

UNITED TECHNOLOGIES CORP /DE/
Form DEF 14A
March 14, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount Previously Paid:

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OUR COMMITMENTS

DEFINE WHO WE ARE

AND HOW WE WORK.

THEY FOCUS OUR

BUSINESSES AND

MOVE US FORWARD.

Performance

Our customers have a choice, and how we perform determines whether they choose us. We aim high, set ambitious goals and deliver results, and we use customer feedback to recalibrate when necessary. We move quickly and make timely, well-reasoned decisions because our future depends on them. We invest authority where it needs to be, in the hands of the people closest to the customer and the work.

Opportunity

Our employees' ideas and inspiration create opportunities constantly, and without limits. We improve continuously everything we do as a company and as individuals. We support and pursue lifelong learning to expand our knowledge and capabilities and to engage with the world outside UTC. Confidence spurs us to take prudent risks, to experiment, to cooperate with each other and, always, to learn from the consequences of our actions.

Innovation

We are a company of ideas that are nurtured by a commitment to research and development. The achievements of our founders inspire us to reach always for the next innovative and powerful and marketable idea. We seek and share ideas openly and encourage diversity of experience and opinion.

Responsibility

Successful businesses improve the human condition. We maintain the highest ethical, environmental and safety standards everywhere and we encourage and celebrate our employees' active roles in their communities.

Results

We are a preferred investment because we meet aggressive targets whatever the economic environment. We communicate honestly and forthrightly to investors, and deliver consistently what we promise. We are a company of realists and optimists and we project these values in everything we do.

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United Technologies Corporation

One Financial Plaza

Hartford, CT 06103

March 14, 2014

Dear Shareowners,

It is my pleasure to invite you to attend the 2014 Annual Meeting of Shareowners of United Technologies Corporation. As in prior years, we will meet to consider important matters affecting our Company. Whether or not you plan to attend the meeting, I encourage you to review the enclosed information and vote your shares.

Looking back over the past year, I am proud of what United Technologies has accomplished and excited about the momentum we have created for the future. As we begin 2014, the success of our portfolio transformation and our continued investments in game-changing technologies position us to accelerate growth, as does our ability to leverage our tremendous global scale to provide customers with innovative solutions in our core aerospace and building systems markets.

United Technologies delivered another strong performance in 2013. Solid execution across our business units drove double-digit earnings growth. We increased our dividend per share by 10.3 percent in 2013, marking the 77th consecutive year United Technologies has paid a dividend to shareowners.

Across the Company there were many notable accomplishments in 2013. Among them was the successful integration of both Goodrich and International Aero Engines. These transformational acquisitions are delivering better-than-expected results and have greatly improved our position in the high-growth commercial aerospace market. We also announced a tremendous new growth platform with the creation of UTC Building & Industrial Systems, combining Otis and UTC Climate, Controls & Security. This combination better positions us to capitalize on urbanization in emerging markets, where customers need tailored energy-efficient solutions incorporating multiple building systems and services.

UTC's Directors have broad leadership experience and superb operating and policy knowledge and I am grateful to our Board of Directors for their guidance, leadership and oversight.

As always, we value your ongoing participation and support of United Technologies Corporation, and we are committed to delivering world-class performance, outperforming our peers and creating long-term value for our shareowners.

Sincerely,

Louis R. Chênevert

Chairman & Chief Executive Officer

United Technologies Corporation Proxy Statement and Notice of 2014 Annual Meeting of Shareowners **i**

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United Technologies Corporation

One Financial Plaza

Hartford, CT 06103

March 14, 2014

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

Annual Meeting Date: April 28, 2014

Time: 2:00 p.m. Eastern Daylight Time (doors open at 1:30 p.m.)

Location: The Ballroom at The Ritz-Carlton, Charlotte
201 East Trade Street, Charlotte, North Carolina 28202

AGENDA:

1. Election of the twelve director nominees listed in the Proxy Statement.
2. Appointment of PricewaterhouseCoopers LLP as Independent Auditor for 2014.
3. A proposal to amend and restate the 2005 Long-Term Incentive Plan, including approval of additional shares for future awards under the Plan.
4. An advisory vote to approve the compensation of our named executive officers.
5. Other business if properly raised.

If you owned shares of UTC Common Stock (Common Stock) at the close of business on March 3, 2014, you are entitled to vote at the meeting either in person or by proxy.

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.

This year we will again seek to conserve natural resources and reduce costs by electronically disseminating annual meeting materials, as permitted by the Securities and Exchange Commission. Many shareowners will receive a Notice of Internet Availability of Proxy Materials with instructions for accessing these materials via the Internet. You can also receive, upon request, a copy of the proxy materials by mail if you prefer.

Because seating is limited, **please request a ticket in advance** by following the instructions on page 70 of the Proxy Statement. For security reasons, **please be prepared to show photo identification as well.** If you need special assistance because of a disability, please contact our Corporate Secretary's Office by calling (860) 728-7870, sending an email to: corpsec@corphq.utc.com, or writing to: Corporate Secretary, UTC, One Financial Plaza, Hartford, CT 06103.

By order of the Board of Directors.

Peter J. Graber-Lipperman

Vice President, Secretary & Associate General Counsel

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET

Visit the website listed on your proxy card

BY TELEPHONE

Call the telephone number on your proxy card

BY MAIL

Sign, date and return your proxy card in the enclosed envelope

IN PERSON

Attend the Annual Meeting and vote in person

ELECTION TO RECEIVE ELECTRONIC DELIVERY OF FUTURE ANNUAL MEETING MATERIALS.

You can expedite delivery and avoid costly mailings by confirming in advance your preference for electronic delivery. For further information on how to take advantage of this cost-saving service, please see page 73 of the Proxy Statement.

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Proxy Statement Summary

This summary highlights selected information in this Proxy Statement. Please review the entire Proxy Statement and the 2013 UTC Annual Report before voting.

2013 PERFORMANCE HIGHLIGHTS

2013 was a year of continuing transformation and strong performance for UTC, despite weakness in U.S. defense spending and increased pension expense, primarily due to low discount rates. We delivered excellent results for shareowners and took strategic steps to position the Company for long-term, sustainable growth.

Sales:	Earnings per share:	Dividend payments	Total shareowner
\$62.6	\$6.21	to shareowners: \$1.9	return: 42%
billion		billion	
	a 16% increase		
	from 2012		

2013 EXECUTIVE COMPENSATION HIGHLIGHTS

Our compensation program is designed to create incentive compensation opportunities for our executives that align with our shareowners' long-term interests. Some of the program changes approved in 2012 were implemented for 2013. Also in 2013, the following additional program modifications were made to further enhance this alignment, to better conform with current best practices and to respond to input from our investors:

- T We **reduced the benchmark for long-term incentive awards** for members of our Executive Leadership Group (ELG) from the ~~65th~~ to the 50th percentile of our Compensation Peer Group (CPG);
 - T We **used net income**, rather than earnings per share, **as our primary financial metric** for our 2013 annual incentive awards;
 - T We **changed the earnings per share growth metric** for the vesting of our performance share units (PSUs) **from three consecutive one-year periods to a cumulative three-year period;**
 - T We **eliminated cash severance benefits for the new members of the ELG**, and provided instead a career retention restricted stock unit (RSU) award; and
 - T We **added a Company-wide metric to our annual bonus funding formula for business unit executives** to drive strategic growth across the entire organization.
- Our Chairman & Chief Executive Officer (CEO) received **90%** of his 2013 compensation in contingent, performance-based incentives. For our other named executive officers (NEOs), the percentage of contingent, performance-based compensation was, on average, **86%** (see Pay Mix charts on page 36).

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PROXY STATEMENT SUMMARY

MATTERS FOR SHAREOWNER VOTING

At this year's Annual Meeting, we are asking our shareowners to vote on the following matters:

Proposal 1: Election of Directors

The Board recommends a vote **FOR** the election of the director nominees named in this Proxy Statement. See pages 1 through 9 of the Proxy Statement for further information on the nominees.

Proposal 2: Appointment of PricewaterhouseCoopers LLP as Independent Auditor for 2014

The Board recommends a vote **FOR** this proposal. See pages 60 and 61 for further information.

Proposal 3: Amendment and Restatement of the 2005 Long-Term Incentive Plan, Including Approval of Additional Shares for Future Awards Under the Plan

The Board recommends a vote **FOR** this proposal. See pages 62 through 67 for further information.

Proposal 4: Advisory Vote to Approve Named Executive Officer Compensation

The Board recommends a vote **FOR** this proposal. See pages 68 and 69 for further information.

BOARD NOMINEES

You are being asked to cast votes for twelve directors. Directors are elected annually by majority voting. Except for Mr. Chênevert, our Chairman & CEO, all nominees meet the New York Stock Exchange (NYSE) governance standards for director independence.

Name	Director Since	Occupation	Independent	Committee Memberships				
				A	N&G	C&ED	F	PIR
			Other Public Company					

Boards

Louis R. Chênevert	562006UTC Chairman & CEO		0					M
John V. Faraci	642005Chairman & CEO, International Paper	X	2	M	M			Ch
Jean-Pierre Garnier	661997Chairman, Actelion Ltd.	X	2		M	Ch		M
Jamie S. Gorelick	632000Partner, WilmerHale	X	1			M	M	M
Edward A. Kangas	692008Former Chairman & CEO, Deloitte, Touche, Tohmatsu	X	4	Ch	M	M		
Ellen J. Kullman	582011Chair & CEO, DuPont	X	1	M				M M
Marshall O. Larsen	652012Former Chairman, President & CEO, Goodrich Corp.	X	2					M M
Harold McGraw III	652003Chairman, McGraw Hill Financial, Inc.	X	2		M	M		M

Richard B. Myers	722006Ret. General, U.S. Air Force	X	3	M	M	M		
H. Patrick Swygert	702001President Emeritus, Howard University	X	1	M	Ch	M		
André Villeneuve	691997Chairman, ICE Benchmark Administration Ltd.	X	0	M			M	M
Christine Todd Whitman	672003President, Whitman Strategy Group	X	1		M		M	Ch

A Audit *N&G* Nominations & Governance *C&ED* Compensation & Executive
Development *F* Finance *PIR* Public Issues Review

M Member

Ch Chair

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PROXY STATEMENT SUMMARY

GOVERNANCE HIGHLIGHTS

As part of UTC's commitment to high ethical standards, our Board follows sound governance practices. These practices are described in more detail in our Corporate Governance Guidelines, which can be found in the Governance section of our website.

Independence 11 out of our 12 nominees are independent.

Our CEO is the only management director.

All of the Board Committees that meet regularly, other than the Finance Committee, are composed exclusively of independent directors.

Independent Lead Director The independent directors have selected Edward A. Kangas to serve as independent Lead Director.

The Lead Director serves as liaison between management and the other non-management directors.

Executive Sessions The independent directors regularly meet in private without management.

The Lead Director presides at these executive sessions.

Board Oversight of Risk Management Our Board reviews UTC's systematic approach to identifying and assessing risks faced by UTC and our business units.

The Audit Committee reviews our overall enterprise risk management policies and practices, financial risk exposures and the delegation of risk oversight responsibilities to other Board Committees.

Stock Ownership Requirements Our non-management directors must hold at least \$520,000 of Common Stock (or stock units) within five years of joining the Board.

Our CEO must, within five years of attaining the position, hold Common Stock (or stock units) valued at six times base salary.

Members of our Executive Leadership Group must, within five years of appointment to the group, hold Common Stock (or stock units) valued at three times base salary.

Board Practices Our Board annually reviews its effectiveness as a group.

Nomination priorities are adjusted as needed to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience.

Directors may not stand for election after age 72, absent special circumstances approved by the Board.

Accountability All directors stand for election annually.

In uncontested elections, directors must be elected by a majority of votes cast.

United Technologies Corporation Proxy Statement and Notice of 2014 Annual Meeting of Shareowners **v**

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Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be held on April 28, 2014. UTC's Proxy Statement for the 2014 Annual Meeting, and our Annual Report to Shareowners for 2013 are both available free of charge at: www.proxyvote.com. References in this Proxy Statement and accompanying materials to Internet websites are for the convenience of readers. Information available at or through these websites is not incorporated by reference in this Proxy Statement.

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Proposal 1 Election of Directors

Proxy Statement. The Board of Directors of United Technologies Corporation (UTC , the Company or the Corporation) is soliciting proxies to be voted at our 2014 Annual Meeting of Shareowners on April 28, 2014 and at any adjournment or postponement of the meeting. We expect that this Proxy Statement will be mailed and made available to shareowners beginning on or about March 14, 2014. The meeting will address the four matters listed in the Notice of Meeting, the first of which is the election of directors.

We are seeking your support for the election of the twelve candidates that we have nominated to serve on our Board. We believe that these nominees have qualifications consistent with our position as a large, diversified industrial corporation with operations throughout the world. We also believe that these nominees have the experience and perspective to guide the Company as we continue to compete in a broad range of markets around the world, innovate, and adjust to rapidly changing technologies, business cycles and competition.

