

May 30, 2008

United Technologies Corporation
United Technologies Building
Hartford, CT 06101

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including United Technologies. On August 16, 2005, December 2, 2005 and November 14, 2006, we sent United Technologies information regarding findings in POGO's database. As of today, we have not received a response from you. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to United Technologies, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

1. Cost and Labor Mischarge

Date: 11/18/1997 (Date of Settlement)

Misconduct Type: Cost/Labor Mischarge

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: undisclosed/unknown

Amount: \$150,000

Disposition: Settlement

Synopsis: According to a GAO report cited by Senator Harkin and Representative DeFazio, United Technologies Optical Systems, reached a settlement for \$150,000 for alleged cost/labor mischarging.

2. Defective Pricing

Date: 06/07/1999 (Date of Settlement)

Misconduct Type: Defective Pricing

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: undisclosed/unknown

Amount: \$304,729

Disposition: Settlement

Synopsis: According to a GAO report cited by Senator Harkin and Representative DeFazio, United Technologies, reached a settlement for \$304,729 for alleged defective pricing.

3. United States v. United Technologies (Preparing False Purchase Orders and Submitting False Invoices)

Date: 05/20/1997 (Date of Settlement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: Civil

Amount: \$14,800,000

Disposition: Settlement

Synopsis: United Technologies Corporation's Pratt & Whitney (P&W) Government Engine and Space Propulsion Division entered into a settlement agreement in which P&W agreed to pay the government \$14.8 million, following a Defense Criminal Investigative Service investigation. The agreement resolved charges that P&W violated the False Claims Act (31 U.S.C. §§ 3729, et. seq.) by preparing false purchase orders and submitting false invoices under the Foreign Military Sales Program (FMSP) administered by the Defense Security Assistance Agency. The program involved the FMSP-funded Lavi fighter aircraft under development for the Israeli Air Force.

4. Brainard v. Pratt & Whitney (Uniformed Services Employment and Reemployment Rights Act Violation)

Date: 07/07/2005 (Date of Settlement)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: Unknown

Disposition: Settlement

Synopsis: On July 7, 2005, Pratt & Whitney, a subsidiary of United Technologies, reached a settlement “for potential violations of the Uniformed Services Employment and Reemployment Rights Act of 1994, 38 U.S.C. §§ 4301- 4333, et. seq...John Brainard worked at Pratt & Whitney’s Jet Propulsion site in Palm Beach County, Florida, under an outsource labor contract between Pratt & Whitney and EDF Company. On April 24, 2002, Brainard, a Major with the United States Army Reserve, was called to active military service. For the next six months, Brainard was stationed primarily overseas in Kuwait. He was released from active duty in October and returned home. Upon his return to work on October 21, 2002, Brainard was informed that his job had been eliminated. No comparable position was offered to him...the companies denied violating the provisions of the Act, but agreed to settle Brainard’s claims. The companies will pay Brainard \$30,000.”

5. Violations of Workplace Injury & Illness Recordkeeping Requirements

Date: 10/27/1999 (Date of Penalty Proposal)

Misconduct Type: Labor

Enforcement Agency: Labor – OSHA

Contracting Party: None

Court Type: Administrative

Amount: \$155,000

Disposition: Fine

Synopsis: The Occupational Safety and Health Administration (OSHA) of the U.S. Department of Labor...cited the Pratt and Whitney Aircraft, Turbine Modular Center, located in North Haven, Connecticut, for alleged willful violations of the Occupational Safety and Health Act and has proposed penalties totaling \$155,000 for those alleged violations...the company is being cited for four alleged WILLFUL violations, carrying proposed penalties totaling \$154,000, for: failing to maintain an equivalent OSHA Log at their facility which is as readable and comprehensible as the OSHA 200 form; for calendar years 1996, 1997, 1998 and 1999, failure to record 71 recordable injury and illness cases; failure to make available supplementary records of occupational illness and injuries for the month of December 1996; and failure to make readily available complete and accurate OSHA 200 logs for the 1996, 1997, 1998 and 1999 calendar years”.

