

UNITED TECHNOLOGIES CORP /DE/
Form DEF 14A
February 22, 2008
Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

United Technologies Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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Table of Contents

United Technologies Corporation

One Financial Plaza

Hartford, CT 06103

February 22, 2008

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

Dear Fellow Shareowner:

We are pleased to invite the shareowners of United Technologies Corporation to attend the 2008 Annual Meeting of Shareowners. The meeting will be held on April 9, 2008 in the South Atrium of Pratt & Whitney Canada's main facility located at 1000 Marie-Victorin Boulevard, Longueuil, Quebec, Canada. The doors will open at 1:30 p.m. and the meeting will begin at 2:00 p.m. The meeting will address the following matters:

1. Election of twelve directors.
2. Appointment of a firm of independent registered public accountants to serve as Independent Auditors for 2008.
3. Approval of a proposed amendment to the 2005 Long-Term Incentive Plan.
4. The shareowner proposals described in the accompanying Proxy Statement.
5. Other business if properly raised.

Shareowners of record of UTC Common Stock at the close of business on February 12, 2008, the record date for the meeting, and their authorized representatives by proxy will be entitled to attend and vote at the meeting.

Since seating is limited, please request a ticket in advance in order to attend. Please refer to page 3 of the enclosed Proxy Statement for further information concerning tickets.

YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. Most shareowners have a choice of voting over the Internet, by telephone or by using a traditional proxy card. Please refer to the enclosed proxy materials or the information forwarded by your bank, broker or other holder of record to see which voting methods are available to you.

George David
Chairman and Chief Executive Officer

Louis R. Chênevert
President and Chief Operating Officer

PLEASE CONFIRM YOUR PREFERENCE FOR ELECTRONIC DELIVERY OF FUTURE ANNUAL MEETING MATERIALS.
You can expedite delivery of your annual meeting materials and avoid costly mailings by confirming in advance electronic delivery as your preferred method of delivery. For further information on how to take advantage of this cost-saving service, please see page 42 of the enclosed Proxy Statement.

Table of Contents

TABLE OF CONTENTS

	Page
<u>General Information Regarding the Annual Meeting</u>	1
<u>PROPOSAL 1: Election of Directors</u>	3
<u>General Information Concerning the Board of Directors</u>	3
<u>Nominees</u>	4
<u>Committees of the Board</u>	7
<u>Attendance</u>	9
<u>Security Ownership of Directors, Executive Officers and Certain Beneficial Owners</u>	9
<u>Executive Compensation</u>	11
<u>Compensation Discussion and Analysis</u>	11
<u>Report of the Committee on Compensation and Executive Development</u>	19
<u>Summary Compensation Table</u>	19
<u>Grants of Plan-Based Awards</u>	21
<u>Outstanding Equity Awards at Fiscal Year-End</u>	22
<u>Option Exercises and Stock Vested</u>	23
<u>Pension Benefits</u>	24
<u>Nonqualified Deferred Compensation</u>	25
<u>Potential Payments on Termination or Change-in-Control</u>	25
<u>Director Compensation</u>	27
<u>Report of the Audit Committee</u>	28
<u>PROPOSAL 2: Appointment of a Firm of Independent Registered Public Accountants to Serve as Independent Auditors for 2008</u>	29
<u>PROPOSAL 3: Amendment of the 2005 Long-Term Incentive Plan</u>	30
<u>Equity Compensation Plan Information</u>	34
<u>PROPOSAL 4: Shareowner Proposal Concerning Principles for Health Care Reform</u>	35
<u>PROPOSAL 5: Shareowner Proposal Concerning Global Set of Corporate Standards</u>	36
<u>PROPOSAL 6: Shareowner Proposal Concerning Pay for Superior Performance</u>	38
<u>PROPOSAL 7: Shareowner Proposal Concerning Offsets for Foreign Military Sales</u>	39
<u>Additional Meeting Information</u>	41
<u>Other Matters</u>	42
<u>Corporate Governance Information and Code of Ethics</u>	42
<u>Transactions With Related Persons</u>	43
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	43
<u>Appendix A - Independence of Directors</u>	A-1
<u>Appendix B - Proposed Amendment to the UTC 2005 Long-Term Incentive Plan</u>	B-1

Table of Contents

UNITED TECHNOLOGIES CORPORATION

PROXY STATEMENT

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting, please submit your proxy or voting instructions as soon as possible so that your shares can be voted at the meeting in accordance with your instructions.

