

UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, DC 20520

_____)
In the Matter of:)
)
UNITED TECHNOLOGIES)
CORPORATION)
)
Respondent)
_____)

ORDER

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State ("Department"), has notified United Technologies Corporation ("Respondent") of its intent to initiate an administrative proceeding against it pursuant to section 38 of the Arms Export Control Act, as amended, (the "AECA") (22 U.S.C. 2778), and its implementing regulations, the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) (the "ITAR");

WHEREAS, the proposed charges are based on allegations that the Respondent violated section 38 of the AECA and Parts 123, 126, and 127 of the ITAR as set forth in the Proposed Charging Letter, attached hereto and incorporated by reference herein, in connection with the unauthorized export and transfer of defense articles, to include technical data, the unauthorized provision of defense services to various countries, including proscribed destinations, and violations related to the management of Department-authorized agreements;

WHEREAS, pursuant to section 128.11 of the ITAR, the Department and the Respondent have entered into a Consent Agreement (attached hereto

and incorporated by reference herein), whereby the Department and the Respondent have agreed to settle this matter in accordance with the terms and conditions set forth therein;

IT IS THEREFORE ORDERED:

FIRST, that the Respondent shall pay in fines and in remedial compliance measures a civil penalty of fifty-five million dollars (\$55,000,000) comprised of the amounts and payable, as stipulated below, in complete settlement of the civil violations contained in the Department's Proposed Charging Letter and other information identified in the Consent Agreement.

SECOND, that Respondent shall pay thirty-five million dollars (\$35,000,000) of the fifty-five million dollars (\$55,000,000) through five (5) installments. Seven million dollars (\$7,000,000) of this civil penalty shall be paid to the Department within ten (10) days of signing of the Order, and seven million dollars (\$7,000,000) is to be paid within one year from the date of the Order and then on each of the second, third, and fourth anniversaries of the date of the Order. Such payments to be made by cashier's or certified check payable to the Department of State.

THIRD, five million dollars (\$5,000,000) of the fifty-five million dollar (\$55,000,000) penalty referenced above will be suspended on the condition that Respondent has applied this amount to self-initiated, pre-Consent Agreement remedial compliance measures, determined as set forth in paragraph (20)(b) of the Consent Agreement.

FOURTH, fifteen million dollars (\$15,000,000) of the fifty-five million dollar (\$55,000,000) penalty referenced above will be suspended on the condition that Respondent applies this amount to remedial compliance measures over the four (4) year period commencing on the date of this Order for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified in the Consent Agreement.

FIFTH, that any failure by the Respondent to apply suspended penalty funds appropriately for remedial compliance measures or provide satisfactory accounting shall result in the Respondent being required to pay within ten (10) days of the conclusion of the term of the Consent Agreement to the Department the amount specified, less credit for amounts the Department

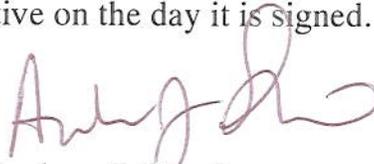
deems to have been properly applied and accounted for as expenditures in compliance with the Consent Agreement.

SIXTH, the Department recognizes that the Respondent agrees to waive its rights to raise the defense of Statute of Limitations with regard to the collection of the civil penalty imposed by the Consent Agreement and this Order, and that the Statute of Limitations shall be tolled until the last payment is made and all terms of the Consent Agreement are satisfied.

SEVENTH, that the Respondent, and its assignees and successors, and in the event of reorganization all affected entities or units, shall comply with the compliance measures and its obligations under the provisions of the Consent Agreement and shall do so within the deadlines established therein.

EIGHTH, that the Proposed Charging Letter, the Consent Agreement and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.



Andrew J. Shapiro
Assistant Secretary for
Political-Military Affairs
Department of State

Entered this 28 day of June 2012