BOARD MEMBERSHIP CRITERIA AND NOMINATION PROCESS

The Board and its Committee on Nominations and Governance believe that it is important that our directors, as a group, have the following attributes:

Loyalty to the interests of UTC and its shareowners

The highest integrity

Diversity of perspectives

Senior corporate leadership experience

Public company board experience

Global/international expertise

Industry/technical expertise

Financial expertise

Government or public policy expertise

An objective, independent and informed approach to business decisions

Extensive knowledge, experience and judgment

A willingness to devote the considerable time necessary to fulfill a director's duties

An appreciation of the role of the corporation in society

United Technologies Corporation Proxy Statement and Notice of 2014 Annual Meeting of Shareowners **1**

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PROPOSAL 1 ELECTION OF DIRECTORS

Individuals on our Board also possess other particular skills and qualifications. These include experience in the financial services industry and in academia, expertise in sustainability and environmental issues, and knowledge of systems and technology.

Our Board believes it is critical to our success to have directors who represent the interests of shareowners by bringing a diversity of perspectives to Board deliberations and Company oversight. The Committee on Nominations and Governance regularly reviews with the Board the qualifications that are most important in selecting candidates to serve as directors, taking into account UTC's diverse operations and the mix of capabilities and experience represented on the Board. As part of its annual evaluation of its effectiveness as a group, the Board considers whether its composition as a whole reflects a mix of skills and perspectives that is appropriate to meet the Company's needs. Based on these considerations, we make adjustments in the priorities we give to different qualifications when identifying candidates.

Diversity

While we do not have a specific policy on diversity of the Board, our Corporate Governance Guidelines (Governance Guidelines) provide that candidates for the Board should contribute to the diversity of perspectives in Board deliberations, in addition to being objective, independent and informed. The Committee on Nominations and Governance seeks accomplished and highly qualified candidates who have broad experience and perspective to oversee the global operations of a large and diversified industrial public company. We believe our Board reflects a broad diversity of professional backgrounds, skills and experiences.

- T Four director nominees have worked outside the United States
- T Three director nominees are women
- T One director nominee is African-American

The Committee considers candidates who are suggested by directors, management and shareowners and who meet the qualifications UTC seeks in its directors. The Board will consider director candidates recommended by shareowners. A shareowner may recommend a director candidate by submitting a letter addressed to the Corporate Secretary. The Company may also engage search firms from time-to-time to assist in identifying and evaluating qualified candidates.

Table of Contents**PROPOSAL 1 ELECTION OF DIRECTORS****NOMINEES**

Our entire Board is elected annually by our shareowners. The Board, upon the recommendation of the Committee on Nominations and Governance, has nominated the twelve nominees listed in this Proxy Statement, each of whom is a current director. The Board has determined that each of these nominees brings strong skills and extensive experience to the Board, giving the nominees as a group the appropriate skills to exercise the Board's oversight responsibilities.

UTC's Governance Guidelines require that directors retire from the Board as of the annual meeting after they reach age 72. In October 2013, the Board reviewed and revised UTC's director retirement policy to allow a director to be nominated for election after age 72 if warranted by special circumstances approved by the Board. In nominating the twelve candidates to stand for election at the 2014 Annual Meeting, the Board exercised this discretion with respect to General Richard B. Myers. Taking into account General Myers' extensive senior level experience in military, national security and government relations matters, the Board determined that it is in the interest of the Company to waive the normal retirement policy to allow him to stand for election in 2014.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREOWNERS VOTE FOR EACH OF THE FOLLOWING NOMINEES:**LOUIS R. CHÊNEVERT****Chairman & Chief Executive****Officer, United Technologies Corporation****Age: 56****Director since 2006**

Mr. Chênevert was elected Chairman & Chief Executive Officer in January 2010. He previously served as President and Chief Executive Officer from April 2008 through December 2009, as President and Chief Operating Officer from March 2006 through April 2008, and as President of the Pratt & Whitney division of UTC from April 1999 through March 2006. Mr. Chênevert is a member of the Executive Committees of both the Business Roundtable, where he chairs the Tax and Fiscal Policy Committee, and the Business Council and he is a member of the US-India CEO Forum. He also serves on the Board of Directors of Cargill, Inc. and the Congressional Medal of Honor Foundation, and is Chairman of the Yale Cancer Center's Advisory Board. Mr. Chênevert is a founding director and Chairman of the Board of Directors for the Friends of HEC Montréal and Chairman of HEC Montréal's International Advisory Board. In 2005, Mr. Chênevert was inducted as a Fellow of the American Institute of Aeronautics and Astronautics (AIAA).

Skills and Expertise

Committees:

Executive

Finance

Demonstrated leadership skills, with focus on operational excellence and attainment of financial objectives under changing economic and competitive conditions

Extensive operating executive experience acquired in major aerospace and advanced technology businesses with global activities

Experienced in driving enterprise transformation, integration of acquired businesses and development of innovative technologies

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PROPOSAL 1 ELECTION OF DIRECTORS

JOHN V. FARACI

Mr. Faraci has served as Chairman and Chief Executive Officer of International Paper (paper, packaging and distribution) 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. Mr. Faraci joined International Paper in 1974. He also serves on the Board of PPG Industries, Inc. and is a member of the U.S. Section of the US-Brazil CEO Forum. Mr. Faraci also serves on the Board of Directors of the American Forest & Paper Association, the National Fish and Wildlife Foundation, the Board of Trustees of the American Enterprise Institute, the Moscow School of Management-SKOLKOVO Advisory Board and the Denison University Board of Trustees. He is also a member of the Council on Foreign Relations.

Chairman & Chief Executive Officer, International Paper

Skills and Expertise

Age: 64
Director since 2005

Active Chief Executive Officer

Committees:
Audit
Finance
Nominations & Governance

Extensive leadership experience at a large international corporation with worldwide operations

Audit committee financial expert, based on oversight of CFO and prior experience as CFO

Experience overseeing extensive strategic changes in business portfolio

Commitment to responsible stewardship of natural resources and sustainability reporting

**JEAN-PIERRE
GARNIER**

Dr. Garnier is currently Chairman of Actelion Ltd. (biopharmaceuticals) and an Operating Partner at Advent International (global private equity). He previously served as Chief Executive Officer of Pierre Fabre SA from 2008 to 2010 and as Chief Executive Officer and Executive Member of the Board of Directors of GlaxoSmithKline plc from 2000 to 2008. 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. Dr. Garnier is also a director of Renault S.A., and Chairman of Cerenis Therapeutics (biopharmaceutical development). In 2009, he was made a Knight Commander of the British Empire. 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. Dr. Garnier was previously Chairman of NormOxys, Inc. from 2010 to 2011, and a board member of the Stanford Advisory Council on Interdisciplinary Biosciences, Weill Cornell Medical College and the Dubai International Capital Advisory Board. He is a member of the Board of Trustees of the Paul Newman Foundation.

**Chairman,
Actelion Ltd.**

Age: 66

Director since 1997

Committees:

Compensation &
Executive

Development

Nominations &
Governance

Public Issues Review

Skills and Expertise

Broad international perspective

Experience as CEO for two large public companies

Experience integrating large companies post-merger

Extensive expertise in executive compensation practices in U.S. and Europe

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PROPOSAL 1 ELECTION OF DIRECTORS

JAMIE S. GORELICK

Ms. Gorelick has been a Partner at the international law firm of WilmerHale since 2003. She 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, General Counsel of the Department of Defense, Assistant to the Secretary of Energy, and as a member of the bipartisan National Commission on Terrorist Threats Upon the United States. Ms. Gorelick is currently a member of the Defense Policy Board and the Defense Legal Policy Board. She is Vice Chair of The Urban Institute. Ms. Gorelick is a member of the Council on Foreign Relations and the Trilateral Commission. She has been a member of the Board of Directors of Amazon.com, Inc. since 2012, where she chairs the Nominating and Governance Committee. Ms. Gorelick previously served as a director of Schlumberger, Ltd. from 2002 to 2010.

**Partner,
WilmerHale**

Age: 63

Director since 2000

Skills and Expertise

Committees:

Extensive experience in government, which is beneficial to UTC as a major government contractor

Compensation & Executive

Development

Expertise counseling on complex litigation, investigation and compliance matters

Finance

Public Issues Review

Provides important insights on government relations, public policy and contracting matters



**EDWARD A.
KANGAS**

Mr. Kangas served as Chairman and Chief Executive Officer of Deloitte, Touche, Tohmatsu (audit and tax services) from 1989 to 2000. He has served as Non-Executive Chairman of the Board at Tenet Healthcare Corporation since July 2003, and is a Board member of Hovnanian Enterprises Inc., Intuit Inc. and Intelsat S.A. Mr. Kangas served as a director of Allscripts Healthcare Solutions, Inc. from 2010 to 2012, and previously served as a director of Eclipsys Corporation from 2004 to 2010. He is a past Chairman of the National Multiple Sclerosis Society and is a trustee of the Committee for Economic Development.

**Former Chairman
& Chief**

**Executive Officer,
Deloitte,**

Touche, Tohmatsu

Skills and Expertise

Age: 69

Extensive financial and accounting expertise acquired through oversight of audits of public companies in diverse industries

Director since 2008

Experience as CEO of a major accounting firm and as chair of another public company

Committees:

Audit

Audit committee financial expert

Compensation &
Executive

Development

Nominations &
Governance

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PROPOSAL 1 ELECTION OF DIRECTORS

ELLEN J. KULLMAN

Mrs. Kullman has served as Chair of E.I. du Pont de Nemours and Company (basic materials and innovative products and services for diverse industries) since December 2009. She has also served as Chief Executive Officer of DuPont since January 2009 and as a director of DuPont since 2008. Mrs. Kullman served as President of DuPont from October 2008 to December 2008. From June 2006 through September 2008, she served as Executive Vice President responsible for DuPont Coatings & Color Technologies, DuPont Electronic & Communication Technologies, DuPont Performance Materials, DuPont Safety & Protection, Marketing & Sales, Pharmaceuticals, Risk Management, and Safety & Sustainability. Prior to that, Mrs. Kullman was Group Vice President-DuPont Safety & Protection. She is Chair of the U.S.-China Business Council and is a member of the US-India CEO Forum, the Business Council, the Board of Directors of Catalyst and the Board of Change the Equation (CTEq). Mrs. Kullman is co-chair of the National Academy of Engineering Committee on Changing the Conversation: From Research to Action. She also serves on the Board of Trustees of Tufts University and the Board of Overseers at Tufts University School of Engineering.

Chair & Chief Executive Officer, E.I. du Pont de Nemours and Company

Age: 58

Director since 2011

Skills and Expertise

Committees:

Audit

Active CEO of innovative S&P 100 company with global operations

Finance

Public Issues Review

Experience in application of market-driven science to new product development

Insights in implementation of business strategies in global markets



**MARSHALL O.
LARSEN**

Mr. Larsen served as Chairman, President and Chief Executive Officer of Goodrich Corporation from 2003 until July 2012, when Goodrich was acquired by UTC. He was elected as President and Chief Operating Officer of Goodrich in February 2002, and as a director in April 2002. From 1995 through January 2002, Mr. Larsen served as Executive Vice President of Goodrich and President and Chief Operating Officer of Goodrich Aerospace. Mr. Larsen joined Goodrich in 1977. Mr. Larsen is a former Chairman of the U.S. Aerospace Industries Association, and serves as a director of Lowe's Companies Inc., Becton, Dickinson and Company, and the Federal Reserve Bank of Richmond. He is active in numerous community activities.

**Former Chairman,
President**

**& Chief Executive
Officer,**

**Goodrich
Corporation**

Skills and Expertise

Age: 65

Extensive business and leadership experience

Director since 2012

In-depth knowledge of aerospace industry, conditions affecting the industry and key customers

Committees:

Finance

Broad experience and insights in governance, regulatory and management issues facing large public companies

Public Issues Review

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PROPOSAL 1 ELECTION OF DIRECTORS

<p>HAROLD MCGRAW III</p>	<p>Mr. McGraw has been Chairman of the Board of McGraw Hill Financial, Inc. (ratings, benchmarks and analytics for financial markets) since 1999. He served as Chief Executive Officer of McGraw Hill from 1998 to November 2013 and as President and Chief Operating Officer from 1993 to November 2013. He is also a director of Phillips 66, and previously served as a director of ConocoPhillips from 2005 to 2012. Mr. McGraw is Chairman of the Emergency Committee for American Trade, International Chamber of Commerce and the U.S. Trade Representative’s Advisory Committee for Trade Policy & Negotiations. He is the former Chairman of The Business Roundtable. In addition, he serves on the boards of the Asia Society, the Committee Encouraging Corporate Philanthropy, the New York Public Library and Carnegie Hall.</p>
<p>Chairman, McGraw Hill Financial, Inc.</p>	
<p>Age: 65</p>	
<p>Director since 2003</p>	
<p>Committees:</p> <ul style="list-style-type: none"> Compensation & Executive Development Finance Nominations & Governance 	<p>Skills and Expertise</p> <p>Chairman and previously CEO of global business</p> <p>Expertise on transformational changes to business portfolios</p> <p>Focus on enhancements to shareowner value in diverse and challenging economic conditions</p>



RICHARD B. MYERS

General Myers, retired 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 the President, Secretary of Defense, and the National Security Council. He was appointed Vice Chairman by President Clinton, 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, Northrop Grumman and Rivada Networks. General Myers is the Foundation Professor of Military History and Leadership at Kansas State University and holds the Colin Powell Chair for National Security Leadership, Ethics and Character at the National Defense University. He is a member of the Defense Health Board and Chairman of the USO Board of Governors. He also serves on the boards of several other non-profits, including Fisher House, MRIGlobal, and is Chairman of the Kansas State University Foundation.

