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

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FORM 10-K

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

For the fiscal year ended December 31 , 2023

or

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

For the transition period from ______ to ______.

Commission file number 001-39221

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OTIS WORLDWIDE CORPORATION
(Exact name of registrant as specified in its charter)

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Delaware	83-3789412
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

One Carrier Place , Farmington , Connecticut 06032
(Address of principal executive offices, including zip code)

(860) 674-3000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($0.01 par value)	OTIS	New York Stock Exchange
0.318% Notes due 2026	OTIS/26	New York Stock Exchange
0.934% Notes due 2031	OTIS/31	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý. No ☐.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐. No ý.

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

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

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

Large Accelerated Filer	ý	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. § 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ý .

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐ .

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐.

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

The aggregate market value of the voting Common Stock held by non-affiliates as of June 30, 2023 was $ 36,614,205,287 based on the New York Stock Exchange closing price for such shares on that date. For purposes of this calculation, the Registrant has assumed that its directors and executive officers are affiliates.

At January 19, 2024, there were 405,454,626 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III hereof incorporates by reference portions of the Otis Worldwide Corporation Proxy Statement for the 2024 Annual Meeting of Shareholders (the "2024 Proxy Statement"). The 2024 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

OTIS WORLDWIDE CORPORATION

Form 10-K

For the Year Ended December 31, 2023

TABLE OF CONTENTS

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

PART I

Item 1. Business

Our Company

Otis is the world's leading elevator and escalator manufacturing, installation and service company. We serve customers in over 200 countries and territories around the world. Otis has global scale and local focus, with more than 1,400 branches and offices, and a direct physical presence in more than 70 countries.

The following description of our business should be read in conjunction with Item 7 in this Form 10-K, including the information contained therein under the heading "Business Overview."

Description of Business by Segment

Our Company is organized into two segments, New Equipment and Service, which, for the year ended December 31, 2023, contributed 41% and 59% of our net sales, and 15% and 85% of our segment operating profit, respectively. Our international operations represented approximately 72% of our net sales for the year ended December 31, 2023.

New Equipment

Through our New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators, as well as escalators and moving walkways for residential, commercial and infrastructure projects.

Our New Equipment customers include real estate and building developers and general contractors who develop and/or design buildings for residential, commercial, retail or mixed-use activity. We also sell New Equipment to government agencies, particularly, to support infrastructure projects, such as airports, railways or metros. We generally sell directly to our customers through our New Equipment sales personnel. Due to the nature of the customer base in China and certain other geographies, our direct sales force is augmented by agents and distributors. Given the breadth of our customer base and the large number of customers to whom we deliver new equipment on an annual basis, we are not dependent on any single customer and do not have any contracts material to Otis as a whole with any single customer. The same is true for our broad and geographically dispersed network of agents and distributors.

New Equipment customers typically engage with us at an early stage during the construction cycle. The timing of order placement depends on factors including project complexity and customer requirements. Elevator installation usually occurs midway through building construction.

New Equipment orders are generally delivered within 12 months of booking, though larger projects can take longer to deliver based on customer construction schedules, and in some regions, mostly in China, the order to delivery window is shorter. When placing New Equipment orders, customers typically make an advance payment to cover costs including design and contract engineering. These advance payments are typically followed by periodic progress payments at specified milestones, such as delivery of materials at the job site and completion of installation and equipment commissioning. Installation is carried out by our installation technicians or through subcontractors, in which case we typically complete the final inspection and commissioning to ensure that our quality standards are met. Revenues are recognized based on percentage of completion. Once commissioned, New Equipment units are typically supported by a warranty for a limited period of time.

We have developed a range of elevator and escalator solutions to meet the varying needs and objectives of our diverse customers, primarily centered around the following platforms: *Gen2*, *Gen3*, *Gen360* and *SkyRise*. Our primary elevator and escalator solutions are described below.

Gen2

Historically, our principal low-and mid-rise elevator solution. Since its launch in 2000, we have sold over one million units, making it our best-selling elevator platform.

Gen3

The successor to the Gen2 family of elevators, the Gen3 platform enhances the space-saving, energy-efficient design of the Gen2 elevator with the connectivity of the Otis ONE IoT (internet of things) digital service platform, while offering additional safety features for passengers and our colleagues who maintain the elevator.

In 2023, we introduced the new Gen3 Core elevator in North America, which was designed specifically for low-rise buildings, bringing passengers connectivity, style, and comfort. The Gen3 Core helps minimize energy consumption, material usage and installation costs.

Gen360

Initially launched in Europe, we have expanded the Gen360 elevator platform into China in 2023. The Gen360 elevator features a new electronic architecture, with many mechanical components replaced by electronic components that, in connection with our service, increase reliability, reduce the potential for entrapments and free hoistway space to accommodate larger cabins. A foldable, in-ceiling platform allows maintenance operations to be performed safely from within the car rather than on top of it and, depending on local regulations, eliminates the need for a refuge space above the car and the protrusion on the roof allowing for a flat roof design. With 360-degree cameras in the hoistway, Otis service teams can visually confirm, fine-tune, diagnose and solve many issues remotely without stopping the elevator. The Otis ONE IoT solution adds a network of sensors for real-time status updates.

SkyRise

For taller, high-rise buildings, the SkyRise advanced elevator platform combines cutting-edge technologies and precision engineering to deliver solutions for residential, commercial and mixed-use skyscrapers.

In addition to elevator solutions, we also offer escalators and moving walkways. With a range of finishes and aesthetics, Otis escalators integrate easily with building designs. Our smart design and features enhance sustainability and passenger safety, such as sensor-equipped escalators and moving walkways that efficiently run only when passengers approach, or operate at reduced speeds to conserve energy when there are no riders.

Service

Through our Service segment, we perform maintenance and repair services, as well as modernization services to upgrade elevators and escalators. We have a maintenance portfolio of approximately 2.3 million units globally, which includes Otis equipment manufactured and sold by us, as well as equipment from other original equipment manufacturers. Through our network of service sales personnel, we sell our services directly to customers in all significant elevator and escalator verticals around the world.

Service customers typically comprise building owners, facility managers, housing associations and government agencies that operate buildings where elevators and escalators are installed. Customers securing services for elevators are frequently different from those who initially make purchasing decisions with respect to New Equipment solutions. As the largest service provider in the industry worldwide, we have a wide range of customers in our Service segment and do not have any single service contract that is material to Otis as a whole. Contract duration depends on several factors, including customer needs, regulatory requirements and industry/geography dynamics. We work closely with our customers to renew these contracts as appropriate. Certain types of customers, such as those owning or operating large properties or portfolios of properties, tend to execute long-term maintenance agreements.

We provide our Service offerings to our customers through a global network of 35,000 Service mechanics operating out of more than 1,400 branches and offices typically located in close proximity to concentrations of customers. Our mechanics are critical to our ability to deliver a high level of service to our customers. Our OTISLINE operations provide personalized customer support 24/7. They receive customer service requests and assign and dispatch field technicians, as necessary, to respond to service requests. We support our customers with our network of service parts centers and repair centers.

Our services include inspections, preventive maintenance offerings and other customized maintenance offerings tailored to meet customer needs. A basic maintenance contract provides for inspection consistent with local regulatory needs. We offer incremental, tiered maintenance and service offerings, with varying levels of coverage up to and including comprehensive component replacement coverage. We also provide customers with repair services to address equipment and component wear and tear, as well as breakdowns.

We seek to grow our maintenance portfolio through conversion of newly installed units into maintenance contracts, through prospecting and winning units already in service from customers using another service provider and through acquisitions. Our Service sales personnel seek to win service contracts upon the expiration or termination of existing service contracts from customers by offering a superior value proposition through service excellence, an engaged and technically sophisticated group of field service technicians, a streamlined customer experience and reliable elevator and escalator operating performance.

Similar to most other electro-mechanical equipment, elevators and escalators are subject to wear and tear, which over time erodes equipment functionality. As elevator equipment ages, we work with customers to help renew or refresh their elevators with modernization solutions that enhance equipment operation, improve building functionality and contribute to more sustainable building systems. Modernization offerings can range from relatively simple upgrades of interior finishes and aesthetics to complex upgrades of larger components and sub-systems. Launched in 2023 in the Americas, our GEN3 MOD Plus modernization offering for residential, commercial, hospitality, medical or industrial buildings includes built-in connectivity to our Otis ONE IoT digital platform.

Digital Technology initiatives

Otis offers a range of technologies for improving the passenger experience and we have been using technology to monitor elevator performance remotely for decades. As of December 31, 2023, approximately 900,000 units of our global portfolio, including units under the warranty period, are connected. In 2024, we expect to continue to innovate and expand our digital ecosystem and suite of digital solutions for both our existing service portfolio customers and for new equipment shipments from our factories.

Otis ONE is our latest cloud-based IoT technology, designed to continuously monitor equipment health and performance in real time to provide proactive, predictive and transparent information to our technicians and customers. The technology expands predictive and remote maintenance capabilities to support improved elevator up-time and service productivity.

We offer additional technology and multimedia options to customers with voice, data and video digital services, leveraging our IoT technologies, as described below. These are often incorporated as an optional upgrade on maintenance contracts.

eView

Our in-car display streams live, customizable infotainment to passengers and can connect them to OTISLINE, Otis' 24-hour service call center, during an emergency.

Compass 360

Our proprietary destination management system groups passengers by their desired destination and directs them to an assigned car that minimizes waiting and ride time. The system's algorithms anticipate traffic demand within a building and improve traffic flow.

eCall Plus

Otis' smartphone app enables passengers to summon their elevator remotely for a touchless experience.

Research and Development & Intellectual Property

Innovation is a fundamental characteristic of our history and is central to our strategy. For the year ended December 31, 2023, research and development ("R&D") expense was $144 million and 1.0% as a percentage of net sales. In addition to R&D expense, we made investments in digital and strategic initiatives of $57 million, which in combination with R&D expense was 1.4% as a percentage of net sales. We coordinate our R&D efforts globally through an operating model that sets global and local priorities based on customer and segment needs. We have 11 R&D centers and 17 factories around the world, including major locations in China, India, Japan, France, Germany, Spain and the United States. The R&D centers are strategically located close to concentrations of customers and factories to enable efficient development of engineering solutions that can serve as global model products and adapt quickly and efficiently to local customer needs and local demographic and construction trends. We have 1,200 engineers globally, with increasing focus on digital initiatives, software, design of the user interface and the user experience.

We maintain a portfolio of patents, trademarks, copyrights, trade secrets, licenses and franchises related to the Otis business to protect our R&D investments in products and services. We currently own approximately 5,000 patents issued in various jurisdictions, and we have approximately 1,800 patent applications pending globally. We filed approximately 1,000 patent applications in the last three years. Our patents are primarily filed in Europe, the United States and Asia. We believe that our patents and trade secrets create a competitive advantage and that we have taken reasonable measures to build a portfolio of valid and enforceable intellectual property rights. However, these intellectual property rights might be challenged and could be found invalid or unenforceable. Loss of strategic patents and trade secrets could significantly affect our competitiveness. See Item 1A in this Form 10-K for further discussion of intellectual property matters.

Joint Ventures and Non-Wholly Owned Subsidiaries

Our international strategic relationships, joint ventures and non-wholly owned subsidiaries are an important part of our business as they support our access to international markets and customers. Results of these entities are consolidated with our financial and operational results. Our largest joint ventures are located in China with the remainder of our joint ventures and non-wholly owned subsidiaries located in various other countries.

We operate in China through two principal joint ventures: Otis Elevator (China) Investment Company Limited (“Otis China”) and Otis Electric Elevator Company Limited (“Otis Electric”). Otis China is a joint venture established in 1998 for the purpose of manufacturing, installing and servicing elevators, escalators and related equipment. We are a majority owner of Otis China, and Tianjin Tai Kang Investment Co. Ltd. is our joint venture partner. Otis Electric, a subsidiary of Otis China, is a joint venture established in 1997 for the purpose of manufacturing, installing and servicing elevators, escalators and related equipment. Otis China owns a controlling equity stake in Otis Electric. Otis China’s partner in Otis Electric is Xizi Elevator Group Co.

Competition

We operate in a global and highly competitive industry. Due to the global and localized nature of the industry, there are numerous participants of varying size that operate in our industry. According to industry estimates, there are hundreds of participants that offer New Equipment solutions and several thousand participants that offer maintenance and service solutions. In both the New Equipment and Service segments, major competitors globally include KONE Oyj, Schindler Group and TK Elevator, while there are a number of additional competitors in the Asia Pacific region. Competitive dynamics vary significantly by segment and geography. In the Service segment, independent service providers and other small operators are significant competitors in most of our local geographies. These independent service providers have an aggregate portfolio of about 50% of service units, but account for a smaller percentage of the service business when measured by value because of the types of units and level of maintenance covered by these providers.

There are several factors that determine competitiveness in the industry, including local codes and compliance requirements, customer preferences, price, reputation, delivery and execution, product quality, equipment performance, reliability and long-term service and product support. Our success in both our New Equipment and Service segments depends upon our ability to develop and market our products, services and solutions, as well as our ability to provide the people, technologies, facilities, equipment and financial capacity needed to deliver those products and services with maximum efficiency. We believe our global presence, local relationships and proven track record in executing complex elevator and escalator solutions contribute to our iconic brand, reputation and competitive position in the industry. We believe our business strategies allow us to sustain New Equipment growth, accelerate Service portfolio growth, deliver modernization value, advance the digitalization of Otis, focus and empower the organization, support our ability to successfully compete across the New Equipment and Service segments, and help deliver sustainable earnings growth. The Company may not be able to compete effectively on all of these fronts and with all of its competitors, and the failure to do so could have a material adverse effect on its sales and profit margins. For further discussion of risks related to the competitive environment of our business, see Item 1A in this Form 10-K.

Compliance with Government Regulations

We conduct our business through subsidiaries and affiliates worldwide. Any changes in legislation or government policies impacting our industry, including with respect to employee safety, labor-related regulations, industrial equipment, licensing requirements, foreign ownership limitations and building and elevator safety codes, can affect our operations. We closely monitor local legislation and government policies in the locations in which we operate.

In addition, our operations are subject to and affected by environmental regulations promulgated by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over our foreign operations. We have incurred and will likely continue to incur liabilities under various government statutes and regulations for the cleanup of pollutants previously released into the environment. We do not anticipate that compliance with current provisions relating to the protection of the environment or that any payments we may be required to make for cleanup liabilities will have a material adverse effect upon our competitive position, cash flows, results of operations or financial condition.

United States (the "U.S.") laws, regulations, orders, and other measures concerning the export or re-export of products, software, services and technology to, and other trade-related activities involving, non-U.S. countries and parties affect the operations of Otis and its affiliates, as do those of other countries pertaining to similar matters.

For further discussion of risks related to environmental matters and other government regulations, see in this Form 10-K Item 1A, Item 7 and "Note 2: Summary of Significant Accounting Policies" and "Note 21: Contingent Liabilities" in Item 8 in this Form 10-K.

Seasonality

Our business and operating results are generally not subject to significant fluctuations as a result of seasonality, although we have experienced lower New Equipment net sales in Asia in the first calendar quarter, coinciding with Lunar New Year celebrations. In addition, we have also experienced lower New Equipment net sales in the fourth quarter in China, due to a national holiday that occurs during the first week of October which may impact the relative mix of net sales within the quarter.

Raw Materials and Supplies

Due to the global and distributed nature of our operations, we partner with a diverse network of several thousand suppliers globally. These include product and non-product suppliers, as well as subcontractors. We rely on approximately 500 key suppliers for our manufacturing supply chain.

Components and systems necessary to effectively complete our New Equipment projects, as well as to satisfy our maintenance and repair obligations, are often available from two or more sources within the industry. While we believe no single supplier is material to our business, some components or applications require particular specifications or qualifications. In those cases, there may be a single supplier or a limited number of suppliers that can readily provide such components, which have in the past, and could in the future, result in supply constraints or cost pressures due to an issue with such a supplier, including financial or operational difficulties or a contract dispute. We implement mitigation actions to address potential disruption in and other risks relating to our supply chain, including the use of safety stock and alternative materials, as well as risk assessments, qualification of multiple supply sources and use of long-term supplier agreements.

Although at times high prices for some important raw materials have caused margin and cost pressures for our business, we do not expect near-term unavailability or pricing of materials, components or supplies that would have a material adverse effect on our business. We seek to manage commodity price risk through locking and hedging strategies, as well as passing the increases onto our customers through pricing. See Item 1A in this Form 10-K for risks associated with raw material and supply chain.

Environmental, Social and Governance ("ESG")

ESG is part of our culture and embedded in our long-term strategy. The principles of ESG align with the foundation of our business: our Absolutes of Safety, Ethics, and Quality. We are committed to the health and safety of our colleagues and the riding public. We strive to reduce the environmental impact of our own products, operations and services and those of our customers. We foster a culture that embraces all voices and diverse points of view and proactively engages in the communities we serve. See "Human Capital" below for additional information regarding certain ESG initiatives related to our colleagues, including health and safety, employee engagement and inclusion.

In 2021, we became a signatory to the U.N. Global Compact and published our thirteen ESG goals (including the four Environment & Impact goals below) aligned with the U.N. Sustainable Development Goals ("SDGs"). Our ESG goals and alignment to SDGs are categorized into four areas: Health & Safety, Environment & Impact, People & Communities and Governance & Accountability.

We set goals within each of these areas and aligned them to the U.N. SDGs on which we can have the greatest impact. Our Environment & Impact goals are as follows:

- Achieve a 50% reduction of Scope 1 and Scope 2 emissions by 2030
- Reach carbon neutrality for factory electricity by 2030
- Achieve 100% factory eligibility for zero-waste-to-landfill certification by 2025
- Complete ISO 14001 certification for all factories by 2025 (goal completed in 2021)

In April 2023, we published our second annual ESG report on our ESG activities, metrics and progress towards our goals in accordance with the Global Reporting Initiative Standards, as well as in alignment with the Sustainability Accounting Standards Board guidelines and the Task Force on Climate-related Financial Disclosures. On November 9, 2023, we announced our commitment to setting near-term science-based greenhouse gas ("GHG") reduction targets, which we formally submitted to the Science Based Target Initiative ("SBTi") for evaluation. Our submission includes proposed GHG emissions reduction targets for Scope 1, 2 and 3 emissions, against a 2021 baseline.

Our ESG goals and ESG reports can be found in the Investor section of our corporate website (http://www.otis.com) under the heading "ESG", which we update from time to time. Our ESG goals, our ESG reports and our corporate website are not incorporated by reference into this Form 10-K.

Our Board of Directors and its committees engage in extensive review and oversight of ESG-related topics. The Company's ESG Council monitors our performance towards our ESG goals. The ESG Council is composed of senior leaders representing multiple functions within the Company, including Communications, Engineering, Environment, Health & Safety, Human Resources, Investor Relations, Legal, Quality & Continuous Improvement and Supply Chain. Also, an internal ESG Working Group, comprised of subject matter experts, assists the ESG Council in developing and effectuating the Company's ESG strategy. Both the ESG Council and ESG Working Group meet regularly, with the ESG Council reporting regularly to our CEO on our ESG progress and actions. Our progress towards our ESG goals was included as a performance multiplier in determining payouts under our 2023 executive short-term incentive plan.

There have been no, and we do not expect there to be in the near term, material impacts on our business, financial condition or results of operations as a result of compliance with legislation or regulatory rules regarding climate change, from the known physical effects of climate change or as a result of implementing our ESG initiatives. Increased regulation (including the pending Securities and Exchange Commission ("SEC") and European Union requirements) and other climate change concerns, however, could subject us to additional costs and restrictions, and we are not able to predict how such regulations or concerns would affect our business, operations or financial results. For a discussion of risks associated with ESG matters, see Item 1A in this Form 10-K.

Human Capital

As of December 31, 2023, our global workforce consists of 71,000 colleagues (including 42,000 field professionals), with 44% in Asia, 33% in Europe, the Middle East and Africa ("EMEA") and 23% in the Americas.

Approximately 63% of our U.S. workforce is covered by a collective bargaining agreement. Out side of the U.S., our colleagues are represented by workers' councils or statutory labor unions as may be customary or required in those jurisdictions . While we strive to maintain good relationships with our employee representative bodies, our business may be adversely affected by work stoppages, union negotiations, labor disputes and other matters associated with our labor force. The collective bargaining agreement for most of our bargaining unit colleagues in the U.S. was renewed without disruption in July 2022 and is set to expire in July 2027. For a discussion of risks associated with employment-related matters, see Item 1A in this Form 10-K.

Compensation

Our colleagues are vital to our success, and we offer pay and benefits designed to attract, retain and motivate our colleagues and align their compensation with both individual and our overall performance. While our programs vary by location and eligibility, they include base and overtime pay, short-term incentive bonuses, long-term incentive pay in the form of stock awards, retirement plan benefits, health care and insurance benefits, tuition assistance through our Employee Scholar program, paid sick, bereavement, vacation, parental and family leaves, and wellness and employee assistance programs.

Health and Safety

Safety is one of the Otis Absolutes. For that reason, safety measures and indicators are regularly monitored by management and reported to our Board of Directors. To promote safety, we have a health and safety management system and regularly measure the effectiveness of our health and safety programs. We also provide regular health and safety training to our field professionals. We empower all of our colleagues and subcontractors with stop work authority if they perceive an unsafe condition or behavior that may cause injury. We also seek to promote a culture where stop work authority can be freely exercised without the fear of retribution or retaliation, and a learning culture to enhance the quality and delivery of safety and technical training. Health and Safety is one of the four focus areas of our ESG goals. See the "Environmental, Social and Governance ("ESG")" section of this Form 10-K above for more information regarding our ESG goals.

We are focused on our colleagues' mental and physical well-being. We provide employee assistance plan benefits to all of our colleagues worldwide. We also offer flexible work arrangements to many salaried colleagues. In 2023, we established the Otis Colleague Disaster Relief Fund, which provides financial assistance to eligible colleagues who have been affected by a disaster.

Training and Development

We strive to emphasize development and training, as we believe that individual and corporate success is driven by lifelong learning and by empowering our colleagues. As a result, we provide an extensive range of options and opportunities that vary based on a colleague's career stage and function. We offer a comprehensive suite of programs to build leadership and functional capabilities to drive our culture and equip our leaders for today and tomorrow. One of our flagship programs is the "Employee Scholar Program", a comprehensive, company-sponsored education program that allows colleagues to expand their skills through degree or certification programs.

Having access to trained technicians is essential to our business. Our mechanics receive extensive training to service and install equipment safely. This training consists of live, virtual, and on-the-job modules with experienced mechanics. We are increasing our professional network to reach out to more communities when hiring through partnerships, and have developed several apprenticeship, training and internship programs. We have implemented initiatives to obtain access to a larger talent pool and increase the number of women in our mechanic population.

Inclusion & Diversity

We aim to be both an equal-opportunity employer of choice for people of broad perspectives and experiences, cultures, genders, races, and generations, and a place where every voice feels safe, welcomed and heard. To further accountability and transparency with respect to our progress, we maintain an Inclusion Advisory Group which is responsible for setting Otis' global inclusion strategy and priorities. The Inclusion Advisory Group is composed of nine members representing cross-functional and cross-regional areas and one Otis Board member, and includes four annual rotating members and four permanent members, including our Chief Executive Officer and our Chief People Officer. The Inclusion Advisory Group meets three times a year.

We have implemented various programs to support accelerating the development of our diverse talent, leadership and culture of inclusion. Our global inclusive leadership learning program provides training through virtual learning and group conversations to identify and mitigate bias using a common approach and vocabulary. As a signatory to the CEO Letter on Disability Inclusion with Disability:IN, an organization with the goal of creating an inclusive environment for people with disabilities, we are expanding our disability inclusion, neurodiversity and accessibility efforts. In 2023, we launched a disability etiquette training program and established a global framework to simplify and unify the process by which our colleagues can request reasonable accommodations and workplace adjustments. We also continued in 2023 to build on our inclusion efforts by expanding our self-ID campaign from 33 to 40 countries. This campaign allows our colleagues to self-report their demographic data, if they choose to do so.

Our employee resource groups (“ERGs”) also play a significant role in our ability to attract, retain, and develop diverse talent, and build allies across the organization. As ERGs are vital in nurturing a culture of inclusion at Otis, we are continuing to expand our ERG offerings globally by supporting all colleagues within the 4C framework (career, culture, community and customer) and partnering with them to further our inclusion initiatives.

Colleague Engagement

We believe that engaged colleagues deliver better service to our customers. We measure engagement by periodically conducting colleague surveys. The results, which are reported to our Board of Directors and management, help us assess how our colleagues feel about working for us. We use the survey results to develop action plans to address areas of concern. The engagement survey, which anonymizes the data, covers topics such as safety, ethics, belonging, quality, company prospects, inclusion, empowerment, accountability and managerial effectiveness. Increasing colleague favorability for the inclusive culture category in the Company’s engagement survey is part of our thirteen published ESG goals. See the “Environmental, Social and Governance ("ESG")” section of this Form 10-K above for more information regarding our ESG goals.

Corporate Information

Otis is a Delaware corporation and was incorporated on March 1, 2019 in connection with the separation and distribution ("Separation") of each of Otis and Carrier Global Corporation ("Carrier") from United Technologies Corporation, subsequently renamed RTX Corporation ("UTC" or "RTX", as applicable) into separate independent publicly traded companies. The Separation occurred on April 3, 2020. References to "UTC" relate to pre-Separation matters, and references to "RTX" relate to post-Separation matters.

The Separation was completed pursuant to a Separation and Distribution Agreement ("Separation Agreement") and other agreements with UTC and Carrier related to the Separation, including but not limited to a transition services agreement ("TSA"), a tax matters agreement ("TMA"), an employee matter agreement ("EMA") and an intellectual property agreement (the "Intellectual Property Agreement"). For further discussion of these agreements, see Item 1A, "Note 1: Business Overview" in Item 8 and Item 15 in this Form 10-K.

Available Information

This Form 10-K and our quarterly reports on Form-10-Q, current reports on Form 8-K and any amendments to those reports are available free of charge through the Investors section of our Internet website (http://www.otis.com) under the heading "Financial Information" as soon as reasonably practicable after these reports are electronically filed with, or furnished to, the SEC. In addition, the SEC maintains a website (http://www.sec.gov) containing reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Cautionary Note Concerning Factors That May Affect Future Results

This Form 10-K contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management's current expectations or plans for Otis' future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "medium-term," "near-term," "confident," "goals" and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, dividends, share repurchases, tax rates, R&D spend, restructuring actions (including UpLift), credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions, or statements that relate to climate change and our intent to achieve certain ESG targets or goals, including operational impacts and costs associated therewith, and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, Otis claims the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation:

- the effect of economic conditions in the industries and markets in which Otis and its businesses operate and any changes therein, including financial market conditions, fluctuations in commodity prices, and other inflationary pressures, interest rates and foreign currency exchange rates, levels of end market demand in construction, pandemic health issues (including COVID-19 and variants thereof), natural disasters, whether as a result of climate change or otherwise, and the financial condition of Otis' customers and suppliers;
- the effect of changes in political conditions in the U.S., including in connection with the results of the 2024 election or otherwise, and other countries in which Otis and its businesses operate, including the effects of the conflict between Russia and Ukraine, the war between Israel and Hamas, and tensions between the U.S. and China, on general market conditions, commodity costs, global trade policies and related sanctions and export controls, and currency exchange rates in the near term and beyond;
- challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services;
- future levels of indebtedness, capital spending and research and development spending;
- future availability of credit and factors that may affect such availability or costs thereof, including credit market conditions and Otis' capital structure;
- the timing and scope of future repurchases of Otis' common stock ("Common Stock"), which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash;
- fluctuations in prices and delays and disruption in delivery of materials and services from suppliers, whether as a result of changes in general economic conditions, geopolitical conflicts or otherwise;
- cost reduction or containment actions, restructuring costs and related savings and other consequences thereof, including with respect to UpLift;
- new business and investment opportunities;
- the outcome of legal proceedings, investigations and other contingencies;
- pension plan assumptions and future contributions;
- the impact of the negotiation of collective bargaining agreements and labor disputes and labor inflation in the markets in which Otis and its businesses operate globally;
- the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Otis and its businesses operate;
- the ability of Otis to retain and hire key personnel;
- the scope, nature, impact or timing of acquisition and divestiture activity, the integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs;
- the determination by the Internal Revenue Service (the "IRS") and other tax authorities that the distribution or certain related transactions in connection with the Separation should be treated as taxable transactions; and
- our obligations and our disputes that have or may hereafter arise under the agreements we entered into with RTX and Carrier in connection with the Separation.

These and other factors are more fully discussed in the “Business”, “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections and elsewhere in this Form 10-K and may cause actual results to differ materially from those expressed or implied in the forward-looking statements. The forward-looking statements speak only as of the date of this report, or in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the SEC.

Item 1A. Risk Factors

Risks Related to Our Business

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

Our business, financial condition, operating results and cash flows may be adversely affected by changes in global economic conditions and geopolitical risks (see discussion of risks associated with the ongoing conflicts referred to in the immediately following Risk Factor), including global credit conditions, levels of consumer and business confidence, commodity prices, raw material and energy costs, supply chain issues, foreign currency exchange rates, interest rates, labor costs, levels of government spending and deficits, actual or anticipated default on sovereign debt, trade policies, tariffs and trade barriers, political conditions, including in connection with the results of the 2024 election in the U.S. or otherwise, regulatory changes, fluctuations in residential and commercial construction activity, natural disasters, including weather events caused by climate change, pandemic health issues, including COVID-19, and other challenges that could affect the global economy. These economic and political conditions affect businesses such as ours in a number of ways. In particular, a slowdown in building and remodeling activity or decreased public spending on infrastructure projects or decreased spending on commercial real estate or customer defaults due to higher levels of remote work in connection with the COVID-19 pandemic or otherwise, could adversely affect our financial performance. Additionally, limitations on the ability of our customers and suppliers to access credit at interest rates and on terms that are acceptable to them could lead to insolvencies of customers and suppliers, limit or prevent customers from being able to finance purchases of our products and services, and cause delays in the delivery of key products from suppliers.

Our international operations subject us to risk as our results of operations may be adversely affected by changes in local and regional economic conditions, such as fluctuations in exchange rates, risks associated with government policies on international trade and investments, risks associated with China and other emerging markets and geopolitical conflicts.

We conduct our business on a global basis, with approximately 72% of our 2023 net sales derived from international operations. Changes in local and regional economic conditions, including credit conditions and fluctuations in exchange rates, may affect product demand and reported profits in our non-U.S. operations, where transactions are generally denominated in local currencies. In addition, currency fluctuations may affect the prices we pay for the materials used in our products. Though we engage in hedging strategies to manage foreign currency exposures in connection with certain cross-border transactions, our operating margins may be negatively impacted by currency fluctuations that result in higher costs or lower revenues for certain cross-border transactions. Our financial statements are denominated in U.S. dollars. Accordingly, fluctuations in exchange rates have given and may continue to give rise to gains or losses when financial statements of non-U.S. operating units are translated into U.S. dollars. Given that the majority of our net sales are non-U.S. based, a strengthening of the U.S. dollar against other major foreign currencies has adversely affected and could in the future adversely affect our results of operations.

Our international sales and operations are subject to risks associated with changes in local government laws, regulations and policies, including those related to investments and limitations on foreign ownership of businesses, taxation, foreign exchange controls, capital controls, employment regulations and the repatriation of earnings. Government policies on international trade and investments such as import quotas, capital controls, punitive taxes or tariffs or similar trade barriers, whether imposed by individual governments or regional trade blocs, can affect demand for our products and services, impact the competitive position of our products or services, or encumber our ability to manufacture or sell products in certain countries. The implementation of more restrictive trade policies, including the imposition of tariffs, or the renegotiation of existing trade agreements with the U.S. or countries where we sell large quantities of products and services, procure materials incorporated into our products, manufacture products or recruit and employ employees, including trade relations between the U.S. and China (as discussed below), could have a material adverse effect on our business, results of operations and financial condition, including our ability to recruit and retain employees or deploy certain employees to the geographies where their skills are best utilized. Our international sales and operations are also sensitive to changes in foreign nations' priorities, including government budgets, as well as to political and economic instability. International transactions may involve increased financial and legal risks due to differing legal systems and customs in foreign countries.

China is currently the largest end market for sales of new equipment in our industry, with our New Equipment net sales in China representing approximately one third of our global New Equipment net sales and over half of our global New Equipment unit volume. Changes to market and economic conditions in China, including credit conditions for our customers, or an escalation of trade conflicts between the U.S. and China, may further impact our ability to continue New Equipment net sales in China at rates consistent with prior years. Furthermore, as is the case in many countries where we operate, the legal and regulatory regime in China is evolving, and accordingly, we could, in the future, be required to comply with significant requirements unique to China in order to maintain access to Chinese markets.

We expect that net sales to emerging markets will continue to account for a significant portion of our net sales as those and other developing nations and regions around the world increase their demand for our products and services. A slowdown in urbanization in emerging countries, such as China or India, could adversely affect our financial performance. In addition, as part of our global business model, we operate in certain countries, including Argentina, Brazil, China, India, Indonesia, Malaysia, Mexico, Poland, South Africa, Ukraine, Turkey and certain countries in the Middle East, that carry high levels of currency, political, compliance and economic risk. Our emerging market operations can present many risks, including differences in culturally accepted practices (such as employment and business practices), compliance risks, economic and government instability, currency fluctuations, and the imposition of foreign exchange and capital controls. While these factors and their impact are difficult to predict, any one or more of them could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

The conflict between Russia and Ukraine and the war between Israel and Hamas have resulted in worldwide geopolitical and macroeconomic uncertainty, and we cannot predict how the conflicts will evolve or the timing thereof. If these conflicts continue for a significant time or further expand to other countries and depending on the ultimate outcomes of these conflicts, which remain uncertain, they could have additional adverse effects on macroeconomic conditions, including but not limited to, increased costs, constraints on the availability of commodities, supply chain disruptions and decreased business spending. Furthermore, continuation of the conflicts could give rise to disruptions to our or our business partners' global technology infrastructure, including through cyber-attack or cyber-intrusion; adverse changes in international trade policies and relations; regulatory enforcement; our ability to implement and execute our business strategy; terrorist activities; our exposure to foreign currency fluctuations; and constraints, volatility, or disruption in the capital markets, any of which could have a material adverse effect on our business, results of operations, cash flows and financial condition. See Item 7 "Business Overview" in this Form 10-K for more information regarding the sale of our business in Russia.

We use a variety of raw materials, supplier-provided parts, components, sub-systems and third-party manufacturing services in our business, and significant shortages, supplier capacity constraints, supplier production disruptions or price increases could increase our operating costs and adversely impact the competitive positions of our products.

Our reliance on suppliers (including third-party manufacturers) and commodity markets to secure the raw materials and components used in our products exposes us to volatility in the prices and availability of these materials. Issues with suppliers, (such as a disruption in deliveries, capacity and credit constraints, production disruptions, quality issues and supplier closings or bankruptcies), price increases or decreased availability of raw materials or commodities could have a material adverse effect on our ability to meet our commitments to customers or could increase our operating costs, either of which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Adverse changes in our relationships with, or the financial condition, performance or purchasing patterns of, key distributors and agents could adversely affect us.

Certain of our businesses sell a significant amount of their products to distributors and agents, particularly in China, that have valuable relationships with customers. Some of these distributors and agents also sell our competitors' products, and if they favor competing products for any reason they may fail to market our products effectively. Adverse changes in our relationships with these distributors and other partners, or adverse developments in their financial condition, performance or purchasing patterns, or compliance practices, could adversely affect our reputation, competitive position, results of operations, cash flows or financial condition.

We design, manufacture, install and service products that incorporate advanced technologies; the introduction of new products and technologies involves risks, and we may not realize the degree or timing of benefits initially anticipated.

We seek to grow our business through the design, development, production, sale and support of innovative products that incorporate advanced technologies. The product and service needs of our customers change and evolve regularly, and we invest substantial amounts in research and development efforts to pursue advancements in technologies, products and services. Our ability to realize the anticipated benefits of our technological advancements, such as the development and execution of advanced digital technologies for the benefit of our New Equipment or Service segment or the development of new products depends on a variety of factors, including meeting development, production, certification and regulatory approval schedules; execution of internal and external performance plans; availability of supplier and internally produced parts and materials; performance of suppliers and subcontractors; hiring and training of qualified personnel; achieving cost and production efficiencies; validation of innovative technologies; and customer interest in new technologies and products and acceptance of products we manufacture or that incorporate technologies we develop.

Our research and development efforts may not result in innovative products or services that incorporate new technologies for our New Equipment and Service segments, or products or services being developed on a timely basis or that meet the needs of our customers as effectively as competitive offerings. In addition, the markets for our products or services, or products that incorporate our technologies, may not develop or grow as we anticipate. We or our customers, suppliers or subcontractors may encounter difficulties in developing and producing new products and services, and may not realize the degree or timing of benefits initially anticipated or may otherwise suffer significant adverse financial consequences. Due to the design complexity of our products, we may experience delays in completing the development and introduction of new products. Any delays could result in increased development costs or divert resources from other projects. If we are unable to successfully develop and timely introduce new products, services and technologies, our competitors may develop competing technologies that gain market acceptance in advance of or instead of our products or services. The possibility also exists that our competitors might develop new technology or offerings that might cause our existing technology and offerings to become obsolete, which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We operate in a competitive environment and our profitability depends on our ability to accurately estimate the costs and timing of providing our products and services.

Our contracts are typically awarded on a competitive basis. Our quotations and bids are based upon, among other items, the cost to provide the products and services. To generate an acceptable return on our investment on these contracts, we must be able to accurately estimate our costs to provide the services and deliver the products required by the contract and to be able to complete the contracts in a timely manner. If we fail to accurately estimate our costs or the time required to complete a new equipment order, or the extent of required maintenance pursuant to a service contract, or execute on our productivity initiatives, the profitability of our contracts may be materially and adversely affected. Some of our contracts provide for liquidated damages if we do not perform in accordance with the contract. As a result of these and other factors, we may not be able to provide products and services at competitive prices while maintaining anticipated levels of profitability, which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We may not realize expected benefits from our cost reduction, restructuring and transformation efforts, including UpLift, and our profitability may be negatively impacted or our business otherwise might be adversely affected.

In order to operate more efficiently and cost effectively, we may adjust employment, optimize our footprint or undertake other restructuring or transformation activities, including in connection with UpLift. These activities are complex and may involve or require significant changes to our operations. If we do not successfully manage restructuring and other transformation activities, expected efficiencies and benefits might be delayed or not realized, and our operations and business could be disrupted. Risks associated with these actions and other workforce management issues include unfavorable political responses, unforeseen delays in the implementation of anticipated workforce reductions, additional unexpected costs, challenges in change management, adverse effects on employee morale and capacity, and the failure to meet operational targets due to the loss of employees or work stoppages, any of which may impair our ability to achieve anticipated cost reductions, otherwise harm our business or have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Our debt levels and related debt service obligations could have negative consequences; we may need additional debt or equity financing in the future to meet our capital needs, and such financing may not be available on favorable terms, if at all, due to changes in global capital markets, our financial performance or outlook or our credit ratings and may be dilutive to existing shareholders.

As of December 31, 2023, we had $6.9 billion outstanding long-term debt. Our debt level and related debt service obligations could have negative consequences, including, among others:

- requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which would reduce funds we have available for other purposes, such as acquisitions and reinvestment in our businesses; and
- reducing our flexibility in planning for or reacting to changes in our business and market conditions.

We may need additional financing for general corporate purposes. For example, we may need funds to increase our investment in research and development activities, to refinance or repay existing debt, or to make a strategic acquisition. We may be unable to obtain additional financing on terms favorable to us, if at all. Volatility in the world financial markets could further increase borrowing costs or affect our ability to access the capital markets. Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our products or services, or in the solvency of our customers, suppliers or distributors or other significantly unfavorable changes in economic conditions.

We have an investment-grade credit rating from each of Moody’s Investors Service, Inc. and Standard & Poor’s. There can be no assurance that we will be able to maintain our credit ratings, and any actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade or similar announcement, could increase the cost of borrowing under any indebtedness we may incur, reduce market capacity for our commercial paper, require the posting of additional collateral under our derivative contracts, or otherwise have a negative impact on our liquidity, capital position and access to the capital markets.

If we raise additional funds through the issuance of equity securities, our shareholders will experience dilution of their ownership interest. If we raise additional funds by issuing debt, we may be subject to limitations on our operations due to restrictive covenants or rating agencies may downgrade our credit rating.

Quarterly cash dividends and share repurchases may be discontinued, accelerated or modified, are subject to a number of uncertainties and may affect the price of Common Stock.

Quarterly cash dividends are a component of our capital allocation strategy, which we fund with operating free cash flow, borrowings and divestitures. We also have authority to repurchase our shares under a share repurchase program. In general, dividends and share repurchases, if commenced, may be discontinued, accelerated, suspended or delayed at any time without prior notice. Furthermore, the amount of such dividends and repurchases may be changed, and the amount, timing and frequency of such dividends and repurchases may vary from historical practice or from the company’s stated expectations. Decisions with respect to dividends and share repurchases are subject to the discretion of our Board of Directors and will be based on a variety of factors. Important factors that could cause us to discontinue, limit, suspend, increase or delay our quarterly cash dividends or share repurchases include market conditions, the market price of Common Stock, the nature and timing of other investment and acquisition opportunities, changes in our business strategy, the terms of our financing arrangements, our outlook as to the ability to obtain financing at attractive rates, the impact on our credit ratings and the availability of domestic cash. The reduction or elimination of our cash dividend or share repurchase program could adversely affect the market price of Common Stock. Although our share repurchase program is intended to enhance long-term shareholder value, changes in laws or regulations related thereto or short-term stock price fluctuations could reduce the program's effectiveness.

We engage in acquisitions and divestitures, and may encounter difficulties integrating acquired businesses with, or disposing of businesses from, our current operations; therefore, we may not realize the anticipated benefits of these acquisitions and divestitures.

We seek to grow through strategic acquisitions in addition to internal growth. Our due diligence reviews in connection with our acquisitions may not identify all of the material issues necessary to accurately estimate the cost and potential loss contingencies of a particular transaction, including potential exposure to regulatory sanctions resulting from an acquisition target's previous activities. For example, we may incur unanticipated costs, expenses or other liabilities as a result of an acquisition target's violation of applicable laws, such as anti-corruption, antitrust, anti-collusion, environmental or income tax laws. We also may incur unanticipated costs or expenses, including post-closing asset impairment charges, as well as expenses associated with eliminating duplicate facilities, litigation and other liabilities. We may incur unexpected costs associated with labor law, tax or pension matters or to bring acquired assets up to our operating standards. We may encounter difficulties in integrating acquired businesses with our operations, applying our internal controls to these acquired businesses or in managing strategic investments. In addition, accounting requirements relating to business combinations, including the requirement to expense certain acquisition costs as incurred, may cause us to incur greater earnings volatility and generally lower earnings during periods in which we acquire new businesses.

We also make strategic divestitures from time to time. Our divestitures may result in continued financial exposure to the divested businesses, such as through guarantees, other financial arrangements, continued supply and services arrangements, and environmental and product liability claims, following the transaction. Under these arrangements, nonperformance by those divested businesses could result in obligations being imposed on us that could have a material adverse effect on our competitive position, cash flows, results of operations or financial condition.

Additionally, we may not realize the degree or timing of benefits we anticipate when we first enter into a transaction, including as a result of current and proposed changes to U.S. and foreign regulatory approval processes and requirements in connection with an acquisition or divestiture. Any of the foregoing could adversely affect our business and results of operations.

We are party to joint ventures which may not be successful and may expose us to special risks and restrictions.

Our business operations depend on forming joint ventures. In certain regions, we operate our business through joint venture relationships or non-wholly owned subsidiaries, including: Otis Electric Elevator Company Limited and Otis Elevator (China) Investment Limited in China. A significant downturn or deterioration in the business or financial condition of a joint venture partner could affect our results of operations in a particular period. Our joint ventures may experience labor strikes, diminished liquidity or credit unavailability, weak demand for products, delays in the launch of new products or other difficulties in their businesses. Changes in local government laws, regulations and policies, including those related to investments and limitations on foreign ownership of businesses, could adversely impact our ability to participate in and operate our joint ventures, or could result in changes to the ownership structure or allocation of rights in our joint ventures. If we are not successful in maintaining our joint ventures and other strategic partnerships, our financial condition, results of operations and cash flows may be adversely affected.

Joint ventures and non-wholly owned subsidiaries inherently involve special risks. Whether or not we hold a majority interest or maintain operational control in such arrangements, our partners or other shareholders may (1) have economic or business interests or goals that are inconsistent with or contrary to ours, (2) exercise veto or other rights, to the extent available, to block actions that we believe to be in our or the joint venture's or non-wholly owned subsidiary's best interests, (3) take action contrary to our policies or objectives with respect to our investments, business or compliance practices or (4) be unable or unwilling (including as a result of financial or other difficulties) to fulfill their obligations, such as contributing capital to expansion or maintenance projects, under the joint venture or other agreement. There can be no assurance that any particular joint venture or non-wholly owned subsidiary will be beneficial to us.

We are subject to litigation, product safety and other legal and compliance risks.

We are subject to a variety of litigation, legal and compliance risks. These risks relate to, among other things, product safety, personal injuries, intellectual property rights, contract-related claims, taxes, environmental matters, competition laws and laws governing improper business practices. We could be charged with wrongdoing in connection with such matters. If convicted or found liable, we could be subject to significant fines, penalties, repayments and other damages (in certain cases, treble damages).

As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses or changes to business operations that could impact our ability to sell our products and services or sell them at expected profit levels. Uncertainty relating to those laws or regulations may also affect how we operate, structure our investments and enforce our rights.

Product and general liability claims (including claims related to the safety, reliability or maintenance of our products) and accident risks during the production, installation, maintenance and use of our products can result in significant costs, including settlements, punitive damages and other risks such as damage to our reputation, negative publicity and management distraction, which could reduce demand for our products and services.

In addition, we are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA") and other anti-corruption laws that generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. The FCPA applies to companies, individual directors, officers, employees and agents. Under certain anti-corruption laws, companies also may be held liable for the actions of partners or representatives. Certain of our customer relationships are with governmental entities and are, therefore, subject to the FCPA and other anti-corruption laws. Despite meaningful measures that we undertake to seek to ensure lawful conduct, which include training and internal controls, we may not always be able to prevent our employees, partners, joint ventures, agents or distributors from violating the FCPA or other anti-corruption laws. As a result, we could be subject to criminal and civil penalties, disgorgement, changes or enhancements to our compliance measures that could increase our costs, decrease our access to certain sales channels, personnel changes or other remedial actions.

Moreover, we are subject to antitrust and anti-collusion laws, including mandatory supply laws and bidding regulations, in various jurisdictions throughout the world. Changes in these laws or their interpretation, administration and/or enforcement may occur over time, and any such changes may limit our future acquisitions or operations, or result in changes to our strategies, sales and distribution structures or other business practices. We are subject to ongoing claims related to alleged violations of anti-collusion laws in certain European countries, where we are subject to claims for overcharges on elevators and escalators related to civil cartel cases. Though we have implemented policies, controls and other measures to prevent collusion or anti-competitive behavior, our controls may not always be effective in preventing our employees, partners, joint ventures, agents or distributors from violating antitrust or anti-collusion laws.

Violations of the FCPA, antitrust or other anti-corruption or anti-collusion laws, or allegations of such violations, could disrupt our operations, cause reputational harm, involve significant management distraction and result in a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We also must comply with various laws and regulations relating to the export of products, services and technology from the U.S. and other countries having jurisdiction over our operations. In the U.S., these laws include, among others, the Export Administration Regulations administered by the Department of Commerce and embargoes and sanctions regulations administered by the Department of the Treasury. In addition, U.S. foreign policy may restrict or prohibit business dealings with certain individuals, entities or countries; changes in these prohibitions can happen suddenly and could result in a material adverse effect on our operations.

For a description of current material legal proceedings, see "Note 21: Contingent Liabilities" in Item 8 of this Form 10-K.

We are impacted by increasing stakeholder interest in public company performance, disclosure, and goal-setting with respect to ESG matters.

We have increased reporting of our ESG programs and performance, as required by applicable law and voluntarily, and have established and announced goals and other objectives related to ESG matters. These goal statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our ability to achieve any goal or objective, including with respect to ESG initiatives, is subject to numerous risks, many of which are outside of our control. Examples of such risks include: (1) the availability and cost of low- or non-carbon-based energy sources and technologies, (2) third-party coordination and alignment over which we do not have control and may be unpredictable, (3) evolving regulatory requirements affecting ESG standards or disclosures, (4) the availability of suppliers that can meet our sustainability, diversity and other standards, and (5) our ability to recruit, develop, and retain diverse talent in our labor markets. In addition, standards for tracking and reporting on ESG matters have not been harmonized and continue to evolve. Our processes and controls for reporting of ESG matters may not always comply with evolving and disparate standards for identifying, measuring, and reporting ESG metrics globally, our interpretation of reporting standards may differ from those of others, and such standards may change over time, any of which could result in significant revisions to our performance metrics, goals or reported progress in achieving such goals and increased compliance costs and risks.

If our ESG practices do not meet evolving investor or other stakeholder expectations and standards, then our reputation, our ability to attract or retain employees, and our attractiveness as an investment, supplier, or business partner could be negatively impacted, or could result in litigation. In addition, our failure or perceived failure to pursue or fulfill our goals, targets, and objectives within the timelines we announce, or at all, could have similar negative impacts.

Our defined benefit pension plans are subject to financial market risk that could adversely affect our results.

The performance of the financial markets and interest rates as well statutory and/or regulatory changes can impact our defined benefit pension plan expenses and funding obligations. Significant decreases in the discount rate or investment losses on plan assets may increase our funding obligations and adversely impact our financial results. See "Note 13: Employee Benefit Plans" in Item 8 of this Form 10-K for further discussion on pension plans and related obligations and contingencies.

