very much.

Operator

Howard Rubel, Jefferies.

Howard Rubel - *Jefferies & Company - Analyst*

Thank you, good morning. Quite an exciting deal. Just a couple of follow-up questions -- first, for Greg, when you talk about the accretion in year 2, can you give us a sense of what that means? Where you got the number?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Obviously, I'm not prepared today to give you the exact numbers for the dilution in year 1 and the accretion going forward, but clearly, as we work through this, and we've taken a look at the deal costs, we've taken a look at the synergy rollout, we're going to have solid accretion in year 2, primarily just from realizing the benefits on the SG&A and the overhead side initially. The supply chain will take a little bit longer to realize and the facilities rationalization even a little bit further. We probably get the full run rate synergies after about 4 years and obviously, the facilities are the long pole in the tent there.

Howard Rubel - *Jefferies & Company - Analyst*

What kind of cost of money did you assume in this? Is it kind of in the 4% range?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

In fact, it's even a little bit better than that. We're going to go to the market and probably borrow about $12 billion of the $16 billion purchase price. Most of that is going to be front-loaded on the yield curve. We'll do some 10-year, probably $3 billion, we'll probably do some 30-year, but most of this is going to be paid off in the first 5 years. If you think about it, we're generating over $5 billion of free cash flow ourselves every year.

Without the burden of share buyback in the first year or so, we'll be able to pay this debt down relatively quickly. Overall interest cost that we've assumed for accretion dilution is just a little bit south of 3% in total for the $12 billion of borrowing.

Howard Rubel - *Jefferies & Company - Analyst*

That's why I'm a little surprised about the equity, given the free cash flow, Greg.

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Well, again, we've said this in the past, keeping the credit rating, especially in times like this, it is sacrosanct. It is kind of like the dividend. We're never going to lose it. We worked very closely with the rating agencies. We knew that we had to do a little bit in terms of equity to hold the rating, we knew we had to suspend share buyback, but again, the deal makes sense, even with the issuance of 25% equity. In fact, it makes a heck of a lot of sense.

Howard Rubel - *Jefferies & Company - Analyst*

Thank you very much.

Operator

Myles Walton, Deutsche Bank.

Myles Walton - *Deutsche Bank - Analyst*

Thanks. Good morning and congratulations on the deal. Louis or Marshall, could you comment a bit about the culture between the companies? Oftentimes when you have deals of this size, that tends to make or break it. Do you think the workforce at Hamilton and Goodrich effectively are kind of prepared for it? Also, from a perspective of integration of the cultures, how soon after deal closure would you anticipate starting to blend the businesses together? Slide 10 in your chart show them more or less operating independent from one another, at least at the beginning. When do they start to blend and mesh together?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Let me start. Certainly, the cultures of the enterprise are quite similar and that's part of the attractiveness of this property. Not only do they have a great product portfolio, but the culture of ethics, of productivity, the culture of serving the customers, I think it's going to be very complementary. After closing, obviously, it's our intent, although the slide shows these businesses side-by-side, the fact is, the leadership of the Sundstrand business will then be very closely integrated in Charlotte to drive the maximum synergies, to drive maximum opportunity in front of us and I think that it's going to be a happy transition, in my view, as we move forward. The team, as you know, always in the UTC culture as we have the right formulas for incentive comp, for long-term incentives, to drive profound execution. I'm totally convinced that as their team joins our team, they're going to like the culture of enterprise and not only the prior track record, but going forward, the opportunities we have together.

Marshall Larsen - *Goodrich Corporation - Chairman, President & CEO*

I would echo that. I think the blending of our 2 cultures is extremely important and during this time period where we've gotten to know, Louis and United Technologies better, we've come to the belief that our cultures are not different. That we really respect the individual, we treat our employees well, we have accountability and teamwork and we, as Louis said, highly value our ethical culture and that is not going to change because we're working together.

