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10 December 2009

UNITED TECHNOLOGIES CORPORATION TO INVEST £126.5 MILLION (\$206 MILLION) NEW EQUITY INTO CLIPPER WINDPOWER PLC

SUMMARY

- Clipper Windpower Plc ("**Clipper**" or the "**Company**") is pleased to announce agreement of a £126.5 million (equating to \$206 million based on an exchange rate of £1.00:\$1.63) subscription into Clipper by United Technologies Corporation ("**UTC**"), one of the world's leading industrial companies and provider of high technology products and services.
- UTC has agreed to conditionally subscribe for 84,337,124 Shares at a Subscription Price of £1.50 per Share, representing approximately 39.3 per cent of the Enlarged Issued Share Capital of Clipper (the "**Subscription**").
- Additionally, UTC has confirmed it intends to launch a partial cash offer, conditional (among other matters) on the Subscription, to purchase up to 21,804,559 (the "**Target Number**") Clipper Shares from existing Shareholders at a price of £1.80 per Share, thus increasing its ownership of the Enlarged Issued Share Capital up to approximately 49.5 per cent.
- In the event that UTC receives tenders for fewer Shares than the Target Number, certain Shareholders have entered into a call option with UTC pursuant to which, subject to completion of the Subscription, they will sell sufficient shares to ensure UTC obtains ownership of 49.5 per cent of the Enlarged Issued Share Capital.
- The Subscription is subject to, inter alia, Shareholder approval. The issue and allotment and the issue of Shares pursuant to its terms is projected to take place on 12 January 2010.
- Clipper expects the Subscription to:
 - significantly strengthen Clipper's balance sheet and enable Clipper to enhance its operations and pursue its strategic initiatives;
 - facilitate financing of Clipper projects by traditional project financing sources;
 - represent a strategic investment by a global and highly respected company providing access to UTC's support and expertise in areas of manufacturing, product quality and other industrial processes;
 - strongly position Clipper to pursue the opportunities expected to become available through any growth in the U.S. and offshore wind markets over the coming years; and
 - allow existing shareholders to continue to participate in the Company, sharing in the potential upside from a market recovery and any resulting growth of the Company's operations.

Commenting on the transaction, Clipper's President and Chief Executive Officer, Douglas Pertz, said:

"This is a transformational transaction for Clipper, bringing substantial capital from a strategic investor who is one of the world's leading industrial technology companies. We welcome the investment from UTC and their confidence in Clipper's technology and business opportunities. Our relationship with UTC will enable Clipper to access UTC's support and expertise in areas of manufacturing, product quality and other industrial processes, while providing Clipper with equity financing to deliver our longer-term strategic goals. Following this transaction, we believe there is a tremendous opportunity for Clipper to grow its market share and take its world-class technology to new markets."

This announcement contains forward looking statements relating to a transaction and anticipated benefits of the transaction that remain subject to uncertainty, including but not limited to statements relating to anticipated timing of the transaction, the impact on Clipper's financial position, ability to pursue future opportunities, manufacturing and other processes and growth. Important factors that could cause actual results to differ materially from those anticipated include delays in or inability to obtain necessary regulatory approvals on acceptable terms; changes in anticipated economic conditions; challenges in the design, development, production and support of advanced technologies; delays in achieving anticipated cost reductions; and delays in and disruption in delivery of materials and services from suppliers. Due to

such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Clipper disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

Clipper will be hosting a conference call at 9 am London time this morning. Dial in details for the call: +44 (0)207 806 1955 for UK toll; +1 718 354 1389 for US toll; Code 9794156. There will be a replay of the call, please refer to www.clipperwind.com for details.

Contacts

Clipper Windpower Plc

Douglas Pertz, President and CEO

Michael E. Keane, Senior Vice President and Chief Financial Officer

Tel: +1 805 690 3275 (US)

Jenny Matthews

Investor Relations

Tel: +44 207 840 9581

J.P. Morgan Cazenove

Patrick Magee

Alex Yule-Smith

Tel: +44 (0)20 7588 2828

Goldman Sachs

Brian W. Bolster

Tel: +1 212 902 2649

M:Communications

Patrick d'Ancona / Charlotte Kirkham

Tel: +44 (0)20 7920 2331

Information on UTC

UTC is a global provider of high technology products and services to the building systems and aerospace industries. Its principal operating units include Otis, Carrier, UTC Fire & Security, Pratt & Whitney, Hamilton Sundstrand and Sikorsky. Otis, Carrier and UTC Fire & Security serve customers in the commercial and residential property industries worldwide. Carrier also serves commercial, industrial, transport refrigeration and food service equipment customers. Pratt & Whitney, Hamilton Sundstrand and Sikorsky primarily serve commercial and government customers in both the original equipment and aftermarket parts and services markets of the aerospace industry. Hamilton Sundstrand and Pratt & Whitney also serve customers in certain industrial markets, including power generation.