Our Board of Directors is soliciting proxies for the 2008 Annual Meeting of Shareowners of United Technologies Corporation (UTC , the Corporation or the Company) to be held on April 9, 2008. We began making this Proxy Statement available to shareowners on or about February 22, 2008.

Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be held on April 9, 2008. UTC s 2008 Proxy Statement and UTC s Annual Report for 2007 are available at www.edocumentview.com/utx.

GENERAL INFORMATION REGARDING THE ANNUAL MEETING.

How does the Board of Directors recommend that I vote on the matters to be considered at the meeting?

The following proposals will be considered at the meeting:

1. Election of Directors.
2. Appointment of PricewaterhouseCoopers LLP as Independent Auditors for 2008.
3. Amendment of the 2005 Long-Term Incentive Plan.
4. Shareowner Proposal Concerning Principles for Health Care Reform.
5. Shareowner Proposal Concerning Global Set of Corporate Standards.
6. Shareowner Proposal Concerning Pay for Superior Performance.
7. Shareowner Proposal Concerning Offsets for Foreign Military Sales.

The Board recommends that you vote:

FOR each of the Board's nominees for election as directors,

FOR the appointment of PricewaterhouseCoopers LLP as Independent Auditors for 2008,

FOR approval of the amendment to the 2005 Long-Term Incentive Plan, and

AGAINST each of the shareowner proposals.

Who is entitled to vote? You are entitled to vote the shares of UTC Common Stock (Common Stock) you owned at the close of business on February 12, 2008, which is referred to as the record date. We will make available a list of registered shareowners entitled to vote. The list will be available at UTC's offices, One Financial Plaza, Hartford, CT, for ten days prior to the meeting and at the meeting location during the meeting.

How can I vote my shares? If your shares are registered directly in your name with UTC's stock registrar and transfer agent, Computershare Trust Company, N.A. (Computershare), you are considered the registered shareowner for those shares. As the registered shareowner, you have the right to vote those shares and we will send you the proxy materials and a proxy card (or provide electronic access as described below in the response to the question "Can I vote by telephone or via the Internet?").

Most UTC shareowners hold their shares through a broker, bank, trustee or another nominee, rather than shares registered directly in their name. In that case, you are considered the beneficial owner of shares held in street name, and the proxy materials are being forwarded to you by your broker, bank, trustee or nominee, together with a voting

Table of Contents

instruction card. As the beneficial owner, you are entitled to direct the voting of your shares by your intermediary. Because a beneficial owner is not a registered shareowner, you may not vote those shares in person at the meeting unless you obtain a legal proxy from the broker, bank, trustee or nominee that holds your shares, giving you the right to vote the shares directly. Accordingly, to vote in person, you will need to contact your broker, bank, trustee or nominee to obtain a legal proxy, and present the proxy at the meeting in order to receive a ballot to vote at the meeting.

We recommend that you vote your shares in advance of the meeting, using one of the voting methods described below.

How can I vote my shares held in the UTC Employee Savings Plan? You can direct the voting of your shares in the ESOP Fund and the Common Stock Fund under the UTC Employee Savings Plan by returning a voting instruction card or by providing voting instructions by telephone or via the Internet. If you do not provide voting instructions (or if your instructions are incomplete or unclear) as to one or more of the matters to be voted on, the trustee will vote all of your uninstructed ESOP Fund shares for the voting choice for which the trustee casts the greatest number of votes pursuant to voting instructions received from ESOP Fund participants who do submit voting instructions. The trustee also will vote your uninstructed Common Stock Fund shares for the voting choice for which the trustee casts the greatest number of votes pursuant to instructions from Common Stock Fund participants who do submit voting instructions. The trustee will vote all unallocated Common Stock in the ESOP Fund for the voting choice for which the trustee casts the greatest number of votes pursuant to instructions from ESOP Fund participants who do submit voting instructions.

IMPORTANT NOTICE TO PARTICIPANTS IN THE UTC SAVINGS PLAN FOR EMPLOYEES IN THE UNITED STATES:
Computershare must receive your voting instructions by 1:00 PM, Eastern Daylight Saving Time, on April 8, 2008 in order to tabulate voting instructions of Savings Plan Participants and communicate those instructions to the Savings Plan trustee, who will vote your shares.