Information security, data privacy and identity protection may require significant resources and present certain risks to our business, reputation and financial condition.

We collect, store, have access to and otherwise process certain confidential or sensitive data that may be subject to data privacy and cybersecurity laws, regulations or customer-imposed controls, including proprietary business information, personal data and other information. We also develop products that may in certain cases collect, store, have access to, and otherwise process certain personally identifiable or confidential data of our customers who purchase and use such products either separately or as a part of another product or system or by way of access to our websites or social media accounts. Although we seek to protect such data and design our products to enable our customers to use them while complying with applicable data privacy and cybersecurity laws and/or customer-imposed controls, we have experienced cyber-attacks. While these attacks have not to our knowledge had a material adverse impact on the Company to date, our internal systems and products may be vulnerable to further cyber-attacks, security breaches, theft, programming errors or employee errors, which could lead to the compromise of confidential and sensitive data, unauthorized access, use, disclosure, modification or destruction of information, improper use of our systems, software solutions or networks, defective products, production downtimes and/or operational disruptions in violation of applicable law and/or contractual obligations. A significant actual or perceived risk of theft, loss, fraudulent use or misuse of customer, employee or other data, whether by us, our suppliers, distributors, customers or other third parties, as a result of employee error or malfeasance, or as a result of the compromise of software, security and other products we incorporate into our products, as well as non-compliance with applicable industry standards or our contractual or other legal obligations or privacy and information security policies regarding such data, could result in costs, fines, litigation or regulatory actions, or could lead customers to select products and services of our competitors. In addition, any such event could harm our reputation, cause unfavorable publicity or otherwise adversely affect certain potential customers' perceptions of the security and reliability of our services as well as our credibility and reputation, which could result in lost sales. Because of the global nature of our business, both our internal systems and products must comply with the applicable laws, regulations and standards in a number of jurisdictions, which continue to evolve and in certain cases, include provisions that are unclear. Government enforcement actions, including due to geopolitical concerns, and violations of data privacy and cybersecurity laws could be costly or interrupt our business operations. Any of the foregoing factors could result in reputational damage or civil or governmental proceedings, which could result in a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Our business and financial performance depend on continued substantial investment in information technology infrastructure, which may not yield anticipated benefits, and may be adversely affected by cyberattacks on information technology infrastructure and products and other business disruptions.

The efficient operation of our business requires continued substantial investment in technology infrastructure systems, including partial shifting from virtual private networks to cloud-based networks, and we must attract and retain qualified people to operate these systems, expand and improve them, integrate new systems effectively and efficiently convert to new systems when required. An inability to fund, acquire and implement these systems might impact our ability to respond effectively to changing customer expectations, manage our business, scale our solutions effectively or impact our customer service levels, which could put us at a competitive disadvantage and negatively impact our financial results. Repeated or prolonged interruptions of service due to problems with our systems or third-party technologies, whether or not in our control, could have a significant negative impact on our reputation and our ability to sell products and services. Furthermore, we are highly dependent upon a variety of internal computer and telecommunication systems to operate our business. Failure to design, develop and implement new technology infrastructure systems in an effective and timely manner, or to adequately invest in and maintain these systems, could result in the diversion of management's attention and resources and could materially adversely affect our operating results, competitive position and ability to efficiently manage our business. Our existing information systems may become obsolete, requiring us to transition our systems to a new platform. Such a transition would be time-consuming, costly and damaging to our competitive position, and could require additional management resources. Failure to implement and deploy new systems or replacement systems on the schedules anticipated, could materially adversely affect our operating results.

In addition, our business may be impacted by disruptions to our own or third-party information technology ("IT") infrastructure, which could result from (among other causes) cyberattacks on or failures of such infrastructure or compromises to its physical security, as well as from damaging weather or other acts of nature. Cyber-based risks, in particular, are evolving and include attacks on our IT infrastructure, as well as attacks targeting the security, integrity and/or availability of the hardware, software and information installed, stored or transmitted in our products, including after the purchase of those products and when they are installed into third-party products, facilities or infrastructure. Such attacks could disrupt our business operations, our systems or those of third parties, and could impact the ability of our products to work as intended. We and some of our third-party suppliers have experienced cyber-based attacks, and, due to the evolving threat landscape, may continue to experience them going forward, potentially with more frequency. We continue to make investments and adopt measures designed to enhance our protection, detection, response, and recovery capabilities, and to mitigate potential risks to our technology, products, services and operations from potential cyber-attacks. However, given the unpredictability, nature and scope of cyberattacks, it is possible that potential vulnerabilities could go undetected for an extended period. As a result of a cyberattack, we could potentially be subject to production downtimes, operational delays or other detrimental impacts on our operations or ability to provide products and services to our customers; destruction or corruption of data; security breaches; manipulation or improper use of our or third-party systems, networks or products; financial losses from remedial actions, loss of business, potential liability, penalties, fines and/or damage to our reputation, any of which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

We depend on our intellectual property, and have access to certain intellectual property and information of our customers, suppliers and distributors; infringement or failure to protect our intellectual property could adversely affect our future growth and success.

We rely on a combination of patents, trademarks, copyrights, trade secrets, nondisclosure agreements, customer and supplier agreements, license agreements, non-compete agreements, information technology security systems, internal controls and compliance systems and other measures to protect our intellectual property. We also rely on nondisclosure agreements, information technology security systems and other measures to protect certain customer and supplier information and intellectual property that we have in our possession or to which we have access. Our efforts to protect such intellectual property and proprietary rights may not be sufficient. We cannot be sure that our pending patent applications will result in the issuance of patents to us, that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors or that these patents will be found to be valid or sufficiently broad to preclude our competitors from introducing technologies similar to those covered by our patents and patent applications. Our ability to protect and enforce our intellectual property rights also may be limited. In addition, we may be the target of competitor or other third-party patent enforcement actions seeking substantial monetary damages or seeking to prevent the sale and marketing of certain of our products or services. Our competitive position also may be adversely impacted by limitations on our ability to obtain possession of, and ownership or necessary licenses concerning, data important to the development or provision of our products or service offerings, or by limitations on our ability to restrict the use by others of data related to our products or services. Any of these events or factors could subject us to judgments, penalties and significant litigation costs or temporarily or permanently disrupt our sales and marketing of the affected products or services and could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Operating outside the United States also exposes us to additional intellectual property risk. The laws and enforcement practices of certain jurisdictions in which we operate may not protect our intellectual property rights to the same extent as in the United States and may impose joint venture, technology transfer, local service or other foreign investment requirements, and restrictions that potentially compromise control over our technology and proprietary information. Failure of foreign jurisdictions to protect our intellectual property rights, an inability to effectively enforce such rights in foreign jurisdictions, or the imposition of foreign jurisdiction investment or sourcing restrictions or requirements could result in loss of valuable proprietary information and could impact our competitive position and financial results.

Additional tax expense or additional tax exposures could affect our future profitability.

We are subject to income taxes in the United States and various international jurisdictions. Changes to tax laws and regulations, as well as changes and conflicts in related interpretations or other tax guidance could materially impact our tax receivables and liabilities and our deferred tax assets and deferred tax liabilities. Additionally, in the ordinary course of business, we are subject to examinations by various tax authorities. In addition, governmental authorities in various jurisdictions could launch new examinations and expand existing examinations. The global and diverse nature of our operations means that these risks will continue and additional examinations, proceedings and contingencies will arise from time to time. Our competitive position, cash flows, results of operation or financial condition may be affected by the outcome of examinations, proceedings and contingencies that cannot be predicted with certainty.

See “Business Overview” and “Results of Operations – Income Taxes” in Item 7 and "Note 2: Significant Accounting Policies" and "Note 16: Income Taxes" in Item 8 in this Form 10-K, for further discussion on income taxes and related contingencies.

Risks Related to Our Common Stock

Anti-takeover provisions could enable our Board of Directors to resist a takeover attempt by a third party and limit the power of our shareholders.

Otis’ amended and restated certificate of incorporation and amended and restated bylaws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with Otis’ Board of Directors rather than to attempt a hostile takeover. These provisions include, among others, (1) the ability of our remaining directors to fill vacancies on Otis’ Board of Directors (except in an instance where a director is removed by shareholders and the resulting vacancy is filled by shareholders); (2) limitations on shareholders’ ability to call a special shareholder meeting; (3) rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings; and (4) the right of Otis’ Board of Directors to issue preferred stock without shareholder approval.

In addition, we are subject to Section 203 of the Delaware General Corporation Law (the “DGCL”), which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15% of the corporation’s outstanding voting stock.

We believe these provisions protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with Otis’ Board of Directors and by providing Otis’ Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make Otis immune from takeovers; however, these provisions apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that Otis’ Board of Directors determines is not in the best interests of Otis and our shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our amended and restated bylaws designate the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could discourage lawsuits against Otis and our directors and officers.

Otis’ amended and restated bylaws provide that, unless Otis’ Board of Directors otherwise determines, the state courts within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Otis, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of Otis to Otis or its shareholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against Otis or any current or former director or officer or other employee of Otis arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws, any action asserting a claim relating to or involving Otis governed by the internal affairs doctrine, or any action asserting an “internal corporate claim” as that term is defined in Section 115 of the DGCL.

To the fullest extent permitted by law, this exclusive forum provision applies to state and federal law claims, including claims under the federal securities laws, including the Securities Exchange Act of 1934, as amended (the "Exchange Act"), although Otis shareholders will not be deemed to have waived Otis' compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar exclusive forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that, in connection with claims subject to exclusive federal jurisdiction, a court could find the exclusive forum provision contained in the amended and restated bylaws to be inapplicable or unenforceable.

This exclusive forum provision may limit the ability of our shareholders to bring a claim in a judicial forum that such shareholders find favorable for disputes with Otis or our directors or officers, which may discourage such lawsuits against Otis and our directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

Risks Related to the Separation

In connection with the Separation, each of RTX, Otis and Carrier agreed to indemnify the other parties for certain liabilities. If we are required to pay under these indemnities to RTX and/or Carrier, our financial results could be negatively impacted. Also, the RTX or Carrier indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which RTX and Carrier are allocated responsibility, and RTX and/or Carrier may not be able to satisfy their respective indemnification obligations in the future.

Pursuant to the Separation Agreement, the TMA and the EMA, each party agreed to indemnify the other parties for certain liabilities. Indemnities that we may be required to provide RTX and/or Carrier are not subject to any cap, may be significant and could negatively impact our business. Third parties could also seek to hold us responsible for any of the liabilities that RTX and/or Carrier has agreed to retain. The indemnities from RTX and Carrier for our benefit may not be sufficient to protect us against the full amount of such liabilities, and RTX and/or Carrier may not be able to fully satisfy their respective indemnification obligations. Any amounts we are required to pay pursuant to such indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Moreover, even if we ultimately succeed in recovering from RTX or Carrier, as applicable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

If the Separation, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, including as a result of subsequent acquisitions of our stock or the stock of RTX, we, as well as RTX, Carrier, and RTX's shareholders, could be subject to significant tax liabilities. In addition, if certain internal restructuring transactions were to fail to qualify as transactions that are generally tax-free for U.S. federal or non-U.S. income tax purposes, we, as well as RTX and Carrier could be subject to significant tax liabilities. In certain circumstances, we could be required to indemnify RTX for material taxes and other related amounts pursuant to indemnification obligations under the TMA.

In connection with the Separation, our former parent UTC received a ruling from the IRS regarding certain U.S. federal income tax matters relating to the Separation and an opinion of outside counsel regarding the qualification of certain elements of the Separation under Section 355 of the Code. The IRS ruling and the opinion of counsel were based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of UTC (and RTX), Otis and Carrier, including those relating to the past and future conduct of UTC (and RTX), Otis and Carrier. Notwithstanding receipt of the IRS ruling and the opinion of counsel, the IRS could determine that the Separation and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the IRS ruling or the opinion of counsel was based were inaccurate or have not been complied with. In addition, the IRS ruling does not address all of the issues that are relevant to determining whether the Separation, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes. The opinion of counsel represents the judgment of such counsel and is not binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by UTC of the IRS ruling and the opinion of counsel, there can be no assurance that the IRS will not assert that the Separation and/or certain related transactions did not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge.

If the distribution of Common Stock pursuant to the Separation were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, RTX would recognize a taxable gain as if it had sold the Common Stock in a taxable sale for its fair market value, and RTX shareholders who received Common Stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. Even if the distribution of Common Stock pursuant to the Separation were to otherwise qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, it may result in a taxable gain to RTX (but not its shareholders) under Section 355(e) of the Code if the Separation were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in RTX or Otis. For this purpose, any acquisitions of RTX or Otis shares within the period beginning two years before the distribution of Common Stock pursuant to the Separation and ending two years after such distribution are presumed to be part of such a plan, although RTX or Otis may be able to rebut that presumption (including by qualifying for one or more safe harbors under applicable Treasury Regulations).

In addition, in connection with and prior to the Separation, UTC and its subsidiaries completed various internal reorganization transactions. With respect to certain transactions undertaken as part of the internal reorganization, UTC obtained tax rulings in certain non-U.S. jurisdictions and/or opinions of external tax advisors, in each case, regarding the tax treatment of such transactions. Such tax rulings and opinions were based upon and relied on, among other things, various facts and assumptions, as well as certain representations (including with respect to certain valuation matters relating to the internal reorganization), statements and undertakings of UTC (and RTX), Otis, Carrier or their respective subsidiaries. If any of these representations or statements were, or become, inaccurate or incomplete, or if RTX, Otis, Carrier or any of their respective subsidiaries do not fulfill or otherwise comply with any such undertakings or covenants, such tax rulings and/or opinions may be invalid or the conclusions reached therein could be jeopardized. Further, notwithstanding receipt of any such tax rulings and/or opinions, there can be no assurance that the relevant taxing authorities will not assert that the tax treatment of the relevant transactions differs from the conclusions reached in the relevant tax rulings and/or opinions. In the event the relevant taxing authorities prevail with any challenge in respect of any relevant transaction, we, as well as RTX and Carrier, could be subject to significant tax liabilities.

Under the TMA, Otis generally is required to indemnify RTX and Carrier for any taxes resulting from the Separation and certain related transactions (and any related costs and other damages) to the extent such amounts resulted from (1) an acquisition of all or a portion of the equity securities or assets of Otis, whether by merger or otherwise (and regardless of whether we participated in or otherwise facilitated the acquisition), (2) other actions or failures to act by Otis or (3) certain of Otis' representations, covenants or undertakings contained in any of the Separation-related agreements and documents or in any documents relating to the IRS ruling and/or the opinion of counsel being incorrect or violated. Further, under the TMA, we generally are required to indemnify RTX and Carrier for a specified portion of any taxes (and any related costs and other damages) (a) arising as a result of the failure of the Separation and certain related transactions to qualify as a transaction that is generally tax-free (including as a result of Section 355(e) of the Code) or a failure of any internal separation transaction that is intended to qualify as a transaction that is generally tax-free to so qualify, in each case, to the extent such amounts do not result from a disqualifying action by, or acquisition of equity securities of, Otis, Carrier or RTX or (b) arising from an adjustment, pursuant to an audit or other tax proceeding, with respect to any transaction undertaken in connection with the Separation that is not intended to qualify as a transaction that is generally tax-free. Any such indemnity obligations could be material.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

In connection with the Separation, our former parent UTC undertook several corporate reorganization transactions involving its subsidiaries, which, including the Separation of Otis, may be subject to various fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the Separation, any entity involved in these reorganization transactions or the Separation: (1) was insolvent, was rendered insolvent by reason of the separation, or had remaining assets constituting unreasonably small capital, and (2) received less than fair consideration in connection with the reorganization; or intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured, then the court could void the Separation, in whole or in part, as a fraudulent conveyance or transfer. The court could then require our shareholders to return to RTX some or all of the shares of the Common Stock issued in the distribution, or require RTX or Otis, as the case may be, to fund liabilities of the other company for the benefit of creditors. The measure of insolvency would vary depending upon the jurisdiction and the applicable law. Generally, however, an entity would be considered insolvent if the fair value of its assets was less than the amount of its liabilities (including the probable amount of contingent liabilities), or if it incurred debt beyond its ability to repay the debt as it matures. No assurance can be given as to what standard a court would apply to determine insolvency or that a court would determine that Otis or any of its subsidiaries were solvent at the time of or after giving effect to the distribution.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

The security of our products, services and corporate network is a key priority for our business. We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats (as defined in Item 106(a) of Regulation S-K). These risks include, among other things, operational risks, intellectual property theft, fraud, extortion, harm to employees, customers, business partners or the riding public, violation of privacy or security laws and other litigation and legal risk, and reputational risks.

Otis has taken a risk-based approach to cybersecurity, which considers the sensitivity and volume of the relevant data, the potential effects on third parties and individuals, the needs of our business, and the costs and / or practicality of remediation. Based on this qualitative and quantitative assessment, we determine if identified cybersecurity risks are at an acceptable level, or should be mitigated or transferred.

We have implemented cybersecurity policies throughout our operations, including designing and incorporating cybersecurity, as appropriate, into our products and services while they are being developed. Our enterprise risk management ("ERM") process considers cybersecurity threat risks alongside other company risks as part of our overall risk assessment process. Additionally, cybersecurity functional groups incorporate external research and intelligence gathering to keep the organization informed of new and evolving cyber risks.

We have implemented several cybersecurity processes, technologies, and controls to aid in our efforts to assess, identify, and manage material risks from cybersecurity threats, and to protect against, detect and respond to cybersecurity incidents (as defined in Item 106(a) of Regulation S-K), including, among others, the following:

- established a global Security Operations Center to support visibility to cybersecurity incidents in real time;
- require all salaried Otis colleagues to complete an annual cybersecurity training program where specific threats and scenarios are highlighted based on our analysis of current risks to the organization;
- conduct regular phishing email simulations for employees and contractors with access to corporate email systems to enhance awareness and responsiveness to such possible threats;
- maintain a robust Cybersecurity Incident Response Plan, which provides a framework for handling cybersecurity incidents based on, among other factors, the potential severity of the incident and facilitates cross-functional coordination across Otis;
- periodically run tabletop exercises to simulate a response to a cybersecurity incident and use the findings to improve our processes and technologies;
- maintain cybersecurity insurance and regularly review our policy and levels of coverage based on current risks;
- monitor emerging data protection and cybersecurity laws, and implement changes to our processes, systems and offerings designed to comply, and through policy, practice and contract (as applicable) require employees, as well as third parties who provide services on our behalf, to treat customer information and data with care;
- conduct several cyber-specific internal audits per year; and
- engage consultants and other third parties in connection with our cybersecurity practices.

As part of the above processes, we conduct monthly third-party scanning of our network.

Otis also applies a risk-based approach to mitigate cybersecurity risks associated with our use of third-party service providers, including those in our supply chain that have access to our customer and employee data or our systems. Third-party risks are included within our ERM process. In addition, cybersecurity considerations affect the selection and oversight of our third-party service providers. We perform due diligence on third parties that have access to our most critical systems, data or facilities that house such systems or data, and based on our risk assessment put in place contractual undertakings and oversight, to manage and reduce the risks associated with such third-party vendors. Such contractual undertakings include requirements to comply with administrative, technical and physical safeguards to satisfy the requirements for certification under ISO 27001, to provide notification of cyber incidents involving our systems or data and an agreement to be subject to cybersecurity audits, which we conduct as appropriate.

While Otis has not experienced a material cybersecurity incident to date, please see Item 1A in this Form 10-K for more information regarding cybersecurity-related risks that could materially affect our business strategy, results of operations, or financial condition, under the headings “Information security, data privacy and identity protection may require significant resources and present certain risks to our business, reputation and financial condition”, “Our business and financial performance depend on continued substantial investment in information technology infrastructure, which may not yield anticipated benefits, and may be adversely affected by cyber-attacks on information technology infrastructure and products and other business disruptions” and “We depend on our intellectual property, and have access to certain intellectual property and information of our customers, suppliers and distributors; infringement or failure to protect our intellectual property could adversely affect our future growth and success”.

Cybersecurity Governance

Otis has established a three-level governance model for managing cybersecurity risks. Cybersecurity risks are overseen by the Audit Committee of our Board of Directors (the "Board"). Our Chief Digital Officer (“CDO”) and Chief Information Security Officer (“CISO”) regularly brief the Audit Committee and other members of the Board on the Otis Cybersecurity Program and cyber-threat landscape, including twice in 2023. Our Cybersecurity Program is directed by both our CDO and CISO and we have established a Cyber Governance Council and Steering Committee made up of senior management (including our CEO). These committees are informed about and monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response plan.

Members of our Board also received briefings on risks associated with generative artificial intelligence, data protection (including data privacy laws) and our IT infrastructure in 2023. In 2022, in addition to periodic briefings on cybersecurity, the Audit Committee members participated in a simulated cybersecurity incident tabletop exercise and toured our Security Operations Center. Several members of our Board hold a CERT Certificate in Cybersecurity Oversight issued by the CERT Division of the Software Engineering Institute at Carnegie Mellon University, and in early 2023, two members of our Audit Committee attended a continuing education class related to cybersecurity through the National Association of Corporate Directors (“NACD”).

Our CDO and CISO collectively have over 20 years of prior work experience in various roles involving managing information security, developing cybersecurity strategy and implementing effective information and cybersecurity programs, as well as relevant degrees and certifications, including Certified Information Security Manager certification and NACD Cyber training. All Otis colleagues engaged in cybersecurity are required to have a baseline certification (such as Security+, CISSP or CISM), as well as an operational cyber certification (for example, incident response or forensics analysis).

Item 2. Properties

We have a direct physical presence in more than 70 countries with an overall property portfolio comprising approximately 15 million square feet of space. We have approximately 2,300 facilities, of which approximately 45%, 42% and 13% of which are located in EMEA, Asia and the Americas, respectively. We operate more than 1,400 branches and offices, 11 R&D centers and 17 manufacturing facilities globally. Our principal manufacturing facilities are located across Brazil, China, Japan, France, India, Korea, Spain, and the United States, of which 14 are owned. Our principal R&D centers are located in China, India, Japan, France, Germany, Spain and the United States. Our branches and R&D centers typically support both our New Equipment and Service segments.

Our fixed assets as of December 31, 2023 include manufacturing facilities and non-manufacturing facilities, such as warehouses, and a substantial quantity of machinery and equipment, most of which are general purpose machinery and equipment using special jigs, tools and fixtures and in many instances having automatic control features and special adaptations. The facilities, warehouses, machinery and equipment in use as of December 31, 2023 are substantially in good operating condition.

Item 3. Legal Proceedings

For a discussion regarding material legal proceedings, see "Note 21: Contingent Liabilities" to the Consolidated Financial Statements within Item 8 of this Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Common Stock is listed on the New York Stock Exchange under the symbol "OTIS". There were approxim ately 19,900 registered shareholders as of January 19, 2024. The information required by Item 5 with respect to securities authorized for issuance under equity compensation plans is incorporated by reference to Part III, Item 12 in this Form 10-K.

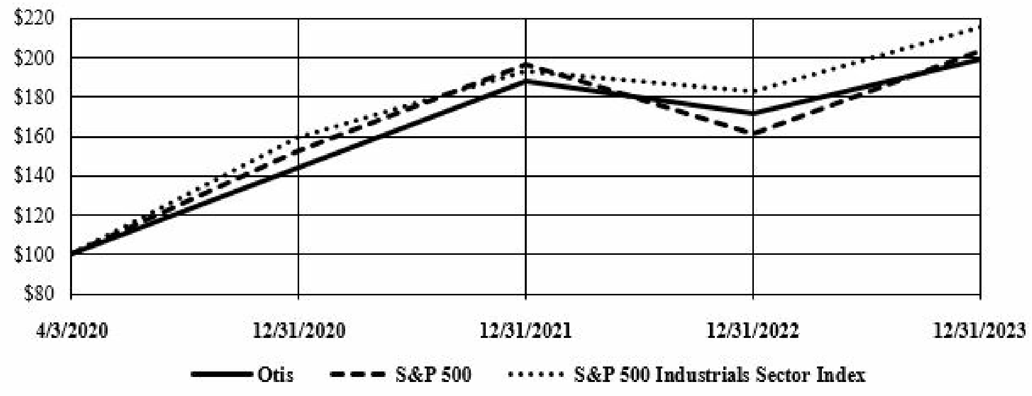
Stock Performance Graph

The following table and graph illustrate the total return from April 3, 2020 (date of Separation) through December 31, 2023, fo r (1) our Common Stock, (2) the Standard and Poor's (the "S&P") 500 Index, and (3) the S&P 500 Industrials Sector Index. The graph and table assume that $100.00 was invested on April 3, 2020 in each of our Common Stock, the S&P 500 Index and the S&P 500 Industrials Sector Index, and that any dividends were reinvested. The comparison reflected in the graph and the table are not intended to forecast the future performance of our Common Stock and may not be indicative of our future performance.

Comparison of Cumulative Total Return — Table

	April 3, 2020	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Otis	$ 100	$ 144	$ 188	$ 172	$ 199
S&P 500 Index	100	153	197	161	203
S&P 500 Industrials Sector Index	100	160	193	183	216

Comparison of Cumulative Total Return — Graph



Issuer Purchases of Equity Securities

The following table provides information about our purchases during the quarter ended December 31, 2023 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

2023	Total Number of Shares Purchased (thousands)	Average Price Paid per Share [(1)]	Total Number of Shares Purchased as Part of a Publicly Announced Program (thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (dollars in millions)
October 1 — October 31	602	$ 76.48	602	$ 1,379
November 1 — November 30	1,809	81.39	1,809	$ 1,232
December 1 — December 31	367	86.67	367	$ 1,200
Total	2,778	$ 81.02	2,778	

(1) Average price paid per share includes any broker commissions associated with the repurchases.

On December 1, 2022, our Board of Directors approved a share repurchase program for up to $2.0 billion of Common Stock. As of December 31, 2023, the maximum dollar value of shares that may yet be purchased under this current program was approximately $1.2 billion. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS OVERVIEW

We are the world's leading elevator and escalator manufacturing, installation and service company. Our Company is organized into two segments, New Equipment and Service. Through our New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators, as well as escalators and moving walkways for residential and commercial buildings and infrastructure projects. Our New Equipment customers include real-estate and building developers and general contractors that develop and/or design buildings for residential, commercial, retail or mixed-use activity. We sell our New Equipment directly to customers, as well as through agents and distributors.

Through our Service segment, we perform maintenance and repair services for both our own products and those of other manufacturers and provide modernization services to upgrade elevators and escalators. Maintenance services include inspections to ensure code compliance, preventive maintenance offerings and other customized maintenance offerings tailored to meet customer needs, as well as repair services to address equipment and component wear and tear and breakdowns. Modernization services can range from relatively simple upgrades of interior finishes and aesthetics to complex upgrades of larger components and sub-systems. Our typical Service customers include building owners, facility managers, housing associations and government agencies that operate buildings where elevators and escalators are installed.

We function under a centralized operating model whereby we pursue a global strategy set around New Equipment and Service, in large measure, because we seek to grow our maintenance portfolio, in part, through the conversion of new elevator and escalator installations into service contracts. Accordingly, we benefit from an integrated global strategy, which sets priorities and establishes accountability across the full product lifecycle.

For additional discussion of our business, refer to Item 1 in this Form 10-K.

UpLift

Announced in July 2023, UpLift is a program with the goal of transforming our operating model. UpLift will include the standardization of our processes and improvement of our supply chain procurement, among other aspects of the program, as well as restructuring actions. We expect UpLift to generate approximately $150 million in annual savings by mid-year 2025, with restructuring and other incremental costs to complete the transformation ("UpLift transformation costs") over that period of approximately the same amount.

UpLift costs incurred are as follows:

(dollars in millions)		2023
UpLift restructuring action costs	$	25
UpLift transformation costs		16
Total UpLift costs	$	41

UpLift restructuring action costs in 2023 were primarily severance costs, and are recorded in Selling, general and administrative in the Consolidated Statements of Operations. For further details, refer to the discussion on restructuring costs in the "Results of Operations," as well as " Note 16: Restructuring and Transformation Costs" to the Consolidated Financial Statements in Item 8 in this Form 10-K.

UpLift transformation costs in 2023 were primarily consulting and incremental personnel costs, and are recorded in Other income (expense), net in the Consolidated Statements of Operations.

Impact of Global Macroeconomic Developments on Our Company

Global macroeconomic developments have impacted, and continue to impact, aspects of the Company's operations and overall financial performance. These macroeconomic developments include, among others, inflationary pressures, higher interest rates and tighter credit conditions. These macroeconomic trends could continue to impact our business, including impacts to overall financial performance in 2024, as a result of the following, among other things:

- Supplier liquidity, as well as supplier and raw material capacity constraints, delays and related costs;
- Customer demand impacting our New Equipment and Service businesses;
- Customer liquidity constraints and related credit reserves; and
- Cancellations or delays of customer orders.

We currently do not expect any significant impact to our capital and financial resources from these macroeconomic developments, including to our overall liquidity position based on our available cash and cash equivalents and our access to credit facilities and the capital markets.

See the "Liquidity and Financial Condition" section of this item of this Form 10-K for further detail and Item 1A in this Form 10-K for macroeconomic risks related to our business.

Risks Associated with Ongoing Conflicts

The ongoing conflict between Russia and Ukraine has resulted in worldwide geopolitical and macroeconomic uncertainty, including volatile commodity markets, foreign exchange fluctuations, supply chain disruptions, increased risk of cyber-security incidents, reputational risk, increased operating costs (including fuel and other input costs), environmental, health and safety risks related to securing and maintaining facilities, additional sanctions and other regulations (including restrictions on the transfer of funds to and from Russia).

To the extent possible, we continue to operate our business in Ukraine, which represented less than 1% of our 2023, 2022 and 2021 revenue and operating profit. As previously disclosed, we sold our business in Russia, which represented approximately 1% and 2% of both our revenue and operating profit in 2022 and 2021, respectively, to a third party on July 27, 2022. The operations were comprised mostly of New Equipment. We recorded losses from the sale and conflict-related charges totaling $28 million, primarily in Other income (expense), net in the Consolidated Statements of Operations in 2022. See "Note 8: Business Acquisitions, Dispositions, Goodwill and Intangible Assets" in Item 8 in this Form 10-K for further details.

Additionally, we do not have operations or material net sales in Israel or Gaza. Although we transport products through the Red Sea, we currently do not expect the recent hostilities in that region to have a material impact on our business.

We cannot predict how the events described above will evolve. If the events continue for a significant period of time or expand to other countries, and depending on the ultimate outcomes of these conflicts, which remain uncertain, they could heighten certain risks disclosed in Item 1A in this Form 10-K, including, but not limited to, adverse effects on macroeconomic conditions, including increased inflation, constraints on the availability of commodities, supply chain disruption and decreased business spending; cyber-incidents; disruptions to our or our business partners’ global technology infrastructure, including through cyber-attack or cyber-intrusion; adverse changes in international trade policies and relations; claims, litigation and regulatory enforcement; our ability to implement and execute our business strategy; terrorist activities; our exposure to foreign currency fluctuations; reputational risk; and constraints, volatility, or disruption in the capital markets, any of which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Environmental, Social and Governance ("ESG")

There have been no, and we do not expect there to be in the near term, material impacts on our business, financial condition or results of operations as a result of compliance with legislation or regulatory rules regarding climate change, from the known physical effects of climate change or as a result of implementing our ESG initiatives. Increased regulation (including pending SEC and European Union requirements) and other climate change concerns, however, could subject us to additional costs and restrictions, and we are not able to predict how such regulations or concerns would affect our business, operations or financial results. For a discussion of risks associated with ESG matters, see Item 1A in this Form 10-K.

For a discussion of Otis' ESG goals, see the discussion under "Environmental, Social and Governance ("ESG")" in Item 1 in this Form 10-K.

Zardoya Otis Tender Offer

As previously disclosed, the Company announced the Tender Offer to acquire all issued and outstanding shares of Zardoya Otis not owned by Otis, at an offer price of €7.07 per share in cash, after adjusting for dividends. The results of the Tender Offer were announced on April 7, 2022, with tenders of 45.49% of the shares outstanding accepted. The shares tendered to the Company were settled in cash on April 12, 2022 for approximately €1.5 billion from the Company's restricted cash held in escrow, resulting in the Company owning 95.51% of Zardoya Otis. The acquisition and settlement of the remaining issued and outstanding shares not owned by the Company for approximately €150 million (based on the adjusted tender price of €7.07 per share) and the automatic delisting of Zardoya Otis shares both occurred during the second quarter of 2022. Zardoya Otis was renamed Otis Mobility upon completion of the Tender Offer and delisting.

See "Note 1: Business Overview" and "Note 9: Borrowings and Lines of Credit" in Item 8 in this Form 10-K for further details regarding this transaction and financing arrangements entered into in connection with the Tender Offer.

RESULTS OF OPERATIONS

Net Sales

(dollars in millions)	2023	2022	2021
Net sales	**$ 14,209**	$ 13,685	$ 14,298
Percentage change year-over-year	**3.8 %**	(4.3)%	12.1 %

The factors contributing to the total percentage change year-over-year in total Net sales are as follows:

	2023	2022
Organic volume	**5.6 %**	2.5 %
Foreign currency translation	**(1.2)%**	(5.9)%
Acquisitions and divestitures, net	**(0.6)%**	(0.9)%
Total % change	**3.8 %**	(4.3)%

The Organic volume increase of 5.6% for 2023 was driven by an increase in organic sales of 7.7% in Service and 2.6% in New Equipment.

The Organic volume increase of 2.5% for 2022 was driven by an increase of 6.0% in Service, offset by a decrease of (1.7)% in New Equipment.

The decrease in Net sales due to Acquisitions and divestitures, net is primarily the result of the sale of our Russia business in the third quarter of 2022.

See "Segment Review" below for a discussion of Net sales by segment.

Cost of Products and Services Sold

(dollars in millions)	2023	2022	2021
Cost of products and services sold	**$ 10,016**	$ 9,765	$ 10,105
Percentage change year-over-year	**2.6 %**	(3.4)%	12.6 %

The factors contributing to the percentage change year-over-year in total cost of products and services sold are as follows:

	2023	2022
Organic volume	**4.8 %**	3.7 %
Foreign currency translation	**(1.3)%**	(6.1)%
Acquisitions and divestitures, net and Other	**(0.9)%**	(1.0)%
Total % change	**2.6 %**	(3.4)%

The organic increase in total cost of products and services sold in 2023 was primarily driven by the organic sales increases noted above and inflationary pressures, including annual wage increases and higher Service-related material costs, partially offset by productivity and lower commodity prices, primarily steel.

The organic increase in total cost of products and services sold in 2022 was primarily driven by the organic sales increases noted above and inflationary pressures, including higher commodity prices of $107 million, primarily driven by steel, higher freight and fuel costs and annual wage increases, partially mitigated by productivity.

The decrease in Total cost of products and services sold due to Acquisitions and divestitures, net and Other is primarily the result of the sale of our Russia business in the third quarter of 2022.

Gross Margin

(dollars in millions)	2023	2022	2021
Gross margin	**$ 4,193**	$ 3,920	$ 4,193
Gross margin percentage	**29.5 %**	28.6 %	29.3 %

Gross margin percentage increased 90 basis points in 2023 compared to 2022, due to the benefit from favorable pricing, Service sales growing faster than New Equipment sales, lower commodity prices, and the benefits from productivity, partially offset by the inflationary pressures described above.

Gross margin percentage decreased 70 basis points in 2022 compared to 2021, due to the inflationary pressures described above, partially offset by favorable Service pricing, productivity and the benefit from Service sales growing faster than New Equipment sales.

Research and Development

(dollars in millions)	2023	2022	2021
Research and development	**$ 144**	$ 150	$ 159
Percentage of Net sales	**1.0 %**	1.1 %	1.1 %

Research and development was relatively flat in 2023 compared to 2022 and 2021. Research and development includes product development and innovation, including for IoT and developing the next generation of connected elevators and escalators.

Selling, General and Administrative

(dollars in millions)	2023	2022	2021
Selling, general and administrative	**$ 1,884**	$ 1,763	$ 1,948
Percentage of Net sales	**13.3 %**	12.9 %	13.6 %

Selling, general and administrative expenses increased $121 million in 2023 compared to 2022, driven by annual wage increases, higher other employment-related costs, higher restructuring costs and higher credit loss reserves, partially offset by favorable foreign exchange impacts of $8 million.

Selling, general and administrative expenses decreased $185 million in 2022 compared to 2021, as other employment-related cost reductions, cost containment actions, lower credit loss reserves, as well as the impact from foreign exchange of $104 million, were partially offset by annual wage increases.

Selling, general and administrative expenses as a percentage of Net sales increased 40 basis points in 2023 compared to 2022, and decreased 70 basis points in 2022 compared to 2021.

Restructuring Costs

(dollars in millions)	2023	2022	2021
UpLift restructuring action costs	**$ 25**	$ —	$ —
Other restructuring action costs	**42**	60	56
Total restructuring costs	**$ 67**	$ 60	$ 56

We initiate restructuring actions to keep our cost structure competitive. Charges generally arise from severance related to workforce reductions and, to a lesser degree, facility exit and lease termination costs associated with the consolidation of office and manufacturing operations. We continue to closely monitor the economic environment and may undertake further restructuring actions to keep our cost structure aligned with the demands of the prevailing market conditions.

UpLift restructuring action costs were $25 million in 2023, which are recorded in Selling, general and administrative in the Consolidated Statements of Operations. We also incurred $16 million of UpLift transformation costs in 2023, primarily consulting and incremental personnel costs, which are recorded in Other income (expense), net in the Consolidated Statements of Operations.

Other restructuring action costs were $42 million in 2023 and included $38 million of costs related to 2023 actions and $4 million of costs related to 2022 actions.

Most of the expected restructuring charges will require cash payments, which we have funded and expect to continue to fund with cash generated from operations. The table below presents approximate cash outflows related to the restructuring actions during the year ended December 31, 2023, and the expected cash payments to complete the actions announced:

(dollars in millions)	UpLift Actions	Other Actions	Total Restructuring
Cash outflows during the year ended December 31, 2023	$ 12	$ 47	$ 59
Expected cash payments remaining to complete actions announced	38	65	103

The approved UpLift restructuring actions are expected to generate approximately $50 million in annual recurring savings by 2025, primarily in Selling, general and administrative expenses, and of which approximately $5 million was realized during the year ended December 31, 2023.

For other restructuring actions, we generally expect to achieve annual recurring savings within the two-year period subsequent to initiating the actions, including $42 million for the 2023 actions and $63 million for the 2022 actions, of which approximately $15 million was realized for the 2023 actions and $63 million for the 2022 actions during the year ended December 31, 2023.

For additional discussion of restructuring and transformation costs, see "Note 16: Restructuring and Transformation Costs" in Item 8 in this Form 10-K.

Other Income (Expense), Net

(dollars in millions)	2023	2022	2021
Other income (expense), net	**$ 21**	$ 26	$ 22

Other income (expense), net primarily includes the impact of changes in the fair value and settlement of derivatives, gains or losses on sale of businesses and fixed assets, earnings from equity method investments, fair value changes on equity securities, impairments, UpLift transformation costs, non-recurring Separation-related expenses and certain other operating items.

The change in Other income (expense), net of $5 million in 2023 compared to 2022 was primarily driven by UpLift transformation costs of $16 million and the absence of the settlement of certain legal matters in 2022, partially offset by the impact of foreign currency mark-to market adjustments and the absence of the loss on the sale of our Russia business and related charges when compared to 2022.

The change in Other income (expense), net of $4 million in 2022 compared to 2021 was primarily driven by favorable foreign currency mark-to-market adjustments, lower non-recurring Separation-related costs and settlement of certain legal matters, partially offset by the impact of the loss on the sale of our Russia business.

See "Note 1: Business Overview" in Item 8 in this Form 10-K for further discussion on costs related to the Separation.

Interest Expense (Income), Net

(dollars in millions)	2023	2022	2021
Interest expense (income), net	**$ 150**	$ 143	$ 136

Interest expense (income), net primarily relates to interest expense on our external debt, offset by interest income earned on cash balances and short-term investments.

Interest expense (income), net increased $7 million for 2023, compared to 2022, primarily driven by higher interest expense related to the $750 million unsecured, unsubordinated debt issued in August 2023, partially offset by higher interest income.

Interest expense (income), net increased $7 million in 2022 compared to 2021, primarily driven by interest expense related to the financing of the Tender Offer for Zardoya Otis.

The average interest rate on our external debt for 2023, 2022 and 2021 was 2.1%, 2.0% and 2.3%, respectively.

For additional discussion of borrowings, see "Note 9: Borrowings and Lines of Credit" in Item 8 in this Form 10-K.

Income Taxes

	2023	2022	2021
Effective tax rate	**26.2 %**	27.5 %	27.6 %

The 2023, 2022 and 2021 effective tax rates are higher than the statutory U.S. rate primarily due to higher international tax rates as compared to the lower U.S. federal statutory rate.

The 2023 effective tax rate is lower than the 2022 effective tax rate primarily due to the absence of the tax impact related to the sale of our Russia business recorded in the year ended December 31, 2022, as well as the release of valuation allowances on non-U.S. losses and U.S. foreign tax credits, reduction in the deferred tax liability related to lower withholding tax on repatriation of certain foreign earnings, and reversal of tax reserves related to the U.S. foreign tax credit regulations, all recorded in the year ended December 31, 2023.

The 2022 effective tax rate is lower than the 2021 effective tax rate primarily due to the elimination of Base Erosion Anti Abuse Tax ("BEAT") in the U.S., and the release of a tax reserve related to a forward transfer pricing agreement with a European tax authority. This is partially offset by the absence of a reduction in the deferred tax liability related to repatriation of foreign earnings recorded in the year ended December 31, 2021, and the absence of a favorable income tax settlement related to the Separation recorded in the year ended December 31, 2021.

For additional discussion of income taxes and the effective income tax rate, see "Note 15: Income Taxes" in Item 8 in this Form 10-K.

Noncontrolling Interest in Subsidiaries' Earnings and Net Income Attributable to Otis Worldwide Corporation

(dollars in millions)	2023	2022	2021
Noncontrolling interest in subsidiaries' earnings	**$ 92**	$ 116	$ 174
Net income attributable to Otis Worldwide Corporation	**$ 1,406**	$ 1,253	$ 1,246

Noncontrolling interest in subsidiaries' earnings decreased in 2023 in comparison to 2022 primarily driven by Otis' increased ownership in Otis Mobility (formerly Zardoya Otis) in the second quarter of 2022, as well as impacts of foreign exchange, partially offset by higher net income from non-wholly owned subsidiaries. For details on the results of the Tender Offer and purchases of shares of Otis Mobility not previously owned by the Company, see "Note 1: Business Overview" in Item 8 in this Form 10-K.

Noncontrolling interest in subsidiaries' earnings decreased in 2022 in comparison to 2021 primarily due to Otis' acquisition of the remaining outstanding shares in Otis Mobility in the second quarter of 2022.

Net income attributable to Otis Worldwide Corporation increased in 2023 compared to 2022, due to higher operating profit (including the unfavorable impact of foreign exchange rates), lower noncontrolling interest in subsidiaries' earnings, and a lower effective tax rate.

Net income attributable to Otis Worldwide Corporation was relatively flat in 2022 compared to 2021, as lower noncontrolling interest in subsidiaries' earnings and the benefit of a lower effective tax rate were offset by lower operating profit (including the impact of foreign exchange rates) and higher interest expense.

Segment Review

Summary performance for our operating segments for the years ended December 31, 2023, 2022 and 2021 was as follows:

	Net Sales			Operating Profit			Operating Profit Margin		
(dollars in millions)	2023	2022	2021	2023	2022	2021	2023	2022	2021
New Equipment	**$ 5,812**	$ 5,864	$ 6,428	**$ 358**	$ 358	$ 459	**6.2 %**	6.1 %	7.1 %
Service	**8,397**	7,821	7,870	**1,972**	1,789	1,762	**23.5 %**	22.9 %	22.4 %
Total segment	**14,209**	13,685	14,298	**2,330**	2,147	2,221	**16.4 %**	15.7 %	15.5 %
General corporate expenses and other	**—**	—	—	**(144)**	(114)	(113)	**—**	—	—
Total	**$ 14,209**	$ 13,685	$ 14,298	**$ 2,186**	$ 2,033	$ 2,108	**15.4 %**	14.9 %	14.7 %

New Equipment

The New Equipment segment designs, manufactures, sells and installs a wide range of passenger and freight elevators, as well as escalators and moving walkways in residential and commercial buildings and infrastructure projects. Our New Equipment customers include real-estate and building developers and general contractors who develop and/or design buildings for residential, infrastructure, commercial, retail or mixed-use activity. We sell directly to customers as well as through agents and distributors. We also sell New Equipment to government agencies to support infrastructure projects, such as airports, railways or metros.

Summary performance for New Equipment for the years ended December 31, 2023, 2022 and 2021 was as follows:

				Total Increase (Decrease) Year-Over-Year for:			
(dollars in millions)	2023	2022	2021	2023 compared with 2022		2022 compared with 2021	
Net sales	**$ 5,812**	$ 5,864	$ 6,428	**$ (52)**	**(0.9)%**	$ (564)	(8.8)%
Cost of sales	**4,843**	4,949	5,293	**(106)**	**(2.1)%**	(344)	(6.5)%
	969	915	1,135	**54**	**5.9 %**	(220)	(19.4)%
Operating expenses	**611**	557	676	**54**	**9.7 %**	(119)	(17.6)%
Operating profit	**$ 358**	$ 358	$ 459	**$ —**	**— %**	$ (101)	(22.0)%
Operating profit margin	**6.2 %**	6.1 %	7.1 %				

Summary analysis of the Net sales change for New Equipment for the years ended December 31, 2023 and 2022 compared with the prior years was as follows:

Components of Net sales change:	2023	2022
Organic	**2.6 %**	(1.7)%
Foreign currency translation	**(2.1)%**	(4.9)%
Acquisitions/Divestitures, net and Other	**(1.4)%**	(2.2)%
Total % change	**(0.9)%**	(8.8)%

2023 Compared with 2022

The organic sales increase of 2.6% was driven by mid single-digit organic sales growth in EMEA and low single-digit organic sales growth in Americas and Asia.

The decrease in Net sales due to Acquisitions and divestitures, net and Other is primarily the result of the sale of our Russia business in the third quarter of 2022.

New Equipment operating profit was flat, including $(26) million of foreign exchange headwinds. Higher volume, favorable price, improved productivity and commodity tailwinds were partially offset by regional and product mix headwinds and higher selling, general and administrative costs. Operating margin increased 10 basis points.

2022 Compared with 2021

Organic sales declined (1.7)% as a 10% decline in China was partially offset by high single-digit growth in Asia Pacific and mid single-digit growth in EMEA.

New Equipment operating profit decreased $(101) million. Lower volume of $(37) million, under absorption from lower volume, unfavorable mix, higher commodity costs of ($107) million, primarily steel, and increased freight costs were partially mitigated by favorable productivity and lower selling, general and administrative expenses. Operating profit was also impacted by the sale of our Russia business of $(40) million. Operating margin decreased 100 basis points.

Service

The Service segment performs maintenance and repair services for both our products and those of other manufacturers and provides modernization services to upgrade elevators and escalators. Maintenance services include inspections to ensure code compliance, preventive maintenance offerings and other customized maintenance offerings tailored to meet customer needs, as well as repair services that address equipment and component wear and tear, and breakdowns. Modernization services enhance equipment operation and improve building functionality. Modernization offerings can range from relatively simple upgrades of interior finishes and aesthetics, to complex upgrades of larger components and sub-systems. Our typical Service customers include building owners, facility managers, housing associations and government agencies that operate buildings where elevators and escalators are installed.

Summary performance for Service for the years ended December 31, 2023, 2022 and 2021 was as follows:

				Total Increase (Decrease) Year-Over-Year for:			
(dollars in millions)	**2023**	2022	2021	**2023 compared with 2022**		**2022 compared with 2021**	
Net sales	**$ 8,397**	$ 7,821	$ 7,870	**$ 576**	**7.4 %**	$ (49)	(0.6)%
Cost of sales	**5,173**	4,816	4,812	**357**	**7.4 %**	4	0.1 %
	3,224	3,005	3,058	**219**	**7.3 %**	(53)	(1.7)%
Operating expenses	**1,252**	1,216	1,296	**36**	**3.0 %**	(80)	(6.2)%
Operating profit	**$ 1,972**	$ 1,789	$ 1,762	**$ 183**	**10.2 %**	$ 27	1.5 %
Operating profit margin	**23.5 %**	22.9 %	22.4 %				

Summary analysis of the Net sales change for Service f or the years ended December 31, 2023 and 2022 compared with the prior years was as follows:

Components of Net sales change:	**2023**	**2022**
Organic	**7.7 %**	6.0 %
Foreign currency translation	**(0.4)%**	(6.7)%
Acquisitions/Divestitures, net and Other	**0.1 %**	0.1 %
Total % change	**7.4 %**	(0.6)%

2023 Compared with 2022

Net Sales

The organic sales increase of 7.7% is due to organic sales increases in maintenance and repair of 7.8% and modernization of 7.3%.

Components of Net sales change:	**Maintenance and Repair**	**Modernization**
Organic	**7.8 %**	**7.3 %**
Foreign currency translation	**(0.3) %**	**(0.8) %**
Acquisitions/Divestitures, net and Other	**— %**	**0.4 %**
Total % change	**7.5 %**	**6.9 %**

Operating profit

Service operating profit increased $183 million including foreign exchange tailwinds of $4 million, primarily driven by higher volume, improved pricing on maintenance contracts and productivity, which were partially offset by annual wage increases and other inflationary pressures, including higher material costs. Operating margin increased 60 basis points.

2022 Compared with 2021

Net Sales

The organic sales increase of 6.0% is due to organic sales increases in maintenance and repair of 5.6%, and modernization of 8.1%.