Ret. General, U.S. Air Force

and Former Chairman,

Joint Chiefs of Staff

Skills and Expertise

Age: 72

Director since 2006

Extensive senior leadership experience in military, global security and geopolitical issues of significant relevance to UTC's businesses

Committees:

Audit

Provides important perspectives on opportunities and challenges for UTC's government contracting businesses

Compensation & Executive

Development

Insights into organizational adjustment to address diverse economic challenges

Nominations & Governance

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PROPOSAL 1 ELECTION OF DIRECTORS

H. PATRICK SWYGERT

Mr. Swygart served as President of Howard University from 1995 to 2008. He 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 Board of Directors of The Hartford Financial Services Group Inc. He is a member of the Advisory Council for the Smithsonian Institution's National Museum of African American History and Culture, the D.C. Emancipation Commemoration Commission, and the Eisenhower Fellowship Foundation.

**President Emeritus,
Howard University**

Skills and Expertise

Age: 70

Director since 2001

Demonstrated senior leadership skills at two major universities

Committees:

Provides important perspectives on organizational transformation, government relations, cultural and civic issues

Audit

Compensation &
Executive

Insights into strategic planning, risk management, talent development and governance in diverse economic conditions

Development

Nominations &
Governance

**ANDRÉ
VILLENEUVE**

Mr. Villeneuve is Chairman of ICE Benchmark Administration Limited (part of The ICE Group). He was Chairman of the City of London’s International Regulatory Strategy Group, which works closely with the U.K. government on financial services regulatory issues, from 2007 to 2013. He is an independent director of Lloyd’s of London Franchise Board and a member of the Advisory Council of TheCityUK. He was Chairman of NYSE Euronext LIFFE from 2003 to 2009. Mr. Villeneuve joined Reuters in 1967, was based in London, Belgium, Latin America and the U.S., and served as President, Reuters America from 1980 to 1990 and Executive Director of Reuters PLC from 1989 to 2000. He was Chairman of Instinet Corporation, an electronic brokerage subsidiary of Reuters, from 1990 to 1999, and Executive Chairman from 1999 to 2002. He was Chairman of Promethee, the French think tank, from 1998 to 2002, and Non-Executive Director of Aviva PLC from 1996 to 2006. He was a member of the U.K. Chancellor’s High Level Financial Services Group, a non-executive director of IFSL (International Financial Services London), IFRI (Institut Francais des Relations Internationales) and Euroarbitrage. Mr. Villeneuve is a Grand Officer of the Order of Leopold II of Belgium.

**Chairman, ICE
Benchmark**

**Administration
Limited**

Age: 69

Director since 1997

Skills and Expertise

Committees:

Audit

Broad international perspective

Finance

Extensive expertise on financial markets and complex securities

Public Issues
Review

Audit committee financial expert

Insights into financial market and economic trends

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PROPOSAL 1 ELECTION OF DIRECTORS

**CHRISTINE TODD
WHITMAN**

Governor 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. Governor Whitman has served as President of The Whitman Strategy Group (environmental and public policy consulting) since December 2004. She is a member of the Board of Directors of Texas Instruments Incorporated, S.C. Johnson & Son, Inc., the Council on Foreign Relations and the American Security Project. In addition, she serves on the Board of Trustees of the Eisenhower Fellowship Foundation and as Chair of its Executive Committee, the Senior Advisory Committee of the Institute of Politics at Harvard University and the Steering Committee of The Cancer Institute of New Jersey. Governor Whitman also is Co-Chair of the Clean Safe Energy Coalition and a member of the Board of Directors of the Center for Sustainable Shale Development.

**President, The Whitman
Strategy Group**

Age: 67

Director since 2003

Skills and Expertise

Committees:

Finance

Nominations &
Governance

Public Issues Review

Provides important perspectives on environmental, public policy and government relations issues

Extensive leadership experience in U.S. and state executive functions

Insights into current and developing environmental and public policy issues

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Corporate Governance

OUR COMMITMENT TO SOUND CORPORATE GOVERNANCE

UTC is committed to strong corporate governance practices designed to maintain high standards of oversight, integrity and ethics, while promoting growth in long-term shareowner value.

Our governance structure enables independent, experienced and accomplished directors to provide advice, insight and oversight to advance the interests of the Company and our shareowners. UTC has long maintained sound governance standards, as reflected in our Code of Ethics, Governance Guidelines and systematic approach to risk management, and is committed to transparent financial reporting and strong internal controls.

We encourage you to visit the Governance section of our website (www.utc.com/governance) where you will find detailed information about corporate governance at UTC, including:

- T Our Governance Guidelines
- T Charters for our Board Committees
- T Our Code of Ethics
- T Our Certificate of Incorporation and Bylaws
- T Information about our Ombudsman/DIALOG program, which allows UTC employees to raise questions confidentially and outside the usual management channels
- T How shareowners and other interested persons may address concerns to the Board of Directors

DIRECTOR INDEPENDENCE

The Board has adopted independence standards for directors that satisfy the corporate governance requirements for companies listed on the New York Stock Exchange (NYSE). You can find more details about these standards in our Governance Guidelines.

The Board has determined that each of the nominees for election at the Annual Meeting, other than Mr. Chênevert, is independent of UTC under these independence standards. Specifically, none of the nominees, other than Mr. Chênevert, has a business, financial, family or other relationship with UTC that is considered to be material under UTC's independence standards (other than their relationship as a director and shareowner). In determining the independence of our directors, the Board considered the relevant facts and circumstances bearing on the independence of each of the nominees, including charitable contributions that UTC made to non-profit organizations with which some nominees are or have been associated. It also considered sales and purchases of products and services, in the ordinary course of business, between UTC (or its subsidiaries) and companies where some nominees are or have been

employed as executive officers.

In all cases that the Board considered for 2011, 2012 and 2013, the payments UTC made or received and the charitable contributions it made fell well below the thresholds in our independence standards (the greater of \$1 million or 2% of total gross revenues of the other organization). None of the payments made or received by UTC exceeded the greater of \$1 million or 0.5% of the other organization's total revenues. The following table shows the relationships that existed in 2013 and were considered by the Board in determining the independence of nominees.

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CORPORATE GOVERNANCE

DIRECTOR INDEPENDENCE DETERMINATIONS: RELATIONSHIPS CONSIDERED

Director	Organization	Type of Organization	Director's Relationship to Organization	Type of Transaction, Relationship or Arrangement of Organization with UTC	Total 2013 Payments
John V. Faraci	International Paper	Corporation	Chairman & Chief Executive Officer	Sales to UTC of paper products; purchases from UTC, principally elevator and air conditioning services and products.	\$4,875,000; \$2,201,000
	Denison University	Educational institution	Board member	Contributions received from UTC.	(1)
Jean-Pierre Garnier	Actelion Ltd.	Corporation	Chairman	Purchases from UTC, principally air conditioning services and products.	\$1,000
Edward A. Kangas	Tenet Healthcare	Corporation	Non-Executive Chairman	Purchases from UTC of elevator services and products.	\$225,000
Ellen J. Kullman	DuPont	Corporation	Chair & Chief Executive Officer	Sales to UTC of materials;	\$30,824,000;
				purchases from UTC, principally elevator and air conditioning services and industrial products.	\$2,313,000

Harold McGraw III	McGraw Hill Corporation Financial, Inc.	Chairman	Fees paid by UTC for credit ratings in connection with debt securities issued by UTC and fees for industry statistics and reports.	\$1,475,000
	Carnegie Hall	Music-related arts institution	Board member	Contributions received from UTC. (1)
Richard B. Myers	United Services Organization (USO)	Non-profit supporting U.S. troops and families	Chairman	Contributions received from UTC. (1)
	Kansas State University (KSU) Foundation	Fund-raising to support KSU	Chairman	Contributions received from UTC. (1)
H. Patrick Swygert	Howard University	Educational institution	Professor; Former President	Purchases from UTC, principally elevator services and products; contributions and recruiting fees received from UTC. \$687,000; \$97,000 ⁽¹⁾
	Eisenhower Fellowship Foundation	Non-profit providing fellowships to mid-career emerging leaders	Board member	Contributions received from UTC. (1)
Christine Todd Whitman	Eisenhower Fellowship Foundation	Non-profit providing fellowships to mid-career emerging leaders	Board member	Contributions received from UTC. (1)

⁽¹⁾ The total amount of UTC's contributions for 2013 to any individual non-profit organization identified in this table did not exceed \$300,000 and the average contribution was approximately \$93,333.

BOARD LEADERSHIP STRUCTURE

CHAIRMAN

The Committee on Nominations and Governance reviews our governance practices and leadership structure. Under UTC's Governance Guidelines, the decision as to whether the roles of Chairman of the Board and Chief Executive Officer should be separate or combined is made based on the Company's best interests in light of the circumstances at the time, rather than under a fixed policy. Currently these roles are combined, with Mr. Chênevert serving as both the Chairman of the Board and the Chief Executive Officer. Given UTC's strong financial performance over extended periods, the Board considers that the Company has been well served by this combined leadership structure over the years. In view of UTC's complex and diverse operations, the Board believes that the current combined leadership structure enables us to act quickly, efficiently and decisively as we face challenges and opportunities. This structure also fosters consistent internal and external communication of critical strategies and business priorities.

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CORPORATE GOVERNANCE

INDEPENDENT LEAD DIRECTOR AND NON-MANAGEMENT DIRECTORS

The Board believes that UTC's unitary leadership structure is appropriately balanced by the role of the Lead Director and the fact that all members of the Board, other than Mr. Chênevert, are independent. Our non-management directors meet in regularly scheduled executive sessions without any members of management present. The purpose of these executive sessions is to promote open and candid discussion among the non-management directors.

The Lead Director is selected by the other non-management directors. In April 2013, the non-management directors selected Edward A. Kangas, an independent director, to succeed Richard D. McCormick as Lead Director. The Lead Director's duties include:

- T presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the non-management directors;
- T serving as liaison between the Chairman and the non-management directors;
- T calling meetings of the non-management directors;
- T participating with the Chairman in planning and setting schedules and agendas for Board meetings;
- T determining with the Chairman the quantity, quality and timeliness of information to be provided to the directors to allow them to perform their duties;
- T annually communicating to the CEO the Board's evaluation of his or her performance; and
- T performing such other functions as the Board may direct.

The Board believes that the existence of an independent Lead Director, with defined responsibilities that include participation in planning meeting agendas, facilitates its oversight of risk management and its communication with members of management. The Lead Director or any of the other non-management directors is free at any time to raise matters at Board and committee meetings.

MAJORITY VOTING FOR DIRECTORS

Under UTC's Bylaws, in order for a director to be elected at the annual meeting, a majority of the votes cast with respect to the director's election must be cast for the director. Abstentions and broker non-votes are not considered votes cast. In an uncontested election of directors, any incumbent director who receives a greater number of votes against his or her election than votes for his or her election must, under UTC's Governance Guidelines, promptly tender his or her resignation to the Board's Committee on Nominations and Governance. The Committee then recommends to the Board whether to accept or reject the resignation, a decision the Board must make within 90 days after the date of the meeting at which the election took place. The director who tendered his or her resignation may not

participate in this decision. The Company must then promptly file a Report on Form 8-K with the Securities and Exchange Commission (SEC) in which it publicly discloses and explains the Board s decision on the resignation.

If a director s resignation is accepted, the Committee also will recommend to the Board whether the vacancy should be filled or whether the size of the Board should be reduced.

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CORPORATE GOVERNANCE

BOARD COMMITTEES

The standing committees of the Board include: 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 of these committees, other than the Finance Committee, is composed exclusively of directors determined by the Board to be independent. The Chair of each Committee reports to the Board on actions taken at each meeting.

The charter of each committee is available on UTC's website at: <http://www.utc.com/Governance/Board+of+Directors>.

AUDIT COMMITTEE

The Audit Committee assists the Board in its oversight of the integrity of UTC's financial statements, the qualifications and independence of the Independent Auditor, and UTC's policies and practices to assess and manage exposure to risk. Each year the Committee nominates, for appointment by shareowners, an accounting firm to serve as Independent Auditor. The Committee is responsible for the compensation, retention and oversight of the Independent Auditor. The Board has determined that Directors Faraci, Kangas, Kullman and Villeneuve are audit committee financial experts within the meaning of the rules of the Securities and Exchange Commission.