6. Federal Air Pollution Standards Violations

Date: 06/27/2006 (Date of Fine)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: \$176,000

Disposition: Fine

Synopsis: "Sikorsky Aircraft Corp. will pay a fine of \$176,000 to settle an EPA complaint for violations of the federal stratospheric ozone protection regulations and two federal hazardous air pollutant standards...Sikorsky, a subsidiary of United Technologies Corp., is a helicopter manufacturer with a major plant in Stratford, Conn. EPA's complaint alleged that Sikorsky violated leak repair and follow-up testing requirements for two industrial refrigeration units that used chlorofluorocarbons ("CFCs") or other ozone-depleting substances as refrigerants."

7. Violations of Underground Tank Systems Standards

Date: 09/07/2004 (Date of Consent Order)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$10,000

Disposition: Administrative Agreement

Synopsis: "The [Connecticut] Department of Environmental Protection entered into an administrative consent order with Pratt & Whitney Division of United Technologies Corporation ("Pratt & Whitney") on September 7, 2004 for allegedly violating the standards for underground storage tank systems...As part of the consent order, Pratt & Whitney has agreed to thoroughly empty the tank systems of all contents and ensure that no material is placed in the tank system until approved by the Commissioner. Pratt & Whitney is required to comply with leak detection requirements and to conduct an investigation to determine whether or not the tanks systems have leaked. Pratt & Whitney has also agreed to payment of a \$10,000 civil penalty for the alleged violations."

8. Air Emissions Violations

Date: 12/02/2002 (Date of Consent Order)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$17,700

Disposition: Administrative Agreement

Synopsis: "United Technologies Corporation ("UTC") entered into an administrative consent order with the [Connecticut] Department of Environmental Protection on December 2, 2002 for alleged air emission violations...Emission testing conducted in January and February 2001, and January 2002 showed that P&W exceeded the full load emission rates...The consent order requires UTC to: expend not less than \$46,500 to purchase and permanently retire not less than thirty-six (36) tons of approved non-ozone season DERCs, and pay a civil penalty of \$17,700."

9. Price Fixing

Date: 02/21/2007 (Date of Fine)

Misconduct Type: Antitrust

Enforcement Agency: International

Contracting Party: None

Court Type: Administrative

Amount: \$295,000,000

Disposition: Fine

Synopsis: "European Union regulators on Wednesday fined United Technologies' Otis unit and four other elevator makers \$1.3 billion for operating cartels for the installation and maintenance of elevators and escalators in Germany, Belgium, Luxembourg and the Netherlands... Fined were Hartford, Conn.-based United Technologies Corp., the corporate parent of Otis Elevator; German conglomerate ThyssenKrupp AG; Finland's Kone Corp.; Switzerland's Schindler Holding AG and subsidiaries of Japan's Mitsubishi Elevator Europe BV." Otis was fined almost 225 million euros (approximately \$295 million).

10. Clean Water Act Violations (2007)

Date: 02/08/2007 (Date of Plea)

Misconduct Type: Environment

Enforcement Agency: Multiple Agencies

Contracting Party: None

Court Type: Criminal

Amount: \$12,000,000

Disposition: Pleaded Guilty

Synopsis: Hamilton Sundstrand, a subsidiary of United Technologies, pled guilty to two counts of violating the federal Clean Water Act and was sentenced to five years' probation and \$12 million in fines. Hamilton Sundstrand is one of the world's largest manufacturers of advanced aerospace and industrial systems. The company, in operating its Windsor Locks, Conn. manufacturing plant, violated its state pollutant discharge permit and attempted to conceal those violations by knowingly submitting false environmental reports.

Pending Instances

United States v. United Technologies (Overcharging the Government)

Date: 03/03/1999 (Date of Filing)

Misconduct Type: Cost/Labor Mischarge

Enforcement Agency: Defense – Air Force

Contracting Party: Defense - Air Force

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: The Department of Justice sued United Technologies Corp. in U.S. District Court in Dayton, Ohio to recover approximately \$75 million that the government claims UTC overcharged the Air Force for F-15 and F-16 jet engines, in violation of the False Claims Act. A trial was concluded in December 2004. The company reports in its 2007 10-K that a decision is still pending.

Taylor v. United Technologies (Excessive 401(k) Fees)

Date: 09/22/2006 (Date of Filing)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: David Taylor filed a class-action lawsuit in federal court accusing United Technologies, its pension and investment committee and three executives of breaching their fiduciary duties under the Employee Retirement Income Security Act of 1974 (ERISA) by allowing 401(k) plan participants to be charged excessive and unreasonable fees. In August 2007, the court dismissed one of plaintiffs' claims but allowed the rest of the lawsuit to proceed.