What voting methods are available? We send proxy cards and offer electronic voting to all registered shareowners to enable them to vote their shares. For those registered shareowners who previously have elected to receive electronic access to their proxy materials (rather than receiving mailed copies) and many active U.S. employees who participate in the UTC Employee Savings Plan, we will send you email notification as to how to submit your proxies or voting instructions. Brokers, banks and nominees typically offer telephonic or electronic means by which the beneficial owners of shares held by them can submit voting instructions, in addition to the traditional mailed voting instruction cards. Shareowners who submit a proxy card or voting instructions need not vote at the meeting. However, we will pass out written ballots to any registered shareowner or holder of a legal proxy who wishes to vote in person at the meeting.

Can I vote by telephone or via the Internet? Yes. When voting by telephone or via the Internet, you should refer to the proxy card mailed to you (or the email message you receive with instructions on how to vote), which has the proxy access number you will need to authenticate your vote.

Registered shareowners and participants in the UTC Employee Savings Plan in the United States may submit proxies or voting instructions by telephone by dialing **1-800-652-VOTE** or **1-800-652-8683** and following the voice prompts.

Registered shareowners outside the United States, Canada or Puerto Rico may submit proxies or voting instructions by telephone by dialing **1-781-575-2300**.

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Registered shareowners and participants in the UTC Employee Savings Plan may also submit proxies or voting instructions via the Internet by accessing the following website and marking the appropriate boxes: www.envisionreports.com/utx.

Beneficial owners of shares held through a broker, bank, trustee or nominee may submit voting instructions by telephone or via the Internet if the firm holding the shares for your account offers either of these voting methods. You should refer to the instructions on how to vote provided by that firm.

Table of Contents

Please note that the facilities for telephone and Internet voting cannot accommodate cumulative voting for the election of directors, and therefore if you wish to exercise cumulative voting rights you must submit a proxy card or voting instructions by mail.

How will the proxy holders vote my shares? The proxy holders designated on the Proxy Card will vote your shares in accordance with your instructions given on the Proxy Card, by telephone or via the Internet. If you sign and return your Proxy Card but do not indicate voting instructions on one or more of the matters listed, the proxy holders will vote your uninstructed shares:

for each of the Board's nominees for election as a director,

for the appointment of PricewaterhouseCoopers LLP as Independent Auditors for 2008,

for the amendment to the 2005 Long-Term Incentive Plan, and

against each of the shareowner proposals.

If you hold your shares through a broker and do not provide your broker with specific voting instructions, under the rules that govern brokers in such circumstances, your broker will have the discretion to vote such shares on routine matters, but not on non-routine matters. As a result:

Your broker will have the authority to exercise discretion to vote your shares with respect to the election of directors and the appointment of Independent Auditors, because those items are matters that are considered routine under rules of the New York Stock Exchange (NYSE).

Your broker will not have the authority to exercise discretion to vote your shares with respect to the amendment of the 2005 Long-Term Incentive Plan and each of the shareowner proposals, because they involve matters that are considered non-routine.

As the proposals to be acted upon at the Annual Meeting include both routine and non-routine matters, we anticipate that brokers may turn in a proxy card that votes uninstructed shares FOR the election of directors and appointment of Independent Auditors, but expressly states that the broker is NOT voting on the remaining proposals. The broker's instructions with respect to the remaining proposals in this case are referred to as broker non-votes. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered.

Who can attend the Annual Meeting and how can I request tickets? If you were a registered or beneficial shareowner of UTC Common Stock at the close of business on February 12, 2008, you or your authorized proxy may attend. Since seating is limited, we ask that you request tickets in advance to attend. If your shares are registered in your name on the records of Computershare, or if you are a beneficial owner of shares through a UTC employee savings plan, you can request tickets by sending an email request to the Corporate Secretary at corpsec@corphq.utc.com or by returning the Ticket Request Card provided with the mailed Annual Meeting materials. If you forget to bring a ticket, you will be admitted to the meeting only if you provide proof that you were a registered shareowner or beneficial owner of shares through a UTC employee savings plan as of February 12, 2008 and provide proof of identification. If you hold shares through a broker, bank, trustee or nominee you may request a ticket by writing to the Corporate Secretary and including a copy of an account statement or a legal proxy from the broker, bank, trustee or nominee, in either case showing your ownership of shares as of February 12, 2008.

PROPOSAL 1: ELECTION OF DIRECTORS.