2013 Meetings: 8

Edward A. Kangas (Chair)

John V. Faraci

Ellen J. Kullman

Richard B. Myers

H. Patrick Swygert

André Villeneuve

COMMITTEE ON

NOMINATIONS AND GOVERNANCE	<p>The Committee on Nominations and Governance identifies and periodically reviews the qualifications that the Board uses to select candidates for service as a director. When there is a vacancy on the Board, the Committee identifies, evaluates and recommends candidates to be nominated by the Board for election by our shareowners (or to be elected by the Board if it chooses to fill a vacancy arising between shareowner meetings). The Committee also reviews and recommends to the Board appropriate governance practices and compensation for directors. When a Board vacancy arises, the Committee seeks to identify the most capable candidates available who meet the Board's criteria for nomination and will be able to serve the best interests of all shareowners. The Committee assesses the effectiveness of UTC's nomination policies on an annual basis, as part of the Board's evaluation of its effectiveness as a group. For more information about how the Committee identifies candidates, see the discussion of Board membership criteria and the nomination process in Proposal 1 – Election of Directors on pages 1 and 2 of this Proxy Statement.</p>
<p>2013 Meetings: 4</p> <p>H. Patrick Swygert (Chair)</p> <p>John V. Faraci</p> <p>Jean-Pierre Garnier</p> <p>Edward A. Kangas</p> <p>Harold McGraw III</p> <p>Richard B. Myers</p> <p>Christine Todd Whitman</p>	
COMMITTEE ON COMPENSATION AND EXECUTIVE DEVELOPMENT	<p>The Committee on Compensation and Executive Development has the responsibilities described in the Compensation Discussion and Analysis that begins on page 21 of this Proxy Statement. These include reviewing and overseeing executive compensation and development programs, determining what corporate goals and objectives are relevant to CEO compensation and setting the CEO's compensation based on an evaluation of performance in light of these goals and objectives. In addition, the Committee is responsible for the review and administration of long-term incentive plans and annual incentive compensation and oversees compensation policies and practices as they relate to risk management.</p>
<p>2013 Meetings: 6</p> <p>Jean-Pierre Garnier (Chair)</p> <p>Jamie S. Gorelick</p> <p>Edward A. Kangas</p> <p>Harold McGraw III</p> <p>Richard B. Myers</p> <p>H. Patrick Swygert</p>	<p>The Committee also makes compensation decisions affecting the executive officers and the members of UTC's Executive Leadership Group (the "ELG"), consisting of approximately 25 to 30 of UTC's most senior executives. The CEO and the Senior Vice President, Human Resources & Organization determine the compensation of other executives and oversee compensation program administration. The Committee also reviews our programs and policies for management development and succession.</p>

While the Chairman & CEO and the Senior Vice President, Human Resources & Organization 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 UTC's proxy statement and the other members of the ELG. It also oversees compensation practices for other executive officers. The Committee considers certain matters in executive session.

The Committee has authority to retain independent advisers to assist it in fulfillment of its responsibilities, to approve the advisor's fees and to terminate their engagements.

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CORPORATE GOVERNANCE

FINANCE COMMITTEE	<p>The Finance Committee monitors, and as appropriate makes recommendations to the Board on, the management of the Company's financial resources, strategies and plans for significant acquisitions and divestitures and their financial impact, and progress on pending and completed transactions. The Committee also reviews significant financing programs in support of business objectives; policies with respect to investments and uses of cash; significant capital appropriations; dividend policies; share repurchase programs; risks and exposures related to capital structure, liquidity, financing, pension funding and investment performance; insurance programs; investment of pension assets and other significant transactions.</p>
<p>2013 Meetings: 4</p> <p>John V. Faraci (Chair)</p> <p>Louis R. Chênevert</p> <p>Jamie S. Gorelick</p> <p>Ellen J. Kullman</p> <p>Marshall O. Larsen</p> <p>Harold McGraw III</p> <p>André Villeneuve</p> <p>Christine Todd Whitman</p>	
PUBLIC ISSUES REVIEW COMMITTEE	<p>The Public Issues Review Committee reviews and monitors UTC's positions and responses to significant public policy issues, including: our policies and objectives with respect to safety and the environment and the Company's compliance with related laws and regulations in the U.S. and other countries; plans and performance in furtherance of ensuring equal employment opportunities; significant legislative and regulatory issues that may affect the Company and its operations; actions and objectives to further corporate social responsibility; policies and priorities for contributions to charitable, educational and other tax-exempt organizations involved in the arts, civic and community affairs, education and health and human services; community relations programs; and our conduct of public policy and government relations activities,</p>
<p>2013 Meetings: 4</p> <p>Christine Todd Whitman (Chair)</p> <p>Jean-Pierre Garnier</p>	

Jamie S. Gorelick	including the activities of UTC's political action committee. The Committee also reviews UTC's annual Corporate Responsibility Report and oversees risk management policies and practices with regard to social responsibility, reputation, safety and the environment.
Ellen J. Kullman	
Marshall O. Larsen	
André Villeneuve	

MEETING ATTENDANCE

The Board met seven times during 2013. Each director attended 75% or more of the aggregate number of meetings of the Board and committees on which he or she served. The Board's policy is that each director, if standing for re-election, should attend the Annual Meeting of Shareowners if his or her schedule permits. All of the current directors other than Ms. Gorelick (who was unable to attend due to a broken ankle) attended the last Annual Meeting held in April 2013.

DIRECTOR STOCK OWNERSHIP REQUIREMENTS

To strengthen alignment with the interests of shareowners, non-management directors are required to own shares of Common Stock, deferred stock units or other Common Stock equivalents having a value equal to at least five times the annual base cash retainer amount. Non-management directors must achieve this ownership level within five years after first becoming a member of the Board. In 2013, the base cash retainer was \$104,000, thereby establishing an ownership requirement of at least \$520,000. Each of the non-management directors is in compliance with this ownership requirement.

HOW WE MANAGE RISK

OUR RISK MANAGEMENT FRAMEWORK

UTC has adopted enterprise risk management policies based on the Integrated Framework of the Committee of Sponsoring Organizations (COSO) issued in 1992. Under our policies, the presidents of major business units are responsible for identifying risks that could affect achievement of business goals and strategies, assessing the likelihood and potential impact of significant risks, prioritizing the risks that are identified and the actions to be taken to address these risks. The presidents of major business units report to the CEO on actions to monitor and manage significant risks in order to remain within UTC's range of risk tolerance.

Table of Contents**CORPORATE GOVERNANCE****BOARD RISK OVERSIGHT**

The CEO, Chief Financial Officer and General Counsel periodically report on UTC's risk management policies and practices to relevant Board committees and to the full Board. The Audit Committee annually reviews major financial risk exposures and a number of operational, compliance, reputational and strategic risks, as well as practices to monitor and manage those risks. The Audit Committee also reviews UTC's overall policies and practices for enterprise risk management, including the delegation of oversight for particular areas of risk to the appropriate Board committees. As a whole, the Board also reviews risk management practices and a number of significant risks in the course of their reviews of corporate strategy, business plans, reports of Board committee meetings and other presentations.

BOARD AND COMMITTEE RISK OVERSIGHT RESPONSIBILITIES

Board/Committee	Primary Areas of Risk Oversight
Full Board	Risk management process and structure, strategic risks associated with UTC's business plan, and other significant risks such as major litigation, business development risks, and succession planning.
Audit Committee	Major financial risk exposures; significant operational, compliance, reputational and strategic risks; and overall policies and practices for enterprise risk management.
Committee on Nominations and Governance	Risks and exposures related to corporate governance, leadership structure, effectiveness of Board and committee oversight; review of director candidates, conflicts of interest and director independence.
Committee on Compensation and Executive Development	Risks related to executive recruitment, assessment, development, retention and succession policies and programs; risks associated with compensation policies and practices, including incentive compensation.
Finance Committee	

Risks and exposures related to capital structure, liquidity, financing, pension funding and investment performance, and significant capital transactions, including acquisitions and divestitures.

Public Issues Review

Risks related to the environment and workplace safety, equal employment opportunity, responses to important public issues, government relations and other matters involving reputational risks.

Committee

COMPENSATION AND RISK MITIGATION

The Committee on Compensation and Executive Development (the Committee) believes that executive compensation should be contingent on performance relative to pre-established targets and objectives. Our executives must, however, achieve these targets and objectives in a manner consistent with UTC's ethical standards and internal policies. The Committee also believes that executive compensation should not reward accomplishments, however impressive in the short-term, that compromise UTC's standards or long-term shareowner value.

Compensation arrangements, if not properly designed and administered, can encourage excessive risk taking and jeopardize long-term Company performance and shareowner value. Therefore, one of the goals of UTC's executive compensation program is to motivate executives in a manner that appropriately balances financial opportunity and risk. UTC mitigates compensation-related risks to its long-term performance, ethical standards and reputation in the following ways:

Table of Contents**CORPORATE GOVERNANCE**

Monitor Risk under our Enterprise Risk Management Program (ERM). The Board of Directors annually reviews the ERM to identify, monitor and manage risk throughout the Company and its business units. The ERM recognizes executive compensation as a potential risk factor. UTC seeks to mitigate executive compensation risk through the following:

Emphasis on Long-Term Performance. Long-term incentives serve as the cornerstone of UTC's compensation program. As shown in the chart on page 36, 70% of the value of Mr. Chênevert's compensation derives from long-term incentives, compared to the 20% from his annual cash bonus. A significant stake in future performance and share value helps mitigate the risk that our executives will pursue short-term opportunities that create undue risk to future Company performance.

Alignment of Employee and Shareowner Interests. The Committee's selection of performance metrics is also designed to set an appropriate balance between short- and long-term objectives. Our long-term incentive awards, which include Stock Appreciation Rights (SARs) and Performance Share Units (PSUs), make up the largest portion of compensation for our senior executives. Our SARs have a three-year vesting period and a ten-year term. Executives receive compensation from these awards only if our share price appreciates after the third and before the tenth year from the grant date. Our PSUs have a three-year vesting period and corresponding three-year earnings per share (EPS) growth and relative total shareowner return (TSR) metrics. The Committee believes these metrics provide an appropriate measure of long-term financial performance and sustainable growth. While these broad-based measures correlate with shareowner value, they do not reward selective or narrow objectives that may be achieved independent of the Company's overall best interests.

Executive Share Ownership Requirements. To further encourage a long-term focus on sustainable performance and shareowner value creation, we also require our senior executives to own a significant amount of Common Stock or stock units. Our CEO, Mr. Chênevert, has a share ownership requirement equal to six times his base salary; however, his actual holdings substantially exceed this requirement. Share holdings of other ELG members must equal at least three times their base salary within five years of appointment to the ELG. Non-employee directors are also required to own shares or stock units equal to five times their annual cash retainer.

Prohibition of Hedging. To avoid undermining the goals of our share ownership policy, UTC prohibits directors and executive officers from entering into short sales of our securities or similar transactions where potential gains are linked to a decline in our Common Stock. Recipients of equity awards may not enter into any agreement that has the effect of transferring or exchanging any economic interest in any award for any other consideration.

Clawback Policy. UTC currently has a comprehensive policy on recoupment (clawback) of executive compensation. This policy applies to both our annual and long-term compensation programs. Clawbacks can result in significant financial penalties and award forfeitures. In the event of a financial restatement or recalculation of a financial metric applicable to an award, annual bonus payments and gains realized from vested long-term incentive awards can be recouped from any executive (including all NEOs) involved in an action found to have caused the restatement or

recalculation. The amount subject to recoupment will, at a minimum, equal the difference between what the executive received and what he or she would have received under the corrected financial metrics over at least the three-year period before the restatement. Clawbacks of bonuses, long-term incentive awards and compensation realized from prior awards also may result from violations of our Code of Ethics, failure to meet employee health and safety standards or exposing the Company to excessive risk, as determined under the ERM program. In Proposal 3 of this Proxy Statement, we are asking shareowners to approve amended language to clarify and further strengthen our clawback policy. This language clarifies the Company's right to clawback compensation when an executive's negligence (including the negligent supervision of a subordinate) causes significant harm to the Company's interests. The policy also permits public disclosure of the circumstances surrounding the Committee's decision to seek recoupment where the Committee determines such disclosure is appropriate and would not expose the Company to legal risk.

Post-Employment Covenants. These arrangements prohibit ELG members from engaging in activities after termination or retirement that are detrimental to UTC, such as disclosing proprietary information, soliciting UTC employees and engaging in competitive activities. Violations can result in a clawback of long-term incentive awards.