Myles Walton - *Deutsche Bank - Analyst*

Louis, from a perspective of a competitor and customer of Goodrich, previously, or a partner in a lot of places, you probably have a read into measuring where they are on the ACE spectrum. As you look at it today, where do they stack up relative to the mix, gold, silver, at Hamilton?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Number one, is they have a very good culture, also, of continuous improvement and kaizen process et cetera. While it's, perhaps, slightly different than what we have, I think our ACE system is more comprehensive. I think they might come up the learning curve fairly quickly after closing. We're going to put some ACE experts in there to make sure that we train their workforce. But it's not going to be culture shock. That's the good news because they already have that embedded in them of continuous improvement.

I see a lot of good momentum developing quickly and I would say as far as where they are today, well, obviously any new facility that comes on our system starts at pre-qualifying, but I think that will make it up the ladder fairly quickly to bronze and to silver. There's many facilities that I've been briefed on by Marshall and his team that appear to be at a very high level of performance. Some others, like any company, have a world of opportunities in front of him. We are going to implement our approach, but it's all going to be very good.

Marshall Larsen - *Goodrich Corporation - Chairman, President & CEO*

The good news about continuous improvement through lean manufacturing or the ACE system at United Technologies is you never stop improving. And so, regardless of the level of any facility, we always find more ways to improve it. In fact, you know, and I've talked to our investors in the past, about the lean events that we do, we'll go back to a facility or a portion of a facility a year or 2 later and find even more ways to improve it. I think we have an opportunity in the 2 companies as we come together to learn the best practices on both sides.

Myles Walton - *Deutsche Bank - Analyst*

Good. Thanks again and congratulations.

Operator

David Strauss, UBS.

David Strauss - *UBS - Analyst*

Congratulations as well. The $500 million in costs, one-time P&L costs that you show on slide 8, Greg, is that all purchase accounting? Is that taking care of the capitalized costs? Does that include restructuring? What exactly all is in that number?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

That is all of the costs that actually are going to hit the P&L over the first couple of years. So, that's primarily restructuring-related costs, which can no longer go into purchase accounting. It's not, unfortunately, the good old days where you could take all that restructuring in the first year and bang it into the balance sheet. It's all got to get charged to the P&L. So, the lion's share of that is restructuring.

David Strauss - *UBS - Analyst*

Okay. Would you expect, as part of trying to close this deal, would you expect to have to make any divestitures? Obviously, there is some overlap in terms of power systems and engine controls between 2 businesses?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

We've done a pretty thorough analysis. Obviously, we've had good counsel from the antitrust guys at Wachtell Lipton, as well as our internal guys take a look at this. And for the most part, we think all of these businesses are complementary. Obviously, you point out there a couple of small overlaps, we're not anticipating any significant divestitures at all. We are obviously anticipating a second request from justice which will take the close out probably about 9 months. But really not anticipating anything in terms of significant divestitures.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

And as I said in my opening remarks, some of their large businesses, we don't have today. Nacelle systems is not a business of ours today, landing gears and brakes, for those, there is absolutely no issues and there's just a couple tiny areas that we're going to work aggressively and it's all in our relationship also with the customers and how they see us creating the value for them in the future. We're going to work this aggressively over the next couple of months.

David Strauss - *UBS - Analyst*

Okay. And last one for me -- Louis and Greg, in terms of timing doing this deal today, should we read anything into it in terms of a more difficult outlook as you look at your non-aerospace, res and commercial construction businesses as you look out to 2012 and maybe even 2013? Just a more difficult outlook there as compared to what you might have thought 3 to 6 months ago?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

No. We're very confident in the guidance that we've given for the year. We still remain well-positioned to grow earnings into the next couple of years. Look, the markets are difficult, we see it every day in the US and in Western Europe. But we're well-positioned, as Louis said, in the emerging markets and in the growth markets. As we've always said, deals happen when they happen. The stars have aligned perfectly here. We're very fortunate to be able to come together with Goodrich today and really, timing is just what it is.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Nothing has changed to what we've said before as far as the current status of business. We still see a lot of momentum in emerging markets. We still see the same parameters, deals happen when they happen. The way I look at this is, I've got a long road ahead of me. This is a target property that was a fabulous, basically complementary property to ours.