Components of Net sales change:	**Maintenance and Repair**	**Modernization**
Organic	5.6 %	8.1 %
Foreign currency translation	(6.8) %	(6.5) %
Acquisitions/Divestitures, net and Other	— %	0.5 %
Total % change	(1.2) %	2.1 %

Operating Profit

Service operating profit increased $27 million due to higher volume of $144 million, favorable pricing on maintenance contracts, productivity and other employment-related cost reductions, partially offset by foreign exchange headwinds of $(143) million, annual wage increases and other inflationary pressures, including higher fuel costs. Operating margin increased 50 basis points.

General Corporate Expenses and Other

(dollars in millions)	**2023**	**2022**	**2021**
General corporate expenses and other	**$ (144)**	$ (114)	$ (113)

General corporate expenses and other increased $30 million in 2023 compared to 2022, primarily due to the UpLift related transformation costs of $16 million and higher corporate costs, partially offset by the impact of foreign currency mark-to market adjustments and the absence of the loss on the sale of our Russia business and related charges when compared to 2022.

General corporate expenses and other increased $1 million in 2022 compared to 2021, which includes the impact of the loss on the sale of our Russia business, offset by favorable foreign currency mark-to-market adjustments and lower non-recurring Separation-related costs.

LIQUIDITY AND FINANCIAL CONDITION

We expect to fund our ongoing operating, investing and financing requirements mainly through cash flows from operations, available liquidity through cash on hand and available bank lines of credit and access to the capital markets.

As of December 31, 2023, we had cash and cash equivalents of approximately $1.3 billion, of which approximately 97% was held by the Company's foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost-effectiveness with which those funds can be accessed. On occasion, we are required to maintain cash deposits with certain banks with respect to contractual obligations related to acquisitions and divestitures or other legal obligations. The amount of such restricted cash was $6 million as of December 31, 2023 and 2022.

From time-to-time we may need to access the capital markets to obtain financing. We may incur indebtedness or issue equity as needed. Although we believe that the arrangements in place as of December 31, 2023 permit us to finance our operations on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future could be impacted by many factors, including (1) our credit ratings or absence of a credit rating, (2) the liquidity of the overall capital markets and (3) the current state of the economy, including tighter credit conditions. There can be no assurance that we will continue to have access to the capital markets on terms acceptable to us.

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

(dollars in millions)	December 31, 2023	December 31, 2022
Cash and cash equivalents	**$ 1,274**	$ 1,189
Total debt	**6,898**	6,768
Net debt (total debt less cash and cash equivalents)	**5,624**	5,579
Total equity	**(4,855)**	(4,799)
Total capitalization (total debt plus total equity)	**2,043**	1,969
Net capitalization (total debt plus total equity less cash and cash equivalents)	**769**	780
Total debt to total capitalization	**338 %**	344 %
Net debt to net capitalization	**731 %**	715 %

The Company does not intend to reinvest certain undistributed earnings of our international subsidiaries that have been previously taxed in the U.S. For the remainder of the Company's undistributed international earnings, unless tax effective to repatriate, we will continue to permanently reinvest these earnings.

Borrowings and Lines of Credit

The following is a summary of the long-term debt issuances and repayments in 2023, 2022 and 2021:

(dollars in millions)

Issuance Date	Description of Debt	Aggregate Principal Balance
August 16, 2023	5.25% notes due 2028	$ 750
November 12, 2021	0.000% notes due 2023 (€500 million principal value)	572
November 12, 2021	0.318% notes due 2026 (€600 million principal value)	687
November 12, 2021	0.934% notes due 2031 (€500 million principal value)	572
March 11, 2021	0.37% notes due 2026 (¥21,500 million principal value)	199
Repayment Date	**Description of Debt**	**Aggregate Principal Paid**
November 13, 2023	0.000% notes due 2023 (€500 million principal value)	$ 534
January 14, 2022	LIBOR plus 45 bps floating rate notes due 2023	500

The proceeds from the August 2023 issuance of $750 million notes listed above were used to fund the repayments of Otis' commercial paper and €500 million 0.000% notes that were due in November 2023, with the remainder used for other general corporate purposes. The proceeds from the November 2021 issuance of the Euro notes listed above were used to fund the Tender Offer in 2022. The proceeds from the March 2021 issuance of Japanese Yen notes listed above were used to fund the repayment of a portion of Otis' commercial paper.

There is no commercial paper outstanding as of December 31, 2023. For additional discussion of borrowings, see "Note 9: Borrowings and Lines of Credit" in Item 8 of this Form 10-K.

Share Repurchase Program

On December 1, 2022, our Board of Directors approved a share repurchase program for up to $2.0 billion of Common Stock, of which approximately $1.2 billion was remaining as of December 31, 2023. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended.

Discussion of Cash Flows

The following table reflects the major categories of cash flows. For additional details, see the Consolidated Statements of Cash Flows.

(dollars in millions)	2023	2022	2021
Net cash flows provided by (used in):			
Operating activities	**$ 1,627**	$ 1,560	$ 1,750
Investing activities	**(183)**	(33)	(89)
Financing activities	**(1,350)**	(3,652)	58
Effect of exchange rate changes on cash and cash equivalents	**(9)**	(157)	(43)
Net increase (decrease) in cash and cash equivalents and restricted cash	**$ 85**	$ (2,282)	$ 1,676

Operating activities

Cash flows from operating activities primarily represent inflows and outflows associated with our operations. Primary activities include net income from operations adjusted for non-cash transactions, working capital changes and changes in other assets and liabilities.

The increase in net cash provided by operating activities in 2023 compared to 2022 was primarily driven by changes in working capital balances during the periods, including an increase in Accrued liabilities in 2023 compared to a decrease in 2022 due to the timing of income tax payments in the periods, as well as a decrease in Inventories in 2023 compared to an increase in 2022. These were offset by a smaller increase in Accounts payable in 2023 compared to 2022 due to the timing of payments to suppliers and higher balances due as of December 31, 2022 compared to December 31, 2021 and other working capital changes.

The decrease in net cash provided by operating activities in 2022 compared to 2021 was primarily driven by working capital balances during the periods, including a larger increase in Accounts receivable due to increased volume and the timing of billings and a decrease in Accrued liabilities in 2022 compared to an increase in 2021 due to the timing of payments of employee-related benefits, income taxes and other accruals. These were partially offset by a larger increase in Accounts payable in 2022 compared to 2021 due to the timing of payments to suppliers.

During 2023, net cash provided by operating activities was $1.6 billion. The primary driver of the inflow related to $1.5 billion of net income and an increase in Accounts payable. These were partially offset by an increase in Accounts receivable, net, due to the volume and timing of billings.

During 2022, net cash provided by operating activities was $1.6 billion. The primary driver of the inflow related to $1.4 billion of net income and an increase in Accounts payable due to the timing of payments to suppliers. An increase in Accounts receivable, net, due to increased volume and the timing of billings, a decrease in Accrued liabilities due to the timing of payments of employee-related benefits, income taxes and other accruals, and an increase in Inventories to support backlog conversion and to mitigate supply chain disruptions were partially offset by changes in Contract assets, current and Contract liabilities, current, net, due to the timing of billings on contracts compared to the progression on current contracts.

Investing activities

Cash flows from investing activities primarily represent inflows and outflows associated with long-term assets, including capital expenditures, investments in businesses and securities, proceeds from the sale of fixed assets and the settlement of derivative contracts.

The increase in net cash used in investing activities in 2023 compared to 2022 was primarily driven by net cash payments from the settlement of derivative instruments in 2023 compared to net cash receipts in 2022, as well as the absence of net proceeds from the sale of our business in Russia in 2022. The decrease in net cash used in investing activities in 2022 compared to 2021 was primarily driven by the net proceeds from the sale of our business in Russia in 2022.

During 2023, net cash used in investing activities was $183 million. The primary drivers of the outflow related to $138 million of capital expenditures, $36 million of acquisitions of businesses and intangible assets and $28 million of net cash payments from the settlement of derivative instruments.

During 2022, net cash used in investing activities was $33 million. The primary drivers of the outflow were $115 million of capital expenditures and $46 million of acquisitions of businesses and intangible assets, which were partially offset by $65 million of net cash receipts from the settlement of derivative instruments and $61 million of net proceeds from the sale of our business in Russia. See "Note 8: Business Acquisitions, Dispositions, Goodwill and Intangibles" in Item 8 of this Form 10-K for further details regarding the sale of our business in Russia.

As discussed in "Note 17: Financial Instruments" in Item 8 in this Form 10-K, we enter into derivative instruments for risk management purposes. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. We use derivative instruments, including forward contracts and options to manage certain foreign currency and commodity price exposures.

Financing activities

Cash flows from financing activities primarily represent inflows and outflows associated with equity and borrowings. Primary activities include short-term and long-term borrowing activity, paying dividends to shareholders, the repurchase of our Common Stock and dividends or other payments to noncontrolling interests.

The decrease in net cash used in financing activities in 2023 compared to 2022 was primarily due to the absence of the settlement of the Tender Offer in 2022. The net cash used in financing activities in 2022 compared to net cash provided by financing activities in 2021 was primarily driven by the settlement of the Tender Offer in 2022 compared to the receipt of the net proceeds from the debt issued in 2021 to fund the Tender Offer.

During 2023, net cash used in financing activities was $1.4 billion. The primary drivers of the outflow were the repurchases of our Common Stock of $800 million and dividends paid on our Common Stock of $539 million. Additionally, net repayments of short-term borrowings of $113 million and repayments of long-term debt of $534 million were funded by $741 million of net proceeds from the issuance of long-term debt.

During 2022, net cash used in financing activities was $3.7 billion. The primary drivers of the outflow were the settlement in cash of the Tender Offer for $1.8 billion (€1,663 million), repurchases of our Common Stock of $850 million, repayments of long-term debt of $500 million and dividends paid on our Common Stock of $465 million.

For additional discussion of the Tender Offer and of borrowing activity, see "Note 1: Business Overview" and "Note 9: Borrowings and Lines of Credit", respectively, in Item 8 in this Form 10-K.

Guaranteed Securities: Summarized Financial Information

The following information is provided in compliance with Rule 13-01 of Regulation S-X under the Securities Exchange Act of 1934, as amended, with respect to the 2026 Euro Notes and the 2031 Euro Notes (together the "Euro Notes"), in each case issued by Highland Holdings S.à r.l. (“Highland”), a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg ("Luxembourg"). The Euro Notes are fully and unconditionally guaranteed by Otis Worldwide Corporation ("OWC") on an unsecured, unsubordinated basis. Refer to "Note 9: Borrowings and Lines of Credit" in Item 8 in this Form 10-K for additional information.

Highland is a wholly-owned, indirect consolidated subsidiary of OWC. OWC is incorporated under the laws of Delaware. As a company incorporated and existing under the laws of Luxembourg, and with its registered office in Luxembourg, Highland is subject to Luxembourg insolvency and bankruptcy laws in the event any insolvency proceedings are initiated against it. Luxembourg bankruptcy law is significantly different from, and may be less favorable to creditors than, the bankruptcy law in effect in the United States and may make it more difficult for creditors to recover the amount they could expect to recover in liquidation under U.S. insolvency and bankruptcy rules.

The Euro Notes are not guaranteed by any of OWC's or Highland's subsidiaries (all OWC subsidiaries other than Highland are referred to herein as "non-guarantor subsidiaries"). Holders of the Euro Notes will have a direct claim only against Highland, as issuer, and OWC, as guarantor.

The following tables set forth the summarized financial information as of and for the years ended December 31, 2023 and 2022 of each of OWC and Highland on a standalone basis, which does not include the consolidated impact of the assets, liabilities, and financial results of their subsidiaries except as noted on the tables below, nor does it include any impact of intercompany eliminations as there were no intercompany transactions between OWC and Highland. This summarized financial information is not intended to present the financial position or results of operations of OWC or Highland in accordance with U.S. GAAP.

	Year Ended December 31,	
(dollars in millions)	**2023**	**2022**
OWC Statement of Operations - Standalone and Unconsolidated		
Revenue	**$ —**	$ —
Cost of revenue	**—**	—
Operating expenses	**9**	1
Income from consolidated subsidiaries	**143**	70
Income (loss) from operations excluding income from consolidated subsidiaries	**(11)**	(2)
Net income (loss) excluding income from consolidated subsidiaries	**(119)**	(109)

	As of December 31,	
(dollars in millions)	**2023**	**2022**
OWC Balance Sheet - Standalone and Unconsolidated		
Current assets (intercompany receivables from non-guarantor subsidiaries)	**$ —**	$ —
Current assets (excluding intercompany receivables from non-guarantor subsidiaries)	**63**	94
Noncurrent assets (investments in consolidated subsidiaries)	**1,236**	1,236
Noncurrent assets (excluding investments in consolidated subsidiaries)	**43**	45
Current liabilities (intercompany payables to non-guarantor subsidiaries)	**3,753**	3,090
Current liabilities (excluding intercompany payables to non-guarantor subsidiaries)	**119**	166
Noncurrent liabilities	**5,880**	5,186

(dollars in millions)	Year Ended December 31, 2023	2022
Highland Statement of Operations - Standalone and Unconsolidated		
Revenue	**$ —**	$ —
Cost of revenue	**—**	—
Operating expenses	**1**	—
Income from consolidated subsidiaries	**477**	1,242
Income (loss) from operations excluding income from consolidated subsidiaries	**(1)**	—
Net income (loss) excluding income from consolidated subsidiaries	**(196)**	(10)

(dollars in millions)	As of December 31, 2023	2022
Highland Balance Sheet - Standalone and Unconsolidated		
Current assets (intercompany receivables from non-guarantor subsidiaries)	**$ 75**	$ 195
Current assets (excluding intercompany receivables from non-guarantor subsidiaries)	**—**	—
Noncurrent assets (investments in consolidated subsidiaries)	**15,711**	12,524
Noncurrent assets (intercompany receivables from non-guarantor subsidiaries)	**518**	572
Noncurrent assets (excluding investments in consolidated subsidiaries)	**—**	—
Current liabilities (intercompany payables to non-guarantor subsidiaries)	**—**	—
Current liabilities (excluding intercompany payables to non-guarantor subsidiaries)	**1**	532
Noncurrent liabilities (intercompany payables to non-guarantor subsidiaries)	**3,467**	—
Noncurrent liabilities (excluding intercompany payables to non-guarantor subsidiaries)	**1,199**	1,160

CRITICAL ACCOUNTING ESTIMATES

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. "Note 2: Summary of Significant Accounting Policies" in Item 8 in this Form 10-K describes the significant accounting policies used in preparation of the Consolidated Financial Statements. Management believes the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. The most significant areas involving management judgments and estimates are described below. Actual results in these areas could differ from management’s estimates.

Revenue Recognition from Contracts with Customers

We recognized revenue in accordance with FASB ASC Topic 606: *Revenue from Contracts with Customers* and its related amendments, (referred to, collectively, as "ASC 606"). For new equipment and modernization contracts, equipment and installation are typically procured in a single contract providing the customer with a complete installed elevator or escalator unit. The combination of equipment and installation promises are typically a single performance obligation. For these performance obligations, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion to measure progress. Contract costs are usually incurred over a period of time, which can be several years, and the estimation of these costs requires management’s judgment. Contract costs included in the calculation are comprised of labor, materials, subcontractors’ costs or other direct costs and indirect costs, which include indirect labor costs.

The long-term nature of the contracts, the complexity of the products and the scale of the projects can affect our ability to estimate costs precisely. We review cost estimates on significant new equipment and modernization contracts on a quarterly basis and, for others, no less frequently than annually or when circumstances change and warrant a modification to a previous estimate. We record changes in contract estimates using the cumulative catch-up method and we review changes in contract estimates for their impact on net sales or operating profit in the Consolidated Financial Statements. Modifications are recognized as a cumulative catch-up or treated as a separate accounting contract if the modification adds distinct goods or services and the modification is priced at its stand-alone selling price.

See "Note 2: Summary of Significant Accounting Policies" in Item 8 in this Form 10-K.

Income Taxes

The future tax benefit arising from deductible temporary differences and tax carryforwards was $618 million as of December 31, 2023 and $588 million as of December 31, 2022. Management estimates that our earnings during the periods when the temporary differences become deductible will be generally sufficient to realize the related future income tax benefits, which may be realized over an extended period of time. For those jurisdictions where the expiration date of tax carryforwards or the projected operating results indicate that realization is not likely, a valuation allowance is provided.

In assessing the need for a valuation allowance, we estimate future taxable income, considering the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. Valuation allowances related to deferred tax assets can be affected by changes to tax laws, changes to statutory tax rates and future taxable income levels. In the event we were to determine that we would not be able to realize all or a portion of our deferred tax assets in the future, we would reduce such amounts through an increase to tax expense in the period in which that determination is made or when tax law changes are enacted. Conversely, if we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net carrying amounts, we would decrease the recorded valuation allowance through a decrease to tax expense in the period in which that determination is made.

In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management’s evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the Consolidated Financial Statements. See "Note 3: Earnings Per Share" and "Note 14: Accumulated Other Comprehensive Income (Loss)" in Item 8 in this Form 10-K for further discussion. Additionally, see "Note 21: Contingent Liabilities" in Item 8 in this Form 10-K for discussion of administrative review proceedings with the German Tax Office.

Goodwill

We have generated goodwill as a result of our acquisitions. At the time of acquisition, we account for business acquisitions using the purchase method of accounting, in accordance with which assets acquired and liabilities assumed are recorded at their respective fair values at the acquisition date. The fair value of the consideration paid, including contingent consideration, is assigned to the assets acquired and liabilities assumed based on their respective fair values. Goodwill represents the excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed.

We review our goodwill for impairment on an annual basis at July 1 or more frequently if events or a change in circumstances indicate that the carrying amount may not be recoverable. We test goodwill for impairment at a level within the Company referred to as the reporting unit, which is one level below the operating segment level. We have determined there are three reporting units within each business segment.

In accordance with Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*, we initially perform a qualitative assessment (commonly known as "step zero") to determine whether further impairment testing is necessary before performing the two-step test. The qualitative assessment requires judgments by management about economic conditions including the entity's operating environment, its industry and other market considerations, entity-specific events related to financial performance or loss of key personnel and other events that could impact the reporting unit. If management concludes, based on assessment of relevant events, facts and circumstances, that it is more likely than not that a reporting unit's fair value is greater than its carrying value, no further impairment testing is required. If we determine, based on this assessment, that it is more likely than not that the fair value of the reporting unit is less than its carrying value, we perform a quantitative goodwill impairment test by comparing the reporting unit's fair value with its carrying value. An impairment loss is recognized for the amount by which the reporting unit's carrying value exceeds its fair value, up to the total amount of goodwill allocated to the reporting unit. No impairment loss is recognized if the fair value of the reporting unit exceeds its carrying value.

We completed the annual goodwill impairment test for all of our reporting units as of July 1, 2023 and determined that no adjustment to goodwill was necessary as the fair value of each reporting unit was in excess of the carrying value of each reporting unit.

Contingent Liabilities

Otis is party to litigation related to a number of matters as described in "Note 21: Contingent Liabilities" in Item 8 in this Form 10-K. In particular, they may include risks associated with contractual, regulatory and other matters, which may arise in the ordinary course of business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and accrues for contingent losses that are probable and reasonably estimable. To assess the exposure to potential liability, we consult with relevant internal and external counsel. In making the decision regarding the need for loss accruals, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. See Part I, Item 1A in this Form 10-K for further discussion.

Employee Benefit Plans

We sponsor domestic and international defined benefit pension and other postretirement plans. Major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on plan assets, rate of increase in employee compensation levels and mortality rates. Assumptions are determined based on company data and appropriate market indicators, and are evaluated each year as of December 31. A change in any of these assumptions would have an effect on net periodic pension and postretirement benefit costs reported in the Consolidated Financial Statements.

In the following table, we show the sensitivity of our pension plan liabilities to a 25 basis point change in the discount rates for benefit obligations, as of December 31, 2023:

(dollars in millions)	Increase in Discount Rate of 25 bps	Decrease in Discount Rate of 25 bps
Projected benefit obligation	$ (21)	$ 23

The impact on the net periodic pension (benefit) cost, the accumulated postretirement benefit obligation and the net periodic postretirement (benefit) cost is each less than $1 million.

Pension expense is also sensitive to changes in the expected long-term rate of asset return. An increase or decrease of 25 basis points in the expected long-term rate of asset return would have decreased or increased 2023 pension expense by approximately $2 million.

The weighted-average discount rates used to measure pension liabilities and costs utilize each plan's specific cash flows and are then compared to high-quality bond indices for reasonableness. Global market interest rates decreased in 2023 as compared with 2022, and, as a result, the weighted-average discount rate used to measure pension liabilities was 3.4% in 2023 and 3.8% in 2022.

See "Note 12: Employee Benefit Plans" in Item 8 in this Form 10-K for further discussion.

Off-Balance Sheet Arrangements and Contractual Obligations

We extend a variety of financial guarantees to third parties in support of our business. We also have obligations arising from environmental, health and safety, tax and employment matters. Circumstances that could cause the contingent obligations and liabilities arising from these arrangements to come to fruition include changes in the underlying transaction, non-performance under a contract or deterioration in the financial condition of the guaranteed party.

Otis' contractual obligations and commitments as of December 31, 2023 are discussed below. See also "Note 12: Employee Benefit Plans" in Item 8 of this Form 10-K for further discussion of our expected pension and postretirement contributions.

Long-term Debt

See "Note 9: Borrowings and Lines of Credit" in Item 8 of this Form 10-K for further discussion of our long-term debt principal payments as of December 31, 2023. In the following table, we show the timing of payments of interest on long-term debt as of December 31, 2023:

		Payments Due by Period			
(dollars in millions)	**Total**	**2024**	**2025-2026**	**2027-2028**	**Thereafter**
Long-term debt - future interest	**$ 1,629**	$ 172	$ 304	$ 269	$ 884

Purchase Obligations

Purchase obligations include amounts committed for the purchase of goods and services under legally enforceable contracts or purchase orders. Where it is not practically feasible to determine the legally enforceable portion of our obligation under certain of our long-term purchase agreements, we include additional expected purchase obligations beyond what may be legally enforceable. We enter into contractual purchase commitments with suppliers and service vendors to support our information technology that are either necessary to operate our business or result from implementing strategic initiatives. In the following table, we show the timing of payments of total purchase obligations as of December 31, 2023:

		Payments Due by Period			
(dollars in millions)	**Total**	**2024**	**2025-2026**	**2027-2028**	**Thereafter**
Purchase obligations	**$ 1,179**	$ 1,137	$ 35	$ 6	$ 1

Other Long-term Liabilities

Other long-term liabilities in the table below includes obligations related to product service and warranty policies, estimated remediation costs and contractual indemnities, and are included in Other long-term liabilities on the "Consolidated Balance Sheets" in Item 8 of this Form 10-K. The timing of expected cash flows associated with these obligations is based upon management's estimates over the terms of these agreements and is largely based upon historical experience and were as follows as of December 31, 2023:

		Payments Due by Period			
(dollars in millions)	**Total**	**2024**	**2025-2026**	**2027-2028**	**Thereafter**
Other long-term liabilities	**$ 281**	$ 24	$ 170	$ 9	$ 78

The balance above includes $149 million of non-current contractual payables due to RTX for reimbursement of tax payments that RTX is responsible to pay after the Separation pursuant to the TMA. Otis will reimburse RTX for those tax payments through 2026.

Unrecognized Tax Benefits

Otis has unrecognized tax benefits of $394 million as of December 31, 2023. The timing of when such unrecognized tax benefits will become payable is uncertain. See "Note 15: Income Taxes" in Item 8 in this Form 10-K for additional discussion on unrecognized tax benefits.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary market exposures are to fluctuations in foreign currency exchange rates, commodity prices and interest rates. To manage certain of those exposures, we use derivative instruments, including forward contracts. Derivative instruments utilized by us in our hedging activities are viewed as risk management tools, involve relatively little complexity and are not used for trading or speculative purposes. We diversify the counterparties used and monitor the concentration of risk to limit our counterparty exposure.

To quantify our market risk exposure, we perform a sensitivity analysis based on hypothetical changes in foreign currency exchange rates and interest rates.

Refer to "Note 2: Summary of Significant Accounting Policies", "Note 9: Borrowings and Lines of Credit" and "Note 17: Financial Instruments" in Item 8 in this Form 10-K for additional discussion of foreign currency exchange, interest rates and financial instruments, including the average aggregate notional amount of our outstanding foreign currency and commodity price hedges during 2023 and 2022.

Foreign Currency Exposures

The value of certain foreign currencies as compared to the U.S. dollar may impact Otis' financial results. We have a high volume of foreign currency exposures that result from our international net sales, purchases, investments and other international transactions. International net sales were approximately $10.2 billion, $9.9 billion and $10.6 billion in 2023, 2022 and 2021, respectively .

We manage foreign currency exposures that are associated with committed foreign currency purchases and sales as well as foreign currency denominated assets and liabilities that are created in the ordinary course of business. More than insignificant exposures, that cannot be naturally offset, are generally hedged with foreign currency derivatives. The aggregate notional amount of our outstanding foreign currency hedges was approximately $4.9 billion and $3.7 billion as of December 31, 2023 and 2022, respectively. Foreign currency forward contracts are sensitive to changes in foreign currency exchange rates. An unfavorable exchange rate movement of 10% to our portfolio of foreign currency contracts would have resulted in an increase in unrealized losses of $120 million and $39 million as of December 31, 2023 and 2022, respectively. Such losses or gains would be offset by corresponding gains or losses in the remeasurement of the underlying transactions or investments being hedged. We believe these foreign currency forward exchange contracts and the offsetting underlying commitments or investments, when taken together, do not create material market risk.

For our non-U.S. based entities, a substantial portion of revenues are generated and costs are incurred in local currencies. We transact business in various foreign currencies, which exposes our cash flows and earnings to changes in foreign currency exchange rates. We periodically enter into sales contracts denominated in currencies other than the functional currency of the parties to the transaction, which can create foreign exchange exposure. While the objective of the hedging program is to minimize the foreign currency exchange impact on operating results, there are typically variances between the hedging gains or losses and the translational impact due to the length of hedging contracts, changes in the sales profile, volatility in the exchange rates and other such operational considerations. Otis does not enter into hedging contracts for speculative purposes.

As discussed in "Note 17: Financial Instruments" in Item 8 in this Form 10-K, as of December 31, 2023 we have ¥21.5 billion ($150 million) of Japanese Yen denominated long-term debt that qualifies as a net investment hedge against our investments in Japanese businesses, and foreign exchange forward contracts of €120 million ($132 million) and HK$2,262 million ($18 million) that qualify as net investment hedges against our investments in certain European and Asian businesses, respectively. As of December 31, 2023, these net investment hedges are deemed to be effective.

As of December 31, 2023 we have €1.1 billion ($1.2 billion) of Euro denominated long-term debt. This debt was issued by a subsidiary with Euro functional currency, and the original proceeds of €1.6 billion were used to fund the Tender Offer for Zardoya Otis. The currency effects of this debt are reflected in the Accumulated other comprehensive income (loss) within Shareholder's (Deficit) Equity in the Balance Sheet in Item 8 in this Form 10-K. Refer to "Note 9: Borrowings and Lines of Credit" in Item 8 in this Form 10-K for additional discussion of our borrowings.

Commodity Price Risk

The fluctuation in prices of certain raw materials may impact Otis' financial results. We are exposed to volatility in the prices of commodities used in some of our products and component parts, such as steel, aluminum and copper, among others. When possible and appropriate, we maintain fixed price contracts on raw materials and component parts. However, we are prone to exposure as these contracts expire. When possible and appropriate, we also include price escalation linked to commodity prices in contracts with our customers and take pricing actions for future contracts. However, products and services delivered to our customers can be provided a year or more after being agreed to, and not all raw material price increases can be passed along to customers with existing contracts. Therefore, when commodity price risk is not mitigated by other methods, we may enter into hedging contracts. Otis does not enter into hedging contracts for speculative purposes.

Commodity hedging contracts are sensitive to changes in commodity prices, but any losses or gains would be offset by corresponding gains or losses in the underlying commodity purchases being hedged. Therefore, we believe these commodity hedging contracts and the offsetting underlying purchases, when taken together, do not create material market risk.

Interest Rate Risk

Our long-term debt portfolio consists of fixed-rate instruments, and, therefore, any fluctuation in market interest rates is not expected to have a material effect on the Company's results of operations. A 100 basis points increase in interest rates would have had an approximate $400 million reduction on the fair value of our fixed-rate debt as of December 31, 2023 and 2022, respectively. Additionally, the investors in our fixed-rate debt obligations generally do not have the right to demand we pay off these obligations prior to maturity. Therefore, we believe our exposure to interest rate risk on our fixed-rate debt is not material.

From time to time, we may hedge floating rates using interest rate swaps. The hedges would be designated as fair value hedges and the gains and losses on the swaps would be reported in interest expense, reflecting that portion of interest expense at a variable rate.

Table of Contents

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

(All other schedules are not required and have been omitted)

Management's Report on Internal Control over Financial Reporting

The management of Otis is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of Otis' internal control over financial reporting as of December 31, 2023. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework* (2013). Management concluded that based on its assessment, Otis' internal control over financial reporting was effective as of December 31, 2023. The effectiveness of Otis' internal control over financial reporting, as of December 31, 2023, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

OTIS WORLDWIDE CORPORATION
(Registrant)

by: /s/ JUDITH F. MARKS

Judith F. Marks

Chair, President and Chief Executive Officer

by: /s/ ANURAG MAHESHWARI

Anurag Maheshwari

Executive Vice President and Chief Financial Officer

by: /s/ MICHAEL P. RYAN

Michael P. Ryan

Senior Vice President and Chief Accounting Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Otis Worldwide Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Otis Worldwide Corporation and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition - Estimated Costs at Completion for New Equipment and Modernization Contracts

As described in Notes 2 and 22 to the consolidated financial statements, the Company recognized $5.8 billion and $1.5 billion of revenue from new equipment and modernization contracts, respectively, for the year ended December 31, 2023. For new equipment and modernization contracts, equipment and installation are typically procured in a single contract providing the customer with a complete installed elevator or escalator unit. The combination of equipment and installation promises are typically a single performance obligation. For these performance obligations, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion to measure progress. As disclosed by management, contract costs are usually incurred over a period of time, which can be several years, and the estimation of these costs requires management's judgment. The long-term nature of the contracts, the complexity of the products and the scale of the projects can affect management's ability to estimate costs precisely. Management reviews cost estimates on significant new equipment and modernization contracts on a quarterly basis and, for others, no less frequently than annually or when circumstances change and warrant a modification to a previous estimate. Management records changes in contract estimates using the cumulative catch-up method and reviews changes in contract estimates for their impact on net sales or operating profit in the consolidated financial statements. Contract costs included in the calculation are comprised of labor, materials, subcontractors' costs or other direct costs and indirect costs, which include indirect labor costs.

The principal considerations for our determination that performing procedures relating to revenue recognition - estimated costs at completion for new equipment and modernization contracts is a critical audit matter are the significant judgment by management to determine the estimated costs at contract completion, which in turn led to significant auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to the estimated expected labor and indirect labor costs used in the development of estimated costs at contract completion.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the determination of the estimated costs at contract completion and development of the significant assumptions related to the estimated expected labor and indirect labor costs. These procedures also included, among others, evaluating and testing management's process for developing and modifying estimated costs at contract completion for a sample of contracts, which included evaluating the reasonableness of significant assumptions related to the estimated expected labor and indirect labor costs considered by management specific to each contract. Evaluating the reasonableness of the estimated expected labor and indirect labor costs involved assessing management's ability to reasonably estimate costs at completion by (i) testing costs incurred to date and obtaining a sample of executed contracts and related change orders, (ii) performing a comparison of the margin, driven by the estimated and actual costs incurred, to that of similar completed equipment contracts, and (iii) evaluating the timely identification of circumstances that may warrant a modification to estimated total cost to complete.

/s/ PricewaterhouseCoopers LLP
Hartford, Connecticut
February 2, 2024

We have served as the Company's auditor since 2019.

OTIS WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars in millions, except per share amounts; shares in millions)	2023	2022	2021
Net sales:			
Product sales	**$ 5,812**	$ 5,864	$ 6,428
Service sales	**8,397**	7,821	7,870
	14,209	13,685	14,298
Costs and expenses:			
Cost of products sold	**4,843**	4,949	5,293
Cost of services sold	**5,173**	4,816	4,812
Research and development	**144**	150	159
Selling, general and administrative	**1,884**	1,763	1,948
	12,044	11,678	12,212
Other income (expense), net	**21**	26	22
Operating profit	**2,186**	2,033	2,108
Non-service pension cost (benefit)	**5**	2	11
Interest expense (income), net	**150**	143	136
Net income before income taxes	**2,031**	1,888	1,961
Income tax expense	**533**	519	541
Net income	**1,498**	1,369	1,420
Less: Noncontrolling interest in subsidiaries' earnings	**92**	116	174
Net income attributable to Otis Worldwide Corporation	**$ 1,406**	$ 1,253	$ 1,246
Earnings per share (Note 3):			
Basic	**$ 3.42**	$ 2.98	$ 2.91
Diluted	**$ 3.39**	$ 2.96	$ 2.89
Weighted average number of shares outstanding			
Basic shares	**411.4**	420.0	427.7
Diluted shares	**414.6**	423.0	431.4

See accompanying Notes to Consolidated Financial Statements.

OTIS WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in millions)	2023	2022	2021
Net income	**$ 1,498**	$ 1,369	$ 1,420
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of tax	**(93)**	(55)	(53)
Pension and postretirement benefit plan adjustments:			
Net actuarial gain (loss)	**(90)**	146	71
Amortization of actuarial (gain) loss and prior service credit	**(1)**	10	18
Other	**(1)**	11	13
	(92)	167	102
Tax benefit (expense)	**22**	(47)	(27)
Pension and postretirement benefit plan adjustments, net of tax	**(70)**	120	75
Change in unrealized cash flow hedging:			
Unrealized cash flow hedging gain (loss)	**6**	(3)	(1)
Adjustment for net (gain) loss realized and included in net income	**(8)**	(1)	4
Change in unrealized cash flow hedging, net of tax	**(2)**	(4)	3
Other comprehensive income (loss), net of tax	**(165)**	61	25
Comprehensive income (loss), net of tax	**1,333**	1,430	1,445
Less: Comprehensive (income) loss attributable to noncontrolling interest	**(85)**	(6)	(147)
Comprehensive income attributable to Otis Worldwide Corporation	**$ 1,248**	$ 1,424	$ 1,298

See accompanying Notes to Consolidated Financial Statements.

OTIS WORLDWIDE CORPORATION
CONSOLIDATED BALANCE SHEETS

(dollars in millions)	2023	2022
Assets		
Cash and cash equivalents	**$ 1,274**	$ 1,189
Accounts receivable (net of allowance for expected credit losses of $ 130 and $ 152)	**3,538**	3,357
Contract assets	**717**	664
Inventories	**612**	617
Other current assets	**259**	316
Total Current Assets	**6,400**	6,143
Future income tax benefits	**323**	285
Fixed assets, net	**727**	719
Operating lease right-of-use assets	**416**	449
Intangible assets, net	**335**	369
Goodwill	**1,588**	1,567
Other assets	**328**	287
Total Assets	**$ 10,117**	$ 9,819
Liabilities and Equity (Deficit)		
Short-term borrowings and current portion of long-term debt	**$ 32**	$ 670
Accounts payable	**1,878**	1,717
Accrued liabilities	**1,873**	1,794
Contract liabilities	**2,696**	2,662
Total Current Liabilities	**6,479**	6,843
Long-term debt	**6,866**	6,098
Future pension and postretirement benefit obligations	**462**	392
Operating lease liabilities	**292**	315
Future income tax obligations	**245**	279
Other long-term liabilities	**493**	556
Total Liabilities	**14,837**	14,483
Commitments and contingent liabilities (Note 21)		
Redeemable noncontrolling interest	**135**	135
Shareholders' Equity (Deficit):		
Common Stock and additional paid-in-capital	**213**	162
Treasury Stock	**(2,382)**	(1,575)
Accumulated deficit	**(2,005)**	(2,865)
Accumulated other comprehensive income (loss)	**(750)**	(592)
Total Shareholders' Equity (Deficit)	**(4,924)**	(4,870)
Noncontrolling interest	**69**	71
Total Equity (Deficit)	**(4,855)**	(4,799)
Total Liabilities and Equity (Deficit)	**$ 10,117**	$ 9,819

See accompanying Notes to Consolidated Financial Statements.

OTIS WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(dollars in millions, except per share amounts)	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' (Deficit) Equity	Noncontrolling Interest	Total (Deficit) Equity	Redeemable Noncontrolling Interest
Balance as of December 31, 2020	$ 59	$ —	$ (3,106)	$ (815)	$ (3,862)	$ 467	$ (3,395)	$ 194
Net income	—	—	1,246	—	1,246	163	1,409	11
Other comprehensive income (loss), net of tax	—	—	—	52	52	(15)	37	(12)
Stock-based compensation and Common Stock issued under employer plans	62	—	(2)	—	60	—	60	—
Cash dividends declared ($ 0.92 per Common Share)	—	—	(393)	—	(393)	—	(393)	—
Repurchase of Common Shares	—	(725)	—	—	(725)	—	(725)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	(145)	(145)	(11)
Acquisitions, disposals and other changes	(2)	—	(1)	—	(3)	11	8	(22)
Balance as of December 31, 2021	$ 119	$ (725)	$ (2,256)	$ (763)	$ (3,625)	$ 481	$ (3,144)	$ 160
Net income	—	—	1,253	—	1,253	101	1,354	15
Other comprehensive income (loss), net of tax and foreign currency reclassifications (Note 14)	—	—	—	171	171	(12)	159	(98)
Stock-based compensation and Common Stock issued under employer plans	61	—	(2)	—	59	—	59	—
Cash dividends declared ($ 1.11 per Common Share)	—	—	(465)	—	(465)	—	(465)	—
Repurchase of Common Shares	—	(850)	—	—	(850)	—	(850)	—
Dividends attributable to noncontrolling interest	—	—	—	—	—	(86)	(86)	(14)
Reclassification of noncontrolling interest to forward purchase agreement and redeemable noncontrolling interest (Note 1)	—	—	(1,482)	—	(1,482)	(403)	(1,885)	1,476
Acquisitions, disposals and other changes	(18)	—	87	—	69	(10)	59	(1,404)
Balance as of December 31, 2022	$ 162	$ (1,575)	$ (2,865)	$ (592)	$ (4,870)	$ 71	$ (4,799)	$ 135
Net income	**—**	**—**	**1,406**	**—**	**1,406**	**83**	**1,489**	**9**
Other comprehensive income (loss), net of tax	**—**	**—**	**—**	**(158)**	**(158)**	**(3)**	**(161)**	**(4)**
Stock-based compensation and Common Stock issued under employer plans	**51**	**—**	**(2)**	**—**	**49**	**—**	**49**	**—**
Cash dividends declared ($ 1.31 per Common Share)	**—**	**—**	**(539)**	**—**	**(539)**	**—**	**(539)**	**—**
Repurchase of Common Shares	**—**	**(807)**	**—**	**—**	**(807)**	**—**	**(807)**	**—**
Dividends attributable to noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**(79)**	**(79)**	**(9)**
Acquisitions, disposals and other changes	**—**	**—**	**(5)**	**—**	**(5)**	**(3)**	**(8)**	**4**
Balance as of December 31, 2023	**$ 213**	**$ (2,382)**	**$ (2,005)**	**$ (750)**	**$ (4,924)**	**$ 69**	**$ (4,855)**	**$ 135**

See accompanying Notes to Consolidated Financial Statements.

OTIS WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in millions)	2023	2022	2021
Operating Activities:			
Net income	**$ 1,498**	$ 1,369	$ 1,420
Adjustments to reconcile net income to net cash flows provided by operating activities, net of acquisitions and dispositions:			
Depreciation and amortization	**193**	191	203
Deferred income tax expense (benefit)	**(61)**	(16)	(92)
Stock compensation cost	**64**	67	65
Change in:			
Accounts receivable, net	**(239)**	(309)	(152)
Contract assets and liabilities, current	**(30)**	38	53
Inventories	**15**	(65)	14
Other current assets	**38**	52	43
Accounts payable	**152**	272	130
Accrued liabilities	**33**	(84)	72
Pension and postretirement contributions	**(48)**	(34)	(37)
Other operating activities, net	**12**	79	31
Net cash flows provided by operating activities	**1,627**	1,560	1,750
Investing Activities:			
Capital expenditures	**(138)**	(115)	(156)
Acquisitions of businesses and intangible assets, net of cash (Note 8)	**(36)**	(46)	(80)
Dispositions of businesses, net of cash (Note 8)	**—**	61	—
Proceeds from sale of (investments in) marketable securities, net	**4**	(7)	40
Receipts (payments) on settlements of derivative contracts, net	**(28)**	65	73
Other investing activities, net	**15**	9	34
Net cash flows provided by (used in) investing activities	**(183)**	(33)	(89)
Financing Activities:			
Net proceeds from (repayments of) borrowings (maturities of 90 days or less)	**(113)**	113	(304)
Proceeds from borrowings (maturities longer than 90 days)	**—**	—	152
Repayments of borrowings (maturities longer than 90 days)	**—**	—	(503)
Proceeds from the issuance of long-term debt	**747**	—	2,030
Payment of debt issuance costs	**(6)**	—	(25)
Repayment of long-term debt	**(534)**	(500)	—
Dividends paid on Common Stock	**(539)**	(465)	(393)
Repurchases of Common Stock	**(800)**	(850)	(725)
Dividends paid to noncontrolling interest	**(85)**	(118)	(155)
Acquisition of Zardoya Otis shares (Note 1)	**—**	(1,802)	—
Other financing activities, net	**(20)**	(30)	(19)
Net cash flows provided by (used in) financing activities	**(1,350)**	(3,652)	58
Effect of foreign exchange rate changes on cash and cash equivalents	**(9)**	(157)	(43)
Net increase (decrease) in cash and cash equivalents	**85**	(2,282)	1,676
Cash, cash equivalents and restricted cash, beginning of year	**1,195**	3,477	1,801
Cash, cash equivalents and restricted cash, end of year	**1,280**	1,195	3,477
Less: Restricted cash	**6**	6	1,912
Cash and cash equivalents, end of period	**$ 1,274**	$ 1,189	$ 1,565
Supplemental cash flow information:			
Interest paid	**$ 132**	$ 134	$ 129
Income taxes paid, net of (refunds)	**546**	562	552

See accompanying Notes to Consolidated Financial Statements.

Note 1: Business Overview

Otis (as defined below) is the world's largest elevator and escalator manufacturing, installation and service company. Our operations are classified into two segments: New Equipment and Service. Through the New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators, as well as escalators and moving walkways, for residential, commercial and infrastructure projects. The Service segment provides maintenance and repair services for both our products and those of other manufacturers, and provides modernization services to upgrade elevators and escalators.

UpLift

During 2023, the Company announced UpLift to transform the Company's operating model. UpLift will include, among other aspects, the standardization of processes and improvement of supply chain procurement, as well as restructuring actions. See Note 16, "Restructuring and Transformation Costs" for information regarding UpLift restructuring actions and related costs incurred.

Sale of Russia Business

The Company sold its business in Russia during 2022. See Note 8, "Business Acquisitions, Dispositions, Goodwill and Intangible Assets" for additional information regarding the sale of our Russia business.

Zardoya Otis Tender Offer

The Company previously announced its Tender Offer to acquire all of the issued and outstanding shares of Zardoya Otis not owned by the Company in cash, and its intention to delist the shares of Zardoya Otis from the Spanish stock exchanges subsequent to the Tender Offer (the "Tender Offer"). The price per share of the Tender Offer was € 7.07 in cash as of March 31, 2022, after adjustments for dividends paid. The Tender Offer was approved by the Spanish regulator on February 28, 2022. As a result of the Tender Offer approval, the issued and outstanding shares of Zardoya Otis owned by Euro Syns, S.A. ("Euro Syns") were reclassified to current liabilities as Forward purchase agreement, and the remaining shares not owned by the Company were deemed redeemable at the option of the other shareholders and were reclassified from Noncontrolling interest to Redeemable noncontrolling interest on our Consolidated Financial Statements. The difference between the historical noncontrolling interest carrying value in the balance sheet and the fair value of the Tender Offer was recorded to Accumulated deficit.

The results of the Tender Offer were announced on April 7, 2022, with tenders, including Euro Syns' shares, of 45.49 % of the shares outstanding accepted, resulting in the Company owning 95.51 % of Zardoya Otis. The shares tendered to the Company were settled in cash on April 12, 2022 for approximately € 1.5 billion from the Company's restricted cash held in escrow. The acquisition and settlement of the remaining issued and outstanding shares of Zardoya Otis not owned by the Company occurred in the second quarter of 2022 for approximately € 150 million. The automatic delisting of Zardoya Otis shares occurred on May 9, 2022. Zardoya Otis was then renamed Otis Mobility S.A. ("Otis Mobility").

The Company owned a controlling interest and had operational control of Otis Mobility (formerly Zardoya Otis) as of and for the years ended December 31, 2023, 2022 and 2021, and therefore its financial results are included in our Consolidated Financial Statements. The Company owned 50.02 % of Otis Mobility prior to the Tender Offer and 100 % after completion of the Tender Offer. See Note 9, "Borrowings and Lines of Credit" for additional information regarding financing agreements entered into by the Company and its subsidiaries in connection with the Tender Offer.

Separation from United Technologies Corporation

On April 3, 2020, United Technologies Corporation, subsequently renamed to RTX Corporation ("UTC" or "RTX", as applicable), completed the spin-off of the Company into an independent publicly-traded company (the "Separation") through a pro-rata distribution of 0.5 shares of Common Stock for every share of UTC common stock held at the close of business on the record date of March 19, 2020 ("Distribution"). Otis began to trade as a separate public company (New York Stock Exchange ("NYSE"): OTIS) on April 3, 2020. See Note 2, "Summary of Significant Accounting Policies" for additional information regarding the Separation and related costs.

Unless the context otherwise requires, references to "Otis", "we", "us", "our" and "the Company" refer to (i) Otis Worldwide Corporation's business prior to the Separation and (ii) Otis Worldwide Corporation and its subsidiaries following the Separation, as applicable. References to "UTC" relate to pre-Separation matters, and references to "RTX" relate to post-Separation matters.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation. The accompanying Consolidated Financial Statements include the accounts of Otis and its controlled subsidiaries, as well as entities where Otis has a variable interest and is the primary beneficiary as defined by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*. The factors we use to determine the primary beneficiary of a variable interest entity ("VIE") may include decision authority, control over management of day-to-day operations and the amount of our equity investment in relation to others' investments.

All significant intercompany accounts and transactions within the Company have been eliminated in the preparation of the Consolidated Financial Statements.

Certain amounts for prior years have been reclassified to conform to the current year presentation, which are immaterial.

Use of Estimates. The preparation of the Consolidated Financial Statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions may impact the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

We assessed certain accounting matters that generally require consideration of forecasted financial information in the context of the information reasonably available to us and the unknown future impacts of macroeconomic developments, including inflationary pressures, higher interest rates and tighter credit conditions as of December 31, 2023 and through the date of this report. The accounting matters assessed included, but were not limited to, our allowance for credit losses, the carrying value of our goodwill and other long-lived assets, financial assets and revenue recognition. While there was not a material impact to our Consolidated Financial Statements resulting from our assessments of these matters, future assessment of our current expectations at that time of the magnitude and duration of these macroeconomic developments, as well as other factors, could result in material impacts to our Consolidated Financial Statements in future reporting periods.

We also assessed certain accounting matters as they relate to the ongoing conflict between Russia and Ukraine and the war between Israel and Hamas, including, but not limited to, our allowance for credit losses, the carrying value of long-lived assets, revenue recognition and the classification of assets. There was not a material impact to our Consolidated Financial Statements resulting from our assessment of these matters. We continue to assess the impact on our results of operations, financial position and overall performance as the situations develop and any broader implications they may have on the global economy.

Cash and Cash Equivalents. Cash and cash equivalents includes cash on hand, demand deposits and short-term cash investments that are highly liquid in nature and have original maturities of three months or less.

Restricted Cash. In certain circumstances we are required to maintain cash deposits with certain banks with respect to contractual or other legal obligations, and therefore the use of these cash deposits for general operational purposes is restricted. Our restricted cash balances are $ 6 million as of December 31, 2023 and 2022, which are primarily included in Other current assets on the Consolidated Balance Sheets, respectively.

Accounts Receivable. The Company records accounts receivable when the right to consideration becomes unconditional. We regularly evaluate the collectability of our accounts receivable and maintain reserves for expected credit losses. See Note 5, "Accounts Receivable, Net" for additional information on the Company's policy for evaluation of expected credit losses. We do not believe that accounts receivable represent significant concentrations of credit risk because of the diversified portfolio of individual customers and geographic areas.

Retainage and Unbilled Receivables. Current and long-term accounts receivable as of December 31, 2023 and 2022 include retainage of $ 63 million and $ 60 million, respectively, and unbilled receivables of $ 119 million and $ 103 million, respectively. Retainage represents amounts that, pursuant to the applicable contract, are not due until after project completion and acceptance by the customer. Unbilled receivables represent revenues that are earned but may not be currently billable to the customer under the terms of the contract. These items are expected to be billed and collected in the ordinary course of business. Unbilled receivables where we have an unconditional right to payment are included in Accounts receivable, net as of December 31, 2023 and 2022.

Customer Financing Notes Receivable. Through financing arrangements with our customers, we extend payment terms, which are generally not more than one year in duration.

Factoring. The Company may sell certain trade accounts and notes receivable to lending institutions primarily to manage credit risk. Financial assets sold under these arrangements are excluded from Accounts receivable, net in the Company's Consolidated Balance Sheets at the time of sale if the Company has surrendered control over the related assets. Whether control has been relinquished requires, among other things, an evaluation of relevant legal considerations and an assessment of the nature and extent of the Company's continuing involvement with the assets transferred. Gains and losses stemming from transfers reported as sales are included in Interest expense (income), net in the accompanying Consolidated Statements of Operations.