UTC employs approximately 210,000 people and operates in more than 180 countries. UTC is quoted on the New York Stock Exchange with a market capitalization of approximately \$64 billion. For the year ended 31 December 2008, UTC revenues were \$59.8 billion.

Additional information regarding UTC which has been publicly filed with or furnished to the SEC and which is not required to be included as part of this announcement may be obtained by Clipper Shareholders via the SEC's EDGAR filing system, accessible from the SEC's website at www.sec.gov.

Background to and reasons for the Subscription and the Partial Offer

(i) Background to the Subscription and the Partial Offer

Recent global economic, market and credit conditions have resulted in significant difficulties for the US wind industry and Clipper, and have dramatically reduced the availability of financing for wind projects over the past year. Some of Clipper's customers have responded by deferring the construction of wind

projects and reducing capital budgets, thus delaying current turbine orders and associated milestone payments.

In addition, Clipper has incurred significant expense to complete remediation activities in 2009, and to bring the Liberty turbines to high levels of operating reliability and performance. The total direct and indirect costs of remediation programmes has exceeded \$330 million since January 2007. The impact of this expenditure on the financial position of Clipper has made it difficult for projects using Clipper turbines to raise money from traditional project financing sources and, as a result, while the financial markets for wind projects have now begun to recover, Clipper has not yet been able to fully benefit from this recovery.

Furthermore, lower energy prices and reduced energy demand, coupled with a collapse in the tax equity market and delays in new government support have dramatically reduced the U.S. wind energy market.

The combination of these factors has led the Board to consider various means to finance the Company's ongoing operations. The Company announced on 30 September 2009 that, as a result of a comprehensive review process, the Board had initiated discussions and received approaches from a number of parties including both industrial multinationals and financial investors that could lead to a significant investment in the Company or to the acquisition of the Company. UTC was one of these parties.

In entering into these discussions, and in its conduct of them, the Board has considered the long-term positive potential of the Company as well as:

- the business outlook for the Clipper Group, and, in particular, the difficult economic and trading environment in which it operates;
- the losses that Clipper has incurred since flotation and, in particular, the loss of US\$120.2 million in H1 2009 and the further expected operating losses in H2 2009;
- the remediation costs that have been incurred since the start of 2008;
- the need for the Company to have a strong balance sheet in order to provide confidence to customers in the financial stability of the business;
- the negative net asset position of the Clipper Group which was a net deficit of US\$218 million as at 30 June 2009 and the likely requirement for additional finance to be raised for Clipper to continue operations in the current environment; and
- the cash balances of Clipper which have declined substantially during 2009.

In arriving at its decision to recommend the Subscription, the Board has taken into account the strength of the Subscription as an option relative to other available proposals, together with the potential benefits of UTC as a long-term business partner, including the potential for operating synergies and expertise in areas in areas of manufacturing, product development and other industrial processes.

(ii) Reasons for the Subscription

Clipper expects the Subscription to:

- significantly strengthen Clipper's balance sheet and enable Clipper to enhance its operations and pursue its strategic initiatives;
- facilitate the financing of Clipper projects by traditional project financing sources;
- represent a strategic investment by a global and highly respected company providing access to UTC's support and expertise in areas of manufacturing, product development and other industrial processes;
- strongly position Clipper to pursue the opportunities expected to become available through the growth in the U.S. and offshore wind markets over the coming years; and

- allow existing Shareholders to continue to participate in the Company, sharing in the potential upside from a market recovery and the resulting growth of the Company's operations.

Alongside the proposed Subscription, the Board has negotiated certain provisions to protect the position of the existing Shareholders (which are summarised in Appendix 1).

(iii) Reasons for the Partial Offer

UTC has proposed the Partial Offer as:

(i) it will allow UTC to increase its holding from 39.3 per cent. following the Subscription to approximately 49.5 per cent. following the successful completion of the Partial Offer; and

(ii) it provides existing Shareholders with the opportunity to sell some or all of their Shares, at a premium to the recent market price.

Shareholders should be aware, however, that those who successfully tender their Shares will forego any future upside or downside in respect of these Shares in the Partial Offer. For these reasons the Directors are not making a recommendation regarding whether Shareholders accept the Partial Offer. Shareholders should also note that the details of the Partial Offer provide a pro-rata scaling back of tenders in order to ensure that UTC holds approximately 49.5 per cent. of the Company following successful completion of the Partial Offer. As such, the Partial Offer does not guarantee a complete exit for Shareholders. The Directors recommend that each Shareholder takes into account these factors, together with their own views on the future prospects of Clipper, before deciding whether to tender their Shares.