General Information Concerning the Board of Directors. Our entire Board is elected annually by the shareowners. The Board, upon the recommendation of the Committee on Nominations and Governance, has nominated for election as directors at the Annual Meeting the twelve nominees listed below, each of whom is a current director. Current directors Frank P. Popoff and H.A. Wagner are not standing for re-election this year and will retire from the Board on April 9, 2008, because each is 72 years of age. UTC's Corporate Governance Guidelines require that directors retire from the Board as of the next annual meeting following the attainment of age 72.

Table of Contents

The Board has adopted independence standards for directors that conform to the independence requirements set forth in NYSE listing standards. Copies of these independence standards are available on UTC's website at <http://investors.utc.com/downloads/principles.pdf> and are included in Appendix A to this Proxy Statement.

The Board has affirmatively determined that each person who served as a director of UTC in 2007, other than Messrs. David and Chênevert, is independent in accordance with these standards. Specifically, none of the nominees that qualify as independent has a business, financial, family or other type of relationship with UTC (other than as a director and shareowner of UTC), except for any relationships that are immaterial under UTC's independence standards. In determining that each such director is independent, the Board considered that UTC and its subsidiaries in the ordinary course of business sell products and services to, or purchase products and services from, companies at which some of the nominees are or have been employed as officers or serve as directors. Directors Faraci, Garnier, McGraw, Swygert, Villeneuve and Wagner serve as officers and/or directors of entities that purchase products or services from UTC. Directors Faraci, Garnier, McGraw and Swygert serve as officers and/or directors of entities that provide products or services to UTC. In each case, the amounts paid to, or received by, UTC annually from these companies were well below the 2% of total revenue threshold in UTC's independence standards. The Board also considered charitable contributions that UTC gave to organizations with which Directors McGraw and Swygert are or have been associated, but which do not conflict with UTC's independence standards since the director did not serve as an executive officer of the organization or the amounts contributed by UTC did not exceed the thresholds in UTC's independence standards. The Board determined that none of these relationships impaired the independence of the directors.

If any of the nominees become unavailable prior to the Annual Meeting to serve as a director, the Board may select a replacement nominee or reduce the number of directors to be elected. The proxy holders will vote the shares for which they serve as proxy for any replacement candidate nominated by the Board.

Nominees. THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREOWNERS VOTE FOR EACH OF THE FOLLOWING NOMINEES:

LOUIS R. CHÊNEVERT, President and Chief Operating Officer, United Technologies Corporation. Mr. Chênevert was elected President and Chief Operating Officer on March 8, 2006. He previously served as President of the Pratt & Whitney division of UTC from April 1999 through March 2006. In 2005, he was inducted as a Fellow of the American Institute of Aeronautics and Astronautics (AIAA). Mr. Chênevert serves on the Board of Directors of the Friends of HEC Montreal, the Board of Overseers for the Bushnell Center for the Performing Arts in Hartford, Connecticut and the Director's Advisory Board for the Yale Cancer Center. Mr. Chênevert is 50 and has been a UTC director since 2006.

GEORGE DAVID, Chairman and Chief Executive Officer, United Technologies Corporation. Mr. David was elected Chief Executive Officer in 1994 and Chairman in 1997. He also served as UTC's President from 2002 to 2006 and from 1992 to 1999. Mr. David is a board member of BP and Citigroup. He is also a member of The Business Council and The Business Roundtable, and Vice Chairman of the Peterson Institute for International Economics. Mr. David was awarded the Order of Friendship from the Russian Federation in 1999 and in May 2002 France named him to its Legion of Honor. Mr. David is 65 and has been a UTC director since 1992.

Table of Contents

JOHN V. FARACI has been Chairman and Chief Executive Officer of International Paper (paper, packaging and wood products) since 2003. Earlier in 2003 he was elected President and a director of International Paper, and previously served as Executive Vice President and Chief Financial Officer, with additional corporate responsibility for the company's former majority-owned New Zealand subsidiary, Carter Holt Harvey. He joined International Paper in 1974. He serves on the boards of the American Forest & Paper Association, the Grand Teton National Park Foundation and the National Park Foundation. He is a member of The Business Roundtable, Citigroup International Advisory Board, the American Enterprise Institute and the Denison University Board of Trustees. Mr. Faraci is 58 and has been a UTC director since 2005.