Contract Assets and Liabilities. Contract assets and liabilities represent the difference in the timing of revenue recognition from receipt of cash from our customers and billings.

Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billing. Performance obligations partially satisfied in advance of customer billings are included in Contract assets, current. Contract liabilities relate to payments received in advance of the satisfaction of performance under the contract. We receive payments from customers based on the terms established in our contracts. See Note 4, "Contract Assets and Liabilities" for further discussion of contract assets and liabilities.

Inventories. Inventories are stated at the lower of cost or estimated realizable value and are primarily based on a first-in, first-out method. Valuation write-downs for excess, obsolete and slow-moving inventory are estimated by comparing the inventory levels of individual parts to both future sales forecasts or production requirements and historical usage rates in order to identify inventory where the resale value or replacement value is less than inventoriable cost. See Note 6, "Inventories" for further details of the inventories by classification.

Fixed Assets. Fixed assets, including software capitalized for internal-use, are recorded at cost. Depreciation of fixed assets is computed over the fixed assets' useful lives on a straight-line basis, unless another systematic and rational basis is more representative of the fixed asset's pattern of use. See Note 7, "Fixed Assets" for further details of useful lives.

Internal Use Software. The Company capitalizes direct costs of services used in the development of, and external software acquired for use as, internal-use software. Amounts capitalized are amortized over a period ranging from three to five years , on a straight-line basis, unless another systematic and rational basis is more representative of the software's use. Amounts are reported as a component of Machinery and equipment.

Asset Retirement Obligations. The Company records the fair value of legal obligations associated with the retirement of tangible long-lived assets in the period in which the legal obligations are determined to exist. Upon initial recognition of a liability, the Company capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is adjusted for c hanges in its present value and the capitalized cost is depreciated over the useful life of the related asset.

Fair Value of Financial Instruments. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

Level I – Quoted prices for identical instruments in active markets.

Level II – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level III – Instruments whose significant value drivers are unobservable.

The carrying amount of current trade receivables, accounts payable and accrued expenses approximates fair value due to the short maturity (less than one year) of the instruments.

Equity Method Investments. Entities in which we have the ability to exercise significant influence, but do not control, are accounted for under the equity method of accounting and are included in Other assets on the Consolidated Balance Sheets. Under this method of accounting, our share of the net earnings or losses of the investee entity is included in Other income (expense), net in the Consolidated Statements of Operations since the activities of the investee entity are closely aligned with the operations of the Company. We evaluate our equity method investments whenever events or changes in circumstance indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period.

Business Combinations. We account for transactions that are classified as business combinations in accordance with the FASB ASC Topic 805: *Business Combinations*. Once a business is acquired, the fair values of the identifiable assets acquired and liabilities assumed are d etermined with the excess cost recorded to goodwill. As required, preliminary fair values are determined once a business is acquired, with the final determination of the fair values being completed within the one-year measurement period from the date of acquisition.

Goodwill, Intangible Assets and Long-Lived Assets. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Intangible assets consist of service portfolios, patents, trademarks/trade names, customer relationships and other intangible assets. Acquired intangible assets are recognized at fair value during acquisition accounting and then amortized to Cost of products and services sold and Selling, general and administrative over the applicable useful lives.

Goodwill and Indefinite-Lived Intangible Assets. Goodwill and intangible assets deemed to have indefinite lives are not amortized. Goodwill and indefinite-lived intangible assets are subject to impairment testing annually or when a triggering event occurs using the guidance and criteria described in FASB ASC Topic 350: *Intangibles – Goodwill and Other*. This testing compares carrying values to fair values and, when appropriate, the carrying value of these assets is reduced to fair value.

We test goodwill for impairment at a level within the Company referred to as the reporting unit, which is one level below the operating segment level. When testing goodwill for impairment, the Company may first assess qualitative factors. If an initial qualitative assessment identified that it is more likely than not that the fair value of a reporting unit is less than its carrying value, additional quantitative testing is performed. The Company may also elect to skip the qualitative testing and proceed directly to the quantitative testing. If the quantitative testing indicates that goodwill is impaired, an impairment charge is recognized based on the difference between the reporting unit's carrying value and its fair value. When it is determined that a quantitative analysis is required, the Company primarily utilizes a discounted cash flow methodology to calculate the fair value of its reporting units. The Company completed its most recent annual impairment testing as of July 1, 2023, and determined in the qualitative assessment that quantitative testing is not necessary. There were no triggering events since the annual impairment test.

Finite-Lived Intangible Assets and Long-Lived Assets. Useful lives of finite-lived intangible assets are estimated based upon the nature of the intangible asset. These intangible assets are amortized based on the pattern in which the economic benefits of the intangible assets are consumed or if straight-line amortization approximates the pattern of economic benefit, a straight-line amortization method may be used. The range of estimated useful lives is as follows:

Purchased service portfolios	5 to 25 years
Patents, trademarks/trade names	4 to 40 years
Customer relationships and other	1 to 20 years

The Company evaluates the potential impairment of long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. If the carrying value of other long-lived assets held and used exceeds the sum of the undiscounted expected future cash flows, the carrying value is written down to fair value. See Note 7, "Fixed Assets" and Note 8, "Business Acquisitions, Dispositions, Goodwill and Intangible Assets " for additional information regarding intangible assets and other long-lived asse ts.

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

The U.S. Tax Cuts and Jobs Act ("TCJA") subjects the Company to a tax on Global Intangible Low-Taxed Income (“GILTI”). GILTI is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. We account for GILTI as a period cost as incurred.

See Note 15, "Income Taxes" for additional information.

Revenue Recognition. We recognize revenue in accordance with FASB ASC Topic 606: *Revenue from Contracts with Customers* and its related amendments, (referred to, collectively, as "ASC 606”). The Company's revenue streams include new equipment, maintenance and repair, and modernization. New equipment, modernization and repair services revenue are recognized over time as we are enhancing an asset the customer controls. Maintenance revenue is recognized on a straight-line basis over the life of the maintenance contract.

New Equipment, Modernization and Repair Services. For new equipment and modernization transactions, equipment and installation are typically procured in a single contract providing the customer with a complete installed elevator or escalator unit. The combination of equipment and installation promises are typically a single performance obligation. For repair services, the customer typically contracts for specific short-term services which form a single performance obligation.

For these performance obligations, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion to measure progress. Incurred costs represent work performed, which corresponds with and best depicts transfer of control or the enhancement of the customer’s assets. Contract costs included in the calculation are comprised of labor, materials, subcontractors’ costs or other direct costs and indirect costs, which include indirect labor costs. Specific to new equipment and modernization arrangements, the Company, based on project progression, reviews cost estimates on significant contracts on a quarterly basis, and for others, no less frequently than annually or when circumstances change and warrant a modification to a previous estimate. These estimates form the basis for the amount of revenue to be recognized and include the latest updated total transaction price, costs and risks for each contract. These estimates for our ongoing contracts may materially change due to the change and completions of the contract scopes, cost estimates and customers' plans, among other factors.

For performance obligations recognized under the cost to cost method, we record changes in contract estimates using the cumulative catch-up method. Modifications are recognized as a cumulative catch-up or treated as a separate accounting contract if the modification adds distinct goods or services and the modification is priced at its stand-alone selling price.

Maintenance. Our customers purchase maintenance contracts which include services such as required periodic maintenance procedures, preventive services and stand ready obligations to remediate issues with the elevator/escalator when and if they arise. Given the continuous nature of these services throughout the year, we recognize revenue on maintenance contracts on a straight-line basis which aligns with the cost profile of these services. Contractual changes are typically recognized prospectively as most modifications are extensions of the existing arrangement.

Transaction Price Considerations. Our contracts typically include fixed payments which are generally received as we progress under our contracts. As a result, we have not identified any significant financing elements in our contract, and our contracts do not have significant estimates related to variable consideration except in the case of a project having an underlying performance issue, which is rare. In situations where multiple performance obligations in a single contract (e.g., new equipment and maintenance) exist, the transaction price is allocated to each performance obligation in proportion to its stand-alone selling price. Estimates are made to account for changes in transaction prices attributable to pricing disputes that occur subsequent to the inception of contracts, based upon historical experience and the status of contracts.

Certain Costs to Obtain or Fulfill Contracts. Certain costs to obtain or fulfill a contract with a customer must be capitalized, to the extent recoverable from the associated contract margin, and subsequently amortized as the products or services are delivered to the customer. Sales commissions related to new equipment, modernization and maintenance contracts, excluding renewals, are capitalized as contract fulfillment costs and are amortized consistent with the pattern of transfer of the goods or services. Customer contract costs, which do not qualify for capitalization as contract fulfillment costs, are expensed as incurred.

Loss Contracts. Loss provisions on contracts are recognized to the extent that estimated contract costs exceed the estimated consideration from the products or services contemplated under the contractual arrangement. For new commitments, we generally record loss provisions at contract inception. For existing commitments, anticipated losses on contractual arrangements are recognized in the period in which losses become probable.

Remaining Performance Obligations ("RPO"). RPO represents the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. As of December 31, 2023, our total RPO was approximately $ 18.0 billion. Of the total RPO as of December 31, 2023, we expect approximately 90 % will be recognized as sales over the following 24 months.

Additional disclosure required by ASC 606 is provided in Note 22, "Segment Financial Data", including disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Supplier Finance Programs. On January 1, 2023, we adopted ASU No. 2022-04, *Liabilities - Supplier Finance Programs (Topic 450-50): Disclosure of Supplier Finance Program Obligations* that requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about obligations outstanding at the end of the reporting period.

Certain Otis subsidiaries participate in supplier finance programs, under which we agree to pay third-party financial institutions the stated amounts of confirmed invoices from suppliers on the original due date of the invoices, while the participating suppliers generally have the ability to sell, or otherwise pledge as collateral, their receivables from the Company to the participating financial institutions. Our obligations to suppliers, including the amounts due and scheduled payment dates, are not impacted by the suppliers' decisions to sell their receivables to the financial institutions, or otherwise pledge their receivables as collateral, under these arrangements. The Company is not a party to the arrangements between the suppliers and the financial institutions, and the Company's payment terms to the financial institutions, including the timing and amount of payments, are based on the original supplier invoices. Based on the applicable supplier agreements, the payment terms of these supplier invoices can range between 30 and 120 days from the invoice date.

The outstanding obligations confirmed by the Company as valid to the financial institutions under our supplier finance programs were $ 627 million and $ 564 million as of December 31, 2023 and 2022, respectively. These obligations are included in Accounts payable in the Consolidated Balance Sheets, and all activity related to the obligations is presented within operating activities on the Consolidated Statements of Cash Flows.

The Company or the financial institutions may terminate the agreements with advanced notice. Otis has pledged no assets in connection with its supplier finance programs.

Self-Insurance. The Company is primarily self-insured for a number of risks including, but not limited to, workers' compensation, general liability, automobile liability and employee-related healthcare benefits. The Company has obtained insurance coverage for amounts exceeding individual and aggregate loss limits. The Company accrues for known future claims and incurred but not reported losses within Accrued liabilities and Other long-term liabilities on the Consolidated Balance Sheets, totaling $ 256 million and $ 270 million as of December 31, 2023 and 2022, respectively.

Derivatives and Hedging Activity. We have used derivative instruments, principally forward contracts, to help manage certain foreign currency and commodity price exposures. Derivative instruments are viewed as risk management tools by us and are not used for trading or speculative purposes. By their nature, all financial instruments involve market and credit risks. We enter into derivative and other financial instruments with major investment-grade financial institutions and have policies to monitor the credit risk of those counterparties. We limit counterparty exposure and concentration of risk by diversifying counterparties. While there can be no assurance, we do not anticipate any material non-performance by any of these counterparties.

Designated Derivative Instruments. Derivatives used for hedging purposes may be designated and effective as a hedge of the identified risk exposure at the inception of the contract. All derivative instruments are recorded on the Consolidated Balance Sheets at fair value. Derivatives are used to hedge foreign currency denominated balance sheet items and commodity prices for materials recognized in cost of sales, and are reported directly in earnings along with offsetting transaction gains and losses on the items being hedged. Derivatives used to hedge forecasted cash flows associated with foreign currency commitments or forecasted commodity purchases m ay be accounted for as cash flow hedges, as deemed appropriate. Gains and losses on derivatives designated as cash flow hedges are recorded in Other comprehensive income (loss), net of tax and reclassified to earnings as a component of product sales or expenses, as applicable, when the hedged transaction occurs. Gains and losses on derivatives designated as cash flow hedges are recorded in Other operating activities, net within the Consolidated Statement of Cash Flows until reclassification to earnings. To the extent that a previously designated hedging transaction is no longer an effective hedge, any ineffectiveness measured in the hedging relationship is recorded currently in earnings in the period it occurs.

Additional information pertaining to net investment hedging is included in Note 17, "Financial Instruments".

Non-Designated Derivative Instruments. To the extent the hedge accounting criteria are not applied, the foreign currency forward contracts and commodity price contracts are utilized as economic hedges and changes in the fair value of these contracts are recorded currently in earnings in the period in which they occur. Additional information pertaining to these contracts is included in Note 17, "Financial Instruments".

In addition, the Company periodically enters into sales contracts denominated in currencies other than the functional currency of the parties to the transaction. The Company accounts for these transactions separately valuing the embedded derivative component of these contracts. The changes in the fair value of these embedded derivatives are immaterial for the years ended December 31, 2023, 2022 and 2021.

Environmental. Environmental investigatory, remediation, operating and maintenance costs are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to each individual site, including current laws, regulations and prior remediation experience. Where no amount within a range of estimates is more likely, the minimum is accrued. Liabilities with fixed or reliably determinable future cash payments are discounted. Accrued environmental liabilities are not reduced by potential insurance reimbursements. See Note 21, "Contingent Liabilities" for additional details on the environmental remediation activities.

Research and Development. These costs are expensed in the period incurred and are shown on a separate line of the Consolidated Statements of Operations. Research and development expenses, covering research and the advancement of potential new and improved products and their uses, primarily include salaries and other employment costs.

Other Income (Expense), Net. Other income (expense), net i ncludes the impact of changes in the fair value and settlement of certain derivatives, gains or losses on sale of businesses and fixed assets, earnings from equity method investments, fair value changes on marketable securities, impairments, UpLift transformation costs and Separation-related expenses, gains on insurance recoveries and certain other infrequent operating income and expense items. See Note 16, "Restructuring and Transformation Costs" for additional details on UpLift transformation costs.

Foreign Exchange. We conduct business in many different currencies and, accordingly, are subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of our foreign subsidiaries are measured using the local currency as the functional currency. Foreign currency denominated assets and liabilities are translated into U.S. dollars at the exchange rates existing at the respective balance sheet dates, and income and expense items are translated at the average exchange rates during the respective periods. The aggregate effects of translating the balance sheets of these subsidiaries are deferred within Accumulated other comprehensive income (loss).

Pension and Postretirement Obligations. Guidance under FASB ASC Topic 715: *Compensation – Retirement Benefits* requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans. Under this guidance, actuarial gains and losses, prior service costs or credits and any remaining transition assets or obligations that have not been recognized under previous accounting standards must be recognized in Other comprehensive income (loss), net of tax effects, until they are amortized as a component of net periodic benefit cost. See Note 12, "Employee Benefit Plans" for additional information.

Additional Paid-in Capital. Additional paid-in capital includes the value of stock-based award activity, as well as the difference between the cost of acquiring the Noncontrolling interest in consolidated subsidiaries and Otis' carrying value of the Noncontrolling interest associated with those subsidiaries.

The Company recorded $ 18 million and $ 2 million in 2022 and 2021, respectively, in Additional paid-in capital for transaction costs associated with the acquisition of shares of Otis Mobility (formerly Zardoya Otis) not owned by the Company. Refer to Note 1, "Business Overview" for additional information on the Tender Offer. There were no transaction costs recorded in Additional paid-in capital in 2023.

Noncontrolling Interest. Ownership interest in the Company's consolidated subsidiaries held by parties other than the Company are presented separately from Shareholders' Equity (Deficit) as “Noncontrolling interest” within equity on the Consolidated Balance Sheets. The amount of net income attributable to Otis Worldwide Corporation and the noncontrolling interest are both presented on the Consolidated Statements of Operations.

All noncontrolling interest with redemption features, such as put options or other contractual obligations to acquire the noncontrolling interest, that are not solely within our control are redeemable noncontrolling interest. Redeemable noncontrolling interest are reported in the mezzanine section of the Consolidated Balance Sheets, between Liabilities and Shareholders' Equity (Deficit), at the greater of redemption value or initial carrying value.

The activity attributable to noncontrolling interest and redeemable noncontrolling interest for the years ended December 31, 2023, 2022 and 2021 is presented in the Consolidated Statements of Changes in Equity.

Separation from UTC and Related Costs. The Separation, as further described in Note 1, "Business Overview", was completed pursuant to a Separation and Distribution Agreement ("Separation Agreement") and other agreements with our former parent, UTC, and Carrier Global Corporation ("Carrier"), related to the Separation, including but not limited to a transition services agreement (the "Transition Services Agreement" or "TSA") and a tax matters agreement (the "Tax Matters Agreement" or "TMA").

Under the TSA, which was substantially completed as of December 31, 2021, RTX provided the Company certain services and we provided certain services to RTX.

We entered into the TMA with our former parent UTC and Carrier that governs the parties’ respective rights, responsibilities and obligations with respect to tax matters (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters). Subject to certain exceptions set forth in the TMA, Otis generally is responsible for federal, state and foreign taxes imposed on a separate return basis on Otis (or any of its subsidiaries) with respect to taxable periods (or portions thereof) that ended on or prior to the date of the Distribution. The TMA provides special rules that allocate responsibility for tax liabilities arising from a failure of the Separation transactions to qualify for tax-free treatment based on the reasons for such failure.

We incurred non-recurring Separation costs, net, of $ 27 million in 2021, of which $ 16 million are recorded in Selling, general and administrative expense on the Consolidated Statements of Operations, with the remaining recorded in Other income (expense), net. Non-recurring Separation costs in 2023 and 2022 were insignificant. Separation-related costs in 2021 primarily consisted of costs to exit from certain services previously provided under the TSA and other transaction-related costs to transition to being a standalone public company.

Accounting Pronouncements.

In March 2020, the FASB issued ASU 2020-04*,* Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reportin*g ("ASU 2020-04")*,* which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in ASU 2020-04 apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. Additionally, in December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): *Deferral of the Sunset Date of Topic 848* ("ASU 2022-06"), which allows ASU 2020-04 to be adopted and applied prospectively to contract modifications made on or before December 31, 2024. We are currently evaluating the impact of adopting this standard; however, we do not expect it to have a material impact on our Consolidated Financial Statements.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This ASU clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, with early application permitted. The Company adopted ASU 2021-08 effective January 1, 2023. The adoption of this ASU did not have a material impact on our Consolidated Financial Statements.

In September 2022, the FASB issued ASU 2022-04, *Liabilities - Supplier Finance Programs (Topic 450-50)*: *Disclosure of Supplier Finance Program Obligations*, which requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about obligations outstanding at the end of the reporting period, including a rollforward of those obligations. The guidance does not affect the recognition, measurement or financial statement presentation of supplier finance program obligations. ASU 2022-04 is effective for fiscal years beginning after December 15, 2022, except for the disclosure of rollforward information, which is effective for fiscal years beginning after December 15, 2023. The adoption of this ASU did not have a material impact on our Consolidated Financial Statements, as disclosed in Note 2, "Summary of Significant Accounting Policies" under the heading "Supplier Finance Programs".

In August 2023, the FASB issued ASU 2023-05, Business Combinations - Joint Ventures Formations (Subtopic 805-60): *Recognition and initial measurement* ("ASU 2023-05"), which requires that joint ventures, upon formation, apply a new basis of accounting by initially measuring assets and liabilities at fair value. The amendments in ASU 2023-05 are effective for joint ventures that are formed on or after January 1, 2025. Early adoption is permitted. We are currently evaluating the impact of this standard; however, we do not expect it to have a material impact on our Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*. The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. We are currently evaluating the impact of this standard; however, we do not expect it to have a material impact on our Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*. The amendments in this update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact of this standard; however, we do not expect it to have a material impact on our Consolidated Financial Statements.

Other new accounting pronouncements issued but not effective until after December 31, 2023 did not and are not expected to have a material impact on our financial position, results of operations or liquidity.

Note 3: Earnings per Share

(dollars in millions, except per share amounts; shares in millions)	**2023**	**2022**	**2021**
Net income attributable to Otis Worldwide Corporation	**$ 1,406**	$ 1,253	$ 1,246
Impact of redeemable noncontrolling interest	**—**	—	—
Net income attributable to common shareholders	**$ 1,406**	$ 1,253	$ 1,246
Basic weighted average number of shares outstanding	**411.4**	420.0	427.7
Stock awards and equity units (share equivalent)	**3.2**	3.0	3.7
Diluted weighted average number of shares outstanding	**414.6**	423.0	431.4
Earnings Per Share of Common Stock:			
Basic	**$ 3.42**	$ 2.98	$ 2.91
Diluted	**$ 3.39**	$ 2.96	$ 2.89

The computation of diluted earnings per share excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, when the average market price of the Common Stock is lower than the exercise price of the related stock awards during the period because the effect would be anti-dilutive. In addition, the computation of diluted earnings per share excludes the effect of the potential exercise of stock awards when the awards' assumed proceeds exceed the average market price of the common shares during the period. Lastly, the computations of diluted earnings per share include outstanding awards granted prior to the Separation from UTC and converted upon the Separation, in accordance with the Employee Matters Agreement. There were 1.0 million, 2.3 million and 0.1 million of anti-dilutive stock awards excluded from the computation for 2023, 2022 and 2021 respectively.

Note 4: Contract Assets and Liabilities

Contract assets reflect revenue recognized in advance of customer billing. Contract liabilities are recognized when a customer pays consideration, or we have an unconditional right to receive consideration, in advance of the satisfaction of performance obligations under the contract. We receive payments from customers based on the terms established in our contracts, which are progress payments as we perform contract work over time, payments in advance of performing work, or in some cases, payments upon completion of work.

Total Contract assets and Contract liabilities as of December 31, 2023 and 2022 are as follows:

(dollars in millions)	2023	2022
Contract assets, current	**$ 717**	$ 664
Total contract assets	**717**	664
Contract liabilities, current	**2,696**	2,662
Contract liabilities, noncurrent (included within Other long-term liabilities)	**48**	52
Total contract liabilities	**2,744**	2,714
Net contract liabilities	**$ 2,027**	$ 2,050

Contract assets increased by $ 53 million during 2023 as a result of the progression of current contracts and timing of billing on customer contracts. Contract liabilities increased by $ 30 million during 2023, primarily due to billings on contracts in excess of revenue earned.

During 2023, 2022 and 2021, we recognized revenue of approximately $ 2.0 billion each year related to the contract liabilities as of January 1, 2023, 2022, and 2021, respectively.

Note 5: Accounts Receivable, Net

Accounts receivable, net consisted of the following as of December 31:

(dollars in millions)	2023	2022
Trade receivables	**$ 3,390**	$ 3,231
Unbilled receivables	**119**	103
Miscellaneous receivables	**96**	91
Customer financing notes receivable	**63**	84
	3,668	3,509
Less: allowance for expected credit losses	**(130)**	(152)
Accounts receivable, net	**$ 3,538**	$ 3,357

Credit Losses. We are exposed to credit losses primarily through our net sales of products and services to our customers which are recorded as Accounts Receivable, net on the Consolidated Balance Sheets. We evaluate each customer's ability to pay through assessing customer creditworthiness, historical experience and current economic conditions through a reasonable forecast period. Factors considered in our evaluation of assessing collectability and risk include: underlying value of any collateral or security interests, significant past due balances, historical losses and existing economic conditions including country and political risk. There can be no assurance that actual results will not differ from estimates or that consideration of these factors in the future will not result in an increase or decrease to the allowance for credit losses. We may require collateral or prepayment to mitigate credit risk.

We estimate expected credit losses of financial assets with similar risk characteristics. We determine an asset is impaired when our assessment identifies there is a risk that we will be unable to collect amounts due according to the contractual terms of the agreement. We monitor our ongoing credit exposure through reviews of customer balances against contract terms and due dates, current economic conditions and dispute resolution. Estimated credit losses are written off in the period in which the financial asset is no longer collectible.

The changes in allowance for credit losses related to Accounts receivable, net for 2023, 2022 and 2021 are as follows:

(dollars in millions)	2023	2022	2021
Balance as of January 1	**$ 152**	$ 175	$ 161
Provision for expected credit losses	**29**	5	37
Write-offs charged against the allowance for expected credit losses	**(48)**	(22)	(15)
Foreign exchange and other	**(3)**	(6)	(8)
Balance as of December 31	**$ 130**	$ 152	$ 175

Note 6: Inventories

Inventories consisted of the following as of December 31:

(dollars in millions)	2023	2022
Raw materials and work-in-process	**$ 154**	$ 166
Finished goods	**458**	451
Total	**$ 612**	$ 617

Raw materials and work-in-process and finished goods are net of valuation write-downs of $ 87 million and $ 96 million as of December 31, 2023 and 2022, respectively.

Note 7: Fixed Assets

Fixed assets consisted of the following as of December 31:

(dollars in millions)	Estimated Useful Lives	2023	2022
Land		**$ 40**	$ 39
Buildings and improvements	20 - 40 Years	**543**	538
Machinery and equipment	3 - 12 Years	**1,270**	1,196
Assets under construction		**106**	97
		1,959	1,870
Less: Accumulated depreciation		**(1,232)**	(1,151)
		$ 727	$ 719

Depreciation expense was $ 126 million, $ 118 million and $ 116 million in 2023, 2022 and 2021, respectively.

Note 8: Business Acquisitions, Dispositions, Goodwill and Intangible Assets

Business Acquisitions. Our acquisitions of businesses and intangible assets, net of cash, totaled $ 36 million, $ 46 million and $ 80 million (including debt assumed) in 2023, 2022 and 2021, respectively, and were primarily in our Service segment. Transaction costs incurred were not considered significant.

Goodwill. Changes in our Goodwill balances in 2023 were as follows:

(dollars in millions)	Balance as of December 31, 2022	Goodwill Resulting From Business Combinations	Foreign Currency Translation and Other	Balance as of December 31, 2023
New Equipment	**$ 292**	**$ —**	**$ 3**	**$ 295**
Service	**1,275**	**7**	**11**	**1,293**
Total	**$ 1,567**	**$ 7**	**$ 14**	**$ 1,588**

Changes in our Goodwill balances in 2022 were as follows:

(dollars in millions)	Balance as of December 31, 2021	Goodwill Resulting From Business Combinations	Business Disposals [1]	Foreign Currency Translation and Other	Balance as of December 31, 2022
New Equipment	$ 336	$ —	$ (26)	$ (18)	$ 292
Service	1,331	18	(3)	(71)	1,275
Total	$ 1,667	$ 18	$ (29)	$ (89)	$ 1,567

[1] The sale of our Russia business included $ 29 million of goodwill. For additional information, refer to the subheading "Disposals and Held for Sale Assets and Liabilities" below.

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

	2023		2022	
(dollars in millions)	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortized:				
Purchased service portfolios	**$ 1,989**	**$ (1,679)**	$ 1,939	$ (1,599)
Patents, trademarks/trade names	**20**	**(16)**	20	(16)
Customer relationships and other	**56**	**(42)**	61	(42)
	2,065	**(1,737)**	2,020	(1,657)
Unamortized:				
Trademarks and other	**7**	**—**	6	—
Total	**$ 2,072**	**$ (1,737)**	$ 2,026	$ (1,657)

Amortization of intangible assets was $ 67 million, $ 73 million and $ 87 million in 2023, 2022 and 2021, respectively. Excluding the impact of currency translation adjustments, there were no other significant changes in our Intangible Assets during 2023, 2022 and 2021.

The estimated future amortization of intangible assets over the next five years is as follows:

(dollars in millions)	2024	2025	2026	2027	2028
Future amortization	$ 61	$ 55	$ 40	$ 34	$ 27

Disposals and Held for Sale Assets and Liabilities. As of December 31, 2023 and 2022, assets held for sale were $ 11 million and $ 9 million respectively, and are included in Other current assets in the Consolidated Balance Sheets.

On July 27, 2022, we sold our business in Russia to a third party. The Company recorded the loss on sale and related charges of $ 21 million in 2022 in Other expense (income), net in the Consolidated Statements of Operations.

Note 9: Borrowings and Lines of Credit

Short-term borrowings consisted of the following as of December 31:

(dollars in millions)	2023	2022
Commercial paper	**$ —**	$ 94
Other borrowings	**32**	45
Total short-term borrowings	**$ 32**	$ 139

Commercial Paper. As of December 31, 2023, there were no borrowings outstanding under the Company's $ 1.5 billion unsecured, unsubordinated commercial paper programs. We use our commercial paper borrowings for general corporate purposes including to finance acquisitions, pay dividends, repurchase shares and for debt refinancing. The need for commercial paper borrowings may arise if the use of domestic cash for general corporate purposes exceeds the sum of domestic cash generation and foreign cash repatriated to the U.S.

Long-Term Debt. As of December 31, 2023, we have a credit agreement ("Credit Agreement") with various banks providing for a $ 1.5 billion unsecured, unsubordinated five-year revolving credit facility, effective March 10, 2023, with an interest rate on US dollar denominated borrowings at Otis' option of the Term Secured Overnight Financing Rate ("SOFR") plus 0.10 % or a base rate, and an interest rate on Euro denominated borrowings at Otis' option of the EURIBO rate or a daily simple Euro Short Term Rate ("ESTR"), plus, in each case, an applicable margin. The applicable margin initially is 1.25 % for Term SOFR rate, EURIBO rate and daily simple ESTR rate borrowings, and 0.25 % for base rate borrowings, and can fluctuate determined by reference to Otis' public debt ratings, as specified in the Credit Agreement. As of December 31, 2023, there were no borrowings under the revolving credit facility. The undrawn portion of the revolving credit facility serves as a backstop for the issuance of commercial paper. On March 10, 2023, we terminated all commitments outstanding under the previous credit agreement, which was scheduled to expire on April 3, 2025.

On March 11, 2021, we issued ¥ 21.5 billion Japanese Yen denominated ($ 199 million), unsecured, unsubordinated 5-year notes due March 2026 (the "Yen Notes"). The net proceeds of the Yen Notes were used to fund a portion of the repayment of our outstanding commercial paper. The Yen Notes qualify as a net investment hedge against our investments in Japanese businesses. As of December 31, 2023, the net investment hedge is deemed to be effective. Refer to Note 17, "Financial Instruments" for further details on net investment hedges.

On September 22, 2021, we entered into a € 1.65 billion bridge loan credit agreement (the "Bridge Credit Facility") and related guarantees in connection with the Tender Offer, which was intended to be drawn only to the extent we did not obtain permanent debt financing prior to the settlement date of the Tender Offer. On November 12, 2021, we issued € 1.6 billion Euro denominated ($ 1.8 billion), unsecured, unsubordinated notes (the "Euro Notes"). The net proceeds of the Euro Notes were used to fund the Tender Offer. Upon issuing the Euro Notes, the Bridge Credit Facility and related guarantees were terminated.

On August 16, 2023, we issued $ 750 million unsecured, unsubordinated five-year notes due August 16, 2028 (the "Notes") with an interest rate of 5.25 %. The net proceeds of the Notes were used to fund the repayment of our outstanding commercial paper borrowings and to fund the repayment at maturity of the € 500 million 0.000 % Euro Notes due November 12, 2023, with the remainder used for other general corporate purposes.

Our revolving credit agreement and indentures contain affirmative and negative covenants customary for financings of these types that, among other things, limit the Company's and its subsidiaries' ability to incur additional liens, to make certain fundamental changes and to enter into sale and leaseback transactions. In addition, the revolving credit agreement requires that we maintain a maximum consolidated leverage ratio, as defined in the agreement. The revolving credit agreement and indentures also contain events of default customary for financings of these types. The Company is in compliance with all covenants in the revolving credit agreement and the indentures governing all notes as of December 31, 2023.

Long-term debt, including current portion, consisted of the following as of December 31:

(dollars in millions)	2023	2022
0.000 % notes due 2023 (€ 500 million principal value)	**$ —**	$ 531
2.056 % notes due 2025	**1,300**	1,300
0.37 % notes due 2026 (¥ 21.5 billion principal value)	**150**	163
0.318 % notes due 2026 (€ 600 million principal value)	**658**	638
2.293 % notes due 2027	**500**	500
5.25 % notes due 2028	**750**	—
2.565 % notes due 2030	**1,500**	1,500
0.934 % notes due 2031 (€ 500 million principal value)	**548**	531
3.112 % notes due 2040	**750**	750
3.362 % notes due 2050	**750**	750
Other (including finance leases)	**4**	8
Total principal long-term debt	**6,910**	6,671
Other (discounts and debt issuance costs)	**(44)**	(42)
Total long-term debt	**6,866**	6,629
Less: current portion	**—**	531
Long-term debt, net of current portion	**$ 6,866**	$ 6,098

We may redeem any series of notes at our option pursuant to certain terms.

Debt discounts and debt issuance costs are presented as a re duction of debt on the Consolidated Balance Sheets and are amortized as a component of interest expense over the term of the related debt using the effective interest method. The Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021 reflects the following:

(dollars in millions)	2023	2022	2021
Debt issuance costs amortization	**$ 7**	$ 8	$ 6
Total interest expense on debt	**155**	140	136

The unamortized debt issuance costs as of December 31, 2023 and 2022 were $ 42 million, respectively. In addition to interest on debt, Interest expense (income), net on the Consolidated Statements of Operations in 2021 includes the write-off of $ 11 million in financing costs associated with a Bridge Credit Facility for the Tender Offer and related guarantees that were terminated.

The average maturity of our long-term debt as of December 31, 2023 is approximately 7.9 years. The average interest expense rate on our borrowings as of December 31, 2023 and 2022 was as follows:

	December 31,	
	2023	2022
Short-term commercial paper	**— %**	4.7 %
Total long-term debt	**2.5 %**	2.0 %

The average interest expense rate on our borrowings for 2023, 2022 and 2021 was as follows:

	2023	2022	2021
Short-term commercial paper	**5.1 %**	2.3 %	(0.3)%
Total long-term debt	**2.1 %**	2.0 %	2.3 %

The schedule of principal payments required on long-term debt, excluding finance leases, for the next five years and thereafter is:

(dollars in millions)	Principal Payments
2024	$ —
2025	1,300
2026	808
2027	500
2028	750
Thereafter	3,548
Total	$ 6,906

Note 10: Accrued Liabilities

Accrued liabilities consisted of the following as of December 31:

(dollars in millions)	2023	2022
Accrued salaries, wages and employee benefits	**$ 592**	$ 555
Accrued interest	**205**	198
Accrued income taxes payable	**141**	103
Operating lease liabilities	**117**	127
VAT and other non-income tax payables	**116**	112
Other liabilities	**702**	699
Total	**$ 1,873**	$ 1,794

Accrued interest primarily consists of interest accrued for uncertain tax positions and the German tax litigation as described in Note 21, "Contingent Liabilities", as well as $ 58 million and $ 43 million of interest accrued for borrowings as of December 31, 2023 and 2022, respectively, as described in Note 9, "Borrowings and Lines of Credit".

Note 11: Other Long-Term Liabilities

Other long-term liabilities consisted of the following as of December 31:

(dollars in millions)	2023	2022
Contractual indemnity obligation	**$ 149**	$ 203
General, product and auto liability	**139**	150
Employee benefits	**95**	91
Other liabilities	**110**	112
Total	**$ 493**	$ 556

The Contractual indemnity obligation consists of a payable to RTX, resulting from the TMA. See Note 2, "Summary of Significant Accounting Policies" for further details.

Note 12: Employee Benefit Plans

The Company sponsors numerous single-employer domestic and foreign employee benefit plans.

Employee Savings Plans. We sponsor various employee savings plans. Our contributions to employer-sponsored defined contribution plans were $ 65 million, $ 64 million and $ 62 million for 2023, 2022, and 2021, respectively.

Pension Plans. We sponsor both funded and unfunded domestic and foreign defined benefit pension plans that cover a large number of our employees. While we sponsor domestic pension plans that provide retirement benefits to certain employees, they are not a material component of the projected benefit obligation. Our plans use a December 31 measurement date consistent with our fiscal year.

(dollars in millions)	2023	2022
Change in benefit obligation:		
Beginning balance	**$ 853**	$ 1,126
Service cost	**29**	39
Interest cost	**33**	16
Actuarial (gain) loss	**75**	(216)
Benefits paid	**(35)**	(30)
Net settlement, curtailment and special termination benefits	**(21)**	(29)
Other	**23**	(53)
Ending balance	**$ 957**	$ 853
Change in plan assets:		
Beginning balance	**$ 589**	$ 690
Actual return on plan assets	**13**	(46)
Employer contributions	**48**	33
Benefits paid	**(35)**	(30)
Settlements	**(21)**	(29)
Other	**15**	(29)
Ending balance	**$ 609**	$ 589
Funded status:		
Fair value of plan assets	**$ 609**	$ 589
Benefit obligations	**(957)**	(853)
Funded status of plan	**$ (348)**	$ (264)
Amounts recognized in the Consolidated Balance Sheets consist of:		
Noncurrent assets	**$ 98**	$ 116
Current liability	**(23)**	(23)
Noncurrent liability	**(423)**	(357)
Net amount recognized	**$ (348)**	$ (264)
Amounts recognized in Accumulated other comprehensive loss consist of:		
Net actuarial loss	**$ 103**	$ 12
Prior service cost	**1**	1
Net amount recognized	**$ 104**	$ 13

The amounts included in "actuarial (gain) loss" in the above table are primarily due to changes in discount rate assumptions driven by changes in corporate bond yields. The amounts included in “Other” in the above table primarily reflect the impact of foreign exchange translation, primarily for plans in Australia, Canada, France, Germany, Japan, South Korea, Spain and Switzerland.

In 2023, 2022 and 2021 we made cash contributions to our defined benefit pension plans of $ 48 million, $ 33 million and $ 37 million, respectively.

Information for pension plans with accumulated benefit obligations or projected benefit obligations in excess of plan assets:

(dollars in millions)	2023	2022
Pension plans with accumulated benefit obligations in excess of plan assets:		
Projected benefit obligation	**$ 628**	$ 402
Accumulated benefit obligation	**555**	357
Fair value of plan assets	**192**	31
Pension plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	**$ 704**	$ 594
Accumulated benefit obligation	**605**	522
Fair value of plan assets	**257**	214

The accumulated benefit obligation for all defined benefit pension plans was approximately $ 0.8 billion as of December 31, 2023, and 2022, respectively.

The components of the net periodic pension cost are as follows:

(dollars in millions)	2023	2022	2021
Service cost	**$ 29**	$ 39	$ 43
Interest cost	**33**	16	13
Expected return on plan assets	**(31)**	(25)	(23)
Recognized actuarial net loss	**(1)**	10	18
Net settlement, curtailment and special termination benefits loss (gain)	**4**	—	2
Net periodic pension cost – employer	**$ 34**	$ 40	$ 53

Other changes in plan assets and benefit obligations recognized in other comprehensive loss are as follows:

(dollars in millions)	2023	2022	2021
Current year actuarial (gain) loss	**$ 93**	$ (144)	$ (70)
Amortization of actuarial gain (loss)	**1**	(10)	(18)
Net settlement and curtailment (loss) gain	**(4)**	—	(2)
Other	**1**	(11)	(11)
Total recognized in other comprehensive (income) loss	**$ 91**	$ (165)	$ (101)
Net recognized in net periodic pension cost and other comprehensive (income) loss	**$ 125**	$ (125)	$ (48)

The amounts included in “Other” in the above table primarily reflect the impact of foreign exchange translation, primarily for plans in Canada, France, Germany, Switzerland, and Turkey.

Major assumptions used in determining the benefit obligation and net cost for pension plans are presented in the following table as weighted-averages:

	Benefit Obligation		Net Cost		
	2023	2022	2023	2022	2021
Discount rate	**3.4 %**	3.8 %	**3.8 %**	1.5 %	1.1 %
Salary scale	**3.2 %**	3.1 %	**3.1 %**	3.0 %	3.0 %
Expected return on plan assets	**—**	—	**5.1 %**	4.2 %	3.6 %
Interest crediting rate	**1.7 %**	2.1 %	**2.1 %**	1.2 %	0.6 %

The weighted-average discount rates used to measure pension benefit obligations and net costs are set by reference to specific analyses using each plan's specific cash flows and then compared to high-quality bond indices for reasonableness.

In determining the expected return on plan assets, we consider the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes, and economic and other indicators of future performance. In addition, we may consult with, and consider the opinions of, financial and other professionals in developing appropriate capital market assumptions. Return projections are also validated using a simulation model that incorporates yield curves, credit spreads and risk premiums to project long-term prospective returns.

The plans' investment management objectives include providing the liquidity and asset levels needed to meet current and future benefit payments, while maintaining a prudent degree of portfolio diversification considering interest rate risk and market volatility. Globally, investment strategies target a mix of approximately 50% of growth-seeking assets and 50% of income-generating and hedging assets using a wide diversification of asset types, fund strategies and investment managers. The growth seeking allocation consists of global public equities in developed and emerging countries, and alternative-asset class strategies. Within the income-generating assets, the fixed income portfolio consists of mainly government and broadly diversified high-quality corporate bonds.

The fair values of pension plan assets as of December 31, 2023 by asset category are as follows:

(dollars in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Subject to Leveling	Total
Asset category					
Public equities:					
Global Equity Commingled Funds [1]	$ 66	$ 2	$ —	$ —	$ 68
Global Equity Funds at net asset value [5]	—	—	—	138	138
Fixed income securities:					
Governments	14	1	—	—	15
Corporate Bonds	42	1	—	—	43
Fixed income securities at net asset value [5]	—	—	—	101	101
Real estate [2] [5]	9	16	—	9	34
Other [3] [5]	5	122	—	27	154
Cash and cash equivalents [4] [5]	15	—	—	40	55
Total	$ 151	$ 142	$ —	$ 315	608
Other assets and liabilities [6]					1
Total as of December 31, 2023					$ 609

[1] Represents investments in mutual funds and investments in commingled funds that invest primarily in common stocks.
[2] Represents investments in real estate including commingled funds.
[3] Represents insurance contracts and global-balanced-risk commingled funds consisting mainly of equity, bonds and some commodities.
[4] Represents short-term commercial paper, bonds and other cash or cash-like instruments.
[5] In accordance with FASB ASU 2015-07, Fair Value Measurement (Topic 820), certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented for the total pension benefits plan assets.
[6] Represents trust receivables and payables that are not leveled.

The fair values of pension plan assets as of December 31, 2022 by asset category are as follows:

(dollars in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Subject to Leveling	Total
Asset category					
Public equities:					
Global Equity Commingled Funds [(1)]	$ 60	$ 2	$ —	$ —	$ 62
Global Equity Funds at net asset value [(5)]	—	—	—	155	155
Fixed income securities:					
Governments	16	—	—	—	16
Corporate Bonds	33	1	—	—	34
Fixed income securities at net asset value [(5)]	—	—	—	99	99
Real estate [(2) (5)]	8	15	—	9	32
Other [(3) (5)]	4	110	—	23	137
Cash and cash equivalents [(4) (5)]	7	4	—	38	49
Total	$ 128	$ 132	$ —	$ 324	$ 584
Other assets and liabilities [(6)]					5
Total as of December 31, 2022					$ 589

(1) Represents investments in mutual funds and investments in commingled funds that invest primarily in common stocks.
(2) Represents investments in real estate including commingled funds.
(3) Represents insurance contracts and global-balanced-risk commingled funds consisting mainly of equity, bonds and some commodities.
(4) Represents short-term commercial paper, bonds and other cash or cash-like instruments.
(5) In accordance with FASB ASU 2015-07, Fair Value Measurement (Topic 820), certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented for the total pension benefits plan assets.
(6) Represents trust receivables and payables that are not leveled.

Quoted market prices are used to value investments when available. Investments in securities traded on exchanges, including listed futures and options, are valued at the last reported sale prices on the last business day of the year or, if not available, the last reported bid prices. Fixed income securities are primarily measured using a market approach pricing methodology, where observable prices are obtained by market transactions involving identical or comparable securities of issuers with similar credit ratings. Over-the-counter securities and government obligations are valued at the bid prices or the average of the bid and ask prices on the last business day of the year from published sources or, if not available, from other sources considered reliable, generally broker quotes. Temporary cash investments are stated at cost, which approximates fair value.

We expect to make total contributions of approximately $ 34 million to our global defined benefit pension plans in 2024, including benefit payments to be paid directly from corporate assets.

Benefit payments, including amounts to be paid from corporate assets, and reflecting expected future service, as appropriate, are expected to be paid as follows: $ 59 million in 2024, $ 62 million in 2025, $ 61 million in 2026, $ 60 million in 2027, $ 60 million in 2028, and $ 300 million from 2029 through 2033.

Postretirement Benefit Plans. We sponsor postretirement benefit plans that provide health benefits to eligible retirees. The postretirement plans are unfunded. The benefit obligation was $ 7 million as of December 31, 2023, and 2022, respectively. The net periodic cost was less than $ 1 million for 2023, 2022 and 2021, respectively. Other comprehensive gains of $ 1 million and $ 2 million were recognized during 2023 and 2022, respectively, related to changes in benefit obligations.

The projected benefit obligation discount rate was 7.2 % and 7.0 % as of December 31, 2023 and 2022, respectively. The Net Cost discount rate was 7.0 %, 5.0 % and 4.3 % for 2023, 2022 and 2021, respectively.

Benefit payments, including amounts to be paid from corporate assets, and reflecting expected future service, as appropriate, are expected to be paid as follows: $ 1 million each year from 2024 through 2028, and $ 3 million from 2029 through 2033.

Multiemployer Benefit Plans. We contribute to various domestic and international multiemployer defined benefit pension plans. The risks of participating in these multiemployer plans are different from single-employer plans in that assets contributed are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Lastly, if we choose to stop participating in some of our multiemployer plans, we may be required to pay those plans a withdrawal liability based on the underfunded status of the plan.

Our participation in these plans for the annual periods ended December 31 is outlined in the table below. Unless otherwise noted, the most recent Pension Protection Act (“PPA”) zone status available in 2023 and 2022 is for the plan’s year-end at June 30, 2022 and June 30, 2021, respectively. The zone status is based on information that we received from the plan and is certified by the plan’s actuary. Our significant plan is in the green zone which represents a plan that is at least 80% funded and does not require a financial improvement plan (“FIP”) or a rehabilitation plan (“RP”).

(dollars in millions)		PPA Zone Status		FIP/RP Status	Contributions				Expiration Date of Collective-Bargaining Agreement
Pension Fund	EIN/Pension Plan Number	2023	2022	Pending/Implemented	2023	2022	2021	Surcharge Imposed	
National Elevator Industry Pension Plan	23-2694291	**Green**	Green	No	**$ 128**	$ 112	$ 128	No	7/8/2027
Other funds					**9**	8	8		
Total					**$ 137**	$ 120	$ 136		

For the plan years ended June 30, 2022 and 2021, respectively, we were listed in the National Elevator Industry Pension Plan’s Forms 5500 as providing more than 5% of the total contributions for the plan. At the date these financial statements were issued, the Form 5500 was not available for the plan year ending June 30, 2023.

In addition, we participate in multiemployer arrangements that provide postretirement benefits other than pensions, with the National Elevator Industry Health Benefit Plan being the most significant. These arrangements generally provide medical and life benefits for eligible active employees and retirees and their dependents. Contributions to multiemployer plans that provide postretirement benefits other than pensions were $ 20 million, $ 17 million and $ 20 million for 2023, 2022 and 2021, respectively.

Stock-Based Compensation. The Company adopted the 2020 Long-Term Incentive Plan (the "Plan") effective on April 3, 2020. A total of 45 million shares of common stock are authorized under the Plan. The Plan provides for the grant of various types of awards including restricted share unit awards, stock appreciation rights, stock options, and performance-based awards. Under the Plan, the exercise price of awards, if any, is set on the grant date and may not be less than the fair market value per share on that date. Generally, stock appreciation rights and stock options have a term of ten years and a three-year vesting period, subject to limited exceptions. In the event of retirement, annual stock appreciation rights, stock options, and restricted share units held for more than one year may become vested and exercisable (if applicable), subject to certain terms and conditions. Awards with performance-based vesting generally have a minimum three-year vesting period and vest based on actual performance against pre-established metrics. In the event of retirement, performance-based awards held for more than one year generally remain eligible to vest based on actual performance relative to target metrics. All other restricted awards generally have a three-year vesting period. We currently intend to issue new shares for share option exercises and conversions under our equity compensation arrangements, and will continue to evaluate this policy in connection with our share repurchase program. As of December 31, 2023, approximately 22 million shares remain available for awards under the 2020 Plan.

Stock-based Compensation Expense

We measure the cost of all share-based payments, including stock options, at fair value on the grant date and recognize this cost in the Consolidated Statements of Operations. A forfeiture rate assumption is applied on grant date to adjust the expense recognition for awards that are not expected to vest.

Stock-based compensation expense, net of estimated forfeitures, is primarily reflected in Selling, General and administrative expenses in the Consolidated Statements of Operations, in addition to Cost of products sold, Cost of services sold and Research and development.

Stock-based compensation expense and the resulting tax benefits were as follows:

	Year Ended		
(dollars in millions)	**2023**	**2022**	**2021**
Stock-based compensation expense (Share Based)	**$ 64**	$ 67	$ 65
Stock-based compensation expense (income) (Liability Awards)	**—**	(1)	2
Total gross stock-based compensation expense	**64**	66	67
Less: Future tax benefit	**(7)**	(8)	(8)
Stock-based compensation expense, net of tax	**$ 57**	$ 58	$ 59

For the years ended December 31, 2023, 2022 and 2021, the amount of cash received from the exercise of stock options was $ 6 million, $ 5 million and $ 4 million, respectively, with an associated tax benefit realized of $ 6 million, $ 2 million and $ 4 million, respectively. In addition, for the years ended December 31, 2023, 2022 and 2021, the associated tax benefit realized from the vesting of performance share units and other restricted awards was $ 9 million, $ 7 million and $ 4 million, respectively. The tax benefit was computed using current U.S. federal and state taxes rates applicable in 2023, 2022 and 2021.