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Compensation of Directors

Annual Retainer

In 2013, the compensation of non-employee directors consisted of an annual cash and deferred stock unit retainer. If a director served in multiple roles, his or her annual cash retainer and annual deferred stock unit (DSU) award was based on the capacity for which the level of compensation was the highest. Non-employee directors received amounts for the following services in 2013:

Element	Base Retainer	Lead Director	Audit Committee Chair	Committee on Compensation and Executive Development Chair	Committee Chair	Audit Committee Member
Annual Cash	\$104,000	\$120,000	\$120,000	\$112,000	\$110,000	\$116,000
Deferred Stock Units	\$156,000	\$180,000	\$180,000	\$168,000	\$165,000	\$174,000
Total	\$260,000	\$300,000	\$300,000	\$280,000	\$275,000	\$290,000

Effective April 29, 2013, the total compensation amounts for all positions increased by \$20,000, with an additional \$5,000 increase for the Chairman of the Committee on Compensation and Executive Development. These increases were made to better align director compensation with the market and are reflected in the table above.

Non-employee directors receive 40% of their total annual retainer in cash and 60% in deferred stock units. Alternatively, they may elect to receive their entire retainer fee in DSUs. The number of DSUs credited to each director in 2013 was calculated by dividing the cash value of the director's compensation by \$91.62, the NYSE closing price of Common Stock on April 29, 2013, the date of the 2013 Annual Meeting. Directors do not receive additional

compensation for attending regularly scheduled Board and Committee meetings. However, non-employee directors do receive an additional \$5,000 for each special meeting they attend in person. There were no special meetings of the Board in 2013.

Following termination of a non-employee director's service, DSUs are converted into shares of Common Stock. The distribution of shares of Common Stock can be made in either a lump sum upon retirement or in ten- or fifteen-year installments.

One-Time RSU Awards for New Directors

Non-employee directors receive a one-time \$100,000 restricted stock unit award (RSU) when first elected to the Board. This award vests ratably over five years and is distributed to the director in shares of Common Stock upon retirement, termination or death. No director received an RSU award in 2013.

Treatment of Dividends

When UTC pays a dividend on Common Stock, each director's DSU and RSU balance is credited with additional DSUs and RSUs, respectively, having a value equal to the dividend paid on the corresponding number of shares of Common Stock.

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COMPENSATION OF DIRECTORS

2013 Director Compensation				
Name	Fees Earned or		All Other Compensation (\$)	Total (\$)
	Paid in Cash (\$)⁽¹⁾	Stock Awards (\$)⁽²⁾		
Louis R. Chênevert	\$0	\$0	\$0	\$0
John V. Faraci	\$0	\$290,000	\$0	\$290,000
Jean-Pierre Garnier	\$0	\$280,000	\$0	\$280,000
Jamie S. Gorelick	\$104,000	\$156,000	\$0	\$260,000
Edward A. Kangas	\$0	\$300,000	\$223 ⁽³⁾	\$300,223
	\$116,000	\$174,000	\$1,247 ⁽³⁾	\$291,247

Ellen J. Kullman

Marshall O. Larsen	\$0	\$260,000	\$2,363 ⁽³⁾	\$262,363
Harold McGraw III	\$0	\$260,000	\$0	\$260,000
Richard B. Myers	\$116,000	\$174,000	\$0	\$290,000
H. Patrick Swygert	\$0	\$290,000	\$16,533 ⁽⁴⁾	\$306,533
André Villeneuve	\$0	\$290,000	\$0	\$290,000
Christine T. Whitman	\$110,000	\$165,000	\$0	\$275,000

⁽¹⁾ Consists of annual retainer fees paid in cash in 2013.

⁽²⁾ Consists of the grant date fair value of DSU awards credited to the account of the director, including the portion of the director's annual cash retainer that the director elected to receive in DSUs, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718). The assumptions made in the valuation of these awards can be found in Note 12, Employee Benefit Plans, to the Consolidated Financial Statements in Exhibit 13 to UTC's 2013 Annual Report on Form 10-K. As of December 31, 2013, directors held the following:

Name	Number of Unvested RSUs Attributable to Initial \$100,000 RSU Grant	Number of Deferred Stock Units, Restricted Stock and Vested RSUs	Number of Outstanding Stock Options
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John V. Faraci	-	34,719	-
Jean-Pierre Garnier	-	70,740	6,000
Jamie S. Gorelick	-	41,793	13,400
Edward A. Kangas	-	25,991	-
Ellen J. Kullman	506	6,495	-
Marshall O. Larsen	1,015	6,306	-
Harold McGraw III	-	42,230	13,000
Richard B. Myers	-	22,070	-
H. Patrick Swygert	-	49,755	-
André Villeneuve	-	66,146	-

Christine T. Whitman	-	26,718	13,000
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- ⁽³⁾ *Reflects the value of dividend equivalents credited on unvested RSUs.*
- ⁽⁴⁾ *Consists of a premium payment on a life insurance policy used to fund Mr. Swygert's participation in the Directors' Charitable Gift Program. Mr. Swygert is the only director participating in this legacy program, which was closed to directors elected after February 2003. Mr. Swygert derives no financial benefit from this program. All insurance proceeds are payable to a charitable organization designated by him and tax deductions accrue solely to UTC.*

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Stock Ownership Information

This section contains required information about certain beneficial owners of our Common Stock as that term is defined under SEC rules.

DIRECTORS, BOARD NOMINEES, AND EXECUTIVE OFFICERS

The following table shows the number of shares of Common Stock beneficially owned, as of March 1, 2014, by each of our current directors, each of whom is a nominee for election as a director, by each of the named executive officers listed in the Summary Compensation Table on page 48 of this Proxy Statement, and by all directors and executive officers as a group. Each director and executive officer, and the directors and executive officers as a group, beneficially owned less than 1% of the outstanding shares of Common Stock as of that date. Except as explained in the footnotes to the following table, each person listed, and the members of the group, had sole voting power and sole investment power with respect to the shares shown.

Name	Shares Beneficially Owned
Louis R. Chênevert	2,897,956 ⁽¹⁾
John V. Faraci	34,719
Jean-Pierre Garnier	88,450
Jamie S. Gorelick	73,100
	25,991

Edward A. Kangas

Ellen J. Kullman 7,001

Marshall O. Larsen 12,753

Harold McGraw III 56,230

Richard B. Myers 22,070

H. Patrick Swygert 50,755

André Villeneuve 66,146

Christine T. Whitman 37,368

Alain Bellemare 355,909

Geraud Darnis 1,149,585⁽²⁾

459,752⁽³⁾

Gregory Hayes

David Hess

227,077

Directors & Executive Officers as a group (22 in total)

6,436,437⁽⁴⁾

- (1) In addition to these shares, Mr. Chênevert holds 12,318 deferred stock units, credited to his account under the UTC Deferred Compensation Plan, that have a value equal to a corresponding number of shares of Common Stock. These units will be settled by payment in cash upon distribution from the UTC Deferred Compensation Plan. Includes 18,120 shares held in a family charitable foundation. Mr. Chênevert shares with family members voting and dispositive power with respect to such shares.*
- (2) Includes 5,850 shares of Common Stock for which Mr. Darnis' spouse holds voting and investment power.*
- (3) In addition to these shares, Mr. Hayes holds 6,525 deferred stock units, credited to his account under the UTC Deferred Compensation Plan, that have a value equal to a corresponding number of shares of Common Stock. These units will be settled by payment in cash upon distribution from the UTC Deferred Compensation Plan. Includes 2,043 shares of Common Stock as to which Mr. Hayes' spouse holds voting and investment power.*
- (4) Includes 1,546 shares of Common Stock as to which the spouse of an officer who is not a Named Executive Officer holds voting and investment power.*

The preceding table includes shares as to which the listed person or the members of the group had the right to acquire beneficial ownership at any time within 60 days after March 1, 2014 by exercising stock options or stock appreciation rights (SARs) and, in the case of non-management directors, upon the settlement of restricted stock units (RSUs) or deferred stock units (DSUs) as a result of their resignation or retirement from the Board as set forth in the following table.

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STOCK OWNERSHIP INFORMATION

Name	Shares as to which listed person	Shares as to which listed person	Shares as to which listed person
	has right to acquire beneficial ownership within 60 days by exercise of stock options or SARs	has right to acquire ownership within 60 days upon conversion of RSUs	has right to acquire ownership within 60 days upon conversion of DSUs
L. Chênevert	2,322,000	-	-
J. Faraci	-	2,095	32,624
J. Garnier	6,000	-	64,340
J. Gorelick	13,400	-	37,793
E. Kangas	-	2,357	23,634
	-	1,359	5,642

E. Kullman

M. Larsen	-	1,305	6,016
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H. McGraw III	13,000	2,797	39,433
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R. Myers	-	1,848	20,222
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H. Swygert	-	3,503	46,252
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A. Villeneuve	-	-	61,346
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C. Whitman	6,000	2,797	23,921
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A. Bellemare	305,500	-	-
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G. Darnis	985,000	-	-
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G. Hayes	389,000	-	-
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	148,500	-	-
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D. Hess

Directors & Executive	4,934,250	18,061	361,223
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Officers as a group

(22 in total)

BENEFICIAL OWNERS OF OVER 5% OF UTC COMMON STOCK

The following table shows all holders known to us to be beneficial owners of more than 5% of the outstanding shares of Common Stock as of December 31, 2013.

Name and Address	Shares	Percent of Class
State Street Corporation*	105,279,543	11.5%
State Street Financial Center		
One Lincoln Street		
Boston, MA 02111		
BlackRock, Inc.	61,594,623	6.7%
40 East 52 nd Street		
New York, NY 10022		
The Vanguard Group	49,543,861	5.4%
100 Vanguard Boulevard		
Malvern, PA 19355		

**State Street Corporation, acting in various fiduciary capacities, reported in an SEC filing that as of December 31, 2013 it held sole voting power with respect to 0 shares of Common Stock, shared voting power with respect to 105,279,543 shares of Common Stock, sole dispositive power with respect to 0 shares of Common Stock, and shared dispositive power with respect to 105,279,543 shares of Common Stock. State Street Corporation also reported that its wholly-owned subsidiary, State Street Bank & Trust Company, held 64,816,572 of these shares in its capacity as Trustee for UTC's Employee Savings Plan Master Trust. State Street Corporation disclaims beneficial ownership of the reported shares, except in its fiduciary capacity.*

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Executive Compensation

Compensation Discussion and Analysis

In this section, we discuss our compensation philosophy and describe the compensation program for our Chairman & Chief Executive Officer (CEO) and our senior leadership team. We explain how our Board's Committee on Compensation and Executive Development (the Committee) determines compensation for our senior executives and its rationale for specific 2013 decisions. We also discuss numerous changes the Committee has made to our program over the past several years to advance its fundamental objective: aligning our executive compensation with the long-term interests of UTC shareowners.

EXECUTIVE SUMMARY

Our executive compensation program is designed to reward financial results and effective strategic leadership, key elements in building sustainable value for shareowners. We believe our program's performance measures align the interests of our shareowners and senior executives by correlating the timing and amount of actual pay to our short-, medium- and long-term performance. Our program places significant weight on ethical and responsible conduct in pursuit of these goals.

We actively seek and highly value feedback from shareowners and their advisors concerning our compensation program. Since our last Annual Meeting of Shareowners, senior management has communicated directly with institutional investors holding over 300 million shares of UTC Common Stock (Common Stock).

In addition, we carefully benchmark our compensation decisions against a market-relevant group of peer companies that are potential competitors for the caliber of executive talent required to manage a complex, global, multi-industrial company like UTC.

Following significant changes made to our compensation programs in 2012, 90% of the votes cast (i.e., excluding abstentions and broker non-votes) supported our Say-on-Pay proposal at the 2013 Annual Meeting.

In 2013, our Say-on-Pay proposal garnered 90% support,

29 percentage points better than 2012.

2013 PERFORMANCE

We experienced strong financial and operating performance in 2013, as evidenced by our earnings growth, cash flow and stock price appreciation. Our 2013 compensation decisions recognize this performance.

We believe that a portion of our executive compensation should reflect and reward current-year performance. However, our program prudently accounts for, and indeed emphasizes, long-term financial performance and actions

taken by our senior leadership team to strategically position UTC for future growth. We focus on sustainable performance and, therefore, allocate a significantly greater portion of compensation to longer-term goals and performance.