The successful completion of the Partial Offer and the Subscription will mean that UTC will own approximately 49.5 per cent. of the outstanding issued share capital in the Company. The Partial Offer is, amongst other things, subject to the Resolution set out in the Notice of GM having been passed without amendment.

Shareholders should also note that if the Partial Offer is not fully subscribed, a number of Shareholders including OEP Wind Holdings LP and James G.P. Dehlsen together with his associated family holdings, have agreed to offer their Shares to UTC on a pro-rata basis between such Shareholders, such that the Shares acquired by UTC under the Partial Offer and Shares sold under these arrangements total 21,804,559 Ordinary Shares.

Current Trading and Prospects for the Clipper Group

(i) Macro Economics

During the last 18 months, there has been significant global volatility in the energy and financial markets, which has created a challenging operating environment for the U.S. wind energy industry and for the Clipper Group. Since September 2008 this volatility has affected commodity prices, credit availability, equity values, and most significantly for the Clipper Group, a dramatic drop in new orders for wind turbines from within the US market, as discussed in more detail below. The US market for wind turbines has been materially hampered by the global financial crisis, particularly the credit market collapse and resultant lack of project and tax equity financing.

These market conditions have also, in many instances, caused Clipper's customers to delay wind projects from 2009 into 2010 and beyond, thus delaying the delivery of turbines and the receipts of progress payments from Clipper's customers. Clipper has worked closely with its customers to negotiate the deferral of deliveries while endeavouring to minimize the cash flow impact with improved payment terms.

Clipper responded to the challenges presented by this recent severe economic downturn by taking aggressive actions to conserve cash by cutting operating expenses and manufacturing overhead costs, reducing inventories and restructuring supplier contracts. Notwithstanding these actions, the Company's liquidity and capital resources have been strained by the combined effects of the external market forces described above and by the operating losses sustained by the Company, primarily as a result of significant remediation programme costs.

(ii) Current Remediation Programmes

In September 2008, Clipper identified a number of skin defects on the blades of its turbines caused by a deficient manufacturing process at the blade supplier. This defect in the manufacturing process was swiftly corrected in the production of all new blades.

Clipper has implemented a field remediation programme for all previously produced and installed blades, totalling approximately 1,200 blades.

As of 7 December, approximately 97 per cent. of the previously installed blades had been repaired, and this remediation process is expected to be completed by 31 January 2010.

The direct and indirect costs of remediation programmes incurred since the beginning of 2007 through 2009, including associated liquidated damage charges for delayed commissioning and costs in respect of warranty obligations, is expected to total over US\$330 million.

(iii) Company financial position

The Clipper Group's consolidated cash position of US\$105.8 million at 30 June 2009 had decreased to approximately US\$40 million as of the end of September 2009 reflecting delayed receipts of several key milestone payments from customers, continued cash spending to complete the remediation programmes, and delayed closing of new anticipated business opportunities during the third quarter. By the end of November 2009, the Clipper Group's consolidated cash position was approximately US\$33 million with a number of delayed receipts outstanding.

Clipper continues to target full year revenue of approximately US\$750 million based on delivery of approximately 260 turbines (650MW) in 2009. However, while all units have now been delivered and substantially paid for, customer delays in commissionary schedules could result in the revenue recognition on some units being deferred to 2010. The deferral of orders from 2009 into 2010, as previously disclosed on 30 September 2009, will negatively impact recorded revenue and contribution margin in the second half, thus operating income is projected to be negative in the second half of 2009.

As stated in the Interim Results, the Directors confirm that they expect to be able to deliver the Clipper Group's currently contracted order book with higher sales pricing and lower component costs in 2010, relative to 2009. Currently, average sales prices within the Clipper Group's order book for 2010 represent more than a 10 per cent. increase compared to 2009 and turbine component costs at year-end 2009 are expected to be at least 10 per cent. lower than costs at year-end 2008.

Going forward, the Company's objective is to seek to grow its market share in the U.S. wind market. It is also the Company's objective to move its margins towards industry norms.

Furthermore, following the recently announced sale of the 70 MW Criterion Project and associated turbine order, the Company is continuing negotiations with various parties interested in purchasing turbines along with sites from its 10,000 MW portfolio, 1,200 MW of which are in the advanced stage.

These positive trends, coupled with the completion of the current remediation programmes and the continued diligent management of operating expenses and working capital, support the Directors' expectations, as stated in the Interim Results, that the Clipper Group will generate a positive operating income in 2010.