JEAN-PIERRE GARNIER, Ph.D., has served as Chief Executive Officer and Executive Member of the Board of Directors of GlaxoSmithKline plc (pharmaceuticals) since 2000. Dr. Garnier served as Chief Executive Officer of SmithKline Beecham plc in 2000 and as Chief Operating Officer and Executive Member of the Board of Directors of SmithKline Beecham plc from 1996 to 2000. He served as Chairman, Pharmaceuticals, SmithKline Beecham from 1994 to 1995. Dr. Garnier is a director of the Committee to Encourage Corporate Philanthropy and the Eisenhower Exchange Fellowships. In 2007, he was promoted from Chevalier to Officier de la Légion d'Honneur of France. In 2006, he was named to the global list of top 20 CEOs by the Best Practice Institute. He is currently a board member of the Stanford Advisory Council on Interdisciplinary Biosciences and the Weill Cornell Medical College, serves on UK Prime Minister Gordon Brown's International Business Advisory Council and is a member of the advisory board of Dubai International Capital's Global Strategic Equities Fund. Dr. Garnier is 60 and has been a UTC director since 1997.

JAMIE S. GORELICK is a partner at the international law firm, WilmerHale, having joined the firm in 2003. Ms. Gorelick represents companies on regulatory, compliance, governance and enforcement issues. She has held numerous positions in the U.S. Government, serving as Deputy Attorney General of the United States, as General Counsel of the Department of Defense, as Assistant to the Secretary of Energy, and most recently as a member of the bipartisan National Commission on Terrorist Threats Upon the United States. She also served as Vice Chair of Fannie Mae from 1997 to 2003. She is currently a member of the boards of Schlumberger, Ltd., the John D. and Catherine T. MacArthur Foundation, the Carnegie Endowment for International Peace, the Washington Legal Clinic for the Homeless, and The Urban Institute. She is a member of the Council on Foreign Relations. Ms. Gorelick is 57 and has been a UTC director since 2000.

Table of Contents

CHARLES R. LEE served as the Non-Executive Chairman of the Board of Directors of Verizon Communications (telecommunications) from April 2002 until his retirement in December 2003. He was Chairman and Co-Chief Executive Officer of Verizon Communications from June 2000 to March 2002. Prior to the merger of GTE Corporation and Bell Atlantic Corporation to form Verizon Communications, Mr. Lee served as Chairman and Chief Executive Officer of GTE Corporation from 1992 to 2000. He is a director of United States Steel Corporation, Marathon Oil Corporation, The Procter & Gamble Company and The DIRECTV Group, Inc. Mr. Lee is also a member of the Board of the American Institute for Research (AIR), Project GRAD and the Stamford Hospital Foundation. He is also a Trustee Emeritus and Presidential Councilor of Cornell University. In addition, he serves on the Board of Overseers for the Weill Cornell Medical College and is a member of The Business Council. Mr. Lee is 68 and has been a UTC director since 1994.

RICHARD D. MCCORMICK served as Chairman of the Board of U S WEST, Inc. (telecommunications) from June 1998 until his retirement in May 1999. He was Chairman, President and Chief Executive Officer of U S WEST, Inc. from May 1992 until June 1998. He is also a director of Wells Fargo and Company, Nortel Networks Corporation and Nortel Networks Limited. In addition, he is a former Chairman and Honorary Chairman of the International Chamber of Commerce, Vice Chairman of the United States Council for International Business, a trustee of the Denver Art Museum, Vice President of the Denver Art Museum Foundation and Director Emeritus of Creighton University. Mr. McCormick is 67 and has been a UTC director since 1999.

HAROLD MCGRAW III has been Chairman of the Board of The McGraw-Hill Companies (global information services) since 1999 and President and Chief Executive Officer of McGraw-Hill since 1998. Mr. McGraw was President and Chief Operating Officer of McGraw-Hill from 1993 to 1998. He is also a director of ConocoPhillips, Chairman of the Emergency Committee for American Trade, The Business Roundtable and the Committee Encouraging Corporate Philanthropy, and a member of The Business Council, the State Department's Advisory Committee in Transformational Diplomacy and the U.S. Trade Representative's Advisory Committee for Trade, Policy and Negotiations (ACTPN). He also serves on the boards of Carnegie Hall, the National Council on Economic Education, The New York Public Library, National Organization on Disability, National Academy Foundation, Partnership for New York City, the Council for Industry and Higher Education in London and Prep for Prep. Mr. McGraw is 59 and has been a UTC director since 2003.