Our solid operational and financial performance in 2013 reflects senior leadership's sharp focus on deploying our capital wisely, executing our business strategies effectively and achieving a balanced business mix. This focus enabled us to deliver value to our shareowners in 2013, notwithstanding weak U.S. defense spending and increased pension expense, primarily due to low discount rates.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

2013 Financial Results

- T Sales increased by 9% to \$62.6 billion
- T Earnings per share increased by 16% to \$6.21
- T \$5.8 billion in free cash flow; in excess of net income
- T Dividends per share increased by 10.3%, marking the 77th consecutive year our shareowners have received dividends
- T Our U.S.-funded pension ratio increased from 84% in 2012 to 98% in 2013

FINANCIAL RESULTS (3 AND 10 YEARS)*

**For 2013 and 2011, net income and diluted earnings per share metrics reflect continuing operations, as reported in the 2013 Annual Report on Form 10-K. 2004 net income and diluted earnings per share represent values reported in the 2004 Annual Report on Form 10-K, as subsequently restated for the effect of a new accounting standard and the 2005 stock split. 2004 amounts have not been adjusted for discontinued operations. For the definitions of net income, earnings, free cash flow and other measures used for our incentive compensation plans and for a reconciliation from cash flow to free cash flow, refer to page 46 of this Proxy Statement.*

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

SHAREOWNER VALUE CREATION

The Committee believes that long-term incentive goals should directly correlate with the creation of long-term shareowner value; an essential component of our Guiding Principles, as discussed on pages 26 and 27. Our ability to generate sustainable TSR over the ten-year period ending on December 31, 2013 is noteworthy and, in our view, correlates with our executive compensation program design. UTC's 11% annualized TSR over this period significantly outpaced the Dow Jones Industrial Average (7%), the S&P 500 (7%) and our Compensation Peer Group (6%). The following chart illustrates UTC's performance relative to differing comparator groups and time periods.

TOTAL SHAREOWNER RETURN: UTC VS. PEER GROUPS*

**TSR values are provided by S&P Capital IQ and are calculated on an annualized basis as of December 31, 2013. For the Compensation Peer Group composite values, returns are calculated individually for each peer company, then a weighted average is calculated based on each company's market capitalization at the beginning of the measurement period.*

Response to 2013 Say-On-Pay Vote

Each year, we carefully consider the results of our shareowner Say-on-Pay vote from the preceding year. In 2013, 90% of the votes cast (i.e., excluding abstentions and broker non-votes) supported our 2012 executive compensation decisions. This result was well in excess of the 61% favorable vote we received in 2012 with respect to our 2011 decisions. We interpreted the results of our 2013 vote and the marked improvement over 2012 as an endorsement of our compensation program's improved design and direction.

Our 2013 Outreach Program

In 2013, we continued to engage with our shareowners to solicit their feedback on UTC's executive compensation program. We also sought input from third-party consultants and proxy advisory firms.

Analysis of Shareowner Feedback

In 2013, the Committee, as it does each year, analyzed shareowner feedback and incorporated it into its ongoing assessment of our compensation elements. This feedback helps the Committee in its review of our program along with other factors, such as external market data and staff compensation recommendations.

Based on the favorable feedback we received from shareowners regarding our significant program changes in 2012, the Committee made less extensive adjustments in 2013:

We prospectively eliminated the cash severance benefit for ELG members appointed on or after May 2013. These members will continue to receive a restricted stock unit award upon appointment to the ELG that contains restrictive covenants, as described on page 38. The Committee believes that an equity award tied to Common Stock performance has a greater retention value and better aligns our ELG program with the long-term interests of our shareowners.

We adjusted our annual bonus funding formula to incorporate Company-wide performance for our business unit executives. This change was made to drive strategic goals across the entire organization.

These adjustments, along with the significant modifications made to our program in 2012, have enhanced our executive compensation structure to more closely align with best practices and shareowner feedback received in 2013.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

CEO PAY HIGHLIGHTS

Consistent with our core belief that pay for performance creates shareowner value, approximately 90% of Mr. Chênevert's 2013 compensation consisted of variable, contingent and performance-based annual and long-term incentives, as shown on page 36 of this Proxy Statement.

As explained on page 43, the Committee assessed Mr. Chênevert's 2013 performance favorably. The chart below shows that Mr. Chênevert's 2013 total direct compensation increased from \$17 to \$18.5 million, approximately a 9% increase from the previous year. This compensation increase resulted from the following Committee actions:

A 4.4% base salary increase

An annual bonus aligned with the Corporation's 2013 financial performance

An increase in the value of Mr. Chênevert's most recent long-term incentive grant (made on January 2, 2014), reflecting the Committee's favorable assessment of 2013 performance
The target for Mr. Chênevert's total direct compensation continues to approximate the median of the market.

CEO TOTAL DIRECT COMPENSATION⁽¹⁾

Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS****EXECUTIVE COMPENSATION PRACTICES**

We continually monitor the evolution of best compensation practices. Some of the most important practices incorporated into our program include the following:

Our Compensation Practices

- T Review of Pay versus Performance.** The Committee continually reviews the relationship between CEO compensation and Company performance.
- T Median Compensation Targets.** All compensation elements for our executives are targeted at the median of our CPG. In 2013, the Committee reduced long-term incentive award targets for ELG members (including all NEOs) from the 65th to the 50th percentile of the CPG.
- T Rigorous and Diversified Performance Metrics.** The Committee annually reviews performance goals for our annual and long-term incentive awards to assure the use of diversified, rigorous, but attainable targets. In an effort to diversify performance metrics across our incentive plans, the Committee changed the primary financial metric beginning in 2013 for our annual incentive awards from earnings per share to net income. For our PSUs, the Committee also recently shifted the earnings per share growth metric from a series of three annual targets to a three-year cumulative growth target.
- T Clawback of Compensation.** We strengthened our clawback policy in 2011, and in Proposal 3 of this Proxy Statement, we are seeking shareowner approval to further enhance this policy. In 2011, we broadened our policy's definition of misconduct and extended the time period covered. In Proposal 3, we are taking further action to reinforce the Committee's ability to recoup compensation when it determines an executive's negligence (including negligent supervision of a subordinate) caused significant harm to the Company's interests. Also, in appropriate cases, we will now publicly disclose circumstances surrounding the Committee's decision to invoke this policy.
- T Meaningful Share Ownership Guidelines.** Our share ownership requirements are rigorous: six times base salary for the CEO, three times base salary for other members of the ELG (including our other NEOs), and five times the base annual cash retainer for non-employee directors.
- T No Pledging of Shares.** Our directors and executive officers are not permitted to pledge UTC shares as collateral for loans or for any other purpose.
- T No Hedging.** UTC does not allow directors and executive officers to enter into short sales of UTC Common Stock or similar transactions where potential gains are linked to a decline in the price of our shares. Recipients of equity awards also may not enter into any agreement that has the effect of transferring or exchanging any economic interest in an award for any other consideration.
- T No Repricing.** Stock option and SAR exercise prices are set to equal the grant date market price and may not be reduced or replaced with stock options or SARs with a lower exercise price without shareowner approval (except to adjust for stock splits or similar transactions).
- T**

No Cash Buyouts of Underwater Stock Options and SARs. UTC does not allow buyouts of underwater stock options or SARs under any circumstances. Furthermore, award recipients may not sell, assign or transfer their interest in any long-term incentive award (including underwater stock options and SARs) to a third party in exchange for cash or other consideration.

- T Market-Competitive Retirement Programs.** We eliminated defined benefit pensions for employees hired after January 1, 2010. For legacy employees, the traditional final average earnings pension formula will sunset as of December 31, 2014 and will be replaced by a cash balance formula.
- T No Perquisite Allowances.** The cash perquisite allowance was eliminated for individuals appointed to the ELG after June 2012, and subsequently eliminated for all ELG members.
- T No Employment Contracts.** The Committee believes that fixed-term executive employment contracts that guarantee certain levels of compensation do not enhance shareowner value. Accordingly, our NEOs do not have employment contracts.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

Our Compensation Practices (continued)

- T Elimination of Cash Severance.** To better align our program with our shareowners' interests, the Committee prospectively eliminated the cash severance benefit for ELG members appointed after May 2013. Members will continue to receive a RSU award upon appointment to the ELG.
- T Restrictive Covenants.** Our ELG members must adhere to restrictive covenants upon separation from UTC, including non-compete, non-solicitation and non-disclosure obligations.
- T Prospective Elimination of Change-in-Control Arrangements.** In 2009, we closed our change-in-control program to new ELG members and substantially reduced benefits for existing ELG members.
- T Use of Double Triggers.** All change-in-control severance arrangements for pre-2009 ELG members now have a double, rather than a single trigger for benefit eligibility. This means that a change-in-control will not automatically entitle an executive to severance benefits; the executive must also lose his or her job or suffer a significant adverse change to employment terms and conditions.
- T No Tax Gross-Ups.** Parachute excise tax reimbursements and gross-ups will not be provided in the event of a change-in-control.
- T No Continuation of Retirement and Healthcare Benefits.** In 2009, the Committee eliminated for both then-existing and future ELG members the three-year continuation of retirement benefit accruals and healthcare benefits which previously had been a feature of our change-in-control arrangements.
- T Review of Compensation Peer Group.** Our CPG is reviewed periodically by the Committee and adjusted, when necessary, to ensure that its composition remains a relevant and appropriate comparison for our executive compensation program.
- T Review of Committee Charter.** The Committee reviews its charter regularly to incorporate best-in-class governance practices.

HOW WE MAKE COMPENSATION DECISIONS

OUR EXECUTIVE COMPENSATION PHILOSOPHY

The Committee believes that executive compensation opportunities must align with and enhance long-term shareowner value. This core philosophy is embedded in all aspects of our executive compensation program and is reflected in an important set of guiding principles. We believe that the application of these principles enables us to create a meaningful link between compensation outcomes and long-term, sustainable growth for our shareowners.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

GUIDING PRINCIPLES

<p>Pay for performance</p> <p>A substantial portion of compensation should be variable, contingent and directly linked to individual, Company and business unit performance.</p>	<p>Shareowner alignment</p> <p>The financial interests of executives should be aligned with the long-term interests of our shareowners through stock-based compensation and performance metrics that correlate with long-term shareowner value.</p>	<p>Long-term focus</p> <p>For our most senior executives, long-term stock-based compensation opportunities should significantly outweigh short-term cash-based opportunities. Annual objectives should complement sustainable long-term performance.</p>
<p>Competitiveness</p> <p>Total compensation should be sufficiently competitive to attract, retain and motivate a leadership team capable of maximizing UTC s performance. Each element should be benchmarked relative to peers.</p>	<p>Balance</p> <p>The portion of total compensation contingent on performance should increase with an executive s level of responsibility. Annual and long-term incentive compensation opportunities should reward the appropriate balance of short- and long-term financial and strategic business results.</p>	<p>Responsibility</p> <p>Compensation should take into account each executive s responsibility to act in accordance with our ethical, environmental, health and safety objectives at all times. Financial and operating performance must not compromise these values. The need for complete commitment to ethical and corporate responsibility is a fundamental belief underlying all aspects of our compensation program, from setting targets to conducting annual performance assessments.</p>

ROLE OF THE COMMITTEE ON COMPENSATION AND EXECUTIVE DEVELOPMENT

The Committee, which consists of six independent directors, is responsible for overseeing the development and administration of our executive compensation program.

In this role, the Committee makes all compensation decisions concerning our CEO and the other members of our Executive Leadership Group (ELG). The ELG is made up of between 25 to 30 of our most senior executives and includes each of the Named Executive Officers (NEOs) listed in the Summary Compensation Table on page 48 of this Proxy Statement.

The Committee's other responsibilities include:

Designing executive compensation plans and programs

Assessing input from UTC's shareowners regarding executive compensation decisions and policies

Reviewing and approving incentive plan targets and objectives

Assessing each ELG member's performance relative to these targets and objectives

Evaluating the competitiveness of each ELG member's total compensation package

Approving changes to an ELG member's compensation elements, including base salary and annual and long-term incentive opportunities and awards

The Senior Vice President, Human Resources & Organization, along with UTC's Human Resources staff and an independent compensation consultant, assist the Committee with these tasks.

The Committee's charter, which sets out the Committee's responsibilities, can be found on our website at: http://www.utc.com/StaticFiles/UTC/StaticFiles/compensation_charter.pdf

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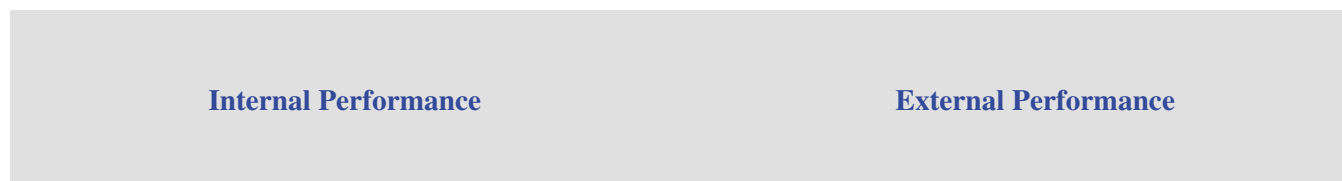
EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

THE COMMITTEE S PROCESS

The Committee has established a process for evaluating the performance of the Company, the CEO and the other ELG members. At the first meeting of every year, the Committee sets strategic and financial objectives for the CEO, both for the upcoming year and for a longer-term period. At this meeting, it also evaluates the performance of the CEO and other NEOs for the previous year.

We use a combination of qualitative and quantitative factors to conduct a broad and balanced assessment of both internal and external performance.