Financial Effects of the Subscription

As outlined above, the Directors anticipate that the proceeds from the proposed Subscription will enable the Company to significantly strengthen its balance sheet and fund its ongoing working capital requirements to support growth in its core wind turbine business.

Following completion of the Subscription, a Shareholder will, assuming he or she tenders no Ordinary Shares in the Partial Offer, have his/her proportionate voting interests in the Company diluted through the issue of the Subscription Shares.

The Company proposes to raise £126,505,686 (gross) through the issue of the Subscription Shares. The Subscription Shares (being 84,337,124 new Ordinary Shares) will represent approximately 39.3 per cent. of the Company's Enlarged Issued Share Capital immediately following Admission.

General Meeting

The Subscription is conditional on, amongst other things, the approval of Shareholders in a General Meeting. A General Meeting to seek Shareholders' approval will be held at 10 a.m. on 6 January 2010 at the offices of Lawrence Graham LLP, 4 More London Riverside, London, SE1 2AU, United Kingdom.

Recommendation

The Directors consider the Subscription to be in the best interests of Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial shareholdings of 22,514,135 Shares, representing approximately 17.3 per cent. of the existing issued share capital of the Company.

DEFINITIONS

Admission means the admission of the Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;

AIM means the Alternative Investment Market of the London Stock Exchange;

AIM Rules for Companies means the rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange from time to time;

Board means the board of Directors;

Company means Clipper Windpower Plc registered in England and Wales with company registration number 5425635;

Directors means the directors of the Company;

Enlarged Issued Share Capital means the issued share capital of the Company following Admission and assuming no exercise of options in respect for Shares between the date of this document and Admission;

GM or General Meeting means the General Meeting of the Company to be held on 6 January 2010;

Group or Clipper Group means the Company, its subsidiaries and subsidiary undertakings;

Interim Results means the interim accounts for the Group for the 6 month period to 30 June 2009;

Ordinary Shares or Shares means the ordinary shares of £0.10 each in the capital of the Company;

Partial Offer means the partial cash offer made by UTC to Shareholders made in accordance with the terms of the Partial Offer Document;

Partial Offer Amount means £39,248,206.20;

Partial Offer Document means the document containing the terms of the Partial Offer posted to Shareholders with this document;

Restricted Transaction has the meaning given to it in Appendix I;

Resolution means the resolution set out in the notice of GM;

Shareholders means holders of Ordinary Shares; and

Subscription means the allotment and issue of the Subscription Shares to UTC;

Subscription Agreement means the agreement between the Company and UTC dated 10 December 2009;

Subscription Amount means £126,505,686;

Subscription Offer has the meaning given to it in Appendix I;

Subscription Price means £1.50 per Subscription Share;

Subscription Shares means 84,337,124 new Ordinary Shares to be issued pursuant to the Subscription Agreement;

Superior Transaction has the meaning given to it in Appendix I;

United States means the United States of America;

UTC means United Technologies Corporation; and

UTC Shareholding has the meaning given to it in Appendix I.

APPENDIX I

SUMMARY OF SUBSCRIPTION AGREEMENT

Set out below is a summary of some of the principal terms of the Subscription Agreement:

1 Conditions

1.1 UTC has conditionally agreed to subscribe for the Subscription Shares for the Subscription Amount. The Subscription is conditional upon, inter alia, the Resolution being duly passed without amendment at the General Meeting and Admission becoming effective. Other conditions include:

1.1.1 antitrust approval in the United States;

1.1.2 the options previously granted to BP International Limited and OEP Wind Holdings LP being terminated;

1.1.3 the specific warranties in relation to litigation, intellectual property and insolvency and there being no material adverse change in the financial condition or the business operations of the Group since 30 June 2009 (the "**MAC Warranties**") being true and accurate at all times during the five-day period prior to Admission, save that (i) if any of the intellectual property MAC Warranties are untrue or inaccurate and (ii) unless it is reasonably likely that the Group would be no longer able to design, manufacture, operate, monitor, maintain or supply the Group's wind turbines or the Group's customers would be no longer authorised to use such turbines, then the condition in this paragraph 1.1.3 shall be deemed to be satisfied in so far as it relates to those intellectual property MAC Warranties only; and

1.1.4 the Partial Offer being declared unconditional in all respects in accordance with its terms.

2 Break fee

2.1 Other than where the Subscription Agreement is terminated as a result of antitrust approval in the United States not being forthcoming, the Company shall pay a break fee of one per cent. (1%) of the aggregate of the Subscription Amount and the Partial Offer Amount.