As of December 31, 2023, there was approximately $ 71 million of total unrecognized compensation cost related to non-vested equity awards granted under the Plan. This cost is expected to be recognized ratably over a weighted-average period of 1.9 years.

A summary of the activity under Otis' plans for the year ended December 31, 2023 follows:

	Stock Appreciation Rights		Restricted Share Units		Performance Share Units		Stock Options	
(shares in thousands)	**Shares**	**Average Price***	**Shares**	**Average Price****	**Shares**	**Average Price ****	**Shares**	**Average Price ***
Outstanding at:								
December 31, 2022	9,837	$ 65.18	1,292	$ 68.07	571	$ 75.93	290	$ 61.10
Granted [(1)]	672	83.43	543	82.56	341	88.37	5	83.63
Exercised / Earned [(1)]	(2,619)	62.09	(893)	66.11	—	—	(106)	58.81
Cancelled	(149)	78.49	(80)	76.23	(68)	84.13	(1)	50.40
December 31, 2023	7,741	$ 67.55	862	$ 78.60	844	$ 80.30	188	$ 62.94

* Weighted-average grant price
** Weighted-average grant fair value
(1) Includes annual retainer awards issued to the Board of Directors

The weighted-average grant date fair value of stock options and stock appreciation rights granted by Otis, during 2023, 2022 and 2021 was $ 24.67 , $ 20.14 and $ 14.83 , respectively. The weighted-average grant date fair value of performance share units, which vest upon achieving certain performance metrics, and other restricted stock awards granted by Otis during 2023, 2022 and 2021 was $ 84.88 , $ 81.67 and $ 68.22 , respectively. The total intrinsic value (which is the amount by which the stock price exceeded the exercise price on the date of exercise) of stock options and stock appreciation rights exercised during 2023, 2022 and 2021 was $ 65 million, $ 35 million and $ 74 million, respectively. The total fair value (which is the stock price at vesting) of performance share units and other restricted awards vested was $ 75 million, $ 53 million and $ 32 million during the years ended December 31, 2023, 2022 and 2021, respectively.

The following table summarizes information about equity awards outstanding that are vested and expected to vest and equity awards outstanding that are exercisable as of December 31, 2023:

	Equity Awards Vested and Expected to Vest				Equity Awards That Are Exercisable			
(shares in thousands; aggregate intrinsic value in millions)	Awards	Average Price *	Aggregate Intrinsic Value	Remaining Term **	Awards	Average Price *	Aggregate Intrinsic Value	Remaining Term **
Stock Options/Stock Appreciation Rights	**7,903**	**$ 67.39**	**$ 174**	**5.0 years**	**6,761**	**$ 65.37**	**$ 163**	**4.4 years**
Performance Share Units/Restricted Stock	**1,658**	**—**	**$ 148**	**1.1 years**	**—**	**—**	**—**	**—**

* Weighted-average grant price per share
** Weighted-average contractual remaining term in years

The fair value of each option award is estimated on the date of grant using a Binomial Lattice model. The following table indicates the assumptions used in estimating fair value for the years ended December 31, 2023, 2022 and 2021. Lattice-based option models incorporate ranges of assumptions for inputs; those ranges are as follows:

	2023	2022	2021
Expected volatility	**27.8 % - 28.1 %**	26.7 % - 27.7 %	26.9 %
Weighted-average volatility	**27.9 %**	26.8 %	26.9 %
Expected term (in years)	**6.2**	6.2	6.3
Expected dividend yield	**1.5 %**	1.2 %	1.3 %
Risk-free rate	**3.4 % - 4.7 %**	0.0 % - 4.1 %	0.7 %

In 2023, the expected volatility for Otis was calculated using a blend of Otis and peer-group stock volatility. Prior to 2023, we assessed the trading history of Otis' stock at the time of the valuations and determined that the trading history was not sufficient to support the award valuation, given the length of the expected term. Therefore, the expected volatility prior to 2023 for Otis was calculated based on the average of the volatility of the peer group within the industry. The estimate for equity award exercise and employee termination behavior within the valuation model incorporates Otis employee data from prior to the Separation. The expected term represents an estimate of the period of time equity awards are expected to remain outstanding. The risk-free rate is based on the term structure of interest rates at the time of equity award grant.

The Company uses a Monte Carlo simulation approach based on a three-year measurement period to determine fair value of performance share units. This approach includes the use of assumptions regarding the future performance of the Company’s stock and those of a peer group. Those assumptions include expected volatility, risk-free interest rates, correlations and dividend yield.

Note 13: Stock

Preferred Stock. There are 125 million shares of $ 0.01 par value authorized Preferred Stock, of which none were issued or outstanding as of December 31, 2023 or 2022.

Common Stock. There are 2 billion shares of $ 0.01 par value Common Stock authorized. As of December 31, 2023 and 2022, 437.0 million and 435.6 million shares of Common Stock were issued, respectively, which includes 30.4 million and 20.8 million shares of treasury stock, respectively.

Treasury Stock. As of December 31, 2023, the Company was authorized by the Board of Directors to purchase up to $ 2.0 billion of Common Stock under a share repurchase program, of which approximately $ 1.2 billion was remaining at such time.

During 2023, 2022 and 2021, the Company repurchased 9.6 million, 11.1 million and 9.7 million shares of Common Stock, respectively, for approximately $ 800 million, $ 850 million and $ 725 million, respectively. Beginning January 1, 2023, share repurchases in excess of issuances are subject to a 1 % excise tax, which is included as part of the cost basis of the shares acquired in Treasury Stock on the Consolidated Balance Sheets as of December 31, 2023.

The Company's share repurchase program does not obligate it to acquire any specific number of shares. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs or under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended.

Note 14: Accumulated Other Comprehensive Income (Loss)

A summary of the changes in each component of Accumulated other comprehensive income (loss), net of tax, for the years ended December 31, 2023, 2022 and 2021 is provided below:

(dollars in millions)	Foreign Currency Translation	Defined Benefit Pension and Postretirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2020	$ (616)	$ (203)	$ 4	$ (815)
Other comprehensive income (loss) before reclassifications, net	(26)	62	(1)	35
Amounts reclassified, pre-tax	—	18	4	22
Tax expense (benefit) reclassified	—	(5)	—	(5)
Balance as of December 31, 2021	$ (642)	$ (128)	$ 7	$ (763)
Other comprehensive income (loss) before reclassifications, net	47	113	(3)	157
Amounts reclassified upon change in Otis' share of Zardoya Otis ownership (Note 1)	(69)	—	—	(69)
Amounts reclassified, pre-tax	77	10	(1)	86
Tax expense (benefit) reclassified	—	(3)	—	(3)
Balance as of December 31, 2022	$ (587)	$ (8)	$ 3	$ (592)
Other comprehensive income (loss) before reclassifications, net	**(87)**	**(69)**	**6**	**(150)**
Amounts reclassified, pre-tax	**1**	**(1)**	**(8)**	**(8)**
Tax expense (benefit) reclassified	**—**	**—**	**—**	**—**
Balance as of December 31, 2023	**$ (673)**	**$ (78)**	**$ 1**	**$ (750)**

Amounts reclassified that relate to defined benefit pension and postretirement plans include amortization of prior service costs and actuarial net losses recognized during each period presented. These costs are recorded as components of net periodic pension cost for each period presented. See Note 12, "Employee Benefit Plans" for additional information.

Amounts reclassified that relate to foreign currency translation are related to our Russia business sold during 2022. See Note 8, "Business Acquisitions, Dispositions, Goodwill and Intangible Assets" for additional information regarding the sale of our Russia business.

Note 15: Income Taxes

Income Before Income Taxes. The sources of income from operations before income taxes are:

(dollars in millions)	2023	2022	2021
United States	**$ 565**	$ 484	$ 420
Foreign	**1,466**	1,404	1,541
Net income before income taxes	**$ 2,031**	$ 1,888	$ 1,961

As a result of the TCJA the Company determined it no longer intends to reinvest certain undistributed earnings of its international subsidiaries that have been previously taxed in the U.S. As such, Otis recorded the international taxes associated with the future remittance of these earnings as part of the Separation from UTC. As a result of changes in planned debt repayments and in estimates related to Otis' pre-Separation tax attributes, the Company recognized a $ 16 million benefit during the year ended December 31, 2021, which represented a reduction in the tax liability associated with the unremitted earnings. For the remainder of the Company's undistributed international earnings, unless tax effective to repatriate, Otis will continue to permanently reinvest these earnings. As of December 31, 2023, such undistributed earnings were approximately $ 6.1 billion, excluding other comprehensive income amounts. It is not practicable to estimate the amount of tax that might be payable on the remaining amounts.

Provision for Income Taxes. The income tax expense (benefit) for the years ended December 31, 2023, 2022 and 2021 consisted of the following components:

(dollars in millions)	2023	2022	2021
Current:			
United States:			
Federal	**$ 82**	$ 68	$ 77
State	**50**	43	32
Foreign	**462**	424	524
	594	535	633
Future:			
United States:			
Federal	**(24)**	(4)	(13)
State	**(5)**	(1)	(6)
Foreign	**(32)**	(11)	(73)
	(61)	(16)	(92)
Income tax expense	**$ 533**	$ 519	$ 541
Attributable to items (charged) credited to (deficit) equity	**$ 16**	$ (50)	$ (25)

Reconciliation of Effective Income Tax Rate. Differences between effective income tax rates and the statutory U.S. federal income tax rate are as follows:

	2023	2022	2021
Statutory U.S. federal income tax rate	**21.0 %**	21.0 %	21.0 %
State income taxes	**1.8 %**	1.7 %	0.8 %
Tax on international activities	**4.3 %**	4.6 %	4.7 %
U.S. tax effect of foreign earnings	**(0.8)%**	0.3 %	0.5 %
Other	**(0.1)%**	(0.1)%	0.6 %
Effective income tax rate	**26.2 %**	27.5 %	27.6 %

U.S. tax effect of foreign earnings includes Base Erosion Anti Abuse Tax ("BEAT"), Foreign-Derived Intangible Income ("FDII"), Global Intangible Low-Taxed Income ("GILTI"), and Subpart F Income.

The 2023, 2022 and 2021 effective tax rates are higher than the statutory U.S. rate primarily due to higher international tax rates as co mpared to the lower U.S. federal statutory rate.

The 2023 effective tax rate is lower than the 2022 effective tax rate primarily due to the absence of the tax impact related to the sale of our Russia business recorded in the year ended December 31, 2022, as well as the release of valuation allowances on non-U.S. losses and U.S. foreign tax credits, reduction in the deferred tax liability related to lower withholding tax on repatriation of certain foreign earnings, and reversal of tax reserves related to the U.S. foreign tax credit regulations, all recorded in the year ended December 31, 2023.

The 2022 effective tax rate is lower than the 2021 effective tax rate primarily due to the elimination of BEAT in the U.S., and the release of a tax reserve related to a forward transfer pricing agreement with a European tax authority. This is partially offset by the absence of a reduction in the deferred tax liability related to repatriation of foreign earnings recorded in the year ended December 31, 2021, and the absence of a favorable income tax settlement related to the Separation recorded in the year ended December 31, 2021.

Deferred Tax Assets and Liabilities. Future income taxes represent the tax effects of transactions which are reported in different periods for tax and financial reporting purposes. These amounts consist of the tax effects of temporary differences between the tax and financial reporting balance sheets and tax carryforwards. Future income tax benefits and obligations within the same tax paying component of a particular jurisdiction are offset for presentation in the Consolidated Balance Sheets.

The tax effects of temporary differences and tax carryforwards which gave rise to future income tax benefits and obligations as of December 31, 2023 and 2022 are as follows:

(dollars in millions)	**2023**	**2022**
Future income tax benefits:		
Insurance and employee benefits	**$ 118**	$ 104
Other asset basis differences	**115**	125
Other liability basis differences	**358**	352
Tax loss carryforwards	**208**	191
Tax credit carryforwards	**58**	56
Valuation allowances	**(239)**	(240)
Total future income tax benefits	**$ 618**	$ 588
Future income tax obligations:		
Intangible assets	**$ 145**	$ 152
Other assets basis differences	**258**	294
Total future income tax obligations	**$ 403**	$ 446

Valuation allowances have been established primarily for tax credit carryforwards, tax loss carryforwards, and certain foreign temporary differences to reduce the future income tax benefits to expected realizable amounts.

Tax Credit and Loss Carryforwards. As of December 31, 2023, tax credit carryforwards, principally federal and state, and tax loss carryforwards, principally foreign, were as follows:

(dollars in millions)	**Tax Credit Carryforwards**	**Tax Loss Carryforwards**
Expiration period:		
2024-2028	**$ —**	**$ 46**
2029-2033	**25**	**9**
2034-2043	**2**	**54**
Indefinite	**31**	**735**
Total	**$ 58**	**$ 844**

Unrecognized Tax Benefits. As of December 31, 2023, the Company had gross tax-effected unrecognized tax benefits of $ 394 million, all of which, if recognized, would impact the effective tax rate. A reconciliation of the beginning and ending amounts of unrecognized tax benefits and interest expense related to unrecognized tax benefits for the years ended December 31, 2023, 2022 and 2021 is as follows:

(dollars in millions)	2023	2022	2021
Balance at January 1	**$ 386**	$ 392	$ 397
Additions for tax positions related to the current year	**10**	25	23
Additions for tax positions of prior years	**7**	3	1
Reductions for tax positions of prior years	**(8)**	(32)	(22)
Settlements	**(1)**	(2)	(7)
Balance at December 31	**$ 394**	$ 386	$ 392
Gross interest expense related to unrecognized tax benefits	**$ 6**	$ 2	$ 2
Total accrued interest balance at December 31	**$ 148**	$ 143	$ 152

Otis conducts business globally and, as a result, Otis or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions.

In the ordinary course of business, Otis could be subject to examination by taxing authorities throughout the world, including such major jurisdictions as Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Japan, Mexico, Netherlands, Portugal, South Korea, Spain, Switzerland, the United Kingdom and the U.S. With a few exceptions, Otis is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2013.

A subsidiary of Otis engaged in tax-related litigation in Belgium received a favorable appellate court decision in 2018. The Belgian tax authorities appealed the decision to the Court of Cassation (the equivalent of the Supreme Court in Belgium). On December 4, 2020, the Court of Cassation overturned the decision of the appellate court and remanded the case to the appellate court for reconsideration. Following a hearing on March 20, 2023, the Antwerp Appellate Court ruled against the Company. Otis has decided not to appeal the decision, which marks the end of this litigation. Otis expects to receive the assessment for tax and interest in 2024. The associated tax and interest have been fully reserved and are included in the range below.

In the ordinary course of business, there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management’s evaluation of the facts, circumstances, and information available at the reporting date. The evaluation considers any additional worldwide uncertain tax positions, the closure of tax statutes or the re-valuation of current uncertain tax positions arising from the issuance of legislation, regulatory or other guidance or developments in examinations, in appeals, or in the courts. Based on the preceding factors, it is reasonably possible that within the next 12 months unrecognized tax benefits could change within the range of a $ 10 million increase to a $ 340 million decrease and associated interest could change within the range of a $ 5 million increase to a $ 145 million decrease.

See Note 21, "Contingent Liabilities" for discussion regarding uncertain tax positions, included in the above range, related to pending litigation with respect to certain deductions claimed in Germany.

Note 16: Restructuring and Transformation Costs

We initiate restructuring actions to keep our cost structure competitive. Charges generally arise from severance related to workforce reductions, an d to a lesser degree, facility exit and lease termination costs associated with the consolidation of office and manufacturing operations.

During the years ended December 31, 2023, 2022 and 2021 , we recorded restructuring costs for new and ongoing restructuring actions, including UpLift actions beginning in 2023, as follows:

(dollars in millions)	2023			2022	2021
	UpLift	Other	Total	Total	Total
New Equipment	**$ 7**	**$ 16**	**$ 23**	$ 23	$ 23
Service	**16**	**26**	**42**	37	33
General Corporate Expenses and Other	**2**	**—**	**2**	—	—
Total	**$ 25**	**$ 42**	**$ 67**	$ 60	$ 56

(dollars in millions)	2023			2022	2021
	UpLift	Other	Total	Total	Total
Cost of products and services sold	**$ —**	**$ 6**	**$ 6**	$ 22	$ 22
Selling, general and administrative	**25**	**36**	**61**	38	34
Total	**$ 25**	**$ 42**	**$ 67**	$ 60	$ 56

UpLift Restructuring Actions and Transformation Costs. During 2023, we announced UpLift to transform our operating model. UpLift will include, among other aspects, the standardization of our processes and improvement of our supply chain procurement, as well as restructuring actions.

UpLift restructuring actions of up to $ 55 million were approved in 2023, which are primarily severance related costs. We expect these actions to be mostly completed and cash to be paid by the end of 2024, with certain payments to be completed in 2025. Expected total costs to incur for the approved actions identified to-date are approximately $ 50 million, including $ 13 million to New Equipment and $ 35 million to Service operating segments, as well as $ 2 million to General corporate expenses and other. Remaining costs to incur for the restructuring actions identified to-date are expected to be $ 25 million, including $ 6 million to New Equipment and $ 19 million to Service operating segments.

In 2023, we incurred $ 16 million of incremental, non-restructuring costs associated with transforming our operating model as a part of UpLift ("UpLift transformation costs"), including consulting and personnel costs, which are recorded in Other income (expense), net in the Consolidated Statements of Operations.

Other Restructuring Actions. The other restructuring action expenses incurred during the years ended December 31, 2023, 2022 and 2021, were primarily the result of restructuring programs initiated during 2023, 2022 and 2021. We are targeting to complete in 2024 the majority of the remaining restructuring actions initiated in 2023 and 2022. Expected total costs to incur for the restructuring actions initiated are $ 128 million, including $ 51 million to New Equipment and $ 77 million to Service operating segments. Remaining costs to incur for the restructuring actions initiated are ex pected to be $ 30 million, including $ 13 million to New Equipment and $ 17 million to Service operating segments.

Restructuring Accruals. The following table summarizes the accrual balance and utilization for the restructuring actions, which are primarily for severance costs:

(dollars in millions)	UpLift Actions	Other Actions	Total Restructuring Actions
Restructuring accruals as of December 31, 2021	$ —	$ 47	$ 47
Net restructuring costs	—	60	60
Utilization, foreign exchange and other costs	—	(66)	(66)
Restructuring accruals as of December 31, 2022	—	41	41
Net restructuring costs	**25**	**42**	**67**
Utilization, foreign exchange and other costs	**(12)**	**(48)**	**(60)**
Restructuring accrual as of December 31, 2023	**$ 13**	**$ 35**	**$ 48**

Note 17: Financial Instruments

We enter into derivative instruments primarily for risk management purposes, including derivatives designated as hedging instruments under ASC 815, *Derivatives and Hedging*. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, commodity prices and foreign exchange rates. These fluctuations can increase the costs of financing, investing in and operating the business. We may use derivative instruments, including swaps, forward contracts and options, to manage certain foreign currency, commodity price and interest rate exposures.

The four-quarter average of the notional amount of foreign exchange contracts hedging foreign currency transactions was approximately $ 4.6 billion and $ 3.9 billion as of December 31, 2023 and 2022, respectively. The four-quarter average of the notional amount of contracts hedging commodity purchases was $ 21 million and $ 20 million as of December 31, 2023 and 2022, respectively.

The following table summarizes the fair value and presentation on the Consolidated Balance Sheets for derivative instruments as of December 31:

(dollars in millions)	Balance Sheet Classification	2023	2022
Derivatives designated as Cash flow hedging instruments:			
	Asset Derivatives:		
Foreign exchange contracts	Other current assets	**$ 2**	$ 3
Commodity contracts	Other current assets	**1**	—
Foreign exchange contracts	Other assets	**2**	2
	Total asset derivatives	**$ 5**	$ 5
	Liability Derivatives:		
Foreign exchange contracts	Accrued liabilities	**$ (4)**	$ (4)
Commodity contracts	Accrued liabilities	**—**	(1)
Foreign exchange contracts	Other long-term liabilities	**(1)**	—
	Total liability derivatives	**$ (5)**	$ (5)
Derivatives not designated as Cash flow hedging instruments:			
	Asset Derivatives:		
Foreign exchange contracts	Other current assets	**$ 20**	$ 25
Foreign exchange contracts	Other assets	**4**	3
	Total asset derivatives	**$ 24**	$ 28
	Liability Derivatives:		
Foreign exchange contracts	Accrued liabilities	**$ (34)**	$ (20)
Commodity contracts	Accrued liabilities	**—**	(4)
Foreign exchange contracts	Other long-term liabilities	**(7)**	(2)
	Total liability derivatives	**$ (41)**	$ (26)

Derivatives designated as Cash flow hedging instruments. The amount of gain or (loss) attributable to foreign exchange and commodity contract activity reclassified from Accumulated other comprehensive income (loss) was immaterial for the years ended December 31, 2023, 2022 and 2021, respectively.

The effect of cash flow hedging relationships on Accumulated other comprehensive income (loss) as of December 31, 2023 and 2022 are presented in the table below:

	December 31,	
(dollars in millions)	2023	2022
Gain (loss) recorded in Accumulated other comprehensive income (loss)	**$ 1**	$ 3

The Company utilizes the critical terms match method in assessing firm commitment derivatives and regression testing in assessing commodity derivatives for hedge effectiveness. Accordingly, the hedged items and derivatives designated as hedging instruments are highly effective.

Assuming current market conditions continue, a pre-tax loss of $ 1 million is expected to be reclassified from Accumulated other comprehensive income (loss) into Cost of product sold to reflect the fixed prices obtained from foreign exchange and commodity hedging within the next 12 months. All derivative contracts accounted for as cash flow hedges as of December 31, 2023 will mature by December 2028.

Net Investment Hedges. We may use non-derivative instruments (foreign currency denominated borrowings) and derivative instruments (foreign exchange forward contracts) to hedge portions of the Company's investments in foreign subsidiaries and manage foreign exchange risk. For instruments that are designated and qualify as a hedge of net investment in foreign operations and that meet the effectiveness requirements, the net gains or losses attributable to changes in spot exchange rates are recorded in foreign currency translation within Other comprehensive income (loss) on the Consolidated Statements of Comprehensive Income, and will remain in Accumulated other comprehensive income (loss) until the hedged investment is sold or substantially liquidated. The remainder of the change in value of such instruments is recorded in earnings, including to the extent foreign currency denominated borrowings are not designated in, or are de-designated from, a net investment hedge relationship.

Our use of foreign exchange forward contracts designated as hedges of the Company's net investment in foreign subsidiaries can vary depending on the Company's desired foreign exchange risk coverage.

We have ¥ 21.5 billion of Japanese Yen denominated long-term debt that qualifies as a net investment hedge against our investments in Japanese businesses, as well as foreign exchange forward contracts with notional amounts of € 120 million and HK$ 2 billion that qualify as net investment hedges against our investments in certain European and Asian businesses. The net investment hedges are deemed to be effective. The maturity dates of the current non-derivative and derivative instruments designated in net investment hedges range from 2024 to 2026.

Additionally, we had a foreign exchange forward contract with a notional amount of € 95 million that matured during 2023 and commercial paper borrowings of € 420 million that were repaid during 2021. These qualified as net investment hedges and were deemed to be effective until maturity.

The table summarizes the amounts of gains (losses) recognized in other comprehensive income (loss) related to non-derivative and derivative instruments designated as net investment hedges:

	Year Ended December 31,		
(dollars in millions)	2023	2022	2021
Foreign currency denominated long-term debt	**$ 13**	$ 27	$ 10
Foreign currency denominated commercial paper borrowings	**—**	—	16
Foreign currency forward contracts	**4**	—	—
Total	**$ 17**	$ 27	$ 26

Derivatives not designated as Cash flow hedging instruments. The net effect of derivatives not designated as Cash flow hedging instruments within Other income (expense) net, on the Consolidated Statements of Operations was as follows:

	Year Ended December 31,		
(dollars in millions)	2023	2022	2021
Foreign exchange contracts	**$ 20**	$ 16	$ 9

The effects of derivatives not designated as Cash flow hedging instruments within Cost of products sold on the Consolidated Statements of Operations were losses of $ 5 million, $ 9 million and $ 2 million in 2023, 2022 and 2021, respectively.

Note 18: Fair Value Measurements

In accordance with the provisions of ASC 820: *Fair Value Measurements*, the following tables provide the valuation hierarchy classification of assets and liabilities that are carried at fair value and measured on a recurring and non-recurring basis in our Consolidated Balance Sheets as of December 31, 2023 and 2022:

	December 31, 2023			
(dollars in millions)	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Marketable securities	**$ 28**	**$ 28**	**$ —**	**$ —**
Derivative assets	**29**	**—**	**29**	**—**
Derivative liabilities	**(46)**	**—**	**(46)**	**—**

	December 31, 2022			
(dollars in millions)	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Marketable securities	$ 30	$ 30	$ —	$ —
Derivative assets	33	—	33	—
Derivative liabilities	(31)	—	(31)	—

Valuation Techniques. Our marketable securities include investments that are traded in active markets, either domestically or internationally, and are measured at fair value using closing stock prices from active markets. The fair value gains or losses related to our marketable securities are recorded through net income. Our derivative assets and liabilities include foreign exchange and commodity contracts that are measured at fair value using internal and third party models based on observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks.

As of December 31, 2023, there has not been any significant impact to the fair value of our derivative liabilities due to our own credit risk. Similarly, there has not been any significant adverse impact to our derivative assets based on our evaluation of our counterparties' credit risks.

The fair values of the current portion of the Company's financial instruments not carried at fair value approximated their carrying values because of the short-term nature of the current portion. The fair value of receivables, including customer financing notes receivable, net, that were issued long-term are based on the discounted values of their related cash flows at interest rates reflecting the attributes of the counterparties, including geographic location. Customer-specific risk, including credit risk, is already considered in the carrying value of those receivables. Our long-term debt, as described in Note 9, "Borrowings and Lines of Credit", is measured at fair value using closing bond prices from active markets.

The following table provides carrying amounts and fair values of financial instruments that are not carried at fair value in our Consolidated Balance Sheets as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
(dollars in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term receivables, net	**$ 55**	**$ 54**	$ 55	$ 53
Customer financing notes receivable, net	**26**	**23**	55	51
Short-term borrowings	**(32)**	**(32)**	(139)	(139)
Long-term debt, including current portion (excluding leases and other)	**(6,906)**	**(6,224)**	(6,663)	(5,661)
Long-term liabilities, including current portion	**(197)**	**(185)**	(222)	(197)

Long-term liabilities, including current portion, as of December 31, 2023 and 2022 is primarily $ 195 million and $ 220 million, respectively, of payables to RTX for reimbursement of tax payments that RTX is responsible to pay after the Separation as a result of the TMA.

The following tables provide the valuation hierarchy classification of assets and liabilities that are not carried at fair value in the Consolidated Balance Sheets as of December 31, 2023 and 2022:

	December 31, 2023			
(dollars in millions)	Total	Level 1	Level 2	Level 3
Long-term receivables, net	**$ 54**	**$ —**	**$ 54**	**$ —**
Customer financing notes receivable, net	**23**	**—**	**23**	**—**
Short-term borrowings	**(32)**	**—**	**(32)**	**—**
Long-term debt, including current portion (excluding leases and other)	**(6,224)**	**—**	**(6,224)**	**—**
Long-term liabilities, including current portion	**(185)**	**—**	**(185)**	**—**

	December 31, 2022			
(dollars in millions)	Total	Level 1	Level 2	Level 3
Long-term receivables, net	$ 53	$ —	$ 53	$ —
Customer financing notes receivable, net	51	—	51	—
Short-term borrowings	(139)	—	(139)	—
Long-term debt, including current portion (excluding leases and other)	(5,661)	—	(5,661)	—
Long-term liabilities, including current portion	(197)	—	(197)	—

Note 19: Guarantees

The Company provides service and warranty on its products beyond normal service and warranty policies. The changes in the carrying amount of service and product guarantees for the years ended December 31, 2023 and 2022 are as follows:

(dollars in millions)	2023	2022
Balance as of January 1	**$ 13**	$ 20
Warranties	**5**	2
Settlements made	**(6)**	(8)
Foreign exchange and other	**—**	(1)
Balance as of December 31	**$ 12**	$ 13

The Company provides certain financial guarantees to third parties. As of December 31, 2023, Otis has stand-by letters of credit with maximum potential payment totaling $ 129 million. We accrue costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued. In accordance with the FASB ASC Topic 460: *Guarantees*, we record these liabilities at fair value. As of December 31, 2023, Otis has determined there are no estimated costs probable under these guarantees.

Note 20: Leases

ASU 2016-02, *Leases (Topic 842)* and its related amendments (collectively, "Lease Accounting Standard") establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the Consolidated Balance Sheets for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition on the Consolidated Statements of Operations.

We enter into lease agreements for the use of real estate space, vehicles and certain other equipment under operating and finance leases. We determine if an arrangement contains a lease at inception. Operating leases are included in Operating lease ROU assets, Accrued liabilities, and Operating lease liabilities in our Consolidated Balance Sheets. Finance leases are not considered significant to our Consolidated Balance Sheets or Consolidated Statements of Operations. We apply the practical expedient for short-term leases, whereby a lease ROU asset and liability is not recognized and the expense is recognized in a straight-line basis over the lease term.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments, and use the implicit rate when readily determinable. We determine our incremental borrowing rate through market sources including relevant industry rates. Our lease ROU assets also include any lease pre-payments and exclude lease incentives. Certain of our leases include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease. We exclude variable payments from lease ROU assets and lease liabilities, to the extent not considered fixed, and instead, expense variable payments as incurred. Variable lease expense and lease expense for short duration contracts is not a material component of lease expense. Our leases generally have remaining lease terms of 1 to 20 years, some of which include options to extend leases. The majority of our leases with options to extend are up to five years with the ability to terminate the lease within one year . The exercise of lease renewal options is at our sole discretion and our lease ROU assets and liabilities reflect only the options we are reasonably certain that we will exercise. Lease expense is recognized on a straight-line basis over the lease term.

Operating lease cost for the years ended December 31, 2023, 2022 and 2021 was $ 153 million, $ 145 million and $ 147 million, respectively.

Supplemental cash flow information related to operating leases for the years ended December 31, 2023, 2022 and 2021 were as follows:

(dollars in millions)	2023	2022	2021
Cash paid for amounts included in the measurement of operating lease liabilities:			
Operating cash outflows from operating leases	**$ (129)**	$ (140)	$ (154)
Non-cash operating lease activity:			
ROU assets obtained in exchange for operating lease liabilities	**93**	145	135

Operating lease ROU assets and liabilities are reflected on our Consolidated Balance Sheets as follows:

	December 31,	
(dollars in millions)	2023	2022
Operating lease ROU assets	**$ 416**	$ 449
Accrued liabilities	**$ 117**	$ 127
Operating lease liabilities	**292**	315
Total operating lease liabilities	**$ 409**	$ 442

Supplemental information related to operating leases was as follows:

	December 31,	
	2023	2022
Weighted Average Remaining Lease Term (in years)	**4.1**	4.1
Weighted Average Discount Rate	**5.1 %**	3.8 %

Undiscounted maturities of operating lease liabilities, including options to extend lease terms that are reasonably certain of being exercised, as of December 31, 2023 are as follows:

(dollars in millions)	Total
2024	$ 153
2025	113
2026	78
2027	49
2028	20
Thereafter	35
Total undiscounted lease payments	448
Less: imputed interest	(39)
Total discounted lease payments	$ 409

Note 21: Contingent Liabilities

Except as otherwise noted, while we are unable to predict the final outcome, based on information currently available, we do not believe that resolution of any of the following matters will have a material adverse effect upon our competitive position, results of operations, cash flows or financial condition. In addition to the specific amounts noted below, where we have recorded loss contingency accruals for other matters described below and other matters, the amounts in aggregate are not material. Legal costs generally are expensed when incurred.

Environmental. As previously disclosed, the Company's operations are subject to environmental regulation by authorities with jurisdiction over its operations. The Company has accrued for the costs of environmental remediation activities, including, but not limited to, investigatory, remediation, operating and maintenance costs and performance guarantees, and periodically reassesses these amounts. Management believes that the likelihood of incurring losses materially in excess of amounts accrued is remote. The outstanding liability for environmental obligations was $ 5 million as of December 31, 2023 and 2022, and is principally included in Other long-term liabilities on the Consolidated Balance Sheets.

Legal Proceedings.

German Tax Litigation

We have been involved in administrative review proceedings with the German Tax Office, which concern approximately € 215 million (approximately $ 236 million as of December 31, 2023) of tax benefits that we have claimed related to a 1998 reorganization of the corporate structure of our operations in Germany. Upon audit, these tax benefits were disallowed by the German Tax Office. We estimate interest associated with the aforementioned tax benefits is an additional approximately € 118 million (approximately $ 130 million as of December 31, 2023).

In August 2012, a suit was filed in the local German Tax Court (Berlin-Brandenburg). In 2015, our former parent, UTC, now RTX, made tax and interest payments to German tax authorities of € 275 million (approximately $ 300 million) in order to avoid additional interest accruals pending final resolution of this matter. In March 2016, the local German Tax Court dismissed the suit, and we appealed this decision to the German Federal Tax Court. Following a hearing in July 2018, the German Federal Tax Court remanded the matter to the local German Tax Court for further proceedings. In December 2020, the local German Tax Court ruled against the Company.

On January 26, 2021, the Company filed an appeal with the German Federal Tax Court. On February 8, 2022, the Company received the decision of the German Federal Tax Court, in which the Court remanded the case for reconsideration by the local German Tax Court. The local German Tax Court held a hearing on June 12, 2023 and issued a decision in favor of Otis on July 21, 2023. On September 14, 2023, the German tax authorities filed an appeal to the German Federal Tax Court. The German Federal Tax Court is expected to rule on the appeal in 2024. As a result of the appeal filing, this matter remains contested, and the Company cannot assess the ultimate outcome of this case.

Pursuant to the Tax Matters Agreement ("TMA") with our former parent, UTC, the Company retains the liability associated with the remaining interest, and has recorded an interest accrual of € 45 million (approximately $ 49 million as of December 31, 2023), net of payments and other deductions, included within Accrued liabilities on the Consolidated Balance Sheets as of December 31, 2023. If the Company prevails in this matter, any recoveries would be allocated between RTX and the Company pursuant to the terms of the TMA.

Asbestos Matters

We have been named as defendants in lawsuits alleging personal injury as a result of exposure to asbestos. While we have never manufactured any asbestos-containing component parts, and no longer incorporate asbestos in any current products, certain of our historical products have contained components manufactured by third parties incorporating asbestos. A substantial majority of these asbestos-related claims have been dismissed without payment or were covered in full or in part by insurance or other forms of indemnity. Additional cases were litigated and settled without any insurance reimbursement. The amounts involved in asbestos related claims were not material individually or in the aggregate as of, and for the years ended, December 31, 2023 and 2022.

The estimated range of total liabilities to resolve all pending and unasserted potential future asbestos claims through 2059 is approximately $ 20 million to $ 43 million as of December 31, 2023, and $ 21 million to $ 43 million as of December 31, 2022. Since no amount within the range of estimates is more likely to occur than any other, we have recorded the minimum amount of $ 20 million and $ 21 million as of December 31, 2023 and 2022, respectively, which is principally recorded in Other long-term liabilities on our Consolidated Balance Sheets. Amounts are on a pre-tax basis, not discounted, and exclude the Company's legal fees to defend the asbestos claims (which will continue to be expensed as they are incurred). In addition, the Company has an insurance recovery receivable for probable asbestos related recoveries of approximately $ 5 million, which is principally included in Other assets on our Consolidated Balance Sheets as of December 31, 2023 and 2022.

Putative Class Action Lawsuit

On August 12, 2020, a putative class action lawsuit, (Geraud Darnis et al. v. Raytheon Technologies Corporation et al.), was filed in the United States District Court for the District of Connecticut (the "Court") against Otis, RTX, Carrier Global Corporation ("Carrier"), each of their directors, and various incentive and deferred compensation plans in connection with the separation of Otis and Carrier from UTC (the "Separation") in April 2020. On September 13, 2021, plaintiffs filed an amended complaint against the three company defendants only. The named plaintiffs are former employees of UTC and its current and former subsidiaries, including Otis and Carrier. They seek to recover monetary damages, as well as related declaratory and equitable relief, based on claimed decreases in the value of long-term incentive awards and deferred compensation under nonqualified deferred compensation plans allegedly caused by the formula used to calculate the adjustments to such awards and deferred compensation from RTX, Carrier, and Otis following the spin-offs of Carrier and Otis and the subsequent combination of UTC and Raytheon Company. On September 30, 2022, in response to motions to dismiss filed by the defendants, the Court dismissed the class action in its entirety with prejudice. The plaintiffs appealed the decision on October 26, 202 2. On August 24, 2023, the Second Circuit Court of Appeals entered judgment in defendants' favor, upholding the trial court's decision. This action is concluded.

Other. We have commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising out of the normal course of business. We accrue contingencies based on a range of possible outcomes. If no amount within this range is a better estimate than any other, we accrue the minimum amount. While it is not possible to determine the ultimate disposition of each of these claims and whether they will be resolved consistent with our beliefs, we expect that the outcome of such claims, individually or in the aggregate, will not have a material adverse effect on our business, financial condition, cash flows or results of operations.

In certain European countries, claims for overcharges on elevators and escalators related to civil cartel cases have been made, which we have accrued for based on our evaluation of the claims. While it is not possible to determine the ultimate disposition of each of these claims and whether they will be resolved consistent with our beliefs, historical settlement experience of these cases have not been material to the business, financial condition, cash flows or results of operations. However, the future outcome of these cases cannot be determined.

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

Note 22: Segment Financial Data

Our operations are classified into two operating segments: New Equipment and Service. Through the New Equipment segment, we design, manufacture, sell and install a wide range of passenger and freight elevators as well as escalators and moving walkways to customers in the residential, commercial and infrastructure projects. The Service segment provides maintenance and repair services for both our products and those of other manufacturers, and provides modernization services to upgrade elevators and escalators. The operating segments are generally based on the management structure of the Company, how management allocates resources, assesses performance and makes strategic and operational decisions.

Segment Information. Segment information for the years ended December 31 is as follows:

	Net Sales			Operating Profit		
(dollars in millions)	2023	2022	2021	2023	2022	2021
New Equipment	**$ 5,812**	$ 5,864	$ 6,428	**$ 358**	$ 358	$ 459
Service	**8,397**	7,821	7,870	**1,972**	1,789	1,762
Total segments	**14,209**	13,685	14,298	**2,330**	2,147	2,221
General corporate expenses and other [(1)]	**—**	—	—	**(144)**	(114)	(113)
Total	**$ 14,209**	$ 13,685	$ 14,298	**$ 2,186**	$ 2,033	$ 2,108

[(1)] The increase in General corporate expenses and other during 2023 compared to 2022 is primarily driven by UpLift transformation costs. Refer to Note 16, "Restructuring and Transformation Costs" for further details.

Total assets are not presented for each segment as they are not presented to, or reviewed by, the Chief Operating Decision Maker.

Geographic External Sales. Geographic Net sales are attributed to the geographic regions based on their location of origin. With the exception of the U.S. and China, there were no individually significant countries with net sales exceeding 10% of Net sales during the years ended December 31, 2023, 2022 and 2021 .

	External Net Sales			Long Lived Assets		
(dollars in millions)	2023	2022	2021	2023	2022	2021
United States Operations	**$ 4,030**	$ 3,834	$ 3,700	**$ 325**	$ 327	$ 336
International Operations						
China	**2,444**	2,573	2,877	**83**	89	111
Other	**7,735**	7,278	7,721	**319**	303	327
Total	**$ 14,209**	$ 13,685	$ 14,298	**$ 727**	$ 719	$ 774

Disaggregated Net sales by type. Segment Net sales disaggregated by product and service type for the years ended December 31, 2023, 2022 and 2021 are as follows:

(dollars in millions)	2023	2022	2021
New Equipment	**$ 5,812**	$ 5,864	$ 6,428
Maintenance and Repair	**6,870**	6,393	6,472
Modernization	**1,527**	1,428	1,398
Total Service	**8,397**	7,821	7,870
Total	**$ 14,209**	$ 13,685	$ 14,298

Major Customers. There were no customers that individually accounted for 10% or more of the Company's consolidated Net sales for the years ended December 31, 2023, 2022 and 2021.

OTIS WORLDWIDE CORPORATION
SCHEDULE II - Valuation and Qualifying Accounts
Three years ended December 31, 2023
(Dollars in millions)

Future Income Tax Benefits - Valuation Allowance	
Balance, December 31, 2020	$ 242
Additions charged to income tax expense	30
Reductions credited to income tax expense	(10)
Other adjustments	(15)
Balance, December 31, 2021	247
Additions charged to income tax expense	29
Reductions credited to income tax expense	(23)
Other adjustments	(13)
Balance, December 31, 2022	240
Additions charged to income tax expense	**16**
Reductions credited to income tax expense	**(22)**
Other adjustments	**5**
Balance, December 31, 2023	**$ 239**

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(e) under the Exchange Act, we carried out an evaluation under the supervision and with the participation of our management, including the President and Chief Executive Officer ("CEO"), the Executive Vice President and Chief Financial Officer ("CFO") and the Vice President and Chief Accounting Officer ("CAO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2023. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO, our CFO and our CAO have concluded that, as of December 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO, our CFO and our CAO, as appropriate, to allow timely decisions regarding required disclosure.

Management Report on Internal Control over Financial Reporting

The information required by Item 9A relating to Management's Annual Report on Internal Control Over Financial Reporting and Attestation Report of the Registered Public Accounting Firm is found in Item 8 Financial Statements and Supplementary Data of this Form 10-K and incorporated herein by reference.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended December 31, 2023, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 with respect to directors, the Audit Committee of the Board of Directors and audit committee financial experts is incorporated herein by reference to the section of our Proxy Statement for the 2024 Annual Meeting of Shareholders titled "Corporate governance" (under the subheadings "Proposal 1: Election of directors", "Our Board leadership structure", "Board committees" and "Our board nominees").

Table of Contents

Information about our Executive Officers

The following persons are executive officers of Otis Worldwide Corporation:

Name	Position	Other Business Experience Since 1/1/2019	Age as of 2/2/2024
Tracy A. Embree	President, Otis Americas (since October 2023)	Vice President and President - Distribution, Cummins, Inc.; Vice President and President - Components, Cummins, Inc.	50
Neil Green	Executive Vice President and Chief Digital Officer (since April 2020)	Vice President, Transformation and Chief Digital Officer, Otis	53
Nora E. LaFreniere	Executive Vice President and General Counsel (since July 2021)	Executive Vice President, Chief General Counsel and Corporate Secretary, Vice President, General Counsel, Otis	52
Sally A. Loh	President, Otis China (since March 2023)	Chief Operating Officer and Chief Financial Officer, Otis China; Chief Financial Officer, Otis China	50
Abbe Luersman	Executive Vice President and Chief People Officer (since July 2021)	Chief Human Resource Officer, Ahold Delhaize	56
Anurag Maheshwari	Executive Vice President and Chief Financial Officer (since August 2022)	Vice President, Finance, IT and Chief Transformation Officer, Otis Asia Pacific; Vice President, Investor Relations, L3 Harris Technologies and Harris Corporation	50
Judith F. Marks	Chair, President and Chief Executive Officer (since February 2022)	President and Chief Executive Officer, Otis	60
Enrique Miñarro Viseras	President, Otis EMEA (since October 2023)	Senior Vice President and General Manager ("GM"), Global Precision & Science Technologies, Ingersoll Rand; Senior Vice President and GM, Global Pressure & Vacuum Solutions, Europe, Middle East, India and Africa ("EMEIA"), Ingersoll Rand; Vice President and GM, EMEIA, Gardner Denver Holdings, Inc.	46
Stephane de Montlivault	President, Otis Asia Pacific (since April 2020)	President, Otis Asia Pacific	64
Michael P. Ryan	Senior Vice President and Chief Accounting Officer (since April 2020)	Vice President and Assistant Controller, UTC	54
Peiming Zheng (Perry)	Executive Vice President, Chief Product, Delivery and Customer Officer (since March 2023)	Chief Customer Product Officer, Otis; President, Otis China	56

All of the officers serve at the pleasure of the Board of Directors of Otis Worldwide Corporation.

Information concerning Section 16(a) compliance is incorporated herein by reference to the section of our Proxy Statement for the 2024 Annual Meeting of Shareholders titled "Other important information" under the subheading "Delinquent section 16(a) reports." We have adopted a code of ethics, the Otis Absolutes, that applies to all our directors, officers, employees and representatives. This code is publicly available on our website at https://www.otisinvestors.com/governance/governance-documents. Amendments to the code of ethics and any grant of a waiver from a provision of the code requiring disclosure under applicable SEC rules will be disclosed on our website. Our Corporate Governance Guidelines and the charters of our Board of Directors' Audit Committee, Compensation Committee and Nominations and Governance Committee are available on our website at https://www.otisinvestors.com/governance/governance-documents. These materials may also be requested in print free of charge by writing to our Investor Relations Department at Otis Worldwide Corporation, One Carrier Place, Investor Relations, Farmington, CT 06032.

Item 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference to the sections of our Proxy Statement for the 2024 Annual Meeting of Shareholders titled "Executive compensation", "Compensation of directors" and "Report of the compensation committee".

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information relating to security ownership of certain beneficial owners and management is incorporated herein by reference to the section of our Proxy Statement for the 2024 Annual Meeting of Shareholders titled "Other important information" under the subheading "Stock ownership" ("Beneficial stock ownership of directors and executive officers" and "Certain beneficial owners").

Equity Compensation Plan Information

The following table provides information as of December 31, 2023 concerning Common Stock issuable under Otis' equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by shareholders	3,951,939	(1)	$67.44	22,405,339	(2)
Equity compensation plans not approved by shareholders	-		-	-	

(1) Consists of the following issuable shares of Common Stock awarded under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan ("LTIP"): (i) shares of Common Stock issuable upon the exercise of outstanding non-qualified stock options; (ii) shares of Common Stock issuable upon the exercise of outstanding stock appreciation rights ("SARs"); (iii) shares of Common Stock issuable pursuant to outstanding restricted stock unit and performance share unit awards, assuming performance at the target level (up to an additional 866,801 shares of Common Stock could be issued if performance goals are achieved above target); and (iv) shares of Common Stock issuable upon the settlement of outstanding deferred stock units and restricted stock units under the Otis Worldwide Corporation Board of Directors Stock Unit Plan. Under the LTIP, each SAR is exercisable for a number of shares of Common Stock having a value equal to the increase in the market price of a share of such stock from the date the SAR was granted. For purposes of determining the total number of shares to be issued in respect of outstanding SARs, we have used the New York Stock Exchange ("NYSE") closing price for a share of Common Stock on December 29, 2023 of $89.47. The weighted-average exercise price shown in the column above takes into account only the shares identified in clauses (i) and (ii).

(2) Represents the maximum number of shares of Common Stock available to be awarded under the LTIP as of December 31, 2023. Performance share units, deferred stock units and restricted stock units ("Full Share Awards") will result in a reduction in the number of shares of Common Stock available for delivery under the LTIP in an amount equal to twice the number of shares to which the award corresponds under the terms of the LTIP. Stock options and SARs do not constitute Full Share Awards and will result in a reduction in the number of shares of Common Stock available for delivery under the 2020 LTIP on a one-for-one basis.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated herein by reference to the sections of our Proxy Statement for the 2024 Annual Meeting of Shareholders titled "Corporate governance" under the subheading "Our board nominees" (including under the subheading "Director independence") and "Other important information" (under the subheading "Transactions with related persons").

Item 14. Principal Accounting Fees and Services

The information required by Item 14 is incorporated by reference to the section of our Proxy Statement for the 2024 Annual Meeting of Shareholders titled "Proposal 3: Appoint an independent auditor for 2024", including the information provided in that section with regard to "Audit Fees", "Audit-Related Fees", "Tax Fees" and "All Other Fees".

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Form 10-K:

(1) Financial Statements. The financial statements are set forth in Item 8. "Financial Statements and Supplementary Data" in this Form 10-K.

(2) Financial Statement Schedules. The following financial statement schedule is set forth in Item 8. "Financial Statements and Supplementary Data" in this Form 10-K. All other schedules have been omitted because they are not required, are not applicable or the required information is shown in the financial statements or the notes thereto.

- Schedule II — Valuation and Qualifying Accounts

(3) Exhibits. The following list of exhibits includes exhibits submitted with this Form 10-K as filed with the SEC and those incorporated by reference to other filings.