RICHARD B. MYERS, Ret. U.S. Air Force General, served as Chairman of the U.S. Joint Chiefs of Staff from 2001 to 2005. He was the principal military adviser to President George W. Bush, Secretary of Defense Donald Rumsfeld, and the National Security Council. Gen. Myers previously served as Vice Chairman, which included acting as Chairman of the Joint Requirements Oversight Council, Vice Chairman of the Defense Acquisition Board, and member of the National Security Council Deputies Committee and the Nuclear Weapons Council. He also serves on the boards of Aon Corporation, Deere & Company, and Northrop Grumman. Gen. Myers is the Foundation Professor of Military History at Kansas State University and holds the Colin Powell Chair for Leadership, Ethics and Character at the National Defense University. He is a member of the Defense Policy Board and the Department of State's Transformation Diplomacy Advisory Board. Gen. Myers is 65 and has been a UTC director since 2006.

Table of Contents

H. PATRICK SWYGERT has served as President of Howard University since 1995. Mr. Swygert served as President of the University at Albany, State University of New York from 1990 to 1995, and as Executive Vice President of Temple University from 1987 to 1990. He also serves on the boards of Fannie Mae and The Hartford Financial Services Group Inc. Mr. Swygert is a member of the Central Intelligence Agency's External Advisory Board, the Advisory Council for the Smithsonian Institution's National Museum of African American History and Culture, the D.C. Emancipation Commemoration Commission, the U.S. National Commission for the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Commission on Presidential Debates. Mr. Swygert is 64 and has been a UTC director since 2001.

ANDRÉ VILLENEUVE has been the Non-Executive Chairman of LIFFE (now part of NYSE Euronext group), the London futures and derivatives exchange, since 2003. He was an executive director of Reuters from 1989 to 2000. He was Chairman of Instinet Corp., an electronic brokerage subsidiary of Reuters, from 1990 to 1999, and Executive Chairman from 1999 to 2002. He is Chairman, City of London EU Advisory Group and a member of the UK Chancellor's High Level Financial Services Group. Mr. Villeneuve was Chairman of Promethee, the French think tank, from 1998 to 2002 and non-executive director of Aviva PLC from 1996 to 2006. He is currently a non-executive director of IFRI (Institut Francais des Relations Internationales), International Financial Services London and EuroArbitrage. Mr. Villeneuve is 63 and has been a UTC director since 1997.

CHRISTINE TODD WHITMAN served as Administrator of the U.S. Environmental Protection Agency from January 2001 through June 2003. She was Governor of the State of New Jersey from 1994 through 2001. She has served as President of The Whitman Strategy Group (environment and public policy consulting) since December 2004. She is a director of Texas Instruments Incorporated, S.C. Johnson & Son, Inc. and the Council on Foreign Relations. In addition, she serves on the Steering Committee of The Cancer Institute of New Jersey, the board of trustees of the Eisenhower Fellowships, the Governing Board of the Park City Institute, and is a member of the National Council of the National Parks Conservation Association and the BP America Inc. External Advisory Board. She is also a member of the Center for Civic Engagement and Volunteerism Advisory Board at Raritan Valley Community College. Gov. Whitman is 61 and has been a UTC director since 2003.

Committees of the Board. The standing committees of the Board consist of the Audit Committee, the Committee on Nominations and Governance, the Committee on Compensation and Executive Development, the Finance Committee and the Public Issues Review Committee. Each committee, other than the Finance Committee, is composed solely of directors determined by the Board to be independent in accordance with NYSE listing standards. Copies of the charters of each committee are available on UTC's website at <http://investors.utc.com/charters.cfm>.

The Audit Committee assists the Board in its oversight of the integrity of UTC's financial statements and the qualifications and independence of the Independent Auditors. The Committee also nominates, for appointment by shareowners, an accounting firm to serve as Independent Auditors and is responsible for the compensation, retention and oversight of the Independent Auditors. Directors Faraci, McCormick, Myers, Popoff (Chairman), Swygert, Villeneuve and Wagner are members of the Committee. The Board has determined that Directors Faraci, McCormick, Popoff, Villeneuve and Wagner are audit committee financial experts within the meaning of the rules of the Securities and Exchange Commission (SEC). During 2007, the Committee held eight meetings.