3 Non-solicitation

3.1 From the date of the Subscription Agreement to the earlier to occur of the Admission Date and the termination of the Subscription Agreement, the Company (and any of its affiliates or representatives) shall not, inter alia, engage in discussions or negotiations or enter into any agreement with any person concerning any issuance or sale by the Company of Shares (or warrants, options, equity securities or other convertible securities) to any person (a "**Restricted Transaction**"), and the Company and its affiliates shall cease any such existing activities, discussions or negotiations except for ordinary course of business grants under the Company's option plan (and any shares issued pursuant thereto). There is a carve out which allows the Company to respond to unsolicited enquiries from, or hold discussions with, any bona fide person that has submitted (and not withdrawn) a written proposal in relation to a Superior Transaction and to communicate the Superior Transaction to Shareholders, to the extent that the Directors conclude, having taken appropriate legal and financial advice, that not to do so would constitute a breach of their duties as Directors of the Company. A "**Superior Transaction**" means a Restricted Transaction which, if completed, would be superior to the Subscription from a financial point of view and which the Directors are minded to recommend.

4 Board representation

4.1 At all times the minimum number of Directors shall be 9 and the maximum number of Directors shall be 11. Immediately following Admission, there shall be 11 Directors, of which 5 shall be appointed by UTC.

- 4.2** On Admission and for so long as the aggregate beneficial holding of Shares owned by UTC and any of its associates (the "**UTC Shareholding**") represents at least ten per cent. (10%) of the entire issued Shares, UTC shall be entitled to appoint, remove or retain on the Board a number of Directors proportionate to the UTC Shareholding (rounded up to the nearest whole number unless the UTC Shareholding is less than fifty per cent. (50%) in which case it shall be rounded down).
- 4.3** For as long as UTC and any of its associates hold in aggregate fifty point one per cent. (50.1%) or more of the issued Shares, the Board will to continue to meet at least five times annually, the Board will consist of a minimum of 9 Board members and a maximum of 11 Board members and the Board will continue to be responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure, acquisitions and disposals. The Board will also remain responsible for succession planning, board appointments, remuneration of executives and the Group's risk management strategy.
- 4.4** Certain matters continue to be, subject to majority approval by those Directors, from time to time, who have not been nominated by UTC ("Non-Investor Directors"). Subject always to compliance with their directors' fiduciary duties, the Non-Investor Directors will continue to have majority approval over the appointment of any Non-Investor Director or the removal of any Non-Investor Director other than for just cause, the entering into of any contract or commitment or settlement with any associate of UTC or the granting of any material rights in or over the intellectual property rights owned or used by Group members to UTC or any associate of UTC, in each case outside the normal course of the Group's business or otherwise than on arm's length terms, and the enforcement of the Subscription Agreement by the Company.
- 4.5** For as long as UTC and any of its associates hold in aggregate forty five per cent. (45%) or more of the issued Shares (which percentage shall be calculated excluding any Shares issued pursuant to the exercise of any employee stock options after the date of the Subscription Agreement), the Company will and will procure that no action is taken or resolutions passed by the Company and any member of the Group in respect of the following matters, without the prior written consent of UTC:
- 4.5.1** the appointment or replacement of the President and Chief Executive Officer;
 - 4.5.2** the entering into or termination of any arrangement, contract or transaction outside the normal course of the Group's business which would be material to the Group taken as a whole; and/or
 - 4.5.3** the entering into of a material transaction other than (a) the sale or supply of wind turbines to Group customers in the normal course of business or (b) the sale of project development assets, in each case only to the extent that Board approval would not have been required (adopting the Board approval policy applied over the past 12 months).

5 Miscellaneous

- 5.1** During a period of eighteen months from Admission and subject to certain exceptions, UTC cannot sell any of its interest in the Company. In addition, UTC is not permitted to acquire more than 49.5 per cent. of the Company during the two-year period from Admission, save that in certain circumstances, including circumstances relating to the Company's performance, that percentage increases to 55 per cent. of the Company.
- 5.2** If the Company proposes to make an offer or invitation to subscribe for or purchase any Shares or other instruments (a "**Subscription Offer**"), subject to all necessary resolutions in connection with the relevant Subscription Offer having been obtained from the Shareholders, the Company shall afford UTC the right, at its option, to participate in such Subscription Offer at the issue price of such Subscription Offer pro rata to the aggregate holding of Shares of UTC and its associates at the date of the Subscription Offer, provided that such right shall only apply during the period of 5 years from Admission and only to the extent that UTC, together with its associates, holds directly or indirectly not less than 5 per cent. in aggregate of the issued share capital of the Company at the date of the Subscription Offer.