PERFORMANCE EVALUATION PROCESS



Achievement versus previously established strategic, financial and operational goals

Relative financial performance using key financial metrics and share price performance versus peers over varying time periods

Our CEO, Mr. Chênevert, does not play any role in the Committee s determination of his own compensation. For the other members of the ELG, including the NEOs, he presents the Committee with recommendations for each element of compensation. He bases these recommendations upon his assessment of each individual s performance, the performance of their relevant business unit and/or function, benchmark information and retention risk. The Committee reviews the CEO s recommendations, makes appropriate adjustments and approves compensation changes at its discretion, subject to the review of the other independent directors.

ROLE OF THE COMPENSATION CONSULTANT

The Committee retained Pearl Meyer & Partners (Pearl Meyer) to serve as its executive compensation consultant for 2013. While Pearl Meyer may make recommendations on the form and amount of compensation, the Committee continues to make all decisions regarding the compensation of our NEOs, subject to the review of the other independent directors.

During 2013, Pearl Meyer advised the Committee on a variety of subjects such as compensation plan design and trends, pay for performance analytics, benchmarking norms and other such matters. Pearl Meyer reports directly to the Committee, participates in meetings as requested and communicates with the Committee Chair between meetings as necessary. In 2013, Pearl Meyer attended three meetings in person.

Prior to engaging Pearl Meyer, the Committee reviewed the firm's qualifications, as well as its independence and any potential conflicts of interest. Pearl Meyer does not perform other services for or receive other fees from UTC, other than incidental amounts (less than \$6,000 in 2013) related to participation in certain business-related surveys. The Committee has the sole authority to modify or approve Pearl Meyer's compensation, determine the nature and scope of its services, evaluate its performance, terminate the engagement and hire a replacement or additional consultant at any time.

The Committee also utilizes market data provided by Towers Watson and Aon Hewitt for benchmarking and other purposes. This benchmark data consists of information that is generally available to other Towers Watson and Aon Hewitt clients. Neither Towers Watson nor Aon Hewitt made recommendations to the Committee or management on peer group composition or on the form, amount or design of executive compensation in 2013.

28 **United Technologies Corporation** Proxy Statement and Notice of 2014 Annual Meeting of Shareowners

Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS****COMPETITIVE POSITIONING****PEER GROUP BENCHMARKING**

We compare our compensation program to compensation at the 24 companies that make up our Compensation Peer Group (CPG). The Committee believes that these companies provide a relevant comparison based on their similarity to UTC in size and complexity, taking into account factors such as revenue, market capitalization, global scope of operations and diversified product portfolios. Like UTC, 12 of these 24 companies are Dow Jones Industrial Average components. The CPG serves the specific purpose of benchmarking executive compensation. Its composition reflects a mix of both industry and non-industry peers that are realistic competitors for the potential senior executive talent UTC seeks. The CPG has not been constructed or utilized for the purpose of benchmarking financial performance. For 2013, the Committee reviewed the composition of the CPG and determined no adjustments were necessary.

We also look at other Fortune 100 companies and a broader sample of over 400 companies. This information provides useful insight on general compensation trends and supplements CPG data when appropriate.

The Compensation Peer Group includes the following companies:

PEER GROUP COMPOSITION

3M Co. ⁽¹⁾	Honeywell International Inc.
AT&T Inc. ⁽¹⁾	Intel Corp. ⁽¹⁾
Boeing Co. ⁽¹⁾	IBM Corp. ⁽¹⁾
Caterpillar Inc. ⁽¹⁾	Johnson & Johnson ⁽¹⁾
Deere & Co.	Johnson Controls, Inc.
Dow Chemical Co.	Lockheed Martin Corp.
E. I. du Pont de Nemours	Northrop Grumman Corp.
& Co. ⁽¹⁾	Pfizer Inc. ⁽¹⁾
Emerson Electric Co.	Procter & Gamble Co. ⁽¹⁾
FedEx Corp.	Siemens AG
General Dynamics Corp.	Raytheon Co.
General Electric Co. ⁽¹⁾	Verizon
Hewlett-Packard Co.	Communications Inc. ⁽¹⁾

⁽¹⁾Included in the Dow Jones Industrial Average as of 12/31/2013.

PEER GROUP DATA⁽²⁾

	Revenue <i>(millions)</i>	Market Capitalization <i>(millions)</i>	Employees
25th Percentile	\$36,994	\$46,935	90,792
50th Percentile	\$52,146	\$65,932	124,550
75th Percentile	\$84,781	\$151,711	193,440
UTC	\$62,626	\$104,319	212,400
UTC Rank	63%	66%	76%

⁽²⁾ Peer company data provided by S&P Capital IQ. Revenue and employee data reflect most recent publicly-available information (as of February 21, 2014). In certain cases, S&P Capital IQ has made adjustments to revenue to reflect non-operating income or expense, equity in earnings of unconsolidated subsidiaries, interest income and non-recurring special items, such as discontinued operations or gains on the sale of securities. Market capitalization for peer companies is calculated based on shares outstanding as of December 31, 2013.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION BENCHMARKS

To ensure that our compensation program is sufficiently competitive, the Committee believes that the value of each UTC compensation element should be targeted to align with market benchmarks.

Historically, we targeted our base salary and annual bonus at the median of the CPG while maintaining a 65th percentile CPG target for long-term incentive awards. However, in response to shareowner feedback and to better align with competitive market practice, the Committee reduced the long-term incentive target from the 65th to the 50th percentile of the CPG, effective for grants beginning in January 2013.

[All compensation targets now align with our Compensation Peer Group median](#)

Individual awards can fall above or below these targets based on the Committee's discretion. In exercising its discretion, the Committee may consider Company and individual performance, job scope, retention risk and any other factors that it determines to be relevant and consistent with program objectives.

HOW WE STRUCTURE OUR COMPENSATION

PRINCIPAL ELEMENTS OF COMPENSATION

The following elements make up our compensation program:

LINKING PAY TO PERFORMANCE

The Committee uses a combination of metrics and time horizons to promote and reward superior financial performance.

PERFORMANCE METRICS AND TIME HORIZONS

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

BASE SALARY

To help UTC attract and retain the most qualified executive talent, we provide competitive base salaries to our executives targeted at the CPG median. Base salary constitutes a significant portion of our NEOs' fixed compensation (which also includes pension benefits and other benefits such as health, life and disability insurance). Each year, the Committee reviews recommendations from the CEO regarding base salary adjustments for ELG members, including the other NEOs. The Committee has complete discretion to modify or approve the CEO's base salary recommendations and the CEO does not participate in the Committee's determination of his own base salary. Actual salaries will vary from the CPG median target based on factors such as job scope and responsibilities, experience, tenure, individual performance, retention risk, external market data and internal pay equity.

ANNUAL INCENTIVE COMPENSATION

Overview

Our NEOs' actual annual incentive awards are determined based on three distinct elements:

** Earnings under the Annual Incentive Plan is defined for both the Corporate Office and our business units on page 46.*

Target Annual Incentive Award

The Committee approves the target annual incentive award for each ELG member's position, including the positions held by our NEOs. Target annual incentive awards equal a percentage of base salary and vary based on specific roles and responsibilities within the organization. Actual award payouts are determined based on both financial and individual performance factors. Target performance generally results in incentive compensation values that approximate the median of the CPG.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

Financial Performance Factor

For purposes of our annual incentive awards, the Committee measures Company and business unit performance relative to two pre-established financial metrics:

Earnings

Ratio of free cash flow to net income

Performance relative to these pre-set metrics generates a financial performance factor for the Corporate Office and for each business unit. Each financial performance factor, which is expressed as a percentage of the target annual incentive award, determines the initial size of the bonus funding pools for the Corporate Office and each business unit. This factor is then reviewed by the Committee, which retains the discretion to make further adjustments, as appropriate (see *Use of Discretion* on page 33).

Based on feedback from shareowners and the Committee's evaluation of external market trends, the Committee modified the formula used to determine the financial performance factors, beginning with 2013 awards, as follows:

For the Corporate Office, the Committee changed the earnings metric from earnings per share (EPS) to net income. Although net income and EPS are closely correlated, they differ in that net income is not impacted by the Company's share repurchases. The Committee believes that net income is a more appropriate measurement of the Company's *annual* operating performance. This change also enhances the diversification of our performance metrics, since we use EPS for our long-term incentive awards. The Committee believes EPS is a more relevant metric for the measurement of long-term performance.

To better align executives with our Company-wide strategic goals, the Committee modified the calculation of the financial performance factor for business unit executives. The factor for business unit executives had previously been based exclusively on their business unit's performance. As modified, 40% of their annual bonus is now based on the Company's performance as a whole and 60% on the financial performance of the executive's business unit.

We also changed the way cash flow affects the financial performance factor. Previously, the free cash flow score was multiplied by the earnings score to determine the financial performance factor. We now score earnings and free cash flow independently of each other, with earnings weighted at 60% and the ratio of free cash flow to net income at 40%.

FINANCIAL PERFORMANCE FACTOR ⁽¹⁾

	Metric ⁽²⁾	Corporate NEOs	Business Unit NEOs
Corporate	Earnings	60% weight	24% weight
	Free Cash Flow to Net Income	40% weight	16% weight
Business Unit ⁽³⁾	Earnings	-	36% weight
	Free Cash Flow to Net Income	-	24% weight

(1) Subject to discretionary adjustments by the Committee.

(2) Refer to page 46 to see how we calculate earnings and the ratio of free cash flow to net income for our Corporate and business unit executives' annual incentive awards.

(3) Measurement of business unit financial performance reflects UTC's business unit segment reporting. Otis and UTC Climate, Controls & Security (UTC CCS) each continue to report their financial and operational results as separate segments, which is consistent with how we allocate resources and measure performance of these businesses.

Individual Performance Factor

Our NEOs begin the year with a set of individual strategic and financial performance objectives. Based on Mr. Chênevert's assessment of each NEO's performance against these objectives, he may recommend that the Committee make a discretionary adjustment to increase or decrease the amount of bonus determined by the financial performance factor. The Committee considers these recommendations and makes adjustments as it deems appropriate. Mr. Chênevert does not at any time play a role in the Committee's determination of his own annual incentive award.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

Financial Performance Goals and Results for 2013

Each year the Committee establishes financial performance goals for our annual incentive awards. Its practice has been to set the target performance levels for both earnings and the ratio of free cash flow to net income to align with the financial performance expectations that UTC publicly communicates to investors in December for the upcoming year.

We believe our methodology for determining financial performance targets for annual incentive awards accomplishes the following objectives:

Aligns incentives with our annual strategic business plan

Establishes challenging yet achievable bonus targets for our executives

Sets targets that are consistent with the assessment of opportunities and risks for the upcoming year, as communicated to our investors

Earnings. In prior years, we have generally set the Corporate earnings metric to align with the midpoint of the EPS range communicated to investors in December for the upcoming year. Given the change from an EPS to a net income earnings metric, the Committee set the net income goal at the level that corresponded to the midpoint of the EPS range communicated to investors.

In December 2012, UTC announced a projected EPS range of \$5.85 to \$6.15 for 2013. The midpoint of this range was \$6.00 per share. The Committee set the 2013 net income target for the annual incentive awards to correspond with this midpoint. The corresponding net income target for 2013 equaled \$5.485 billion. For 2013, actual net income performance equaled \$5.686 billion, well in excess of target.

The Committee also approved specific earnings growth goals for each business unit. These goals ranged between 7% and 20% and reflected the Committee's assessment of each business unit's end-market conditions and the specific challenges and opportunities anticipated for 2013.

Free Cash Flow to Net Income Ratio. In December 2012 the Committee, consistent with past practice, approved a free cash flow goal equal to 100% of net income for the Corporate Office and each business unit. This goal aligned with the 2013 expectations communicated to investors in December 2012 and represents the Committee's belief that cash flow performance correlates with the quality and sustainability of earnings performance. For 2013, UTC's free cash flow equaled 102% of net income.

Use of Discretion

The Committee sets annual individual bonus targets with the objective of offering payout opportunities that align with Company, business unit and individual performance. However, the Committee retains authority to make upward or downward adjustments if it determines that performance relative to pre-established metrics does not accurately reflect the overall quality of actual performance for the year. While the financial metrics remain the primary basis for determining actual bonus amounts, the Committee has made such discretionary adjustments in the past. Examples of factors that could result in a positive or negative adjustment include:

Material, unforeseen circumstances beyond management's control that have a positive or negative effect on financial performance relative to the established targets

An executive's performance relative to specific individual annual objectives

An executive's adherence to UTC's Code of Ethics, Enterprise Risk Management program and other Company policies

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

LONG-TERM INCENTIVE COMPENSATION

Annually, our NEOs receive two types of equity-based long-term incentive awards: Performance Share Units (PSUs) and Stock Appreciation Rights (SARs). For 2013, PSUs comprised slightly more than half of ELG members' total long-term incentive awards. The remaining portion of their annual long-term incentive award was granted in the form of SARs. The number of PSUs and SARs awarded are based on an accounting value. These awards are subject to a three-year vesting period and other terms and conditions, as described in UTC's 2005 Long-Term Incentive Plan (see Appendix A). Long-term incentive targets for our ELG members align with the CPG median.