Table of Contents

The Committee on Nominations and Governance recommends criteria for service as a director and, when there is a vacancy on the Board, identifies, evaluates and recommends for nomination by the Board candidates for election as a director. The Committee also reviews and recommends appropriate governance practices and compensation for directors. Directors Faraci, Garnier, Lee, McCormick (Chairman), Swygert, Wagner and Whitman are members of the Committee. The Committee has determined that candidates for the Board should have the following qualifications:

the ability to exercise objectivity and independence in making informed business decisions;

extensive knowledge, experience and judgment;

the highest integrity;

loyalty to the interests of UTC and its shareowners;

a willingness to devote the extensive time necessary to fulfill a director's duties;

the ability to contribute to the diversity of perspectives present in board deliberations; and

an appreciation of the role of the corporation in society.

The Committee considers candidates meeting these criteria who are suggested by directors, management and shareowners. UTC from time to time engages one or more search firms to assist in the identification and evaluation of qualified candidates. The Committee will consider director candidates recommended by shareowners, who may submit recommendations by letter addressed to the Corporate Secretary. During 2007, the Committee held four meetings.

The Committee on Compensation and Executive Development is responsible for review and oversight of executive compensation and development programs, approval of corporate goals and objectives relevant to Chief Executive Officer (CEO) compensation, setting the CEO's compensation based on an evaluation of performance in light of these goals and objectives, and review of long-term incentive plans and annual incentive compensation. The Committee makes compensation decisions affecting the executive officers and members of UTC's Executive Leadership Group (the ELG). The CEO, Chief Operating Officer (COO) and the Senior Vice President, Human Resources and Organization (SVP, HR) determine other executives' compensation and oversee program administration. The Committee also reviews management development policies and programs.

Directors Garnier, Lee, McCormick, McGraw, Popoff and Wagner (Chairman) are members of the Committee. UTC has engaged Towers Perrin, an outside human resources consulting firm, to provide peer company compensation data. Management also provides information and proposals for the Committee's consideration. While the CEO, COO and SVP, HR attend Committee meetings regularly by invitation, the Committee, subject to Board oversight, is the final decision maker regarding the compensation paid to each of the named executive officers listed in the Summary Compensation Table on page 19, the members of the ELG and other executive officers. The Committee considers certain matters in executive session. The Committee's Chairman reports to the Board on actions taken at each meeting. During 2007, the Committee held six meetings. The Committee has authority to retain, approve fees for and terminate independent advisers to assist in fulfillment of its responsibilities.

The Finance Committee reviews and makes recommendations to the Board on the management of the financial resources of UTC and major financial strategies and transactions. Directors Chênevert, David, Gorelick, Lee (Chairman), McGraw, Myers, Popoff and Villeneuve are members of the Committee. During 2007, the Committee held seven meetings.

The Public Issues Review Committee reviews UTC's charitable contributions program, community relations programs, political action committee, and responses to public issues such as equal employment opportunity, the environment, and safety in the workplace. The Committee also reviews UTC's annual Corporate Responsibility Report. Directors Garnier (Chairman), Gorelick, McGraw, Swygert, Villeneuve and Whitman are members of the Committee. During 2007, the Committee held four meetings.

Table of Contents

Attendance. The Board met seven times during 2007. Each director attended 75% or more of the aggregate number of meetings of the Board and committees on which he or she served. The non-management directors meet in regularly scheduled executive sessions. Currently Mr. Wagner serves as Presiding Director at executive sessions. In view of Mr. Wagner's retirement, the non-management directors will select a successor from among themselves to preside at executive sessions following the 2008 Annual Meeting. The Board's policy is that directors standing for re-election should attend the Annual Meeting of Shareowners if their schedules permit. All of the current directors were present at the last Annual Meeting held in April 2007.

Security Ownership of Directors, Executive Officers and Certain Beneficial Owners. The following table shows, as of February 12, 2008, the shares of Common Stock beneficially owned by each director, each of the six named executive officers listed in the Summary Compensation Table on page 19 of this Proxy Statement and all directors and executive officers as a group. Each director and executive officer beneficially owned less than 1% of the outstanding shares of Common Stock. The directors and executive officers as a group beneficially owned approximately 1.5% of the outstanding Common Stock. Unless otherwise indicated in the notes to the table, each of the persons listed had sole voting power and investment power with respect to the shares shown as beneficially owned.