Exhibit Number	Description
	Separation and Distribution Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation, incorporated by reference to Exhibit 2.1 of the Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Amended and Restated Certificate of Incorporation of Otis Worldwide Corporation, incorporated by reference to Exhibit 3.1(b) of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Amended and Restated Bylaws of Otis Worldwide Corporation, incorporated by reference to Exhibit 3.2 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Indenture, dated February 27, 2020, between Otis Worldwide Corporation and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to Otis' Amendment No. 1 to Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on March 11, 2020.
	Supplemental Indenture No. 1, dated February 27, 2020, between Otis Worldwide Corporation and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.2 to Otis' Amendment No. 1 to Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on March 11, 2020.
	Supplemental Indenture No. 2, dated as of March 11, 2021, between Otis Worldwide Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on March 11, 2021.
	Indenture, dated as of November 12, 2021, among Otis Worldwide Corporation, Highland Holdings S.à r.l. and The Bank of New York Mellon Trust Company, N.A., as trustee., incorporated by reference to Exhibit 4.1 to Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on November 12, 2021.
	Supplemental Indenture No. 1, dated as of November 12, 2021, among Otis Worldwide Corporation, Highland Holdings S.à r.l and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.2 of Otis' Current Report on 8-K (Commission file number 001-39221) filed with the SEC on November 12, 2021).
	Supplemental Indenture No. 3, dated as of August 16, 2023, between Otis Worldwide Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on August 16, 2023.
	Description of Securities.*

Exhibit Number	Description
	Transition Services Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation, incorporated by reference to Exhibit 10.1 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Tax Matters Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation incorporated by reference to Exhibit 10.2 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Employee Matters Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation incorporated by reference to Exhibit 10.3 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Intellectual Property Agreement, dated as of April 2, 2020, by and among United Technologies Corporation, Otis Worldwide Corporation and Carrier Global Corporation, incorporated by reference to Exhibit 10.4 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.5 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Otis Worldwide Corporation Change in Control Severance Plan, incorporated by reference to Exhibit 10.6 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Otis Worldwide Corporation Executive Annual Bonus Plan incorporated by reference to Exhibit 10.7 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020;
	Amendment No. 1 to Otis Worldwide Corporation Executive Annual Bonus Plan, incorporated by reference to Exhibit 10.3 to Otis' Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 (Commission file number 001-39221) filed with the SEC on July 28, 2021.
	Otis Worldwide Corporation Pension Preservation Plan, incorporated by reference to Exhibit 10.8 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Otis Worldwide Corporation Retirement Plan for Third Country National Employees, incorporated by reference to Exhibit 10.9 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Otis Worldwide Corporation Board of Directors Deferred Stock Unit Plan (Amended and Restated effective as of February 4, 2021), incorporated by reference to Exhibit 10.4 to Otis' Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 (Commission file number 001-39221) filed with the SEC on July 28, 2021.
	French Sub-Plan for Restricted Stock Units Granted Under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.11 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on April 3, 2020.
	Schedule of Terms for Restricted Stock Unit Awards granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.8 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.
	Schedule of Terms for Restricted Stock Unit Awards (Off-Cycle) granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.9 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.
	Schedule of Terms for Stock Appreciation Right Awards granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.10 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.
	Schedule of Terms for Stock Appreciation Right Awards (Off-Cycle) granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.11 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.
	Schedule of Terms for Performance Share Unit Awards granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.12 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.

Exhibit Number	Description
	Otis Worldwide Corporation Deferred Compensation Plan, incorporated by reference to Exhibit 10.14 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020;
	Amendment No. 1 to the Otis Worldwide Corporation Deferred Compensation Plan, incorporated by reference to Exhibit 10.17 to Otis' Annual Report on Form 10-K for the year ended December 31, 2021 (Commission file number 001-39221) filed with the SEC on February 4, 2022.
	Otis Worldwide Corporation Amended and Restated Savings Restoration Plan, incorporated by reference to Exhibit 10.15 to Otis' Amendment No. 1 to Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on March 11, 2020;
	Amendment No. 1 to Otis Worldwide Corporation Amended and Restated Savings Restoration Plan, incorporated by reference to Exhibit 10.1 to Otis' Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (Commission file number 001-39221) filed with the SEC on April 28, 2021;
	Amendment No. 2 to the Otis Worldwide Corporation Amended and Restated Savings Restoration Plan, incorporated by reference to Exhibit 10.18 to Otis' Annual Report on Form 10-K for the year ended December 31, 2021 (Commission file number 001-39221) filed with the SEC on February 4, 2022.
	Otis Worldwide Corporation Company Automatic Contribution Excess Plan, incorporated by reference to Exhibit 10.16 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020;
	Amendment No. 1 to the Otis Worldwide Corporation Company Automatic Contribution Excess Plan, incorporated by reference to Exhibit 10.19 to Otis' Annual Report on Form 10-K for the year ended December 31, 2021 (Commission file number 001-39221) filed with the SEC on February 4, 2022.
	Otis Worldwide Corporation LTIP Performance Share Unit Deferral Plan, incorporated by reference to Exhibit 10.17 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020;
	Amendment No. 1 to the Otis Worldwide Corporation LTIP Performance Share Unit Deferral Plan, incorporated by reference to Exhibit 10.20 to Otis' Annual Report on Form 10-K for the year ended December 31, 2021 (Commission file number 001-39221) filed with the SEC on February 4, 2022.
	Legacy United Technologies Corporation Executive Leadership Group Agreements, incorporated by reference to Exhibit 10.19 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.
	Legacy Schedule of Terms for United Technologies Corporation Executive Leadership Group Restricted Stock Unit Retention Awards, incorporated by reference to Exhibit 10.20 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.
	Letter of Assignment with Stephane de Montlivault, dated December 18, 2019, incorporated by reference to Exhibit 10.25 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020;
	Letter of Assignment Extension with Stephane de Montlivault dated October 1, 2021, incorporated by reference to Exhibit 10.24 to Otis' Annual Report on Form 10-K for the year ended December 31, 2021 (Commission file number 001-39221) filed with the SEC on February 4, 2022.
	Extension of Letter of Assignment for Stephane de Montlivault, effective October 1, 2023.*
	Letter of Appointment/Employment with Stephane de Montlivault, dated December 18, 2019, incorporated by reference to Exhibit 10.26 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.
	Letter Agreement with Judith F. Marks regarding LTIP award amendment, dated February 3, 2020, incorporated by reference to Exhibit 10.29 to Otis' Registration Statement on Form 10 (Commission file number 001-39221) filed with the SEC on February 7, 2020.
	Summary of Compensation and Benefits for Non-Employee Directors, incorporated by reference to Exhibit 10.27 to Otis' Annual Report on Form 10-K for the year ended December 31, 2021 (Commission file number 001-39221) filed with the SEC on February 4, 2022.

bit xhibit Number	Description

ıtis Worldwide Corporation Executive Leadership Group Severance Plan, incorporated by reference to Exhibit 10.1 of Otis' Current Report on Form 8-K (Commission file number 001-39221) filed with the SEC on September 18, 2020.

etter of Assignment for Peiming (Perry) Zheng, effective January 1, 2021, incorporated by reference to Exhibit 10.33 of Otis' Annual Report on Form 10-K for the year ended December 31, 2020 (Commission file number 001-39221) filed with the SEC on February 5, 2021.

xtension of Letter of Assignment for Peiming (Perry) Zheng, effective January 1, 2023, incorporated by reference to Exhibit 10.29 to Otis' Annual Report on Form 10-K for the year ended December 31, 2022 (Commission file number 001-39221) filed with the SEC on February 3, 2023.

ːevolving Credit Agreement, dated as of March 10, 2023, by and among Otis Worldwide Corporation, as borrower, Otis Intercompany Lending Designated Activity Company, as subsidiary borrower, each other subsidiary borrower party thereto, the financial institutions from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent, incorporated by reference to Exhibit 10.01 of Otis' Current Report on Form 8-K (Commission File No. 001-39221) filed with the SEC on March 20, 2023.

chedule of Terms for Restricted Stock Unit Awards (February 5, 2021) granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.5 to Otis' Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (Commission file number 001-39221) filed with the SEC on April 28, 2021.

chedule of Terms for Stock Appreciation Right Awards (February 5, 2021) granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.6 to Otis' Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (Commission file number 001-39221) filed with the SEC on April 28, 2021.

chedule of Terms for Performance Share Unit Awards (February 5, 2021) granted under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.7 to Otis' Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (Commission file number 001-39221) filed with the SEC on April 28, 2021.

orm of Executive Award Statement under the Otis Worldwide Corporation 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.8 to Otis' Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (Commission file number 001-39221) filed with the SEC on April 28, 2021.

ıffer Letter between Otis Worldwide Corporation and Abbe L. Luersman, dated March 27, 2021, incorporated by reference to Exhibit 10.5 to Otis' Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (Commission file number 001-39221) filed with the SEC on October 26, 2021.

ıffer Letter, dated as of June 23, 2022, by and between Anurag Maheshwari and Otis Worldwide Corporation, incorporated by reference to Exhibit 10.1 of Otis' Current Report on Form 8-K (Commission File No. 001-39221) filed with the Commission on June 27, 2022.

ıffer Letter, dated as of August 22, 2023, by and between Tracy Embree and Otis Worldwide Corporation.*

ervice Agreement between Otis Mobility, S.A. and Enrique Minarro Viseras, dated October 26, 2023.*

mployment Contract (Foreign National or Hong Kong, Macao or Taiwan Resident) for Sally Loh, effective January 1, 2024.*

etter of Assignment for Sally Loh, effective January 1, 2024.*

he Otis Absolutes. The Otis Absolutes may be accessed via Otis' website at https://www.otisinvestors.com/governance/governance-documents.

ubsidiaries of the Registrant.*

ubsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the Registrant.*

ːonsent of PricewaterhouseCoopers LLP.*

bit xhibit Number	Description
	owers of Attorney of Thomas A. Bartlett, Jeffrey H. Black, Jill C. Brannon, Nelda J. Connors, Kathy Hopinkah Hannan, Shailesh G. Jejurikar, Christopher J. Kearney, Judith F. Marks, Margaret M.V. Preston, Shelley Stewart, Jr. and John H. Walker.*
	ule 13a-14(a)/15d-14(a) Certification.*
	ule 13a-14(a)/15d-14(a) Certification.*
	ule 13a-14(a)/15d-14(a) Certification.*
	ection 1350 Certifications.*
	rroneously Awarded Compensation Recovery Policy.*
	BRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
	BRL Taxonomy Extension Schema Document.*
	BRL Taxonomy Extension Calculation Linkbase Document.*
	BRL Taxonomy Extension Definition Linkbase Document.*
	BRL Taxonomy Extension Label Linkbase Document.*
	BRL Taxonomy Extension Presentation Linkbase Document.*
	over Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

Notes to Exhibits List:

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Operations for the three years ended December 31, 2023, (ii) Consolidated Statements of Comprehensive Income for the three years ended December 31, 2023, (iii) Consolidated Balance Sheets as of December 31, 2023 and 2022, (iv) Consolidated Statements of Cash Flows for the three years ended December 31, 2023, (v) Consolidated Statements of Changes in Equity for the three years ended December 31, 2023, (vi) Notes to Consolidated Financial Statements, and (vii) Financial Schedule of Valuation and Qualifying Accounts.

Item 16. Form 10-K Summary

Not applicable.

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

			OTIS WORLDWIDE CORPORATION **(Registrant)**
Dated:	February 2, 2024	by:	/s/ ANURAG MAHESHWARI
			Anurag Maheshwari
			Executive Vice President and Chief Financial Officer
			(on behalf of the Registrant and as the Registrant's Principal Financial Officer)
Dated:	February 2, 2024	by:	/s/ MICHAEL P. RYAN
			Michael P. Ryan
			Senior Vice President and Chief Accounting Officer
			(on behalf of the Registrant and as the Registrant's Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JUDITH F. MARKS **Judith F. Marks**	Director, Chair, President and Chief Executive Officer	**February 2, 2024**
/s/ ANURAG MAHESHWARI **Anurag Maheshwari**	Executive Vice President and Chief Financial Officer	**February 2, 2024**
/s/ MICHAEL P. RYAN **Michael P. Ryan**	Senior Vice President and Chief Accounting Officer	**February 2, 2024**
/s/ THOMAS A. BARTLETT* **Thomas A. Bartlett**	Director	
/s/ JEFFREY H. BLACK* **Jeffrey H. Black**	Director	
/s/ JILL C. BRANNON* **Jill C. Brannon**	Director	
/s/ NELDA J. CONNORS* **Nelda J. Connors**	Director	
/s/ KATHY HOPINKAH HANNAN* **Kathy Hopinkah Hannan**	Director	
/s/ SHAILESH G. JEJURIKAR* **Shailesh G. Jejurikar**	Director	
/s/ CHRISTOPHER J. KEARNEY* **Christopher J. Kearney**	Director	
/s/ MARGARET M.V. PRESTON* **Margaret M.V. Preston**	Director	
/s/ SHELLEY STEWART, JR.* **Shelley Stewart, Jr.**	Director	
/s/ JOHN H. WALKER* **John H. Walker**	Director	

*By: **/s/ NORA E. LAFRENIERE**

Executive Vice President and General Counsel, as Attorney-in-fact

Date: February 2, 2024

Exhibit 4.7

DESCRIPTION OF THE REGISTRANT’S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of the Annual Report on Form 10-K of which this exhibit is a part, Otis Worldwide Corporation (the “Company,” “Otis,” “we,” “us,” and “our”) has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): (1) our common stock, par value $0.01 per share; (2) our 0.318% Notes due 2026 (the “2026 Notes”) and (3) our 0.934% Notes due 2031 (the “2031 Notes”, and together with the 2026 Notes, the “Notes”).

Common Stock

The following briefly summarizes certain terms of Otis’ common stock. This summary does not describe every aspect of our common stock and is subject, and is qualified in its entirety by reference, to all the provisions of our amended and restated certificate of incorporation and our amended and restated bylaws.

Otis’ common stock is listed on the New York Stock Exchange under the symbol “OTIS.”

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of shareholders.

Holders of common stock are entitled to share equally in the dividends, if any, that may be declared by Otis’ board of directors out of funds that are legally available to pay dividends, but only after payment of any dividends required to be paid on outstanding preferred stock. Upon any voluntary or involuntary liquidation, dissolution or winding up of Otis, the holders of common stock will be entitled to share ratably in all assets of Otis remaining after we pay:

- all of our debts and other liabilities and
- any amounts we may owe to the holders of our preferred stock.

Holders of common stock do not have any preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any series of preferred stock that we may designate and issue.

Delaware law and our amended and restated bylaws permit us to issue uncertificated shares of common stock.

The rights, preferences and privileges of common shareholders may be affected by the rights, preferences and privileges granted to holders of preferred stock. The Otis board of directors has the authority, without further action by the shareholders, to issue shares of preferred stock in one or more series, and to fix the rights, preferences and privileges (including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences) of each series, which may be greater than the rights of the common stock. It is not possible to state the actual effect of the issuance of any additional series of preferred stock upon the rights of common shareholders until the board of directors determines the specific rights of the holders of that series. However, the effects might include, among other things (1) restricting dividends on the common stock, (2) diluting the voting power of the common stock, (3) impairing the liquidation rights of the common stock or (4) delaying or preventing a change in control of Otis without further action by the shareholders.

At each annual meeting of shareholders, the entire Otis board of directors is elected for a term of one year. Otis’ amended and restated bylaws provide that the board of directors may, from time to time, designate the number of directors; however, the number may not be less than five nor more than fourteen. Vacancies on the board (except in an instance where a director is removed by holders of common stock and the resulting vacancy is filled by holders of common stock) may be filled by a vote of the majority of the directors then in office, even if less than a quorum.

Otis’ amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election of directors, other than nominations made by or at the direction of Otis’ board of directors. Eligible shareholders will be permitted to include their own director nominees in Otis’ proxy materials under the circumstances set forth in the amended and restated bylaws. Generally, a stockholder or a group of up to 20 shareholders, who has maintained continuous qualifying ownership of at least 3% of Otis’ outstanding common stock for at least three years, will be permitted to include director nominees constituting up to 20% of the board of directors in the proxy materials for an annual meeting of shareholders if such stockholder or group of shareholders complies with the other requirements set forth in the proxy access provision.

Otis’ amended and restated bylaws include an exclusive forum provision. This provision provides that, unless Otis consents in writing to the selection of an alternative forum, the sole and exclusive forum for various types of suits will be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). Such suits include (1) any derivative action or proceeding brought on behalf of Otis, (2) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of Otis to the company or to Otis’ shareholders, (3) any action asserting a claim against Otis or any director or officer or other employee of Otis arising pursuant to any provision of the Delaware General Corporation Law (the “DGCL”) or Otis’ amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended from time to time), (4) any action asserting a claim against Otis or any director or officer or other employee of Otis governed by the internal affairs doctrine or (5) any action asserting an “internal corporate claim” as that term is defined in Section 115 of the DGCL. Under Otis’ amended and restated bylaws, to the fullest extent permitted by law, this exclusive forum provision applies to state and federal law claims, including claims under the federal securities laws, including the Exchange Act, although Otis shareholders will not be deemed to have waived Otis’ compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of exclusive forum provisions in other companies’ organizational documents has been challenged in legal proceedings, and it is possible that, in connection with claims subject to exclusive federal jurisdiction, a court could find the exclusive forum provision contained in Otis’ amended and restated bylaws to be inapplicable or unenforceable.

Otis’ amended and restated certificate of incorporation and amended and restated bylaws provide that any action permitted to be taken at an annual or special meeting of shareholders may be effected by the written consent of shareholders if shareholders representing 25 percent of the outstanding voting power of Otis capital stock have requested a record date for such action and certain other conditions are satisfied in accordance with Otis’ amended and restated certificate of incorporation and amended and restated bylaws.

Otis' amended and restated certificate of incorporation and amended and restated bylaws provide that special meetings of shareholders may be called only by the board of directors, the chairman of the board of directors, or the Chief Executive Officer. The Secretary may also call a special meeting of shareholders in response to a written request of a stockholder or a group of shareholders who has maintained continuous qualifying ownership of at least 15% of Otis’ outstanding common stock for at least one year, subject to the provisions and conditions set forth in Otis' amended and restated certificate of incorporation and amended and restated bylaws.

Under Delaware law, the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation’s certificate of incorporation or bylaws, unless a corporation’s certificate of incorporation or bylaws, as the case may be, requires a greater percentage.

Certain of the provisions of Otis’ amended and restated certificate of incorporation and amended and restated bylaws discussed above and below could discourage a proxy contest or the acquisition of control of a substantial block of our stock. These provisions could also have the effect of discouraging a third party from making a tender offer or otherwise attempting to obtain control of Otis, even though an attempt to obtain control of Otis might be beneficial to Otis and its shareholders.

Otis’ amended and restated certificate of incorporation includes provisions eliminating the personal liability of our directors for monetary damages resulting from breaches of their fiduciary duty to the extent permitted by Delaware law. The amended and restated bylaws include provisions indemnifying our directors and officers to the fullest extent permitted by Delaware law, including under circumstances in which indemnification is otherwise discretionary. The amended and restated bylaws additionally include provisions permitting the Chief Executive Officer or the General Counsel and the Chief Financial Officer acting together to reimburse the expenses of our current and former employees, agents and fiduciaries in advance of the final disposition of any such proceeding.

Section 203 of the DGCL, under certain circumstances, may make it more difficult for a person who is an “Interested Stockholder,” as defined in Section 203, to effect various business combinations with a corporation for a three-year period. Under Delaware law, a corporation’s certificate of incorporation or bylaws may exclude a corporation from the restrictions imposed by Section 203. However, Otis’ amended and restated certificate of incorporation and amended and restated bylaws do not exclude us from these restrictions, and these restrictions apply to us.

Description of Debt Securities

The Notes were issued under that certain Indenture, dated November 12, 2021, among Highland Holdings S.à r.l., as issuer ("Issuer"), Otis, as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented by that certain Supplemental Indenture No. 1, dated November 12, 2021 (the Indenture, as so supplemented, the "Indenture"). The following summary of certain provisions of the Indenture and the Notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Indenture and the Notes. In this "Description of Debt Securities" section, when we refer to the "Issuer," "Highland," "we," "our," or "us," we refer to Highland Holdings S.à r.l. and any successor obligor and not to Otis or any of its other subsidiaries. In this "Description of Debt Securities" section, when we refer to "Otis," we refer to Otis Worldwide Corporation and any successor obligor and not to any subsidiaries of Otis.

The Indenture was filed with the SEC on November 12, 2021. The Indenture is qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and you should refer to the Trust Indenture Act for provisions that apply to the Notes and the Parent Guarantees.

General

On November 12, 2021, we issued €600,000,000 in aggregate principal amount of the 2026 Notes. The 2026 Notes mature on December 15, 2026, and bear interest at a rate of 0.318% per annum.

On November 12, 2021, we issued €500,000,000 in aggregate principal amount of the 2031 Notes. The 2031 Notes mature on December 15, 2031, and bear interest at a rate of 0.934% per annum.

Each of the 2026 Notes and the 2031 Notes constitute separate series under the Indenture.

The Notes were issued in fully registered form, without coupons, in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. Each series of Notes was issued in the form of one or more Global Notes (as defined in "Book-Entry, Delivery and Form") registered in the name of a nominee of, and deposited with, a common depositary for Clearstream and Euroclear. See "Book-Entry, Delivery and Form."

The Notes are not subject to any sinking fund or mandatory redemption provisions.

The place of payment for the Notes is the office of the Paying Agent maintained for that purpose in the City of London, initially the corporate trust office of the Paying Agent, located at One Canada Square, London, E14 5AL, United Kingdom. The place where notices and demands to or upon the Issuer or Otis in respect of the Notes and the Indenture may be served is the principal corporate trust office of the Trustee in the City of Pittsburgh, Pennsylvania. All notices and communications to be given to the holders and all payments to be made to holders under the Notes will be given or made only to the registered holders (which will be Euroclear, Clearstream or a nominee, in the case of a Global Note).

Otis and Highland may at any time and from time to time purchase Notes in the open market, by tender offer, through privately negotiated transactions or otherwise.

Issuance in Euro

Payments of principal, interest and Additional Amounts, if any, in respect of the Notes or the Parent Guarantees, as applicable, are payable in euro. If the euro is unavailable to the Issuer or Otis due to the imposition of exchange controls or other circumstances beyond the Issuer's or Otis' control, then all payments in respect of the Notes or the Parent Guarantees, as applicable, will be made in U.S. dollars until the euro is again available to the Issuer or Otis or so used. The amount payable on any date in euro will be converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second Business Day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the then-most recent U.S. dollar/euro exchange rate published in the *Wall Street Journal* on or prior to the second Business Day prior to the relevant payment date or, in the event the *Wall Street Journal* has not published such exchange rate, the rate will be determined by Otis in its sole discretion on the basis of the most recently available market exchange rate for euro. Any payment in respect of the Notes so made in U.S. dollars will not constitute an event of default under the Notes or the Indenture. Neither the Trustee nor the Paying Agent will have any responsibility for any calculation or conversion in connection with the foregoing.

Investors will be subject to foreign exchange risks as to payments of principal, interest and Additional Amounts, if any, that may have important economic and tax consequences to them.

Interest on the Notes

The Notes bear interest at the applicable annual rate described above under the heading "-General" and accrue interest from the date of original issuance or from the most recent date to which interest has been paid or duly provided for.

Interest will be payable on the Notes annually in arrears on the dates set forth in this paragraph and on the Maturity of such series, to the persons in whose names such Notes are registered on the relevant Record Date; provided that interest payable at the Maturity will be payable to the persons to whom the principal of such Notes is payable. Interest on the 2026 Notes is payable on December 15 of each year, beginning December 15, 2022. Interest on the 2031 Notes is payable on December 15 of each year, beginning December 15, 2022. If the date on which a payment of interest or principal on the Notes is scheduled to be paid is not a Business Day, then the interest or principal payable on that date will be paid on the next succeeding Business Day, and no further interest will accrue as a result of such delay. Interest on the Notes shall be computed on the basis of the actual number of days in the period for which interest is being calculated, and including the last date on which interest was paid or duly provided for in the notes (or from the issue date, if no interest has been paid on the Notes), but excluding the next following interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA), as defined in the rulebook of the International Capital Markets Association. The amount of interest payable for any period shorter than a full monthly period will be computed on the basis of the actual number of calendar days elapsed in such a period.

Guarantee

Otis fully and unconditionally guarantees to each holder of the Notes and to the Trustee the full and punctual payment when due, whether at stated maturity, by acceleration, by redemption or otherwise, of all obligations of Highland under the Indenture and the Notes, whether for payment of principal of, or interest on or premium, if any, on, the Notes and all other monetary obligations of Highland under the Indenture and the Notes (Otis' guarantee of each such series, a "Parent Guarantee" and, collectively, the "Parent Guarantees"). The Notes are not guaranteed by any of Otis' or the Issuer's subsidiaries. The Parent Guarantees are set forth in the Indenture.

Otis' guarantee of the Notes of any series shall be automatically released and discharged upon (a) the exercise by the Issuer of its legal defeasance option or (b) the discharge of the Issuer's obligations under the Indenture in accordance with the terms of the Indenture.

Ranking

The Notes are our unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness, liabilities and other obligations and senior in right of payment to all of our future indebtedness that is subordinated to the Notes. The Notes will be effectively subordinated in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness, and are structurally subordinated in right of payment to any existing and future indebtedness, liabilities and other obligations of our subsidiaries.

The Parent Guarantees are Otis' unsecured and unsubordinated obligations and rank equally in right of payment with all of Otis' existing and future unsecured and unsubordinated indebtedness, liabilities and other obligations and senior in right of payment to all of Otis' future indebtedness that is subordinated to the Parent Guarantees. The Parent Guarantees are and will be effectively subordinated in right of payment to any of Otis' existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, and are and will be structurally subordinated in right of payment to any existing and future indebtedness, liabilities and other obligations of Otis' subsidiaries (other than, by virtue of the Issuer's obligations as issuer of the Notes, the Issuer).

Optional Redemption

At any time, and from time to time, prior to the Par Call Date, in respect of each series of Notes, we may redeem Notes of such series, in whole or in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed, and
- the sum of the Remaining Scheduled Payments of the Notes to be redeemed from the redemption date to the Par Call Date of such series of Notes discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus the number of basis points set forth below under the heading "Make-Whole Basis Points" across from the name of such series of Notes,

plus, in each case, accrued and unpaid interest, if any, on the principal amount of the Notes being redeemed to, but excluding, the redemption date.

Series of Notes	Make-Whole Basis Points
2026 Notes	+15
2031 Notes	+20

At any time on or after the Par Call Date in respect of a series of Notes, we may redeem the Notes of such series, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest, if any, on the principal amount of the Notes being redeemed to, but excluding, the redemption date (each such redemption, a "Par Call").

For purposes of this Description of Debt Securities, “Par Call Date” in respect of a series of Notes shall mean the date set forth below under the heading “Par Call Date” across from the name of such series of Notes.

Series of Notes	Par Call Date
2026 Notes	September 15, 2026 (3 months prior to the stated maturity of such Notes)
2031 Notes	September 15, 2031 (3 months prior to the stated maturity of such Notes)

Notice of redemption shall be mailed or otherwise delivered in accordance with the applicable procedures of the depository not less than 10 days nor more than 60 days prior to the redemption date to each registered holder of the Notes to be redeemed.

If the redemption date is on or after a Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest, if any, will be paid to the person in whose name the Note is registered at the close of business on such Record Date, and no additional interest will be payable to holders whose Notes are subject to redemption by the Issuer.

Any notice of redemption of any series of Notes may, at the Issuer’s discretion, be subject to one or more conditions precedent with respect to completion of a corporate transaction (including, but not limited to, any merger, acquisition, disposition, asset sale or corporate restructuring or reorganization) or financing (including, but not limited to, any incurrence of indebtedness (or entering into a commitment with respect thereto), sale and leaseback transaction, issuance of securities, equity offering or contribution, liability management transaction or other capital raise) and may be given prior to the completion thereof. If a redemption is subject to satisfaction of one or more conditions precedent, the notice shall describe each condition, and the notice may be rescinded in the event that any or all of the conditions shall not have been satisfied by the redemption date. Any notice of redemption may provide that payment of the redemption price and the Issuer’s obligations with respect to the redemption may be performed by another person.

Unless we default in payment of the redemption price, interest will cease to accrue on the Notes or portion of the Notes called for redemption on and after the redemption date.

Additional Amounts

All payments of principal and interest in respect of the Notes by us or, in the case of the Parent Guarantee, Otis, or by a paying agent on our or Otis’ behalf, will be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or other similar governmental charges (collectively, “Taxes”) imposed or levied by Luxembourg, the United States or any other jurisdiction in which we or Otis may be organized, engaged in business for tax purposes or resident for tax purposes, or any political subdivision or taxing authority thereof or therein (a “Taxing Jurisdiction”), unless such deduction or withholding is required by law or the official interpretation or administration thereof.

In the event such deduction or withholding for Taxes is so required, subject to the exceptions and limitations described below, we will pay such additional amounts (“Additional Amounts”) on the Notes as may be necessary to ensure that the net amount received by any holder, after withholding or deduction for such Taxes, will be equal to the amount such person would have received in the absence of such deduction or withholding.

However, no Additional Amounts shall be payable with respect to any Taxes if such Taxes are imposed, withheld, deducted or levied for reasons unrelated to the holder’s or beneficial owner’s ownership or disposition of Notes, nor shall Additional Amounts be payable for or on account of:

(a) any Taxes which would not have been so imposed, withheld, deducted or levied but for:

(i) the existence of any present or former connection between the holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or a person having a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, a trust, a limited liability company, a partnership, a corporation or other entity) and the relevant Taxing Jurisdiction, including, without limitation, such holder or beneficial owner (or such fiduciary, settlor, beneficiary, member, shareholder or other equity owner or person having such a power) being or having been a citizen or resident or treated as a resident of the relevant Taxing Jurisdiction, being or having been engaged in a trade or business in the relevant Taxing Jurisdiction, being or having been present in the relevant Taxing Jurisdiction, or having or having had a permanent establishment in the relevant Taxing Jurisdiction;

(ii) the failure of the holder or beneficial owner to comply with any applicable certification, information, documentation or other reporting requirement, if compliance is required under the tax laws and regulations of the relevant Taxing Jurisdiction or any taxing authority thereof or therein or by an applicable income tax treaty to which the relevant Taxing Jurisdiction is a party as a precondition to exemption from such Taxes; or

(iii) the holder's or beneficial owner's present or former status as a personal holding company or a foreign personal holding company with respect to the United States, as a controlled foreign corporation with respect to the United States, as a passive foreign investment company with respect to the United States, as a foreign tax-exempt organization with respect to the United States, or as a corporation that accumulates earnings to avoid U.S. federal income tax;

(b) any Taxes which would not have been imposed, withheld, deducted or levied but for the failure of the holder or beneficial owner to meet the requirements (including the certification requirements) of Section 871(h) or Section 881(c)(3)(C) of the Internal Revenue Code of 1986, as amended (the "Code");

(c) any Taxes which would not have been imposed, withheld, deducted or levied but for the presentation by the holder or beneficial owner of such Note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for and notice is given to holders, whichever occurs later;

(d) any estate, inheritance, gift, sales, excise, transfer, capital gains, personal property, wealth or similar Taxes;

(e) any Taxes which are payable other than by withholding or deducting from a payment of principal of or interest on such Note;

(f) any Taxes which are imposed, withheld, deducted or levied with respect to, or payable by, a holder that is not the beneficial owner of the Note, or a portion of the Note, or that is a fiduciary, partnership, limited liability company or other similar entity, but only to the extent that a beneficial owner, a beneficiary or settlor with respect to such fiduciary or member of such partnership, limited liability company or similar entity would not have been entitled to the payment of an Additional Amount had such beneficial owner, settlor, beneficiary or member received directly its beneficial or distributive share of the payment;

(g) any Taxes required to be withheld or deducted by any paying agent from any payment if such payment can be made without such withholding or deduction by at least one other paying agent;

(h) any Taxes imposed, withheld, deducted or levied under Sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof ("FATCA"), any agreement (including any intergovernmental agreement) entered into in connection therewith or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement in respect of FATCA;

(i) any Taxes that would not have been imposed, withheld, deducted or levied but for a change in any law, treaty, regulation, or administrative or judicial interpretation that becomes effective after the applicable payment becomes due or is duly provided for, whichever occurs later; or

(j) a Tax deduction on account of Tax imposed by Luxembourg if on the date on which the payment falls due such Tax deduction is required in respect of the Luxembourg law of 23 December 2005, as amended, introducing in Luxembourg a 20% withholding tax as regards Luxembourg resident individuals; or

(k) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i) and (j).

Any Additional Amounts paid on the Notes and the Parent Guarantees will be paid in euro, subject to the provisions described under "-Issuance in Euro."

For purposes of this section, the acquisition, ownership, enforcement, or holding of or the receipt of any payment with respect to a Note or a Parent Guarantee, as applicable, will not constitute a connection (a) between the holder or beneficial owner and the relevant Taxing Jurisdiction or (b) between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or a person having a power over, such holder or beneficial owner if such holder or beneficial owner is an estate, a trust, a limited liability company, a partnership, a corporation or other entity and a Taxing Jurisdiction. As used under this heading "Additional Amounts" and under the heading "Redemption for Tax Reasons," the term "United States" means the United States of America, any state thereof and the District of Columbia.

Any reference in this Description of Debt Securities, in the prospectus supplement and the accompanying prospectus, in the Indenture or in the Notes to principal or interest shall be deemed to refer also to Additional Amounts which may be payable under the provisions of this section.

Except as specifically provided in the Notes, neither we nor Otis will be required to make any payment with respect to any tax, duty, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority.

Redemption for Tax Reasons

We may redeem any series of Notes at our option, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, together with any accrued and unpaid interest on the Notes to be redeemed to, but excluding, the redemption date, at any time, if:

(a) we or Otis have or will become obliged to pay Additional Amounts with respect to the Notes of such series as a result of any change in, or amendment to, the laws, regulations, treaties, or rulings of a Taxing Jurisdiction affecting taxation, or any change in, or amendment to, the official application, official interpretation, administration or enforcement of such laws, regulations, treaties or rulings (including a holding by a court of competent jurisdiction in a Taxing Jurisdiction), which change or amendment is enacted, adopted, announced or becomes effective on or after November 4, 2021; or

(b) on or after November 4, 2021, any action is taken by a taxing authority of, or any action has been brought in a court of competent jurisdiction in, a Taxing Jurisdiction or any taxing authority thereof or therein, including any of those actions specified in clause (a) above, whether or not such action was taken or brought with respect to us or Otis or there is any change, amendment, clarification, application or interpretation of such laws, regulations, treaties or rulings, which in any such case, will result in a material probability that we or Otis will be required to pay Additional Amounts with respect to such Notes (it being understood that such material probability will be deemed to result if the written opinion of independent tax counsel described in clause (b) below to such effect is delivered to the Trustee and the Paying Agent).

Notice of any such redemption will be mailed, or delivered electronically if held by any depositary in accordance with such depositary's customary procedures, at least 10 days but not more than 60 days before the redemption date to each registered holder of Notes to be redeemed; provided that the notice of redemption shall not be given earlier than 90 days before the earliest date on which we would be obligated to pay such Additional Amounts if a payment in respect of the Notes to be redeemed was then due. Any notice of redemption may provide that payment of the redemption price and the Issuer's obligations with respect to the redemption may be performed by another person.

Prior to the mailing or delivery of any notice of redemption pursuant to this section "-Redemption for Tax Reasons," we will deliver to the Trustee and the Paying Agent:

(a) a certificate signed by one of our officers stating that we are entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to our right to so redeem have occurred; and

(b) a written opinion of independent tax counsel of nationally recognized standing to the effect that we or Otis have or will become obligated to pay such Additional Amounts as a result of a change or amendment described in clause (a) above or that there is a material probability that we or Otis will be required to pay Additional Amounts as a result of an action, change, amendment, clarification, application or interpretation described in clause (b) above, as the case may be.

Such notice, once delivered by us, will be irrevocable.

Offer to Purchase Upon Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event with respect to a series of Notes, unless we have exercised our right to redeem the Notes of such series by giving irrevocable notice on or prior to the 30th day after the Change of Control Triggering Event in accordance with the Indenture, each holder of the Notes of such series will have the right to require us to purchase all or a portion of such holder's Notes of such series pursuant to the offer described below (the “Change of Control Offer”), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to, but excluding, the Change of Control Payment Date (as defined below) (the “Change of Control Payment”). If the Change of Control Payment Date is (a) on a day that is not a Business Day, the related payment of the Change of Control Payment will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day and/or (b) on or after a Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest, if any, will be paid to the person in whose name the Note is registered at the close of business on such Record Date, and no additional interest will be payable to holders whose Notes are subject to purchase by the Issuer.

Within 30 days following the date upon which the Change of Control Triggering Event occurs or, at our option, prior to any Change of Control but after the public announcement of the pending Change of Control, we will be required to mail or otherwise deliver in accordance with the applicable procedures of Clearstream and Euroclear a notice to each holder of Notes of the applicable series, which notice will govern the terms of the Change of Control Offer. Such notice will state the purchase date, which must be no earlier than 15 days nor later than 60 days from the date such notice is mailed or otherwise delivered in accordance with the applicable procedures of Clearstream and Euroclear (or, in the case of a notice mailed or otherwise delivered in accordance with the applicable procedures of Clearstream and Euroclear prior to the date of consummation of a Change of Control, no earlier than 15 days nor later than 60 days from the date of the Change of Control Triggering Event), other than as may be required by law (the “Change of Control Payment Date”). The notice, if mailed or otherwise delivered in accordance with the applicable procedures of Clearstream and Euroclear prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, we will, to the extent lawful:

- accept or cause a third party to accept for payment all the Notes of the applicable series properly tendered pursuant to the Change of Control Offer;
- deposit or cause a third party to deposit with the applicable paying agent an amount equal to the Change of Control Payment in respect of all the Notes of the applicable series properly tendered; and
- deliver or cause to be delivered to the Trustee the Notes of the applicable series properly accepted together with an officer’s certificate stating the aggregate principal amount of the Notes being purchased.

We will not be required to make a Change of Control Offer with respect to the Notes of the applicable series if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all the Notes of the applicable series properly tendered and not withdrawn under its offer. In addition, we will not purchase any Notes of the applicable series if there has occurred and is continuing on the Change of Control Payment Date an Event of Default under the Indenture, other than an Event of Default in the payment of the Change of Control Payment on the Change of Control Payment Date.

In connection with any Change of Control Offer for any series, if holders of not less than 90% in aggregate principal amount of the outstanding Notes of such series validly tender and do not withdraw such Notes in the Change of Control Offer and the Issuer, or any third party making the Change of Control Offer in lieu of the Issuer as described above, purchases all of those Notes validly tendered and not withdrawn by the holders, the Issuer or such third party will have the right, upon not less than 15 but not more than 60 days' notice mailed or otherwise delivered in accordance with the applicable procedures of Clearstream and Euroclear by the Issuer to each holder of such Notes (provided, that the notice is given not more than 30 days following the purchase date in respect of such Change of Control Offer), to redeem all the Notes of such series that remain outstanding following such purchase at a price in cash equal to 101% of the outstanding principal amount of the Notes plus accrued and unpaid interest, if any, to, but excluding, the applicable purchase date (it being agreed that if the purchase date is (a) on a day that is not a Business Day, the related payment will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day and/or (b) on or after a Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest, if any, will be paid to the person in whose name the Note is registered at the close of business on such Record Date, and no additional interest will be payable to holders whose Notes are subject to purchase by the Issuer).

We must comply in all material respects with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the purchase of the Notes of the applicable series as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Notes of the applicable series, we will be required to comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Indenture with respect to the Notes of such series by virtue of any such conflict.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of Otis and its subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise, established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that we offer to purchase the Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Otis and its subsidiaries taken as a whole to another "person" (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) may be uncertain.

Additional Notes

We may from time to time, without notice to or the consent of the holders of any series of Notes, create and issue further notes of any such series ranking equally with the Notes of such series (and being treated as a single class with the Notes of such series already outstanding) in all respects and having the same terms as the Notes of such series already outstanding except for issue date, issue price and, under some circumstances, the first Interest Payment Date thereof or the date from which interest first accrues thereon. If any additional notes of such series are not fungible with the initial Notes for U.S. federal income tax purposes, then those additional notes will have a separate CUSIP/Common Code/ISIN number. The Notes of each series and any additional notes of such series will be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments and redemptions.

Limitation Upon Liens

Otis will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, create, incur, issue or assume any Debt secured by a Lien on any Principal Property owned by Otis or any Wholly-Owned Domestic Manufacturing Subsidiary, and Otis will not itself, and will not permit any subsidiary to, create, incur, issue or assume any Debt secured by any Lien on any equity interests or Debt of any Wholly-Owned Domestic Manufacturing Subsidiary, without in any such case effectively providing that, the Notes (together with, if Otis shall so determine, any other Debt of Otis then existing or thereafter created that is not subordinate in right of payment to the Notes) will be secured equally and ratably with (or prior to) such secured Debt, so long as such secured Debt shall be so secured, unless, after giving effect thereto, the aggregate principal amount of all such secured Debt then outstanding plus Attributable Debt of Otis and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of sale and leaseback transactions involving Principal Properties entered into after the date of the issuance of the Notes (other than such sale and leaseback transactions as are permitted by the Indenture) would not exceed an amount equal to 10% of Consolidated Net Total Assets of Otis; provided that nothing contained in this covenant will prevent, restrict or apply to, and there will be excluded from secured Debt in any computation under this covenant, Debt secured by:

(a) Liens on any property or assets of Otis or any subsidiary (including equity interests or Debt owned by Otis or any subsidiary of Otis) existing as of the date of the issuance of the Notes;

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

(c) Liens on any property or assets or equity interests or Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation) or securing the payment of all or any part of the purchase price or construction cost thereof or securing any Debt incurred prior to, at the time of or within 120 days after, the acquisition of such property or assets or equity interests or Debt or the completion of any such construction, whichever is later, for the purpose of financing all or any part of the purchase price or construction cost thereof (provided that such Liens are limited to such equity interests or Debt or such other property or assets, improvements thereon and the land upon which such property, assets and improvements are located and any other property or assets not then constituting a Principal Property);

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

(e) Liens which secure Debt owing by a subsidiary to Otis or to a Wholly-Owned Domestic Manufacturing Subsidiary;

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

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

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

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

For the purposes of this covenant and the covenant described under the caption "-Limitations upon Sales and Leasebacks," the giving of a guarantee which is secured by a Lien on a Principal Property, and the creation of a Lien on a Principal Property or equity interests or Debt to secure Debt which existed prior to the creation of such Lien, will be deemed to involve the creation of Debt in an amount equal to the principal amount guaranteed or secured by the Lien; however, the amount of Debt secured by Liens on Principal Properties and equity interests and Debt will be computed without cumulating the underlying indebtedness with any guarantee thereof or Lien securing the same.

For purposes of this covenant and the covenant described under the caption “-Limitations upon Sales and Leasebacks,” the following will not be deemed to be Liens securing Debt, and, accordingly, nothing contained in this covenant and the covenant described under the caption “-Limitations upon Sales and Leasebacks” will prevent, restrict or apply to: (a) any acquisition by Otis or any Wholly-Owned Domestic Manufacturing Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in oil, gas and/or any other mineral and/or the process thereof, (b) any conveyance or assignment under the terms of which Otis or any Wholly-Owned Domestic Manufacturing Subsidiary conveys or assigns to any person or persons an interest in oil, gas and/or any other mineral and/or the proceeds thereof, or (c) any Lien upon any property or assets owned or leased by Otis or any Wholly-Owned Domestic Manufacturing Subsidiary or in which Otis or any Wholly-Owned Domestic Manufacturing Subsidiary owns an interest to secure to the person or persons paying the expenses of developing and/or conducting operations for the recovery, storage, transportation and/or sale of the mineral resources of the said property (or property with which it is utilized) the payment to such person or persons of Otis’ or the Wholly-Owned Domestic Manufacturing Subsidiary’s proportionate part of such development and/or operating expense.

Limitations upon Sales and Leasebacks

Otis will not itself, and will not permit any Wholly-Owned Domestic Manufacturing Subsidiary to, enter into any arrangement on or after the date of the issuance of the Notes with any bank, insurance company or other lender or investor (other than Otis or another Wholly-Owned Domestic Manufacturing Subsidiary) providing for the leasing by Otis or any Wholly-Owned Domestic Manufacturing Subsidiary of any Principal Property (except a lease for a temporary period not to exceed three years by the end of which it is intended that the use of such Principal Property by the lessee will be discontinued), which was or is owned by Otis or a Wholly-Owned Domestic Manufacturing Subsidiary and which has been or is to be sold or transferred, more than 365 days after the completion of construction and commencement of full operation thereof by Otis or such Wholly-Owned Domestic Manufacturing Subsidiary, to such bank, insurance company, lender or investor or to any person to whom funds have been or are to be advanced by such bank, insurance company, lender or investor on the security of such Principal Property (herein referred to as a “sale and leaseback transaction”) unless, either:

(a) the Attributable Debt of Otis and its Wholly-Owned Domestic Manufacturing Subsidiaries in respect of such sale and leaseback transaction and all other sale and leaseback transactions entered into after the date of the issuance of the Notes (other than such sale and leaseback transactions as are permitted by the provisions described in the following paragraph), plus the aggregate principal amount of Debt secured by Liens on Principal Properties then outstanding (excluding any such Debt secured by Liens covered by the provisions described in clauses (a) through (i) of the first paragraph of the covenant described under the caption “-Limitation upon Liens”) without equally and ratably securing the Notes, would not exceed 10% of Consolidated Net Total Assets, or

(b) Otis, within 365 days after the sale or transfer, applies or causes a Wholly-Owned Domestic Manufacturing Subsidiary to apply an amount equal to the greater of the net proceeds of such sale or transfer or fair market value of the Principal Property so sold and leased back at the time of entering into such sale and leaseback transaction (in either case as determined by any two of the following: the Chairman, Chief Executive Officer, Chief Financial Officer, the President, any Vice President, the Treasurer and the Controller of Otis) to the retirement of securities of any series outstanding under the Indenture or other indebtedness of Otis (other than indebtedness subordinated in right of payment to the Notes) or indebtedness of a Wholly-Owned Domestic Manufacturing Subsidiary, for money borrowed, having a stated maturity more than 12 months from the date of such application or which is extendible at the option of the obligor thereon to a date more than 12 months from the date of such application (and, unless otherwise expressly provided with respect to any one or more series of securities outstanding under the Indenture, any redemption of securities pursuant to this provision shall not be deemed to constitute a refunding operation or anticipated refunding operation for the purposes of any provision limiting Otis' right to redeem securities of any one or more such series when such redemption involves a refunding operation or anticipated refunding operation); provided that the amount to be so applied will be reduced by (i) the principal amount of securities outstanding under the Indenture delivered within 120 days after such sale or transfer to the Trustee for retirement and cancellation, and (ii) the principal amount of any such indebtedness of Otis or a Wholly-Owned Domestic Manufacturing Subsidiary, other than such securities, voluntarily retired by Otis or a Wholly-Owned Domestic Manufacturing Subsidiary within 120 days after such sale or transfer. Notwithstanding the foregoing, no retirement referred to in this clause (b) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Notwithstanding the foregoing, where Otis or any Wholly-Owned Domestic Manufacturing Subsidiary is the lessee in any sale and leaseback transaction, Attributable Debt will not include any Debt resulting from the guarantee by Otis or any other Wholly-Owned Domestic Manufacturing Subsidiary of the lessee's obligation thereunder.

Existence

Subject to the covenant described under the caption "-Consolidation, Merger and Sale of Assets," each of the Issuer and Otis will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence.

Reports by Otis

Otis shall file with the Trustee, within 15 days after Otis is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which Otis is required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended. Otis will be deemed to have complied with the obligations described in the immediately previous sentence to the extent that the information, documents and reports are filed with the Commission via EDGAR (or any successor electronic delivery procedure) and posted on the Otis' website or otherwise publicly available.

Delivery of the reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt shall not constitute constructive or actual knowledge or notice of any information contained therein or determinable from information contained therein, including Otis' compliance with any of its covenants under the Indenture (as to which the Trustee is entitled to rely exclusively on officer's certificates of Otis).

During any time period in which the Trust Indenture Act does not apply to the Indenture or the Notes, for so long as any such Notes remain outstanding, Otis will furnish to the holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended (the "Securities Act").

Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with or merge into any other person or convey, transfer or lease all or substantially all of its properties and assets to any person, unless:

(a) the person formed by the consolidation or into which the Issuer is merged or the person which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of the Issuer is a person organized and existing under the laws of Luxembourg, the United States, any State thereof or the District of Columbia, or any country which is, on the issue date of the Notes, a member state of the European Union, and expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, the Issuer's obligation for the due and punctual payment of the principal of (and premium, if any) and interest on all the Notes and the performance of every covenant of the Indenture on the part of the Issuer to be performed or observed;

(b) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Issuer has delivered to the Trustee an officer's certificate and an opinion of counsel, each stating that the consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with the covenant described in this section.

Otis will not consolidate with or merge into any other person or convey, transfer or lease all or substantially all of its properties and assets to any person, unless:

(a) the person formed by the consolidation or into which Otis is merged or the person which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of Otis is a person organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, Otis' obligation under the Parent Guarantee and the performance of every covenant of the Indenture on the part of Otis to be performed or observed;

(b) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) Otis has delivered to the Trustee an officer's certificate and an opinion of counsel, each stating that the consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with the covenant described in this section.

The covenant described in this section will only apply to a merger or consolidation in which the Issuer or Otis, as applicable, is not the surviving person and to conveyances, leases and transfers by the Issuer or Otis, as applicable, as transferor or lessor.

Upon any consolidation by the Issuer or Otis with or merger by the Issuer or Otis into any other person or any conveyance, transfer or lease of all or substantially all of the properties and assets of the Issuer or Otis in accordance with the covenant described in this section, the successor person formed by the consolidation or into which the Issuer or Otis is merged or to which the conveyance, transfer or lease is made will succeed to, and be substituted for, and may exercise every right and power of, the Issuer or Otis, as applicable, under the Indenture with the same effect as if the successor person had been named as the issuer or guarantor, as applicable, in the Indenture. In the event of any such conveyance or transfer, the Issuer or Otis, except in the case of a lease, will be discharged of all obligations and covenants under the Indenture and the Notes. In case of any such consolidation, merger, conveyance, transfer or lease, certain changes in phraseology and form may be made in the Notes thereafter to be issued as may be appropriate.