I look at it from we're going to love this property, 10, 20 years out. This is always going to be a superb fit and we're going to create value for our customers and shareholders. It's unfortunate, you can't pick the day where you announce these things. But guess what, it's a great deal; it's always going to be a fabulous deal as we move forward.

David Strauss - *UBS - Analyst*

Thank you very much.

Operator

Ron Epstein, Bank of America Merrill Lynch.

Ron Epstein - *BofA Merrill Lynch - Analyst*

In your prepared remarks, Louis, you mentioned that it would make both companies more competitive. If you could speak to where do you think you could get some revenue synergies specifically, be it that there isn't a lot of overlap? What areas do you think you could find that?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Well, I think what happens is a bit of what you saw in the Hamilton Sundstrand story. Because we had Sundstrand, when came a new platform that demands more efficiency, more integration, there's no doubt in my mind, we did a lot more on a single platform then the companies would have done on their own because we could integrate systems and create value for customers. Well, guess what, there's inside in a nacelle is an engine and one of the things we could do, for example, that will enhance the value for the end customer as we bring those businesses together, the same is true with the landing gear and brakes system and basically conveying the right messages in cockpit and all that. I think we're going to find ways, basically on all the new platforms of the future to see more volume, more business than the individual business would have seen individually or separately.

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Ron, keep in mind, too, our base case does not include any revenue synergies. I think that's all upside. Is a long-term play, but it is clearly upside to any of the valuation models that we've done.

Ron Epstein - *BofA Merrill Lynch - Analyst*

How big could that possibly be if we try to think about how to scope that out? Down the road, longer-term how could big could the revenue synergies be?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Well, let me just say, this is for another day, we'll discuss that. We're going to go and focus on closing this property first. We've got to understand the business, exercise the synergies and this will be icing on the cake when it all happens. But we need new platforms, we need new opportunities, but they will come. Aerospace is going to grow, as well as there will be a lot of things we could do across the businesses leveraging the E&D and being more competitive in how we package solutions, et cetera.

Ron Epstein - *BofA Merrill Lynch - Analyst*

And then just one last question if I may -- one that you actually brought up. Why increase defense here? I think we all know that Goodrich's defense business has been producing well. But the backdrop for defense is, without a doubt, is getting more difficult, right? How do you think about that risk, particularly longer-term?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Clearly, as we looked at the Goodrich portfolio, one-third of the revenues do come from the defense side. But I think, as Marshall explained before, their portfolio is uniquely positioned, especially in what they call the ISR, the intelligence surveillance recon-type mission. They've got great, great technologies. It's a lot of small programs, and we all understand defense spending is going to be cut and we factored that into our valuation analysis. But as we look at the portfolio across Goodrich, it really will probably withstand the test of time here as we go through this process down in Washington.

Marshall Larsen - *Goodrich Corporation - Chairman, President & CEO*

Ron, if you think about the Goodrich defense portfolio, Greg just gave you some prime examples of why it's kind of in a lot of the sweet spots of what will be funded. But you can also think of it in the other way -- what things aren't being funded? Like navy ship programs, ground vehicles, all parts of the defense portfolio that we don't play in, where we won't get whacked in a general cut across the board. So we feel very good about our defense portfolio being able to continue to move on and grow.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

They also have nice content, if I could wrap it up here, on many of the new platforms that are essential to the DoD like the JSF, like the 53 kilo, et cetera, that is going to be a nice run, also, of new platforms for the future.

Ron Epstein - *BofA Merrill Lynch - Analyst*

Great. Congratulations and thanks.

Operator

Ajay Kejriwal, FBR.