Name	Class of Securities	Shares Beneficially Owned
Louis R. Chênevert	Common	1,437,194 ⁽¹⁾⁽²⁾
George David	Common	8,064,871 ⁽¹⁾⁽²⁾
John V. Faraci	Common	0 ⁽³⁾⁽⁴⁾
Jean-Pierre Garnier	Common	60,200 ⁽¹⁾⁽⁴⁾
Jamie S. Gorelick	Common	76,227 ⁽¹⁾⁽⁴⁾
Charles R. Lee	Common	113,430 ⁽¹⁾⁽⁴⁾
Richard D. McCormick	Common	71,500 ⁽¹⁾⁽⁴⁾
Harold McGraw III	Common	14,000 ⁽¹⁾⁽³⁾⁽⁴⁾
Richard B. Myers	Common	0 ⁽³⁾⁽⁴⁾
Frank P. Popoff	Common	68,700 ⁽¹⁾⁽⁴⁾
H. Patrick Swygert	Common	27,000 ⁽¹⁾⁽³⁾⁽⁴⁾
André Villeneuve	Common	58,200 ⁽¹⁾⁽⁴⁾
H. A. Wagner	Common	79,894 ⁽¹⁾⁽⁴⁾
Christine T. Whitman	Common	13,000 ⁽¹⁾⁽³⁾⁽⁴⁾
Ari Bousbib	Common	1,229,425 ⁽¹⁾
Geraud Darnis	Common	1,040,021 ⁽¹⁾
James E. Geisler	Common	268,574 ⁽¹⁾
Gregory J. Hayes	Common	118,644 ⁽¹⁾⁽⁵⁾
Directors & Executive Officers as a Group (27 in total)	Common	14,882,576 ⁽¹⁾⁽²⁾⁽⁶⁾

- (1) The shares shown as beneficially owned by the listed persons include the following number of shares as to which the listed persons (i) had the right to acquire beneficial ownership within 60 days after February 12, 2008 through exercise of stock options or otherwise, or (ii) had sole voting but no investment power due to restrictions on transfer or vesting conditions.

Table of Contents

Name	Shares as to which listed person has right to acquire beneficial ownership within 60 days by exercise of stock options	Shares as to which listed person has sole voting but no investment power
L. Chênevert	1,325,000	5,434
G. David	6,110,000	107,599
J. Garnier	44,700	6,400
J. Gorelick	54,320	4,000
C. Lee	55,630	8,000
R. McCormick	44,700	3,200
H. McGraw III	13,000	0
F. Popoff	6,000	8,000
H. Swygert	26,000	0
A. Villeneuve	53,400	4,800
H. Wagner	61,860	8,000
C. Whitman	13,000	0
A. Bousbib	1,179,000	5,727
G. Darnis	991,000	11,809
J. Geisler	265,600	2,974
G. Hayes	114,500	3,270
Directors & Executive Officers as a group (27 in total)	12,297,710	326,154

(2) Messrs. David and Chênevert have pledged approximately 600,000 and 38,586 shares, respectively, to secure personal loans.

(3) The shares shown as beneficially owned do not include the following number of non-voting restricted stock units acquired under the Directors Restricted Stock Unit Plan. Each unit is valued by reference to one share of UTC Common Stock.

J. Faraci	1,810	H. Swygert	3,027
H. McGraw III	2,417	C. Whitman	2,417
R. Myers	1,597		

(4) The shares shown as beneficially owned do not include the following number of vested, non-voting deferred stock units acquired by the non-employee directors under the Directors Deferred Stock Unit Plan. Each unit is valued by reference to one share of Common Stock.

J. Faraci	6,415	R. Myers	4,765
J. Garnier	35,752	F. Popoff	41,252
J. Gorelick	17,162	H. Swygert	22,177
C. Lee	35,514	A. Villeneuve	31,828
R. McCormick	30,731	H. Wagner	38,828
H. McGraw III	15,305	C. Whitman	8,792

(5) Includes 1,889 shares as to which G. Hayes shares voting and investment power with his spouse.

(6) Includes 1,889 shares as to which G. Hayes shares voting and investment power with his spouse and 1,440 shares as to which C. Gill shares such powers with his spouse.

In a filing made with the SEC, State Street Bank & Trust Company, acting in various fiduciary capacities, reported that it held as of December 31, 2007 sole voting power with respect to 37,348,324 shares of UTC Common Stock, shared voting power with respect to 65,761,775 shares of UTC Common Stock, and shared dispositive power with respect to 103,110,099 shares of UTC Common Stock. State Street Bank & Trust Company serves as Trustee for UTC's Employee Savings Plan and disclaims beneficial ownership of the reported shares.

Table of Contents

Executive Compensation.

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis (CD&A) reviews the compensation policies and decisions of the Committee on Compensation and Executive Development (the Committee) with respect to UTC s named