Events of Default

When we use the term "Event of Default" with respect to Notes of any series, we mean:

(a) default in the payment of any interest upon the Notes of such series when it becomes due and payable, and continuance of the default for a period of 30 days;

(b) default in the payment of the principal of (or premium, if any, on) any Note of such series at its Maturity;

(c) default in the performance, or breach, of any covenant or warranty of the Issuer or Otis in the Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this section specifically dealt with or which has been expressly included in the Indenture for the benefit of one or more series of securities other than the Notes), and continuance of that default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Issuer and Otis by the Trustee or to the Issuer, Otis and the Trustee by the holders of at least 25% in principal amount of all affected securities of any series issued under the Indenture then outstanding (taking such action as one class) (including any affected Notes), a written notice specifying the default or breach and requiring it to be remedied and stating that the notice is a "Notice of Default" under the Indenture;

(d) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Issuer or Otis a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer or Otis under any applicable federal or state bankruptcy, insolvency, reorganization or similar law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Issuer or Otis or of all or substantially all of their property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days;

(e) the institution by the Issuer or Otis of proceedings to be adjudicated a bankrupt or insolvent, or the consent by either of them to the institution of bankruptcy or insolvency proceedings against either of them, or the filing by either of them of a petition or answer or consent seeking reorganization or relief under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or the consent by either of them to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Issuer or Otis or all or substantially all of their respective properties, or the making by either of them of an assignment for the benefit of creditors, or the admission by either of them in writing of their respective inability to pay their respective debts generally as they become due; or

(f) other than by reason of release of the Guarantor in accordance with the terms of the Indenture, the Parent Guarantee being held in any judicial proceeding to be unenforceable or invalid or ceasing for any reason to be in full force and effect, in each case, relating to the Notes of any series, or Otis denying or disaffirming in writing its obligation under the Parent Guarantee relating to the Notes of any series, and such Parent Guarantee not being issued or returned to full force and effect within, or the denial or disaffirmation not being rescinded, by the date that is 10 days after receipt of a specified written notice to Otis from the Trustee or a holder of Notes of the relevant series.

An Event of Default with respect to the Notes of a particular series may not constitute an Event of Default with respect to the Notes of any other series.

If an Event of Default described above in clause (a), (b) or (f) of the definition of "Event of Default" occurs with respect to the Notes of any series at the time outstanding and is continuing, then in every such case the Trustee or the holders of not less than 25% in principal amount of the outstanding Notes of such series may declare the principal amount of all of the Notes of such series to be due and payable immediately, by a notice in writing to the Issuer and Otis (and to the Trustee if given by the holders), and upon such declaration the principal amount of all of the Notes of such series will become immediately due and payable.

If an Event of Default described above in clause (c) of the definition of "Event of Default" occurs and is continuing, then in every such case the Trustee or the holders of not less than 25% in principal amount of all affected securities of any series issued under the Indenture (including any affected series of the Notes) then outstanding (taking such action as one class) may declare the principal amount of all affected outstanding securities to be due and payable immediately, by a notice in writing to the Issuer and Otis (and to the Trustee if given by the holders), and upon any such declaration the principal amount of all affected outstanding securities will become immediately due and payable.

If an Event of Default described above in clause (d) or (e) of the definition of "Event of Default" occurs, then the outstanding principal amount and any accrued interest upon all the outstanding Notes will automatically, and without any declaration or other action on the part of the Trustee or any holder, become immediately due and payable.

Under certain circumstances, the holders of a majority in aggregate principal amount of the outstanding Notes of a series (or of more than one series of affected securities outstanding (including any affected series of Notes) (acting as one class), as the case may be), by written notice to the Issuer, Otis and the Trustee, may rescind and annul an acceleration and its consequences.

The Issuer covenants that if (a) default is made in the payment of any interest on any Note when such interest becomes due and payable and such default continues for a period of 30 days, or (b) default is made in the payment of the principal of (or premium, if any, on) any Note at the Maturity thereof, the Issuer will, upon demand of the Trustee, pay to it or cause to be paid to it, for the benefit of the holders of such Notes, the whole amount then due and payable on such Notes for principal (and premium, if any) and interest and, to the extent that payment of such interest is legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate or rates prescribed therefor in such Notes, and, in addition thereto, such further amount as is sufficient to cover the reasonable costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Issuer or Otis fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Issuer or Otis or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer or Otis or any other obligor upon the Notes, wherever situated.

If an Event of Default with respect to the Notes of any series (or of all series issued under the Indenture, as the case may be) occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the holders of Notes of such series (or of all series under the Indenture, as the case may be) by appropriate judicial proceedings as the Trustee deems most effectual to protect and enforce those rights, whether for the specific enforcement of any covenant or agreement in the Indenture or in aid of the exercise of any power granted therein, or to enforce any other proper remedy.

The Indenture contains a provision entitling the Trustee, subject to the duty of the Trustee during a default to act with the required standard of care, to be indemnified by the holders of Notes before proceeding to exercise any right or power under the Indenture at the request of the holders. Subject to provisions in the Indenture for the indemnification of the Trustee and certain other limitations, (a) with respect to the Notes of any series, the holders of not less than a majority in principal amount of the outstanding Notes of such series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, relating to or arising under clause (a), (b) or (f) of the definition of "Event of Default" and (b) with respect to all securities issued under the Indenture, the holders of not less than a majority in principal amount of all affected outstanding securities of any series issued under the Indenture (including any affected series of the Notes) (taking such action as one class) will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, not relating to or arising under clause (a), (b) or (f) of the definition of "Event of Default."

The Indenture provides that the Trustee may withhold notice to the holders of the Notes of any default (except in payment of principal (or premium, if any) or interest, if any) if the Trustee in good faith considers it in the interest of the holders of the Notes to do so.

The Indenture provides that no holder of any Notes of any series will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, for the appointment of a receiver or trustee or for any other remedy hereunder, unless:

(a) the holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes of such series;

(b) the holders of not less than 25% in principal amount of the outstanding Notes of such series in the case of any Event of Default described in clause (a), (b) or (f) of the definition of "Event of Default," or, in the case of any Event of Default not described in clause (a), (b) or (f) of the definition of "Event of Default," the holders of not less than 25% in principal amount of all affected outstanding securities of any series issued under the Indenture (including any affected series of the Notes) (making such request as one class), will have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) the holder or holders have offered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with the written request has been given to the Trustee during the 60-day period by the holders of not less than a majority in principal amount of the outstanding Notes of such series in the case of any Event of Default described in clause (a), (b) or (f) of the definition of “Event of Default,” or, in the case of any Event of Default not described in clause (a), (b) or (f) of the definition of “Event of Default,” by the holders of not less than a majority in principal amount of all affected outstanding securities of any series issued under the Indenture (including any affected series of the Notes) (making the direction as one class);

it being understood and intended that no one or more of such holders will have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other holders of Notes of the same series, in the case of any Event of Default described in clause (a), (b) or (f) of the definition of “Event of Default,” or of holders of all affected securities of any series issued under the Indenture (including any affected series of the Notes), in the case of any Event of Default not described in clause (a), (b) or (f) of the definition of “Event of Default,” or to obtain or to seek to obtain priority or preference over any other of such holders or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all holders of the Notes of the same series, in the case of any Event of Default described in clause (a), (b) or (f) of the definition of “Event of Default,” or of holders of all affected securities of any series issued under the Indenture (including any affected series of the Notes), in the case of any Event of Default not described in clause (a), (b) or (f) of the definition of “Event of Default.”

The Indenture contains a covenant under which we are required to furnish to the Trustee an annual statement as to the compliance with all conditions and covenants of the Indenture.

Modification and Waiver

The Indenture provides that, without the consent of the holders of Notes, we, Otis and the Trustee, at any time and from time to time, may enter into one or more supplemental indentures or other instruments, in form reasonably satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another person to the Issuer or Otis and provide for the assumption by a successor person of the Issuer’s or Otis’ obligations under the Indenture and the Notes, in each case in compliance with the provisions thereof;

(b) to add to the covenants of the Issuer or Otis or to surrender any right or power conferred upon the Issuer or Otis in the Indenture;

(c) to add any additional Events of Default;

(d) to add to, change or eliminate any of the provisions of the Indenture; provided that any such addition, change or elimination shall (i) neither (A) apply to any securities of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision nor (B) modify the rights of the holder of any such securities with respect to such provision or (ii) become effective only when there are no securities of any series outstanding;

(e) to secure the Notes pursuant to the requirements of the covenant described under the caption “-Limitation upon Liens” or otherwise;

(f) to establish the form or terms of the Notes as permitted under the Indenture;

(g) to evidence and provide for the acceptance of appointment under the Indenture by a successor Trustee with respect to the Notes of one or more series and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts thereunder by more than one Trustee, pursuant to the requirements of the Indenture;

(h) to cure any ambiguity, to correct or supplement any provision under the Indenture which may be defective or inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising under the Indenture; provided such action will not adversely affect the interests of the holders of the Notes of any particular series in any material respect;

(i) to supplement any of the provisions of the Indenture to the extent as necessary to permit or facilitate the defeasance and/or discharge of any series of the Notes pursuant to the Indenture; provided that any such action does not adversely affect the interests of the holders of the Notes of such series or any other series of the Notes in any material respect;

(j) to provide for the guarantee by any person of any outstanding Notes;

(k) to add to the Indenture such provisions as may be expressly permitted by the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which the Indenture is executed or any corresponding provision in any similar federal statute thereafter enacted;

(l) to conform to any mandatory provisions of law and in particular to comply with the requirements of the Commission in connection with the qualification of this Indenture under the Trust Indenture Act;

(m) to conform the terms of the Indenture and the Notes to any provision or other description of the Notes, as the case may be, contained in an offering document related thereto;

(n) to provide for the issuance of any additional Notes under the Indenture;

(o) to comply with the rules of any applicable securities depositary; or

(p) to make any change in any series of Notes or to add to the Indenture such provisions that do not adversely affect in any material respect the interests of the holders of such series of Notes.

Other amendments and modifications of the Indenture may be made with the consent of the holders of not less than a majority in principal amount of outstanding securities of all series issued under the Indenture affected by the amendment or modification (including any affected series of the Notes) (voting as one class); provided, no modification or amendment may, without the consent of the holder of each outstanding Note affected thereby:

(a) change the stated maturity of the principal of, or any installment of interest on, any Note, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an original issue discount security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to the Indenture or the amount thereof provable in bankruptcy pursuant to the Indenture, or change any Place of Payment where, or the coin, currency, currencies, currency units or composite currency in which, any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption or repayment at the option of the holder, on or after the redemption date or repayment date, as the case may be);

(b) reduce the percentage in principal amount of the outstanding Notes of any series, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences) provided for in the Indenture; or

(c) modify (i) the requirements of the section of the Indenture described in this paragraph, (ii) provisions with respect to waiving compliance with specified provisions of the Indenture or (iii) provisions with respect to waiving specified defaults, except to increase any applicable percentage or to provide that other specified provisions of this Indenture cannot be modified or waived without the consent of the holder of each outstanding Note affected thereby, provided, that this clause will not be deemed to require the consent of any holder with respect to changes in the references to “the Trustee” and concomitant changes in the foregoing requirements and provisions with respect to waiving compliance with certain provisions of the Indenture, or the deletion of this proviso, in accordance with the requirements of the Indenture.

A supplemental indenture that changes or eliminates any covenant or other provision of the Indenture that has expressly been included solely for the benefit of one or more particular series of Notes, or that modifies the rights of the holders of Notes of such series with respect to such covenant or other provision, will be deemed not to affect the rights under the Indenture of the holders of Notes of any other series.

It will not be necessary for any act of holders described in the foregoing provisions to approve the particular form of any proposed supplemental indenture, but it will be sufficient if the act approves the substance thereof.

Satisfaction and Discharge

The Indenture will upon the Issuer’s request cease to be of further effect with respect to any series of Notes (except as to any surviving rights of registration of transfer or exchange of Notes of such series as expressly provided for in the Indenture) and the Trustee, at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of the Indenture as to the applicable series of Notes when:

(a) either:

(i) all Notes of the applicable series theretofore authenticated and delivered (other than Notes that have been mutilated, destroyed, lost or stolen and that have been replaced or paid as provided in Indenture and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in the Indenture) have been cancelled or delivered to the Trustee for cancellation; or

(ii) all Notes of the applicable series not theretofore cancelled or delivered to the Trustee for cancellation:

(A) have become due and payable, or

(B) will become due and payable at their stated maturity within one year, or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer,

and the Issuer, in the case of clauses (ii)(A), (ii)(B) or (ii)(C) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose (x) an amount of cash (in the currency, currencies or currency units in which the applicable Notes are then specified as payable at stated maturity), or (y) Government Obligations applicable to the applicable Notes (determined on the basis of the currency, currencies or currency units in which the applicable Notes are then specified as payable at stated maturity), which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide money in an amount, or (z) a combination thereof, sufficient, in the case of clauses (y) and (z), in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge the entire indebtedness on the Notes of the applicable series not theretofore cancelled or delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to, but excluding, the date of the deposit (in the case of Notes that have become due and payable) or to, but excluding, the stated maturity or redemption date, as the case may be; provided that if on the date of the deposit, the interest payable to, but excluding, or any premium payable on, the stated maturity or redemption date cannot be calculated, the amount deposited shall be sufficient to the extent that an amount is deposited with the Trustee equal to the interest payable to, but excluding, or the premium payable on, the stated maturity or the redemption date calculated as of the date of the deposit, with any deficit on the stated maturity or redemption date, as applicable (any such amount, the “Applicable Deficit”), only required to be deposited with the Trustee on or prior to the stated maturity or redemption date, as applicable; provided, further, any Applicable Deficit shall be set forth in an officer’s certificate of the Issuer delivered to the Trustee simultaneously with the deposit of the Applicable Deficit that confirms that the Applicable Deficit shall be applied to the interest or other amounts payable at the stated maturity or on the redemption date, as applicable;

(b) the Issuer has paid or caused to be paid all other sums payable under the Indenture by the Issuer in respect of the Notes; and

(c) the Issuer has delivered to the Trustee an officer’s certificate and an opinion of counsel (as specified in the Indenture).

Defeasance and Covenant Defeasance

The Indenture provides that the Issuer may elect either “defeasance” or “covenant defeasance” and Otis may elect “covenant defeasance”, in each case of the Notes of or within a series, as applicable, as described below:

(a) “defeasance” means that the Issuer may elect to defease and be discharged from any and all obligations with respect to the applicable Notes except for the obligations to register the transfer or exchange of the applicable Notes, to replace temporary or mutilated, destroyed, lost or stolen Notes and any related coupons, to maintain an office or agency in respect of the applicable Notes and to hold moneys for payment in trust; and

(b) “covenant defeasance” means that the Issuer or Otis may elect to be released from its obligations, as applicable, with respect to the applicable Notes that are described under the captions “-Consolidation, Merger and Sale of Assets,” “-Existence,” “-Limitation upon Liens,” “-Limitations upon Sales and Leasebacks,” as applicable, and any omission to comply with these obligations will not constitute a default or an Event of Default with respect to the Notes.

To elect either defeasance or covenant defeasance under the Indenture, the Issuer must deposit or cause to be deposited with the Trustee, as trust funds in trust, (a) an amount of cash (in such currency, currencies or currency units in which the applicable Notes are then specified as payable at stated maturity), (b) Government Obligations applicable to the applicable Notes (determined on the basis of the currency, currencies or currency units in which the applicable Notes are then specified as payable at stated maturity), which through the payment of principal and interest in respect thereof in accordance with their terms will provide money in an amount, or (c) a combination thereof, sufficient, in the case of clauses (b) and (c), in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge the principal of (and premium, if any) and interest on the outstanding applicable Notes on their scheduled due dates.

A trust of this kind may only be established if, among other things, the Issuer has delivered to the applicable trustee an opinion of counsel to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance or covenant defeasance had not occurred. In the case of defeasance, an opinion of counsel must refer to and be based upon a ruling of the Internal Revenue Service (the “IRS”) or a change in applicable U.S. federal income tax law occurring after the date of the Indenture.

No Personal Liability of Incorporators, Stockholders, Officers, Directors, Managers, Employees or Agents

The Indenture provides that no recourse will be had for the payment of principal, premium, if any, or interest, if any, on any Note, or for any claim based on or in respect of any Note or the Indenture or any supplemental indenture, against any incorporator, stockholder, officer, director, manager, employee or agent, as such, past, present or future, of the Issuer or Otis or of any successor person thereof under any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. Each holder, by accepting the Notes, waives and releases all such liability.

Concerning Our Relationship with the Trustee, Securities Registrar and Paying Agent

The Bank of New York Mellon Trust Company, N.A. acts as Trustee, securities registrar and paying agent under the Indenture. The Bank of New York Mellon, London Branch acts as Paying Agent under the Indenture. We maintain customary banking relationships in the ordinary course of business with the Trustee and its affiliates.

Governing Law

The Indenture and the Notes are governed by and construed in accordance with the laws of the State of New York. The provisions of articles 470-1 to 470-19 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the “Luxembourg Companies Act 1915”) are not applicable to the Notes. No holder of any Notes may initiate proceedings against the Issuer based on article 470-21 of the Luxembourg Companies Act 1915.

Book-Entry, Delivery and Form

We issued the Notes in the form of one or more permanent global notes (the “Global Notes”) in definitive, fully registered, book-entry form without coupons. The Global Notes were deposited with a common depositary (and registered in the name of the common depositary or its nominee) for, and in respect of interests held through, Clearstream Banking S.A., which we refer to as “Clearstream,” or Euroclear Bank SA/NV, which we refer to as “Euroclear.” Except as described herein, definitive notes in registered form will not be issued in exchange for beneficial interests in the Global Notes.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to a common depositary for Clearstream and Euroclear or its nominee. None of the Notes may be held through, no trades of the Notes will be settled through, and no payments with respect to the Notes will be made through, The Depository Trust Company (“DTC”) in the United States and no link is expected to be established among DTC and Clearstream or Euroclear in connection with the issuance of the Notes.

Beneficial interests in the Global Notes are represented, and transfers of such beneficial interests will be effected, through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in Clearstream or Euroclear. Those beneficial interests are and will be in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. Should definitive notes in registered form be issued to individual holders of Notes, a holder of Notes who, as a result of trading or otherwise, holds a principal amount of any series of Notes that is less than the minimum denomination would be required to purchase an additional principal amount of such series of Notes such that its holding of such series of Notes amounts to the minimum specified denomination. Investors may hold interests in the Global Notes through Clearstream or Euroclear either directly if they are participants in such systems or indirectly through organizations that are participants in such systems.

Except as set forth in the Indenture, owners of beneficial interests in the Global Notes are not entitled to have Notes registered in their names, and will not receive or be entitled to receive physical delivery of Notes in definitive form. Except as provided below, beneficial owners will not be considered the owners or holders of the Notes under the Indenture. Accordingly, each beneficial owner must rely on the procedures of the clearing systems and, if such person is not a participant of the clearing systems, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder of Notes under the Indenture. Under existing industry practices, if we request any action of holders or a beneficial owner desires to give or take any action that a holder is entitled to give or take under the Indenture, the clearing systems would authorize their participants holding the relevant beneficial interests to give or take action and the participants would authorize beneficial owners owning through the participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by the clearing systems to their participants, by the participants to indirect participants and by the participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Persons who are not Euroclear or Clearstream participants may beneficially own Notes held by the common depositary for Euroclear and Clearstream only through direct or indirect participants in Euroclear and Clearstream.

Clearstream and Euroclear

We understand that Clearstream is incorporated and existing under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depositary, Clearstream is subject to supervision by the CSSF. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

We understand that Euroclear was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank SA/NV, which we refer to as the “Euroclear Operator,” under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation, which we refer to as the “Cooperative.” All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers, and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

We understand that the Euroclear Operator is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As a Belgian bank, it is regulated and examined by the Belgian Banking and Finance Commission.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the “Terms and Conditions”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

We have provided the descriptions of the operations and procedures of Clearstream and Euroclear in this Description of Debt Securities solely as a matter of convenience, and we make no representation or warranty of any kind with respect to these operations and procedures. These operations and procedures are solely within the control of those organizations and are subject to change by them from time to time. None of us, Otis, the underwriters, the Trustee or the Paying Agent takes any responsibility for these operations or procedures, and you are urged to contact Clearstream and Euroclear or their participants directly to discuss these matters.

We, Otis, the Trustee, the Paying Agent and the securities registrar will not have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by Clearstream or Euroclear, or for maintaining, supervising or reviewing any records of those organizations relating to the Notes.

So long as the common depositary or its nominee is the registered holder of the Global Notes, the common depositary or such nominee, as the case may be, will be considered the sole owner or holder of Notes represented by such Global Notes for all purposes under the Indenture and the Notes. Payments of principal, interest and Additional Amounts, if any, in respect of the Global

Notes will be made to the common depositary or such nominee, as the case may be, as registered holder thereof.

Distributions of principal, interest and Additional Amounts, if any, with respect to the Global Notes will be credited in euro to the extent received by Euroclear or Clearstream to the cash accounts of Euroclear or Clearstream customers in accordance with the relevant system's rules and procedures.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in the Global Notes to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Initial settlement for the Notes were made in immediately available funds. Secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear, as applicable, and will be settled using the procedures applicable to conventional euro-denominated bonds in immediately available funds.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through the Clearstream and Euroclear systems on days when those systems are open for business. Those systems may not be open for business on days on which banks, brokers and other institutions are open for business in the United States or London. In addition, because of time-zone differences, there may be problems with completing transactions involving the Clearstream and Euroclear systems on the same Business Day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to make or receive a payment or delivery of the Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether the Clearstream or Euroclear system is used.

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Notes where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired date.

Secondary market sales of book-entry interests in the Notes held through Clearstream or Euroclear to purchasers of book-entry interests in a Global Note through Clearstream or Euroclear will be conducted in accordance with the normal rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional euro-denominated bonds in same-day funds.

We have obtained the information in this section concerning Clearstream and Euroclear and the book-entry system and procedures from sources that we believe to be reliable, but neither we nor the underwriters take any responsibility for the accuracy of this information.

In a few special situations described below, the book-entry system for the Notes will terminate and interests in the Global Notes will be exchanged for definitive notes in registered form. You must consult your bank, broker or other financial institution to find out how to have your interests in the Notes transferred to your name, so that you will be a direct holder.

The special situations for termination of the book-entry system for the Notes are:

- the depositary for any of the Notes represented by a registered Global Note notifies us that it is unwilling or unable to continue as depositary or clearing system for the Global Notes, and we are unable to find a qualified replacement for such depositary within 90 days;
- we in our sole discretion determine to allow Global Notes to be exchangeable for definitive notes in registered form; or

- there has occurred and is continuing an event of default with respect to the Notes and the depositary notifies the trustee of its decision to exchange the Global Notes for definitive notes in registered form.

Certain Definitions

For purposes of this “Description of the Notes,” the following definitions are applicable:

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

“Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions or trust companies in the City of New York or the City of London, or the relevant Place of Payment, are authorized or required by law, regulation or executive order to close, and that is a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (the TARGET2 system), or any successor thereto, operates.

“Change of Control” means the occurrence of any of the following after the date of issuance of the Notes:

(a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Otis and its subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than to Otis or one of its subsidiaries, and other than any such transaction or series of related transactions in which the holders of Otis’ Voting Stock outstanding immediately prior thereto hold Voting Stock of the transferee person representing a majority of the voting power of the transferee person’s Voting Stock immediately after giving effect thereto;

(b) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) (other than Otis or one of its subsidiaries) becomes the “beneficial owner” (as defined in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of Otis’ Voting Stock representing a majority of the voting power of the Otis’ outstanding Voting Stock;

(c) Otis consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, Otis, in any such event pursuant to a transaction in which any of Otis' outstanding Voting Stock is converted into or exchanged for cash, securities or other property, other than any such transaction where Otis' Voting Stock outstanding immediately prior to such transaction constitutes, or is converted into or exchanged for, Voting Stock representing a majority of the voting power of the Voting Stock of the surviving person (or its parent) immediately after giving effect to such transaction; or

(d) the adoption by Otis' shareholders of a plan relating to Otis' liquidation or dissolution.

Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control under clause (b) above if (i) Otis becomes a direct or indirect wholly-owned subsidiary of a holding company or other person and (ii) (A) the direct or indirect holders of the Voting Stock of such holding company or other person immediately following that transaction are substantially the same as the holders of Otis' Voting Stock immediately prior to that transaction or (B) immediately following that transaction, no "person" (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) (other than a holding company or other person satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company or other person.

"Change of Control Triggering Event" means, with respect to the applicable series of Notes, the Notes of such series cease to be rated Investment Grade by each of the Rating Agencies on any date during the period (the "Trigger Period") commencing 60 days prior to the first public announcement by Otis of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings downgrade or withdrawal). However, a Change of Control Triggering Event otherwise arising by virtue of a particular reduction in, or withdrawal of, rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Change of Control Triggering Event for purposes of the definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in, or withdrawal of, rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at Otis' request that the reduction or withdrawal was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Change of Control Triggering Event). If a Rating Agency is not providing a rating for the Notes at the commencement of any Trigger Period, the Notes will be deemed to have ceased to be rated "Investment Grade" by such Rating Agency during that Trigger Period.

Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended, or, if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Comparable Government Bond" means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by the Issuer, a German federal government bond whose maturity is closest to the maturity of the Notes to be redeemed, assuming for such purpose that the Notes to be redeemed matured on the applicable Par Call Date, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German federal government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German federal government bonds selected by the Issuer, determine to be appropriate for determining the Comparable Government Bond Rate.

“Comparable Government Bond Rate” means, with respect to any redemption date, the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on the notes to be redeemed, if they were to be purchased at such price on the third business day prior to the date of the notice of redemption relating to such redemption date, would be equal to the gross redemption yield on such business day of the Comparable Government Bond (as defined above) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by the Issuer.

“Consolidated Net Total Assets” means the total amount of assets of Otis and its consolidated subsidiaries (less applicable reserves and other properly deductible items) after deducting therefrom all current liabilities (excluding any thereof that are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed), all as set forth on the most recent consolidated balance sheet of Otis and its consolidated subsidiaries and computed in accordance with generally accepted accounting principles (which calculation shall give pro forma effect to any Material Acquisition or Material Disposition consummated by Otis or its consolidated subsidiaries since the date of such balance sheet and on or prior to the date of determination, as if such Material Acquisition or Material Disposition had occurred on the date of such consolidated balance sheet).

“Debt” means notes, bonds, debentures or other similar evidences of indebtedness for borrowed money.

“Government Obligations” means (x) any security that is (i) a direct and unconditional obligation of the European Union, (ii) backed by the European Union’s budgetary and cash resources and by the European Commission’s right to call for additional resources from member states, (iii) a direct obligation of the German government or (iv) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of the German government the payment of which is fully and unconditionally guaranteed by the German government or the central bank of the German government, which, in each case of (x)(i), (ii), (iii) or (iv), is not revocable, callable or redeemable at the option of the issuer thereof, and (y) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (x)(i), (ii), (iii) or (iv) above or in any specific principal or interest payments due in respect thereof.

“Industrial Development Bonds” means obligations issued by a State, a Commonwealth, a Territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof pursuant to the provisions of Section 103(a) of the Internal Revenue Code of 1986, as amended (or any similar provision), as in effect at the time of the issuance of such obligations.

“Interest Payment Date,” when used with respect to any Notes, means the date specified in such Notes as the fixed date on which an installment of interest is due and payable.

“Investment Grade” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s) and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P), and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by us under the circumstances permitting us to select a replacement rating agency and in the manner for selecting a replacement rating agency, in each case as set forth in the definition of “Rating Agency.”

“Lien” means any pledge, mortgage, lien, encumbrance and security interest.

“Material Acquisition” means any acquisition by Otis or any of its subsidiaries of (a) equity interests in any person if, after giving effect thereto, such person will become a subsidiary of Otis or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any person (in the case of clauses (a) and (b), including as a result of a merger or consolidation); provided that, in the case of clauses (a) and (b), the aggregate consideration therefor exceeds $50,000,000.

“Material Disposition” means any sale, transfer or other disposition by Otis or any of its subsidiaries of (a) all or substantially all the issued and outstanding equity interests in any person that are owned by Otis or any of its subsidiaries or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any person; provided that, in the case of clauses (a) and (b), such sale, transfer or other disposition yields net proceeds to Otis or any of its subsidiaries in excess of $50,000,000.

“Maturity” means the date on which the principal (or premium, if any) of such Note or an installment of principal becomes due and payable as provided by the Indenture or the Note, whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise.

“Moody’s” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“person” means any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity of whatever nature.

“Place of Payment,” when used with respect to the Notes of or within any series, means the place or places where the principal of (and premium, if any), interest and Additional Amounts owed on such Notes are payable, as contemplated by the Indenture.

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

“Rating Agency” means each of Moody’s and S&P; provided that, if either Moody’s or S&P cease to provide rating services to issuers or investors, Otis may appoint another “nationally recognized statistical rating organization,” as defined under Section 3(a)(62) of the Securities Exchange Act of 1934, as amended, as a replacement agency for such Rating Agency; provided that Otis shall give notice of such appointment to the Trustee.

“Record Date” means the close of business on the date that is 15 calendar days prior to the date on which interest is scheduled to be paid, regardless of whether such date is a Business Day; provided that, if any of the Notes are held by a securities depositary in book-entry form, the Record Date for those Notes will be the close of business on the Business Day immediately preceding the date on which interest is scheduled to be paid.

“Remaining Scheduled Payments” means, with respect to each Note being redeemed, the remaining scheduled payments of principal and interest (excluding interest accrued to, but excluding, the redemption date) of such Note that would be due after the related redemption date but for the redemption.

“S&P” means S&P Global Ratings, and its successors.

“Voting Stock” of any specified person as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

“Wholly-Owned Domestic Manufacturing Subsidiary” means any subsidiary of which, at the time of determination, all of the outstanding capital stock (other than directors’ qualifying shares) is owned by Otis directly and/or indirectly and which, at the time of determination, is primarily engaged in manufacturing, except a subsidiary that (a) neither transacts any substantial portion of its business nor regularly maintains any substantial portion of its fixed assets within the United States, (b) is engaged primarily in the finance business, including, without limitation thereto, financing the operations of, or the purchase of products that are products of or incorporate products of, Otis and/or its subsidiaries, or (c) is primarily engaged in ownership and development of real estate, construction of buildings, or related activities, or a combination of the foregoing. In the event that there shall at any time be a question as to whether a subsidiary is primarily engaged in manufacturing or is described in the foregoing clause (a), (b) or (c), such matter shall be determined for all purposes of the Indenture by a board resolution.

Exhibit 10.23

OTIS

Internal
Correspondence

1 October 2023

PERSONAL & CONFIDENTIAL

Dear Stephane:

We are pleased to confirm the details of your Local Plus Assignment Extension. We hope this international experience continues to be both professionally and personally rewarding. This Letter of Assignment ("LOA") extension letter details the terms and general conditions applicable to your Assignment Extension, as summarized below:

Destination Country: Singapore
Destination Company: Otis International Asia Pacific Pte. Ltd
LOA Expiration: October 31, 2025

Your two (2) year Assignment Extension is subject to your obtaining and maintaining any required immigration and/or work permit extensions required by your Destination Country and returning a signed copy of this LOA extension letter to the Company.

The duration of your Assignment Extension remains subject to revision in accordance with business needs and may be ended sooner, at Otis' sole discretion. All other terms and conditions outlined in your LOA dated December 18, 2019 will remain in effect for the period of your Assignment Extension.

Thank you for your ongoing support of our global initiatives.
Sincerely,

/s/ ABBE LUERSMAN 10/10/2023
Abbe Luersman Date
EVP & Chief People Officer

Please indicate your agreement by signing below and returning this Extension Agreement as soon as possible.

I have reviewed the general terms and conditions of my International Assignment Extension outlined above and by signing below, accept these conditions.

/s/ STEPHANE DE MONTLIVAULT 10/10/2023
Stephane de Montlivault Date

LETTER OF ASSIGNMENT EXTENSION

Otis Worldwide Corporation
One Carrier Place
Farmington, CT 06032

August 22, 2023

Dear Tracy:

I am pleased to offer you the position of President, Otis Americas reporting to me. We will tentatively plan for your employment to begin on October 1, 2023.

Tracy, we believe you will be an outstanding addition to Otis. As such, we have developed an attractive total rewards package for you:

- Membership in Otis' Executive Leadership Group (ELG), comprised of our most senior leaders.
- A base salary of **$700,000** per year, which will be reviewed annually.
- Participation in our **Short-Term Incentive (STI)** program with a target annual STI opportunity of **90%** of your base salary. You will be eligible for a prorated STI award for 2023 based on your start date.
- Participation in our **Long-Term Incentive (LTI)** program. LTI awards are granted annually and consist of Performance Share Units (PSUs), Restricted Stock Units (RSUs) and Stock Appreciation Rights (SARs). For 2023, you will receive a **$2,500,000** LTI award (50% PSUs, 25% RSUs, 25% SARs). This award will be granted within sixty (60) days of your start date.
- A **one-time RSU award** with a grant value of **$3,500,000** to offset forfeited equity awards at your current employer. 50% of this award will vest on the first anniversary of the grant date and 50% of the award will vest on the second anniversary of the grant date, subject to the applicable award terms and conditions. The award will be granted within sixty (60) days of your start date.
- A one-time cash sign-on bonus of **$470,000**, less applicable tax withholdings, payable within sixty (60) days of hire, to offset your annual bonus and other programs at your current employer that mandate forfeiture for early departure. If you voluntarily terminate your employment with us within twenty-four (24) months of your hire date, you will be required to repay this bonus.
- Participation in our **Executive Lease Vehicle Program (ELVP)** with an allowance of **$80,000** towards the capitalized cost of a zero-emissions vehicle. The ELVP covers all maintenance, taxes, registration, and car insurance costs. You may select a vehicle of greater value and pay the difference in lease costs via payroll deductions.

- Ability to receive comprehensive **financial counseling services from Ayco**, including company benefit planning, cash flow and retirement planning, tax planning/preparation, estate planning, and education funding.
- The company will pay all expenses related to a **complete annual health exam**, offered through Executive Health Examinations International. We will also pay reasonable costs for transportation and overnight accommodations required to visit a specialized clinic in connection with these exams, if recommended by a physician.
- As an ELG member, you are entitled to **five (5) weeks of vacation** annually, with no carryover of unused vacation.
- **Relocation assistance** at a time and to a location mutually agreed upon by you, and the EVP & Chief People Officer. Benefits will include, but not be limited to, home marketing and sale assistance, home purchase assistance, temporary housing, the packing and shipment of household goods, and a one-time relocation allowance payment of $7,500. These benefits will be grossed-up for Federal & State taxes, if applicable. Additional details regarding your relocation benefits will be provided under separate cover at the time of your relocation. You must sign a Relocation Expense Repayment Agreement prior to receiving these relocation benefits.
- Eligibility to participate in **Otis Choice**, our flexible benefits plan which includes medical, dental, life insurance, disability, and other benefits for you and your eligible dependents.
- Participation in the **ELG Disability Program**. Should you become disabled, upon cessation of your sick leave benefits, you will receive 80% of your compensation (i.e., base salary and target level short-term incentive), payable for the duration of your disability.
- Participation in our **Retirement Savings Plan**, which provides matching contributions and age-graded company retirement contributions. Beginning 45 days after your hire date, Otis will automatically make an age-graded company retirement contribution to your account each pay period (from 3 to 5.5% of your compensation). In addition, after one year of service, Otis will match 60% of your contributions up to 6% of your eligible pay. Company retirement and matching contributions vest after two years of service.
- Eligibility to participate in our **Savings Restoration Plan (SRP) and Company Automatic Contribution Excess Plan (CACEP)**. These non-qualified deferred compensation plans allow you to continue to receive Retirement Savings Plan matching (through the SRP) and company automatic contributions (through the CACEP) if you exceed certain IRS compensation and contribution limits under the Retirement Savings Plan.

- Eligibility to participate in our **Deferred Compensation Plan (DCP) and LTIP Performance Share Unit Deferral Plan**, which provide executives with the opportunity to elect to defer the receipt and taxation of a portion of their base salary, STI and/or PSUs.

- Coverage under the ELG Severance Plan and the Change in Control Severance Plan.

This offer is conditional on your satisfactorily meeting our established employment requirements, including the execution of Intellectual Property and ELG Restrictive Covenant agreements.

Tracy, I look forward to you joining Otis and becoming part of the team. Please acknowledge your acceptance of our offer by signing the acceptance confirmation below and emailing it to me.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ JUDY MARKS

Judy Marks
Chair, CEO & President, Otis

Accepted and Agreed,

/s/ TRACY EMBREE	8/22/2023
Tracy Embree	Date

Exhibit 10.37

THE PARTIES

I. On the one part, **OTIS MOBILITY, S.A.**, a company, with registered office at calle Golfo de Salónica 73, 28033 Madrid, and tax identification number (NIF) A-28011153. It is registered with the Commercial Registry of Madrid, at tomo 251, Folio 70, Hoja 6896. This party is represented by Ms. Lorea Garcia Jauregui, with Spanish XXXXXX number XXXXXXXX, who is authorised to enter into this contract. This party shall be hereinafter referred to as the "**Company**".

II. On the other part, **Mr. ENRIQUE MINARRO VISERAS**, of legal age, of Spanish nationality, with professional address at XXXXXXXXXXXXX and with identity card number XXXXXXXX. This party shall be hereinafter referred to as "**Mr. Minarro**".

The Company and Mr. Minarro will be jointly referred to as the "**Parties**" and each of them individually and indistinctly as a "**Party**".

WHEREAS

I. On October 26th, 2023, Mr. Minarro was appointed as a member to the board of directors of the Company (the "**Board of Directors**") and was previously elected as President of Otis EMEA by OWC (as defined below).

II. The parties have agreed to enter into this Contract (the "**Contract**"), pursuant to article 249.3 of the Spanish Corporations Law, to set out the terms and conditions under which Mr. Minarro shall provide services as President of the Company, and also his relationship as President of EMEA.

III. This Contract and all its terms and conditions, including the remuneration payable to Mr. Minarro, have been approved by the Board of Directors on 26th October 2023.

IV. In view of the foregoing, the Company and Mr. Minarro have agreed to enter into this Contract, in accordance with following:

CLAUSES

1. STATEMENT OF PRINCIPLES

This Contract is based on the mutual trust of the parties, who will exercise their rights and comply with their obligations in good faith. Mr. Minarro undertakes to perform his duties with the utmost interest, loyalty, dedication and professionalism and shall use best efforts to promote and serve the best interests of the Otis Group. In this Contract, Otis Group means Otis Worldwide Corporation ("**OWC**") and any direct or indirect subsidiary or affiliate thereto.

2. PURPOSE OF THE CONTRACT

The purpose of this Contract is the performance by Mr. Minarro of his duties as President of EMEA (including his duties as President for the Company) hereinafter referred jointly as "President of EMEA", for the term and compensation, and subject to the other terms and conditions, provided in this Contract.

3. TERM OF THE CONTRACT

Notwithstanding clause 10, this Contract will come into force on the date hereof and will be in force for as long as Mr. Minarro holds the office of President of EMEA Operations.

4. RANK AND DUTIES OF MR. MINARRO

4.1 Rank

Mr. Minarro will hold the office of President of EMEA and, in that capacity, will be responsible for the management of the Company as well as any other companies of the Otis Group in EMEA based on the authority that is granted to him by the Corporations Law and the by-laws of the Company and OWC.

From time to time, Mr. Minarro may be appointed (and Mr. Minarro agrees to act) as a director, with executive powers or otherwise of other companies of the Otis Group (which for the avoidance of doubt, includes any subsidiaries or affiliates of the Company), as well as a representative of the Company or manager of other companies or divisions of the Otis Group in any governing body of the same.

4.2 Duties

In his capacity as President of EMEA, Mr. Minarro will perform all actions reasonably required in order to carry out the tasks and duties involved in holding of his position and lawful instructions imparted by the Chair, Chief Executive Officer and President of OWC.

4.3 Exclusivity

During the term of this Contract and unless otherwise approved by the Board of Directors in writing, Mr. Minarro will work exclusively for the Company and other Otis Group companies. Accordingly, during the term of this Contract Mr. Minarro shall not, directly or indirectly work for, or provide services to, any third party other than the Company or other companies of the Otis Group, or work freelance, even if the activities performed do not compete with those of the Company or the Otis Group.

5. WORKPLACE

Mr. Minarro will render his services to the Company at the headquarters of the Company currently located in Madrid or from his home address. The Company reserves the right to change its headquarters or the place from where Mr. Minarro will provide his services, should this be necessary or appropriate for the performance of his duties.

Mr. Minarro will travel to any domestic or foreign location when necessary or appropriate to carry out his duties.

6. AVAILABILITY AND ANNUAL LEAVE

6.1 Availability

Mr. Minarro shall be fully available to provide his services and will devote all the time and effort necessary to such end.

6.2 Annual leave

Mr. Minarro’s will receive annual leave entitlement of 30 calendar days, which leave will be taken at such times that are convenient to both Mr. Minarro and the Company and in accordance with the Company’s leave policy.

7. RESOURCES

The Company will provide Mr. Minarro with any material and human resources necessary for the provision of his services under this Contract, including, but not limited to, a suitable office at the corporate domicile or operational headquarters of the Company, IT equipment and secretarial support.

8. REMUNERATION AND BENEFITS

8.1 General

Mr. Minarro will be entitled to the remuneration set out in the following provisions, which is consistent with the remuneration system of the Company.

8.2 Fixed remuneration

Mr. Minarro will be entitled to a gross annual salary of USD 700,000 (the "**Salary**"). The Salary will be payable in 14 installments at the end of each month (with an extra installment paid in July and December) by bank transfer to Mr. Minarro's nominated € account. Each monthly installment of Salary shall be converted and paid to Mr. Minarro's € account using the 5-year average conversion rate from USD to EUR published by OANDA in effect at the end of the most recently completed calendar quarter (e.g., the installments payable for October, November and December of 2023 will be based on the 5-year average conversion rate for the quarter ending September 30, 2023).

The Salary will be reviewed annually based on business and personal performance. Mr. Minarro will be eligible for annual merit increases starting in 2024.

The Salary established in this provision shall be reduced by any other remuneration that may be payable to Mr. Minarro by any other company of the Otis Group.

8.3 Short term incentive plan participation

Mr. Minarro is eligible to participate in the OWC Executive Short-Term Incentive Plan (the " **STI**"), governed by Delaware law. Mr. Minarro's target annual STI opportunity is 90% of his Salary in effect hereunder at the end of each applicable year and shall be calculated by reference to the Salary payable hereunder without regard to any reduction pursuant to the last paragraph of clause 8.2. Notwithstanding the preceding sentence, Mr. Minarro's 2023 STI award will be pro-rated (92/365) to reflect the fact that his employment commenced on October 1, 2023. The actual amount of the potential STI payment is based on the rules of the STI. STI awards payable to Mr. Minarro will be converted from USD to € using the 5-year average conversion rate from USD to EUR published by OANDA for the most recently completed calendar quarter ended prior to the payment of the STI award.

8.4 Long term incentive plan participation

Mr. Minarrro will be eligible to receive grants of equity awards as determined annually in the sole discretion of OWC's Compensation Committee under the OWC 2020 Long-Term Incentive Plan (the " **LTI**") or any successor plan thereto. The LTI is a global plan governed by Delaware law and obligations and rights described in the LTI and Mr. Minarro's award agreements are not part of this Contract. The Company is in no way liable for any obligations set under the LTI (except for certain withholding obligations).

Mr. Minarro will be granted a 2023 LTI award on November 1, 2023 with a grant value of USD 2,500,000 comprised of Performance Stock Units ("**PSUs**") (50% of grant value), Restricted Stock Units ('**RSUs**") (25% of grant value) and Stock Appreciation Rights ("**SARs**") (25% of grant value). The number of shares underlying these PSUs and RSUs and the number of SARs to be granted will be determined by OWC in accordance with its established grant practices. These awards will be subject to the applicable schedule of terms. Mr. Minarro will also be eligible for a 2024 LTI award as part of OWC's regular annual grant cycle.

8.5 Nature of incentives

STI and LTI payments, if any, are optional remuneration which amount and nature are fully discretionary. The nature of these special payments remains unchanged even if they have been made several times. Mr. Minarro does not acquire any right to be paid such incentives.

8.6 Company car

Mr. Minarro will be entitled to the use of a car on the same terms and conditions as provided to the most senior executives employed by the Company.

8.7 Sign-on compensation

Mr. Minarro will be paid a one-time cash sign-on bonus of USD 350,000 to offset forfeited compensation at his former employer and as an incentive to commence employment. The sign-on compensation will be paid within 60 days of October 1, 2023. The sign-on bonus will be converted from USD to € using the 5-year average conversion rate from USD to EUR published by OANDA for the calendar quarter ending September 30, 2023. If Mr. Minarro voluntarily terminates his employment with the Company prior October 1, 2025, Mr. Minarro will be required to repay to the Company the gross amount received in respect of the sign-on bonus.

Mr. Minarro will also be granted RSUs pursuant to the LTI on November 1, 2023 with a grant value of USD 2,565,000 to offset forfeited equity awards at his former employer. 50% of the RSUs will vest on November 1, 2024 and 50% will vest on November 3, 2025, subject to the applicable schedule of terms. The number of shares underlying the RSUs will be determined by OWC in accordance with its established grant practices.

8.8 Other benefits

Mr. Minarro be provided with other benefits that are customarily provided to executives employed by the Company. In addition, Mr. Minarro will be reimbursed for annual financial counseling for up to USD 16,000 and the Company will pay all expenses related to a complete annual health exam, offered through Executive Health Examinations International. The reimbursement for financial counselling will be converted from USD to € using the closing day spot conversion rate as published OANDA on the date Mr. Minarro is billed for the financial counselling services.

8.9 Withholdings

Withholdings on account of personal income tax and social security contributions payable by Mr. Minarro in accordance with applicable law, including those applicable to the remuneration in kind received by Mr. Minarro, will be deducted from the remuneration agreed in this Contract.

9. EXPENSES

Mr. Minarro may incur reasonable expenses in accordance with the Company's expense reimbursement policy in performing his duties hereunder and will be reimbursed for such expenses in accordance with such policy.

10. TERMINATION OF THE CONTRACT

10.1 Termination of the Contract by Mr. Minarro

Mr. Minarro may terminate this Contract at any time by providing at least 6 months' prior written notice to the Company. If Mr. Minarro fails to give such notice, he must compensate the Company by paying an amount equivalent to the fixed gross remuneration set out in clause 8.2 that Mr. Minarro is being paid on the date of the termination of this Contract for the defaulted notice period.

The termination of this Contract by Mr. Minarro will trigger the resignation by Mr. Minarro with immediate effect of his office as a member of the Board of Directors of the Company, as well as of any directorship or office in any other companies of the Otis Group or in any other entities in the interest of the Company.

10.2 Termination of the Contract by the Company

This Contract may be terminated by the Company at any time by decision of the Board of Directors.

This Contract will also terminate automatically in the event of (i) dismissal or non-renewal of Mr. Minarro as a member to the Board of Directors upon the expiry of his previous tenure, or (ii) revocation of all or a substantial part of the powers granted to Mr. Minarro as President of the EMEA, provided that no similar powers are subsequently granted to him.

In the event of termination of the Contract pursuant to this clause 10.2, Mr. Minarro will be entitled to severance in accordance with the terms and conditions of the OWC Executive Leadership Group Severance Plan, as amended from time to time.

No severance compensation whatsoever will be payable to Mr. Minarro if the Contract is terminated by the Company for cause, including, the serious and wilful breach by Mr. Minarro of his duties under this Contract or the infringement by Mr. Minarro of the law, the by-laws of the Company OWC's Absolutes, or any regulations, policies or guidelines that may be applicable to Mr. Minarro or approved from time to time by the Board of Directors or any competent body of the Company or the Otis Group.

10.3 Other causes of termination

This Contract will automatically terminate in the event that Mr. Minarro (i) dies, (ii) reaches the statutory minimum retirement age, (iii) is classified as civilly disabled or disabled for social security purposes in a degree equal or higher than total, or (iv) for a reason that make him incapable and unable to perform his duties for a period longer than nine months.

In the event of termination of the Contract pursuant to this clause10.3, Mr. Minarro will not be entitled to any severance compensation.

11. NON-COMPETITION AND NON-SOLICITATION

11.1 Non-competition

To further ensure the protection of the Otis Group's confidential information and business interest, Mr. Minarro agrees that during the term of this Contract and for a period of two years after the termination of the Contract for any whatsoever reason, Mr. Minarro will not accept employment with or provide services in any form to (including serving as a director, partner or founder, or entering into a consulting relationship or similar arrangements) a business that competes, directly or indirectly, with any of the Otis Group's business as conducted during the term of this Contract (a **"Competitive Business**") unless Mr. Minarro has first obtained the consent of the General Counsel of OWC or her or his delegate. The determination of status of a person or entity as a Competitive Business will be made by the General Counsel of OWC (or her or his delegate) in her or his sole discretion.

11.2 Non-solicitation

Mr. Minarro agrees that during the Term of this Contract and for a period of two years after the termination of the Contract for any whatsoever reason, Mr Minarro shall not, directly or indirectly: (i) solicit any individual with whom Mr. Minarro had contact who is employed by the Otis Group at the time of such solicitation or who was employed by the Otis Group during the six-month period prior to the solicitation or the termination of the Contract, to terminate or refrain from rendering services to the Otis Group for the purpose of becoming employed by, or becoming a consultant to, any individual or entity other than the Otis Group, or (ii) induce or attempt to induce any customer, investor, supplier, licensee or other business relation of the Company ("**Customer**") to cease doing business with the Otis Group, or in any way interfere with the relationship between any such Customer, on the one hand, and the Otis Group, on the other hand.

11.3 Compensation

Mr. Minarro acknowledges and agrees that the remuneration and other benefits provided in this Contract is a reasonable and sufficient compensation for the non-competition and non-solicitation obligations established in clauses 11.1 and 11.2.

11.4 Breach

Should Mr. Minarro breach the non-compete or non-solicitation obligations established in clauses 11.1 and 11.2, Mr. Minarro must pay the Company an amount equivalent to 12 months of the fixed remuneration established in clause 8.2 that Mr. Minarro is being paid on the date of the termination of this Contract. For the purposes of articles 1,152 and 1,153 of the Spanish Civil Code, this penalty does not exclude any other compensation for damages to which the Company may be entitled, nor will it release Mr. Minarro from his non-compete obligation.