Ajay Kejriwal - *FBR Capital Markets - Analyst*

Just a question, the C919, how does this combination position you on that platform? Would you be able to get more content there? And are there any regulatory approvals that you need in China?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Right now, obviously, Hamilton Sundstrand will be supplying the electric power distribution for the C919. We don't see there being a regulatory issue in terms of MOFCOM approval with the Chinese. Obviously, technology transfer and ITAR restrictions are first and foremost in our minds here, but we don't see a big issue there.

Ajay Kejriwal - *FBR Capital Markets - Analyst*

Good. And then Louis, this acquisition gets Hamilton above the $10 billion mark and that would leave basically just Fire & Security and Sikorsky below $10 billion. Is it fair to assume that future acquisition dollars would be those 2 segments?

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

I think it's very premature to comment at all on this. Obviously, I love $10 billion business, but here, obviously, we've made a giant step in the right direction. I think there is some small property still around for Fire & Security in the future, but for now, our focus is clearly on execution. Greg mentioned earlier, we're going to minimize our M&A pool for the next couple of years, from where it is. At the same time, our goal is always to outperform and basically, it's very, very premature to talk about anything else. We're going to do this transaction, we're going to bring it to closure, and our customers, shareholders will love the outcome.

Ajay Kejriwal - *FBR Capital Markets - Analyst*

Thank you.

Operator

Shannon O'Callaghan, Nomura Securities International.

Shannon O'Callaghan - *Nomura Securities Intl - Analyst*

A couple of follow-ups on the numbers -- the amortization in 2013 is going to be I guess around $200 million. In terms of this ramp on the synergies, is there enough that hits in '13 to offset the incremental amortization? Maybe a little more on how that flows through?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Pretty close by year 2 offsetting the amortization. We still, of course, have some restructuring costs. That $500 million restructuring costs will play itself out over a few years, so you still have a hit from that, as well as the interest cost. But, clearly, you get solid accretion in year 2.

Shannon O'Callaghan - *Nomura Securities Intl - Analyst*

Okay, and then, in year 1, just help me out there. $0.30 of amortization, I think you used the word dilutive for '12, what are the other big chunks in '12? How much of that is a big chunk of the $500 million going to hit right away? Or what else is there besides $0.30 of amortization?

Greg Hayes - *United Technologies Corp. - SVP/CFO*

You do have restructuring costs the first year. Actually, restructuring costs will probably ramp up into the second and third year as we look at the facility rationalization. You also have all of the deal costs, which will hit us when we close; the cost of issuing the securities and the debt and just a few other costs. You've also got, of course, the impact of not doing share buyback and so we factored that into the equation as well. But, look, it will be a one-time hit. We'll get in front of that number, we'll talk to you before Louis stands up in December and we'll give you some clear guidance on what that'll be. But probably take a couple more weeks to sort through it.

Shannon O'Callaghan - *Nomura Securities Intl - Analyst*

Okay. All right. Thanks a lot.

Operator

Thank you, I'm showing no further questions. I'd like to turn the call back to the speakers for closing remarks.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Very good. Thank you very much. As you can see, I'm very excited. Our whole teams are excited. This is a spectacular opportunity for United Technologies customers and shareholders and the Goodrich family. It's a well-run company that I think will fit smack in the middle of our core competency. We're going to continue to be very focused and it's all about execution and that's what the next phase is. So, thank you very much for your participation for this call. And, Marshall, any comments you want to make as we --?

Marshall Larsen - *Goodrich Corporation - Chairman, President & CEO*

I think Louis started the whole thing off today with it's exciting times and it really is. We're looking forward to putting these 2 teams together and creating even more value. I have to say to all of you aerospace analysts out there that have been following Goodrich over the years, we thank you for your support and it's been a very great pleasure working with you.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Thank you very much.

Greg Hayes - *United Technologies Corp. - SVP/CFO*

Thanks, everybody.

Louis Chenevert - *United Technologies Corp. - Chairman, CEO*

Okay, have a good day.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program. You may all now disconnect.