12. NON-DISPARAGEMENT

Mr. Minarro agrees not to disparage or defame, through any public medium (including social media) the business reputation, technology, products, practices or conduct of the Otis Group or any member of the boards of directors or any executive officer of the Otis Group in their capacity as such. Nothing in this Contract or elsewhere shall prevent Mr. Minarro from making statements in confidence to an immediate family member or to an attorney for the purpose of seeking legal advice, or from making truthful statements when required by law, subpoena or the like.

13. CONFIDENTIALITY

13.1 Purpose

For the purposes of this clause, ‘**Information**” is any economic, financial, technical, commercial, strategic, administrative or any other type of information that Mr. Minarro creates or has knowledge of at any time during the term of this Contract, as a consequence of the performance of his duties and any others that are assigned to him by the Company in accordance with this Contract, or that may be disclosed to Mr. Minarro verbally, in writing, or by any other means, as well as any analysis, compilation, study, summary, abstract or documentation. “**Confidential Information**” is all the information that Mr. Minarro has access to or creates, as a consequence (in the broadest sense) of this Contract, and that is classified as exclusive or confidential property, or due to its nature or the circumstances in which the creation or disclosure occurs, must, in good faith, be deemed confidential.

13.2 Use

Mr. Minarro agrees to use the Information exclusively for the purpose of performing his duties under this Contract. Mr. Minarro must treat as and maintain confidential all the Confidential Information and, in particular, not disclose it to any third party or any other employee of the Company without the Company’s prior consent, except when carrying out the duties entrusted to him in this Contract or by law, and not reproduce, transform or, in general, use it in a manner other than that which is necessary for the performance of his duties. Mr. Minarro must also immediately return to the Company, at the Company’s request, during the term of this Contract or at any other time and automatically upon the termination of this Contract, any Confidential Information, held in any type of medium, disclosed to or created by Mr. Minarro.

14. PERSONAL DATA PROCESSING

14.1 Processing of Mr. Minarro's personal data by the Company

Mr. Minarro acknowledges and agrees that his personal data available to the Company, including but not limited to the information included in his CV, background check and in this Contract, as well as the information generated as a consequence of the performance of his duties may be processed by OWC and any other Otis Group Company. Mr. Minarro has been provided and acknowledges the content and scope of the Otis Employee Notice (that may vary from time to time).

Mr. Minarro declares that he has been informed that the laws of non-EU countries do not, in general, offer a level of protection to personal data equivalent to that offered by Spanish legislation.

The rights of access, rectification, cancellation and opposition can be exercised by sending a written communication to any member of the human resources department of the Company.

14.2 Processing by Mr. Minarro of third party personal data

Mr. Minarro agrees that the following rules will apply to the processing of the personal data of third parties that he may carry our as a result of the performance of his duties: (i) data must only be processed following the instructions of the Company and in the performance of his duties; (ii) any processing of personal data must comply with the user, technical and organisational safety measures implemented by the Company and communicated to Mr. Minarro from time to time; and (iii) the data must remain confidential, even after the termination of this Contract for any reason, and must be returned to the Company upon the termination of this Contract together with any medium or document containing the data. Failure to comply with these obligations could amount to wrong-doing by the Company and/or Mr. Minarro, and a very serious breach of Mr. Minarro's obligations that could entail the termination of this Contract.

15. COMPANY PROPERTY

15.1 Duty of care

Mr. Minarro must keep all documents, objects and materials that he receives from the Company and/or any Otis Group Company safe and in good condition.

15.2 Returning property upon termination

Upon the termination of this Contract for any reason, Mr. Minarro will deliver to the Company any documentation and records relating to the Company or any other company of the Otis Group, their clients, suppliers and any persons or companies that have had any dealings with the Company or any other companies the Otis Group. Mr. Minarro will not be entitled to retain any copies of such documentation.

Mr. Minarro must also return to the Company any property that he has received from the Company or any other company of the Otis Group, including but not limited to, the company car, mobile telephone or any other electronic device, hardware and software, credit cards, keys or access cards, and any other items belonging to the Company or any other company of the Otis Group that may be in Mr. Minarro' possession or under his control.

16. USE OF EMAIL AND INTERNET ACCESS

Mr. Minarro will have Internet access and an e-mail account in order to carry out his duties. Mr. Minarro expressly agrees that such work tools belong to the Company. Therefore, Mr. Minarro must generally only use the Internet access and e-mail account for work related-reasons. However, the use of these tools for personal reasons is permissible as long as such use is reasonable, proportional and made in good faith, and provided that he respects the security measures protecting information and IT systems.

Any excessive and unreasonable use of these tools for purposes unrelated to work, or the breach of the Company's information and IT systems security measures, will be considered a breach of the contractual obligation of good faith, regardless of whether or not Mr. Minarro profits personally from the breach or the Company incurs or not in losses.

The Company may access Mr. Minarro's electronic communications (by e-mail and Internet) and monitor their use in order to: (i) verify the performance of this Contract (and, specifically, compliance with the foregoing paragraphs and any other internal policies notified to Mr. Minarro at any time under this Contract); (ii) guarantee the security of the Company's information and IT systems; (iii) avoid any liability of the Company or any other company of the Otis Group as a result of any wrong-doing; and (iv) coordinate and guarantee the continued performance of Mr. Minarro's activities after the termination of this Contract, in Mr. Minarro's absence (e.g., due to illness or vacation) or if Mr. Minarro has not taken any other necessary measures to guarantee the management of electronic correspondence (e.g., activation of automatic replies or automatic forwarding tools).

Therefore, Mr. Minarro expressly accepts and authorizes the Company to access the e-mail account given to him by the Company and his browsing history, insofar as this is necessary to achieve the abovementioned goals.

17. CHANGE OF DETAILS

Mr. Minarro must inform the Company of any change to his personal or professional details that might be relevant for the purposes of the employment relationship, or for the Company's social security and tax obligations. Failure to provide this information will exonerate the Company from liability.

18. PRIOR AGREEMENTS

Any prior contract or agreement, verbal or in writing, entered into with the Company or any other company or entity in connection with the subject matter of this Contract is expressly abrogated and replaced by this Contract.

19. GOVERNING LAW

In the absence of any express provision herein, this Contract will be governed by the Articles of Association of the Company, the Company's Internal Code of Conduct, and any regulations and that may be approved from time to time by the Board of Directors or any competent body of the Company, as well as by Spanish corporate law and any other civil, commercial or administrative applicable common Spanish laws and regulations.

20. JURISDICTION

For the resolution of any and all disputes which may arise out of the interpretation, validity, enforceability, performance or termination of this Contract, the Parties hereby expressly submit to the Courts of the city of Madrid (*villa de Madrid*) waiving any other venue that it may correspond.

As witness, the parties initial each page and sign at the end of the two counterparts, in the place and on the date first indicated above.

OTIS MOBILITY, S.A.

P.p.

/s/ LOREA GARCIA JAUREGUI	/s/ ENRIQUE MINARRO VISERAS
Ms. Lorea Garcia Jauregui	Mr. Enrique Minarro Viseras
10/26/2023	10/26/2023

EMPLOYMENT CONTRACT
（FOREIGN NATIONAL OR HONG KONG, MACAO OR TAIWAN RESIDENT）

劳动合同
(外籍员工或港澳台员工适用)

This Contract (“Contract”) is entered into by and between:

本合同 (“合同”)由以下双方签订：

Otis Elevator Management (Shanghai) Co.,Ltd. (the“Company”), a company with its registered address at 402,Building 5, No. 3000, Longdong Avenue, China (Shanghai) Pilot Free Trade Zone, the current legal representative being Peiming Zheng; and

奥的斯电梯管理（上海）有限公司（“公司”），一家法定地址在中国（上海）自由贸易试验区龙东大道3000号5号楼402室，当前的法定代表人是郑培明；及

Loh Siow Lee, Passport Number XXXXXXXXX, having the residential address XXXXXXXXXXXXXX (the “Employee”).

Loh Siow Lee，护照号码XXXXXXXXX，居住地址：XXXXXXXXXXXXXX（“员工”）。

The Company and the Employee are referred to collectively as the “Parties” and each individually as a “Party”.

公司和员工以下共同称作“双方”，单独称作“一方”。

The Company hereby employs the Employee to render full-time services to the Company in accordance with the Regulations for the Administration of Employment of Foreigners in China and applicable Shanghai regulations.

根据《外国人在中国就业管理规定》及上海市相关规定，公司在此雇佣员工为公司提供全职服务。

Upon a negotiated consensus, both Parties agree as follows:

双方经协商一致达成如下约定：

1. Contract Term

1. 合同期限

1.1 The term of this Contract, the Anticipated Commencement Date, and the Anticipated Ending Date are set forth in Annex A. To avoid ambiguity, the Parties hereby confirm that, this Contract will be recognized as a fixed-term employment contract concluded between the Parties.

1.1 本合同的期限、预计起始日及预计终止日均在附件A中列明。为免疑义，双方在此确认，本合同将被视为双方签订的固定期限劳动合同。

2. Position, Duties, and Location of Work

2. 岗位、职责和工作地点

2.1 The position of the Employee is set forth in Annex A. The Employee agrees that the Company may reasonably transfer the Employee to a different job position on a temporary or permanent basis pursuant to the business or operational requirements of the Company, and the Employee’s professional, technical or physical abilities and work performance. The job duties and reporting supervisor shall be provided separately by the Company to the Employee.

2.1 员工的岗位在附件A中列明。员工同意，公司可根据公司的业务或经营需要以及员工的专业、技术或身体能力和工作表现，暂时或永久地将员工合理调至另一岗位。工作职责和汇报主管将由公司另行向员工告知。

2.2 The Employee shall work at the Company's location as set forth in Annex A. The Company may arrange for the Employee business travels to regions outside his/her place of work from time to time or assign the Employee to other regions. The Company may also temporarily second the Employee to other locations, in accordance with business needs.

2.2 员工应在附件A中列明的公司地点工作。公司可安排员工不时前往其工作地点以外的区域出差或将员工调至其他区域。公司也可根据业务需要，暂时将员工借调至其他地点。

3. Representations, Warranties and Undertakings

3. 陈述、保证和承诺

3.1 The Employee hereby represents, warrants, and undertakes the following:

a. as of the Anticipated Commencement Date and through the term of this Contract, the Employee is not employed by any other entity in China, that the Employee's employment by the Company under the Contract does not violate any contractual or statutory obligations of the Employee, and that the Employee has full capacity to enter into the Contract;

a. the Employee shall devote all of his/her professional time and effort to the Company's business on a full time basis, and refrain from any professional practice other than on account of or for the benefit of the Company regardless of with compensation or not, unless the prior written consent has been obtained from the Company; and

c. through the term of this Contract, the Employee shall maintain valid work authorization to be employed by the Company and valid residence authorization.

3.1 员工在此陈述、保证和承诺如下：

a. 自预计起始日起并在本合同的整个期限内，员工不受雇于任何其他在中国的实体，员工在合同项下受雇于公司不违反员工的任何合同或法定义务，且员工具有签订合同的完全行为能力；

b. 员工应当作为全职人员将其全部专业时间和精力投入公司业务，且无论是否获得报酬均不得从事非为公司利益的任何其他专业活动，但获得公司事先书面同意的除外；及

c. 在整个合同期间，员工应当保持有效的受雇于公司的就业证件和居留许可。

4. Work Conditions, Working Hours, and Leaves

4. 工作条件、工作小时和假期

4.1 The Company will provide the Employee with work conditions, labor protection, and protection against occupational hazards that conform to PRC laws and national and local regulations, and shall ensure that the Employee's working environment is healthy and safe.

4.1 公司将向员工提供符合中国法律和国家及地方法规的工作条件、劳动保护及职业危害保护，并确保员工工作环境的健康、安全。

4.2 Working hours shall be prescribed by the Company in accordance with the relevant law.

4.2 工作小时应由公司根据相关法律规定确定。

4.3 The Employee shall be entitled to take annual leaves in accordance with the provision of Overseas Employment Document signed with the Overseas Employer. The Employee acknowledges that such annual leave entitlement has included any and all statutory annual leaves that the Employee may be entitled to under the Chinese law.

4.3 员工有权根据其与境外雇主签订的境外劳动文件的约定享受年假。员工确认，其享有的该等年假已包含员工根据中国法律可能享有的任何及所有法定年假。

5. Remuneration and Social Insurance

5. 薪酬和社保

5.1 The Employee's monthly base salary is set forth in Annex A.

5.1 员工的月基本工资在附件A中列明。

5.2 The Employee shall pay individual income tax as required by law. The Company will withhold individual income tax and any other required contributions from the remuneration as required by applicable law; and remit to the relevant authorities on the Employee's behalf.

5.2 员工应依法缴纳个人所得税。公司将按照适用法律从薪酬中代扣个人所得税和任何其他要求的缴费，并代表员工向有关机构进行缴纳。

5.3 The Company may utilize a third party agency to handle payroll matters.

5.3 公司可使用第三方代理处理工资事宜。

5.4 The Company may decide to pay to the Employee other variable, additional, and non-recurrent bonuses or other payments in accordance with the Company's compensation policy.

5.4 公司可根据公司的报酬政策决定向员工支付其他可变的、额外的和非经常性的奖金或其他款项。

5.5 To the extent permissible under the applicable laws, and upon the Employee's request, the Employee acknowledges and agrees that he/she will not be enrolled in any PRC social insurance and housing fund scheme. In case during the Employee's employment with the Company he/she become mandatorily required to participate in PRC social insurance and housing fund schemes according to local rules and practice, the Company will contribute social insurances and housing fund for the Employee and assume the amount which shall be contributed by the Employee.

5.5 在适用法律允许的范围内，并按照员工的要求，员工知晓并同意其将不参加任何中国的社会保险和住房公积金。如在其雇佣期间，依据地方法律规定和实践员工被强制要求参加中国的社会保险和住房公积金的，公司将有权为其缴纳各项社会保险和住房公积金并承担应由员工个人缴纳的部分。

5.6 The Employee acknowledges that he/she may enter into a concurrent employment with another associated company of the Company outside of the jurisdiction of the PRC ("Overseas Employer") and sign the employment contract or agreement or document with the same effect ("Overseas Employment Document") with the Overseas Employer. If the items of relevant remuneration, allowances and benefits under this section and Annex A have been expressly provided in the Overseas Employment Document, to the extent permitted by law, the relevant provisions of the Overseas Employment Document shall govern; at the same time the relevant provisions under this Contract will be only deemed to restate all or part of the provisions of the Overseas Employment Document, in case of any dispute on such remuneration, allowances and benefits, the Employee can only claim against the Overseas Employer according to the Overseas Employment Document.

5.6 员工确认其可能会与公司在中国境外的其他关联公司（"境外雇主"）同时建立劳动雇佣关系，并与境外雇主签订劳动合同或具有同等效力的协议或文件（"境外劳动文件"）。本条及附件A项下所约定的相关薪酬、津贴及福利待遇项目，如在境外劳动文件中已有明确约定的，则在法律允许的范围之内，以境外劳动文件中约定的内容为准；同时本合同项下的约定仅视为对境外劳动文件中约定内容的全部或部分的重述，如果就该等薪酬、津贴及福利待遇有任何争议，员工应仅根据境外劳动文件向境外雇主提出主张。

6. Personal Conduct, Behavior and Discipline

6. 个人行为和纪律

6.1 The Employee shall observe the rules and policies of the Company as issued from time-to-time by the Company, including but not limited to the UTC Code of Ethics. The Company may reward and discipline the Employee in accordance with such rules and policies.

6.1 员工应遵守公司不时制订的公司规章制度，包括但不限于UTC道德规范。公司可根据该等规章制度对员工进行奖惩。

7. Termination of the Contract

7. 合同解除

7.1 The Employee agrees that in the event his/her concurrent employment with the Overseas Employer is terminated outside of the jurisdiction of the PRC, the Company is entitled to immediately terminate by written notice this Contract and the Employee's employment with the Company, meanwhile the Employee will not be eligible to any severance pay under Chinese law.

In the event that the Company is ordered to pay severance for the termination/ending of employment or damages for wrongful termination to the Employee according to the binding arbitration award and court judgment within the jurisdiction of the PRC, the Company is entitled to deduct the amount of any severance payment already paid by the Overseas Employer outside of the jurisdiction of the PRC from the amount payable to the Employee.

7.1 员工同意如果其与境外雇主建立的中国境外的劳动雇佣关系被解除的，公司有权通过书面通知的方式立即解除本合同及员工与公司的劳动关系，同时员工将无权获得中国法律规定的任何经济补偿。

如根据中国境内的生效仲裁裁决和法院判决，公司应当向员工支付任何与解除或终止劳动关系相关的经济补偿金或者违法解除劳动关系的赔偿金的，公司有权从应向员工支付的金额中抵扣境外雇主在境外已经向其支付的任何经济补偿金金额。

7.2 The Employee agrees that if he/she fails to obtain the requisite work permit or residence permit from the relevant China government authorities for his/her employment with the Company for any reason, the Company can terminate this Contract or the Overseas Employer can change his/her work location.

7.2 员工同意如果因任何原因员工未能获得中国有关政府部门出具的受雇于公司所需的就业证件或居留许可，公司可以终止本合同或者由境外雇主变更员工的工作地点。

7.3 On the termination of this Contract, howsoever arising, the Employee shall forthwith deliver to the Company all assets belong to the Company which may then be in the Employee's possession or under the power or control of the Employee.

7.3 在本合同解除或终止（无论因何原因）时，员工应立即向公司交付员工占有的或处于员工权力或支配下的全部公司资产。

7.4 On the termination of this Contract, howsoever arising, the Employee shall provide the work permit to the Company, and assistant the Company to cancel the work permit and residence permit.

7.4 在本合同解除或终止（无论因何原因）时，员工应当将其就业证件交给公司，并配合公司进行就业证件和居住许可的注销事宜。

8. Liability for Breach and Compensation

8. 违约责任和赔偿

8.1 If either Party breaches the Contract, thereby causing the other Party to suffer damage, the breaching Party will be liable to pay compensation according to the extent of such damage, with the exception that the Parties agree that in the event the Company is determined to have unlawfully terminated the Contract, the maximum possible damages will be limited to the compensation mandated by Chinese labor law.

8.1 如果任何一方违反本合同，因此导致另一方遭受损害，违约方将有责任根据损害的程度支付赔偿，但是双方同意在公司被认定违法解除/终止本合同的情形下，最高赔偿将仅限于中国劳动法规定的赔偿金。

8.2 Within the limits of the law, the Company has the right to deduct from the Employee's remuneration any amount of damages or loss suffered by the Company as a result of the Employee's action.

8.2 在法律允许的范围内，公司有权从员工的薪酬中扣除由于员工的行为导致公司遭受的损失或损害的金额。

9. Confidentiality, Intellectual Property and Protection of Information

9. 保密、知识产权及信息保护

9.1 The Employee agrees to be bound by the Confidentiality and Intellectual Property Agreement, a copy of which is attached or will be supplied to the Employee separately.

9.1 员工同意受《保密与知识产权协议》约束，该协议的副本附于本合同之后或将另行提供给员工。

9.2 The Employee acknowledges and agrees, during the Employee's employment with the Company and thereafter, to the collection and share among the Company's affiliates of the Employee's personal information for business purposes within and outside of the PRC. Personal data will be collected only for lawful and relevant purposes and the Company will take practicable steps to ensure security of the personal data and to avoid unauthorized or accidental access, or other use.

9.2 员工承认并同意，在员工受雇于公司期间且在此之后，公司可为业务目的在中国境内外收集并在关联公司间共享员工的个人信息。个人资料将仅为合法和相关目的收集，且公司将采取可行措施，以确保个人资料的安全并避免未经授权或意外接触或使用个人资料。

9.3 The Company's telephone, voice mail, computer, and e-mail systems and the data stored on them are and remain at all times the property of Company. All information, including e-mail messages and files, that is created, sent, or retrieved over the Company's technical resources is the property of Company, and should not be considered private or confidential. Any electronically stored information that the Employee creates, sends to, or receives from others may be retrieved and reviewed when doing so serves the legitimate business interests and obligations of the Company.

9.3 公司的电话、语音信箱、计算机和电子邮件系统以及其中存储的数据是并始终是公司的财产。通过公司的技术资源创建、发送或获取的所有信息，包括电子邮件消息和文档，是公司的财产，且不应被视为员工的隐私或保密信息。对于员工创建、发送给第三方或从第三方获取的任何电子存储信息，公司有权为公司合法的商业利益和义务而随时获取和检查。

9.4 The provisions of this Article 9 will survive after the expiration or termination of the Contract to the extent permitted by law.

9.4 本第9条规定将在合同期满或终止后在法律允许的范围内继续有效。

10. Miscellaneous

10. 其它规定

10.1 This Contract is executed in the English language and Chinese language in two originals. In the case of any discrepancy between the two versions, the Chinese version shall prevail. Each Party will hold one executed original.

10.1 本合同以英文和中文签署两份原件。如果两种语言版本之间存在任何不一致，以中文文本为准。每一方将持有一份经签署的原件。

10.2 Except as otherwise provided herein, any amendment to the terms of this Contract will require an agreement in writing between the Parties.

10.2 除本合同中另有规定外，对本合同条款的任何修订需要双方达成书面协议。

10.3 In the event that any term hereof conflicts with the rules and policies of the Company, this Contract will prevail. Any matters that have not been addressed in the Contract will be handled in accordance with the rules and policies of the Company.

10.3 如果本合同的任何条款与公司的规章制度不一致，以本合同为准。合同中任何未尽事宜将根据公司的规章制度处理。

10.4 This Contract shall be governed and construed by the laws of the People’s Republic of China. If any dispute arises from or in connection with this Contract, the Parties shall first resolve such dispute through consultation. If the Parties fail to resolve such dispute through consultation within thirty days, both Parties have the right to apply for labor dispute arbitration in accordance with the relevant laws and regulations. Either Party who is not satisfied with the award of the arbitration may file a lawsuit before the people’s court for resolution.

10.4本合同受中国法律管辖，并应按中国法律解释。对于因本合同产生或与本合同有关的任何争议，双方应首先协商解决。如双方未能在三十日内通过协商解决该等争议，双方有权按有关法律、法规提交劳动争议仲裁；任何一方对仲裁裁决不服，可向人民法院提起诉讼解决。

10.5 If any of the provisions of this Contract is held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of any other provisions of this Contract.

10.5 本合同的任何规定被认定为无效或不可强制执行，不影响本合同任何其他规定的有效性或可强制执行性。

10.6 This Contract shall become effective and binding on the latest date signed below.

10.6 本合同自下文签署的最迟日期生效并具有约束力。

10.7 By signing this Contract, the Employee hereby acknowledges that the Company has truthfully informed the Employee as to the content of the work, the working conditions, place of work, occupational hazards, safety conditions, and compensation.

10.7 通过签署本合同，员工在此承认公司已经将工作内容、工作条件、工作地点、职业危害、安全条件和工资薪酬如实告知员工。

IN WITNESS WHEREOF the Parties have executed this Contract on the date signed below:

双方已经于下列日期签署了本合同特此为证。

Otis Elevator Management (Shanghai) Co., Ltd

奥的斯电梯管理（上海）有限公司

_____________________________ (Seal)

_____________________（公章）

Date:

日期：

Loh Siow Lee

/s/ LOH SIOW LEE

Date: October 30, 2023

Loh Siow Lee

/s/ LOH SIOW LEE

日期：October 30, 2023

ANNEX A

Employee Name: Loh Siow Lee

Term of Contract: 2 years

Anticipated Commencement Date: Jan 1, 2024

Anticipated Ending Date: Dec 31, 2025

Position of the Employee: President, Otis China

Job Description:
Implementing and execute our strategy, evaluate and respond to the market dynamics, including the alignment and prioritization of New Equipment and Service growth, enhancing business digitalization, ensuring operational and customer service excellence across Otis China;
Energizing colleagues, while maintaining our commitment to the Otis Absolutes of Safety, Ethics and Quality.

Work location: Shanghai

Monthly base salary: SGD68,333.33 (CNY334,498.97)

Bonuses:SGD492,000/year(target) (CNY2,408,392.64)

Allowance and Benefits: Allowance of: SGD4,959.53/month (CNY24,277.43) and other agreed benefits

附件A

员工姓名：Loh Siow Lee

合同期限： 2年

预计起始日： 2024年1月1日

预计终止日： 2025年12月31 日

员工岗位： 奥的斯中国区总裁

工作职责：
负责业务战略制定与执行，评估和响应市场动态，推动新梯和服务业务增长、以及业务数字化变革，致力于维持奥的斯在中国的高效运营和高质量服务;
激励员工践行奥的斯安全、合规和质量三大基石。

工作地点： 上海

月基本工资：新加坡元68,333.33（人民币334,498.97）

奖金:新加坡元492,000/年(目标)（人民币2,408,392.64）

津贴、福利：津贴新加坡元4,959.53/月（人民币24,277.43）和其他约定的福利

奥的斯电梯管理（上海）有限公司

Otis Elevator Management(Shanghai) Co., Ltd
__________________________ (Seal)

Date: October 30, 2023

Loh Siow Lee
/s/ LOH SIOW LEE

Date: October 30, 2023

Internal
Correspondence

OTIS

1 November 2023

PERSONAL & CONFIDENTIAL

Dear Sally:

Congratulations on the extension of your International Assignment! We hope this global opportunity will continue to be both a professionally and personally rewarding experience. This Letter of Assignment ("LOA" or "Agreement"), including Appendices, describes the general terms and conditions applicable to your Assignment, as summarized below:

Home Country: Singapore
Home Company: Otis International Asia Pacific Pte. Ltd.
Host Country: China
Host Company: Otis Elevator Management (Shanghai) Co. Ltd.

Strategic Assignment Policy

The Otis Strategic Assignment Policy (the "Policy") governs your Assignment and outlines both the relocation support and on-going Assignment benefits provided to Assignees and their accompanying Eligible Dependents. See Appendix A for a summary of your Assignment allowances.
By signing this Agreement, you agree to adhere to the policies and requirements of the Otis Worldwide Corporation Global Mobility Program. You further acknowledge that you have been provided with and agree to comply with the terms of the Policy. Unless otherwise indicated, capitalized terms have been defined in the Policy.

Assignment Status

You will be assigned to the Host Company. You must abide by all laws in the Host Country and perform duties reasonably assigned to you by the Host Company. It is also expected that you will conduct yourself in a professional manner at all times. While on Assignment, you must comply with all Otis International Trade Compliance ("ITC") policies and applicable governing laws/regulations, including the obligation to avoid business or other travel to prohibited countries. Otis ITC guidance is available at https://otiselevator.sharepoint.com/sites/ITC

This LOA does not create a contract of employment, but simply seeks to confirm the conditions which pertain to your International Assignment. The duration, terms and conditions of the Assignment are subject to revision in accordance with business needs and changes to the Global Mobility Program or Company policies.

Your Assignment benefits will continue for the duration of this Assignment extension period subject to your returning a signed copy of this LOA, obtaining and/or maintaining all necessary immigration authorizations and medical clearances, and any other approvals as may be deemed necessary by Global Mobility in order to ensure compliance with statutory requirements of the Home and/or Host Country. Subject to the above conditions having been met, your eligibility to receive the ongoing Assignment allowances and benefits described in Appendix A of this document began with your arrival in the Host Country and will end upon completion of your Assignment, as determined by Otis.

If, prior to the end of your assignment, you or any of your Eligible Dependents leave the Host Country for a period of more than 30 consecutive days, your Assignment premiums and allowances will be suspended or reduced to reflect the family size remaining at the host location. Premiums and allowances will be reinstated or adjusted when you and/or your dependent(s) return to the host location. You must notify Global Mobility and your SIRVA Relocation consultant of any extended travel and/or changes to family size, in a timely manner.

Upon successful completion of your Assignment, Otis will relocate you back to your Home Country. Repatriation is contingent upon your independently having obtained and/or maintained all applicable immigration authorizations, medical or other clearances required by the Home Country. Otis is under no obligation to facilitate your admission to Home Country.

Repatriation or relocation to another global assignment location is provided subject to your not having been treated by the Company as terminated for cause. Otis will seek to identify a reasonably equivalent position for you within the organization at the end of your assignment. However, Otis does not guarantee that it will be able to do so or that your employment will continue at the end of your assignment.

Tax Equalization Policy

The Tax Equalization Policy is to support your general tax neutrality and global tax compliance while on Assignment. You acknowledge that you have been provided with, understand and consent and are subject to the terms of the Otis Tax Equalization Policy, version 1.0. By signing this LOA, you expressly authorize the company to withhold any amounts due to the company.

Otis Absolutes and Compliance with Laws

You agree that you are bound by the provisions of the Otis Absolutes and the Otis Corporate Policy Manual. You agree to perform all aspects of your job in accordance with all applicable laws, both in the Home and Host Countries, to strictly follow all workplace safety rules, to protect the property of the company and to maintain the highest standards of personal and professional ethics.

Data Privacy

By signing this Agreement, you confirm your understanding and explicitly agree that the company, its affiliate and/or third parties may, in connection with your employment and/or your International Assignment, collect, use, process, transmit and hold personal data, including sensitive personal data. The data may be in electronic or other form and may be used to manage your employment and Assignment arrangements, to comply with legal and regulatory obligations and to fulfil the company’s business or other legitimate interests as required or permitted by law or regulation. Because of the global nature of an International Assignment, your personal data will, subject to applicable law, be transferred internationally to other countries worldwide. This may mean that personal data is transferred to countries, such as the United States, where data servers may be located. Each country provides different standards of legal protection of personal data. All such collection, use, processing, transmission and holding of data will comply with applicable data privacy protection requirements. If you do not want to have your personal data shared, you may choose to not sign this LOA and not be deployed on Assignment.

Intellectual Property

You agree and acknowledge that to the extent allowed by applicable law, all rights, titles and interests in all intellectual property created by you in the course of your International Assignment will belong to the company and/or its affiliates and you will have no right, title, interest, claim or right of sale on such intellectual property rights.

Confidentiality

By signing this Agreement, you agree that any and all company information acquired and known to you shall be deemed strictly confidential. This includes, but is not limited to, intellectual property, patents, copyrights, trade secrets, and all forms of proprietary information (data) created or otherwise obtained by you throughout the course of your employment with Otis. Unless permitted by the company in writing, during the term of this International Assignment or at any time thereafter, you shall not disclose any company information to any legal person, individual or other organization or entity for any purpose and in any manner, nor utilize company information for any purpose other than performing your duties.

By signing this Agreement, you further agree to keep the terms of this Agreement confidential and to not disclose its content to anyone except for purposes of seeking legal or financial advice.

Governing Law

Your LOA, International Assignment and employment relationship are generally subject to and governed by the laws of the Home Country in accordance with the terms of the Policy.

Thank you for supporting our global initiatives. Best wishes to you in your new Assignment.

Sincerely,

/s/ JORDI CASAS 10/26/2023
Jordi Casas Date
VP, Human Resources, Otis China

Please indicate your agreement by signing below and returning this LOA as soon as possible. This letter shall not be amended or supplemented unless in writing and signed by you and a duly authorized representative of the company.

I have reviewed the general terms and conditions of my International Assignment outlined above (including appendices) and by signing below, accept these conditions.

/s/ SALLY LOH 10/30/2023
Sally Loh Date

Inclusions:
Appendix A: Strategic Assignment and Allowance Summary

APPENDIX A: Strategic Assignment and Allowance Summary

Please review the Strategic Assignment Policy for additional detail regarding the Assignment and relocation support for this Assignment. Some allowances may fluctuate due to exchange rate, data updates or family size changes. Except as noted, below, allowances that are calculated on Base Salary are subject to a Policy Maximum of a Base Salary cap of 200,000 USD or local equivalent, as determined at time of payment. Policy benefits are subject to revision based on changes in the duration, terms and conditions of the Assignment.

Assignment Summary	
Home Country	Singapore, Singapore
Host Country	Shanghai, China
Position Title	President, Otis China
Reporting To	Judy Marks
Anticipated Assignment Start Date	**January 1, 2024**
Anticipated Assignment End Date	**December 31, 2025**
Tax Equalization Location	Singapore

Policy Benefit	Amount and Frequency
Mobility Premium	SGD 3,413.22 per month*
Goods and Services Differential (G&S)	SGD 1,556.61 per month
Host Country Transportation	As currently provided
Host Country Housing	CNY 75,000.00 per month (capped)
Host Country Utilities	Reimbursement of covered utilities, as per policy

* Treatment grandfathered from previous LOA/policy, which provided a 10% Assignment Premium and 10% Location Premium (up to a policy maximum of USD 15K/year for each allowance). This aggregated, 20% Mobility Premium remains subject to the same compensation cap of USD 150K/year. Amount will be converted and fixed to SGD, once per quarter.

Exhibit 21

OTIS WORLDWIDE CORPORATION
Subsidiary and Affiliate Listing
December 31, 2023

Entity Name	Place of Incorporation
9G Elevator Pte. Ltd.	Singapore
Alder France Holdings SAS	France
Alder Holdings SAS	France
Alder Paris Holdings SAS	France
Allyn Holdings, Inc.	Delaware
CEAM Costruzioni Elettromeccaniche Ascensori e Montacarichi Srl	Italy
Chestnut Holdings	France
Cypress Holdings Srl	Italy
Highland Holdings S.à r.l.	Luxembourg
Juniper Holdings S.à r.l.	Luxembourg
Madison Holdings B.V.	Netherlands
Nippon Otis Elevator Company	Japan
Opal Spanish Holdings, S.A.	Spain
Otis a.s.	Czech Republic
Otis Canada, Inc.	Canada
Otis Electric Elevator Company Limited	China
Otis Elevator Company	New Jersey
Otis Elevator Company (H.K.) Limited	Hong Kong
Otis Elevator Company (India) Limited	India
Otis Elevator (China) Investment Company Limited	China
Otis Elevator Holdings Limited	United Kingdom
Otis Elevator Korea	Korea, Republic of
Otis Far East Holdings Limited	Hong Kong
Otis Gesellschaft m.b.H.	Austria
Otis Holdings GmbH & Co. OHG	Germany
Otis International Holdings GmbH	Germany
Otis International Asia Pacific Pte. Ltd.	Singapore
Otis Investments Limited	England
Otis Limited	United Kingdom
OTIS MOBILITY, S.A.	Spain
Otis Pacific Holdings B.V.	Netherlands
Otis S.A.	Switzerland
Otis S.C.S.	France
Otis Servizi, S.r.l.	Italy
Redwood Holding GmbH	Germany
Ridgefield Holdings Corporation	Canada

OTIS WORLDWIDE CORPORATION
Subsidiary and Affiliate Listing
December 31, 2023

Entity Name	Place of Incorporation
Sigma Elevator (HK) Limited	Hong Kong
Sirius (Korea) Limited	United Kingdom
Trumbull Holdings SCS	France

Other subsidiaries of the Registrant have been omitted from this listing sinc e, considered in the aggregate a s a single subsidiary, they would not constitute a significant subsidiary, as defined by Rule 1-02 of Regulation S-K.

Exhibit 22

List of Guarantor Subsidiaries

Highland Holdings S.à r.l. (“Highland”) is a wholly-owned, indirect consolidated subsidiary of Otis Worldwide Corporation (“OWC”) and, as of December 31, 2023, the issuer of certain registered debt securities which are guaranteed by OWC. As of December 31, 2023, the registered debt securities were as follows:

Registered Debt Securities Guaranteed by OWC and Highland
(Title / Trading Symbol / CUSIP)

0.318% Notes due 2026 / OTIS.26 / L47988 AB3
0.934% Notes due 2031 / OTIS.31 / L47988 AC1

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-270830 and 333-270834) and Form S-8 (No. 333-237551) of Otis Worldwide Corporation of our report dated February 2, 2024 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Hartford, Connecticut
February 2, 2024

Exhibit 24

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ THOMAS A. BARTLETT

Thomas A. Bartlett

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ JEFFREY H. BLACK

Jeffrey H. Black

OTIS WORLDWIDE CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ JILL C. BRANNON

Jill C. Brannon

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the “Corporation”), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ NELDA J. CONNORS

Nelda J. Connors

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the “Corporation”), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ KATHY HOPINKAH HANNAN

Kathy Hopinkah Hannan

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the “Corporation”), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ SHAILESH G. JEJURIKAR

Shailesh G. Jejurikar

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the “Corporation”), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ CHRISTOPHER J. KEARNEY

Christopher J. Kearney

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the “Corporation”), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ JUDITH F. MARKS

Judith F. Marks

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the “Corporation”), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ MARGARET M.V. PRESTON

Margaret M.V. Preston

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ SHELLEY STEWART, JR.

Shelley Stewart, Jr.

OTIS WORLDWIDE CORPORATION
Power of Attorney

The undersigned, as a member of the Board of Directors, or as an officer of OTIS WORLDWIDE CORPORATION, a Delaware corporation (the "Corporation"), or as a member of a committee of said Board, or in all of said capacities, hereby constitutes and appoints ANURAG MAHESHWARI, NORA E. LAFRENIERE, and MICHAEL P. RYAN, or any one of them, his or her true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which the said attorneys and agents may deem necessary or advisable to enable the Corporation to comply with the Securities Exchange Act of 1934 and any rules and regulations and requirements of the Securities and Exchange Commission in respect thereof in connection with the filing of the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2023, including specifically, but without limiting the generality of the foregoing, the power and authority to sign the name of the undersigned, in the capacities aforesaid or in any other capacity, to such Form 10-K Annual Report filed or to be filed with the Securities and Exchange Commission, and any and all amendments to the said Form 10-K Annual Report, and any and all instruments and documents filed as a part of or in connection with the said Form 10-K Annual Report or any amendments thereto; hereby ratifying and confirming all that the said attorneys and agents, or any one of them, have done, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney this **6th** day of December 2023.

/s/ JOHN H. WALKER

John H. Walker

Exhibit 31.1

CERTIFICATION

I, Judith F. Marks, certify that:

1. I have reviewed this annual report on Form 10-K of Otis Worldwide Corporation;

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

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

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

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

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

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

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

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

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

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

Date: February 2, 2024

/s/ JUDITH F. MARKS

Judith F. Marks

Chair, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Anurag Maheshwari, certify that:

1. I have reviewed this annual report on Form 10-K of Otis Worldwide Corporation;

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

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

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

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

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

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

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

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

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

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

Date: February 2, 2024

/s/ ANURAG MAHESHWARI

Anurag Maheshwari

Executive Vice President and Chief Financial Officer

Exhibit 31.3

CERTIFICATION

I, Michael P. Ryan, certify that:

1. I have reviewed this annual report on Form 10-K of Otis Worldwide Corporation;

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

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

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

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

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

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

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

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

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

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

Date: February 2, 2024

/s/ MICHAEL P. RYAN

Michael P. Ryan

Senior Vice President and Chief Accounting Officer

Exhibit 32

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

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

The annual report on Form 10-K for the year ended December 31, 2023 (the " Form 10-K") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date:	February 2, 2024	/s/ JUDITH F. MARKS
		Judith F. Marks
		Chair, President and Chief Executive Officer
Date:	February 2, 2024	/s/ ANURAG MAHESHWARI
		Anurag Maheshwari
		Executive Vice President and Chief Financial Officer
Date:	February 2, 2024	/s/ MICHAEL P. RYAN
		Michael P. Ryan
		Senior Vice President and Chief Accounting Officer

OTIS WORLDWIDE CORPORATION
ERRONEOUSLY AWARDED COMPENSATION RECOVERY POLICY

1. **Purpose**. This Policy sets forth the terms on which members of the Company Group may recover erroneously awarded compensation to the Company's executive officers. This Policy is intended to comply with Section 10D of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual. Each executive officer shall be required to sign and return to the Company the Acknowledgement Form attached hereto pursuant to which such executive officer will agree to be bound by the terms and comply with this Policy.

2. **Definitions**. Unless the context otherwise requires, the following terms used in this Policy shall have the following meanings:

(a) "**Board**" means the Board of Directors of the Company.

(b) "**Committee**" means the Compensation Committee of the Board.

(c) "**Company**" means Otis Worldwide Corporation, a Delaware corporation.

(d) "**Company Group**" means the Company, together with each of its direct and indirect subsidiaries.

(e) "**Exchange**" means the New York Stock Exchange.

(f) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(g) "**Existing Policy**" means the compensation recovery provisions set forth in Section 14(i) of the Company's 2020 Long-Term Incentive Plan, including the underlying award documents, and Section 8 of the Company's Short-Term Incentive Plan, as each may be amended from time to time.

(h) "**erroneously awarded compensation**" has the meaning set forth in Section 3(c).

(i) "**executive officer**" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of members of the Company Group are deemed executive officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. An "executive officer" for purposes of this Policy includes at a minimum executive officers identified pursuant to Item 401(b) of SEC Regulation S-K.

(j) "**financial reporting measures**" means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures.

(k) "**incentive-based compensation**" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a financial reporting measure.

(l) "**Policy**" means this Otis Worldwide Corporation Erroneously Awarded Compensation Recovery Policy, as in effect from time to time.

(m) "**received**" has the following meaning: incentive-based compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

(n) "**SEC**" means the U.S. Securities and Exchange Commission.

3. **<u>Recovery of Erroneously Awarded Compensation</u>**. The Company shall, or shall cause one or more members of the Company Group to, recover reasonably promptly the amount of erroneously awarded incentive-based compensation if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(a) **<u>Scope of Policy</u>**. This Policy shall apply to all incentive-based compensation received by a person:

(i) After beginning service as an executive officer;

(ii) Who served as an executive officer at any time during the performance period for that incentive-based compensation;

(iii) While the Company has a class of securities listed on a national securities exchange or a national securities association; and

(iv) During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in the first paragraph of this Section 3. In addition to these last three completed fiscal years, this Policy shall apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year. The Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

(b) **<u>Date of Accounting Restatement</u>**. The date that the Company is required to prepare an accounting restatement as described in the first paragraph of this Section 3 is the earlier to occur of:

(i) the date on which the Board, a committee thereof or the Company's officer(s) authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in the first paragraph of this Section 3; and

(ii) the date a court, regulator or other legally authorized body directs the Company to prepare an accounting restatement as described in the first paragraph of this Section 3.

(c) **Amount Subject to Recovery**. The amount of incentive-based compensation subject to this Policy ("**erroneously awarded compensation**") is the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, and shall be computed without regard to any taxes paid. For incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (i) the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and (ii) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

(d) **Impracticability of Recovery**. The Company shall, or shall cause one or more other members of the Company Group to, recover erroneously awarded compensation in compliance with this Policy except to the extent that the conditions of clauses (i), (ii) or (iii) below are met, and the Committee (or in the absence thereof, a majority of the independent directors serving on the Board) has made a determination that recovery would be impracticable.

(i) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company Group shall make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange.

(ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company Group shall obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and shall provide such opinion to the Exchange.

(iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

(e) **Prohibition on Indemnification**. No member of the Company Group shall be permitted to indemnify any current or former executive officer against the loss of erroneously awarded compensation.

(f) **Method of Recovery**. The Committee shall determine, in its sole and exclusive discretion, the method or methods for recovering any erroneously awarded compensation, which methods need not be the same, or applied in the same manner, to each executive officer, provided that any such method shall provide for reasonably prompt recovery and otherwise comply with any requirements of the Exchange.

(g) **Employment Relationship**. The right to recovery under this Policy shall not be interpreted as forming or amending an employment or service contract with the Company or any other member of the Company Group.

4. **Disclosure**. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the Federal securities laws, including the disclosure required by the applicable rules of the SEC. Without limiting the generality of the foregoing, the Company shall file the disclosures set forth below.

(a) **Publication of this Policy**. The Company shall file a copy of this Policy as an exhibit to its annual report on Form 10-K.

(b) **Annual Report Check Mark**. The Company shall indicate by check mark on the cover page to its annual report on Form 10-K: (i) whether the financial statements of the Company included in the filing reflect the correction of an error to previously issued financial statements; and (ii) whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation pursuant to this Policy.

(c) **Disclosure of Action to Recover Erroneously Awarded Compensation**. The Company shall make the disclosures set forth below in proxy or information statements that call for disclosure pursuant to Item 402 of SEC Regulation S-K and its annual report on Form 10-K.

(i) If at any time during or after the last completed fiscal year the Company was required to prepare an accounting restatement that required recovery of erroneously awarded compensation pursuant to this Policy, or there was an outstanding balance as of the end of the last completed fiscal year of erroneously awarded compensation to be recovered from the application of this Policy to a prior restatement, the Company shall provide the following information:

(1) For each restatement:

A. The date on which the Company was required to prepare an accounting restatement;

B. The aggregate dollar amount of erroneously awarded compensation attributable to such accounting restatement, including an analysis of how the amount was calculated;

C. If the financial reporting measure related to a stock price or total shareholder return metric, the estimates that were used in determining the erroneously awarded compensation attributable to such accounting restatement and an explanation of the methodology used for such estimates;

D. The aggregate dollar amount of erroneously awarded compensation that remains outstanding at the end of the last completed fiscal year; and

E. If the aggregate dollar amount of erroneously awarded compensation has not yet been determined, disclosure of this fact, an explanation of the reason(s) and disclosure the information required in the foregoing clauses (B) through (D) in the next filing that is required to include disclosure pursuant to Item 402 of SEC Regulation S-K;

(2) If recovery would be impracticable pursuant to Section 3(d), for each current and former named executive officer and for all other current and former executive officers as a group, disclose the amount of recovery forgone and a brief description of the reason the Company Group decided in each case not to pursue recovery; and

(3) For each current and former named executive officer from whom, as of the end of the last completed fiscal year, erroneously awarded compensation had been outstanding for 180 days or longer since the date the Company Group determined the amount the individual owed, disclose the dollar amount of outstanding erroneously awarded compensation due from each such individual.

(ii) If at any time during or after its last completed fiscal year the Company was required to prepare an accounting restatement, and the Company Group concluded that recovery of erroneously awarded compensation was not required pursuant to this Policy, a brief explanation of why application of this Policy resulted in this conclusion.

5. **Administration**.

(a) **Effective Date**. This Policy shall take effect on September 13,2023 and shall supplement the Existing Policy**.**

(b) **Authority of Committee**. This Policy shall be administered and interpreted by the Committee in accordance with Section 303A.14 of the NYSE Listed Company Manual, Section 10D of the Exchange Act and other applicable Federal securities laws and regulations. Except as limited by applicable law, and subject to the provisions of this Policy, the Committee shall have full power, authority and sole and exclusive discretion to construe, interpret and administer this Policy, and to delegate its authority pursuant to this Policy. In addition, the Committee shall have full and exclusive power to adopt such rules, regulations and guidelines for carrying out this Policy and to amend this Policy, in each case, as it may deem necessary or proper. Subject to Section 3(d), this Policy also may be administered by the Board, and references in this Policy to the “Committee” shall be understood to refer to the full Board.

(c) **Decisions Binding**. In making any determination or in taking or not taking any action under this Policy, the Committee may obtain and rely on the advice of experts, including employees of, and professional advisors to, the Company Group. Any action taken by, or inaction of, the Committee or its delegates relating to or pursuant to this Policy shall be within the absolute discretion of the

Committee or its delegates. Such action or inaction of the Committee or its delegates shall be conclusive and binding on the Company Group and any current or former executive officer affected by such action or inaction.

(d) **Policy Not Exclusive**. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery, recoupment, forfeiture or offset that may be available to the Company Group pursuant to the terms of any other applicable Company Group policy (including the Existing Policy), compensation or benefit plan, agreement or arrangement or other agreement or applicable law; provided, however, that there shall be no duplication of recovery of the same compensation.

(e) **Successors.** This Policy shall be binding and enforceable against all executive officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

OTIS WORLDWIDE CORPORATION
ERRONEOUSLY AWARDED COMPENSATION RECOVERY POLICY
ACKNOWLEDGMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Otis Worldwide Corporation Erroneously Awarded Compensation Recovery Policy (the "Policy"). By signing below, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment with the Company Group ends. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any erroneously awarded compensation (as defined in the Policy) to the Company Group to the extent required by, and in a manner permitted by, the Policy.

____
Name:
Date:

HIGHLAND HOLDINGS S.À R.L.
ADDENDUM TO
ERRONEOUSLY AWARDED COMPENSATION RECOVERY POLICY OF
OTIS WORLDWIDE CORPORATION

WHEREAS, Highland Holdings S.à r.l., a private limited liability company (*Société à responsabilité limitée) with registered office at 6, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, registered with the Trade and Companies Register of Luxembourg under number B237108* ("Subsidiary Issuer") is a wholly owned subsidiary of Otis Worldwide Corporation (the "Company") that has issued securities that are listed for trading on the New York Stock Exchange, with Subsidiary Issuer's payment obligations on such securities fully and unconditionally guaranteed by the Company;

WHEREAS, the Company has previously adopted the Erroneously Awarded Compensation Recovery Policy (the "Policy"); and

WHEREAS, Subsidiary Issuer does not have any employees, does not award compensation to any employees and does not include separate Subsidiary Issuer financial statements in its filings with the Securities and Exchange Commission.

1. Purpose of the Policy. This Policy sets forth the terms on which Subsidiary Issuer may recover erroneously awarded compensation to Subsidiary Issuer's executive officers. This Policy is intended to comply with Section 10D of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual.
2. Adoption of the Policy. To the extent required by Section 303A.14 of the New York Stock Exchange Listed Company Manual (the "Listing Rule"), Subsidiary Issuer has adopted the Policy, with effect from and after October 2, 2023, solely in respect of any "incentive-based compensation" (as defined in the Listing Rule) awarded by Subsidiary Issuer ("Subsidiary Issuer Incentive-Based Compensation") to its "executive officers" (as defined in the Listing Rule), if any, that is "received" (as defined in the Listing Rule), on or after October 2, 2023; and
3. Recovery Under the Policy. In the event that Subsidiary Issuer is required to restate its financial statements due to material noncompliance of Subsidiary Issuer with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, Subsidiary Issuer shall reasonably promptly recover any Subsidiary Issuer Incentive-Based Compensation that is required to be recovered under the Listing Rule and the Policy.