The Committee also issues special equity grants from time-to-time for purposes such as recruitment, retention or to drive the achievement of certain strategic performance goals. These grants can be issued in different forms, as appropriate, including SARs, PSUs, restricted stock, restricted stock units or performance-based SARs. No such special equity grants were made to our NEOs in 2013.

Performance Share Units

PSUs vest at the end of a three-year period to the extent that the Company has met the performance goals established by the Committee. Each vested PSU converts into one share of Common Stock. Unvested PSUs do not earn dividends.

Metrics

The Committee believes both absolute and relative metrics provide appropriate goals for our long-term incentive awards. PSU awards currently use both an absolute earnings per share (EPS) growth metric and a relative total shareowner return (TSR) metric versus the S&P 500. Each metric receives a 50% weighting (see page 46 for details on how we calculate these metrics). The Committee does not make discretionary adjustments to measured performance relative to the pre-established targets.

Setting Performance Goals

Earnings Per Share. The Committee approved a three-year EPS compound annual growth rate of 10% as the target for the 2013 grant. This goal is based on our three-year strategic business plan and represents a challenging, yet attainable goal that aligns with expectations we have communicated to investors. Structurally, below-target EPS growth results in below-median compensation and above-target EPS growth results in above-median compensation.

In previous years (i.e., 2010, 2011 and 2012), the Committee set EPS growth targets annually over the three-year award period. This annual recalibration of earnings growth targets was driven by the volatile economic and financial market environment created by the recession that began in 2008. With more stable conditions returning following the recession, the Committee determined that three-year EPS growth targets could once again be set.

Total Shareowner Return. For the 2013 PSU grant, the Committee again chose to set a cumulative three-year TSR performance target at the 50th percentile relative to the S&P 500. The Committee believes that a median level of

performance versus the S&P 500 should equate to a median level of compensation. By design, below-median TSR relative to the S&P 500 results in below-median compensation and above-median relative TSR results in above-median compensation.

We believe that comparing UTC's TSR to companies within the S&P 500 provides an appropriate benchmark for measuring the performance of a large-capitalization company, such as UTC. We do not set TSR goals relative to the performance of our Compensation Peer Group, which serves the specific purpose of measuring the competitiveness of our compensation program. We believe the S&P 500 provides a more comprehensive and relevant comparison for our share price performance. Also, unlike the CPG, the S&P 500 is not a self-selected, customized benchmark.

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Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS**

The following table shows the percentage of 2013 PSUs that will vest based on the levels of performance achieved. No PSUs will vest if performance does not exceed the threshold level, and vesting is capped at 200% in the case of above-target performance:

2013 PERFORMANCE SHARE UNITS				
	EPS Growth (50% of award)		Relative TSR vs. S&P 500 (50% of award)	
Level of Performance Achieved	Percentage of EPS Portion Vesting	Level of Performance Achieved	Percentage of TSR Portion Vesting	
Threshold	7%	0%	37.5 th percentile	0%*
Target	10%	100%	50 th percentile	100%
Maximum	13%	200%	75 th percentile	200%

* Beginning with the 2014 PSU grant, for the TSR portion of the award, 50% will vest if threshold performance is achieved.

Vesting of 2011 PSUs

Performance share units granted at the start of 2011 vested at 136% of target. We believe this above-target vesting for the 2011-2013 performance period aligns with the strong financial performance of the Company over this period and the corresponding benefit to our shareowners.

Stock Appreciation Rights

SARs entitle the award recipient to receive, at the time of exercise, shares of Common Stock with a market value equal to the difference between the exercise price (the closing price of Common Stock on the date of grant) and the market price of Common Stock on the date the SARs are exercised. SARs have a ten-year term, and vest and become exercisable three years after the date of grant (or sooner in the event of a qualifying retirement). If the employment of the executive terminates prior to the vesting date, the award will be forfeited.

We believe prior SAR and stock option awards have provided an important stock-based incentive for management's successful achievement of objectives that are aligned with shareowners' long-term interests, including productivity, innovation, growth and business balance. SAR awards directly link NEO compensation to share price appreciation, reflecting the creation of value for both executives and shareowners. UTC's ten-year TSR has consistently outpaced both the Dow Jones Industrial Average and the S&P 500. For the ten-year period ending on December 31, 2013, UTC's cumulative TSR equaled 197%, significantly exceeding the performance of the Dow Jones Industrial Average at 105% and the S&P 500 at 104%.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

EMPHASIS ON AT RISK PAY

90% of our CEO s and 86% of our NEOs actual compensation (i.e., base salary, annual bonus and long-term incentives) is at risk compensation directly contingent on performance. Actual annual bonuses and long-term incentive awards are subject to the achievement of pre-established performance targets and designed to link directly to shareowner value. Base salary and other fixed elements of compensation are essential to any compensation program and relevant to the recruitment and retention of top talent. However, we believe that at risk compensation for our most senior executives should significantly outweigh base salaries.

Our 2013 compensation reflects this philosophy. The following charts illustrate the basic pay mix for our CEO and other NEOs for 2013. Note the significant portion of compensation that is at risk.

PAY MIX

** For both pay mix charts, the base salary and annual and long-term incentive awards shown reflect the values disclosed in the Summary Compensation Table on page 48.*

Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS****OTHER COMPENSATION ELEMENTS****Retirement and Deferred Compensation Benefits**

The Committee maintains retirement and deferred compensation benefits to help UTC attract and retain the most highly talented senior executives. Over the years, the Committee has modified these programs to ensure competitive alignment with an evolving market. We believe the overall value of our retirement and deferred compensation programs is consistent with the marketplace and approximates the CPG median.

The Pension Benefits table on page 53 and the Nonqualified Deferred Compensation table on page 55 detail the retirement benefits and deferred compensation values for each of our NEOs. All of the NEOs participate in or are eligible to participate in the following retirement and deferred compensation plans:

Plan	Description
UTC Employee Retirement Plan	Tax-qualified, defined benefit retirement plan that is in transition from a traditional final average earnings (FAE) formula to a cash balance formula. The cash balance formula is already in effect for newer participants, and will apply to all the NEOs beginning in 2015.
Pension Preservation Plan	Unfunded, non-qualified retirement plan utilizing the same benefit formula, compensation recognition, retirement eligibility and vesting provisions as the tax-qualified UTC Employee Retirement Plan. It provides our senior executives with pension benefits not provided by the qualified pension plan because of Internal Revenue Code limits.
UTC 401(k) Savings Plan	Employees may contribute to this Plan and receive a matching contribution in the form of Common Stock. Employees hired on or after January 1, 2010 are not eligible to participate in a pension plan, and instead receive an additional age-based Company automatic contribution to their UTC 401(k) Savings Plan.

UTC Savings Restoration Plan	Unfunded program that permits employee and Company matching contributions at the same rate as the UTC 401(k) Savings Plan, to the extent such contributions would exceed Internal Revenue Code limits applicable to the UTC 401(k) Savings Plan.
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UTC Deferred Compensation Plan	Non-qualified, unfunded deferred compensation arrangement that offers participants the opportunity to defer up to 50% of annual base salary and up to 70% of annual bonus. Executives may also defer receipt of their PSU awards.
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Perquisites and Other Benefits

We provide various forms of insurance coverage and limited perquisites to our senior executives. The Committee believes that these benefits are consistent with market practice and contribute to recruitment and retention.

Perquisite/Benefits	Description
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ELG Life Insurance	Current and former ELG members receive life insurance coverage equal to three times their base salary at age 62 (projected or actual).
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ELG Long-Term Disability	The ELG long-term disability program provides an annual benefit equal to 80% of target total cash compensation (base salary plus target annual bonus) following disability.
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Healthcare	ELG members are covered under the same health benefit program we offer to our other employees.
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Executive Physical	ELG members are eligible for a comprehensive annual executive physical.
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Perquisite Allowance ELG members received a perquisite allowance equal to 5% of their annual base salaries. The perquisite allowance was eliminated for individuals appointed to the ELG after June 2012, and for all ELG members effective for the 2014 calendar year.

Executive-Leased Vehicle ELG members may have the use of a Company-provided leased vehicle, which has been funded through the ELG perquisite allowance. Following the elimination of the perquisite allowance, this program will continue, subject to an annual cost limitation per participant.

Aircraft Usage In accordance with our security policy, Mr. Chênevert uses corporate aircraft for personal travel.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

Severance and Retention Arrangements

ELG members participate in severance and retention arrangements consistent with practices in effect at the majority of CPG companies. We believe such arrangements help UTC maintain a competitive compensation program. In addition to the market competitive nature of our severance arrangements, this program requires our executives to adhere to restrictive covenants designed to protect UTC's interest, including non-compete, non-solicitation and non-disclosure obligations.

Severance Program

As originally designed and currently applicable for ELG members appointed prior to 2006, the ELG severance program provides a cash payment of 2.5 times base salary in the event of a mutually agreed upon separation following three or more years of ELG participation. For ELG appointments between January 2006 and April 2013, the ELG severance arrangement was modified by eliminating this cash benefit for separations occurring on or after age 62. Instead these individuals are eligible to vest in a retention award of restricted stock units (RSUs) upon a mutually agreeable separation occurring on or after age 62, with at least three years of ELG membership. For these individuals, the retention RSU award was granted upon ELG appointment, with a value equal to two times base salary on the date of grant.

In 2013, as part of its annual review of the ELG program, the Committee evaluated ELG severance arrangements against market standards and determined that further adjustments were appropriate. Based on this review, the Committee eliminated cash severance entirely, effective for members appointed on or after May 2013. These executives are now eligible to vest in the ELG retention RSU award, regardless of age, in the event of a mutually agreeable separation following three years of ELG service. The Committee made this change to further strengthen the alignment of Company performance with the ELG retention program.

Change-in-Control Benefits

We have maintained a senior executive change-in-control severance protection program since 1981. This program is designed to help ensure continuity of management in a potential change-in-control situation. However, in response to changing market practices, we closed this program to new participants, effective June 2009 and eliminated the following for existing participants:

Excise tax gross-ups

Three-year continuation of healthcare and other benefits

Crediting of three additional years of service under our qualified and supplemental pension plans

Unilateral right to voluntarily resign with benefits

The program as currently in effect includes the following elements:

A cash severance benefit of 2.99 times the sum of base salary and the executive's current target bonus for the year in which termination occurs

Accelerated vesting of long-term incentive awards, including PSUs at target levels

Benefits under the program are subject to a double trigger, meaning they are provided only if a change-in-control is followed by involuntary termination or termination for good reason. Good reason generally includes material adverse changes in an executive's compensation, responsibilities, authority, reporting relationship or work location

Role of Severance and Retention Benefits in Compensation Program

The Committee believes that, with the modifications described above, the terms and conditions of our severance arrangements and change-in-control agreements for ELG members are market-competitive relative to our CPG and provide participating executives with a reasonable level of financial security. Because severance and change-in-control benefits are contingent on future events, they operate as a form of insurance rather than as a principal component of compensation strategy. The Committee, therefore, does not take these benefits into account when setting other elements of compensation.

The Potential Payments on Termination or Change-in-Control table on page 57 sets forth the estimated values and details of the termination benefits each NEO would receive under various hypothetical scenarios.

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Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS****HOW WE VIEW COMPENSATION**

The Summary Compensation Table on page 48 sets forth annual compensation data in accordance with SEC requirements. This uniform format is helpful for cross-company comparisons. However, the Committee feels that the SEC-mandated format does not fully represent all of its annual compensation decisions and, in particular, does not provide the basis for a valid CEO pay for performance assessment. Therefore, when reviewing annual compensation the Committee uses several alternative calculation methodologies, as described in this section and summarized in the chart below:

	Summary Compensation Table	Total Direct Compensation	Realizable Compensation	Realized Compensation
Purpose	SEC-mandated compensation disclosure	Reflects the Committee compensation decisions based on 2013 performance	Used to evaluate pay for performance alignment	Used to evaluate pay for performance alignment
Pay Elements	<p><i>Mix of actual pay received during year:</i></p> <ul style="list-style-type: none"> - Base salary paid in 2013 - Annual bonus for 2013 performance - Dividend equivalents - All other compensation <p><i>Future pay opportunities that may or may not be realized</i></p>	<ul style="list-style-type: none"> - Base salary paid in 2013 - Annual bonus for 2013 performance - Accounting value of equity awards (SARs and PSUs) granted in January 2014, reflective of 2013 performance <p><i>Excludes:</i></p> <p>Pay elements outside the scope of the Committee annual compensation</p>	<p><i>Three-year average of:</i></p> <ul style="list-style-type: none"> - Base salary - Annual bonus - Dividend equivalents - In-the-money value of equity awards (SARs and PSUs) granted during the prior three fiscal years (calculated based on the stock price at the end of the third year) <p>s- Other direct⁽¹⁾ compensation</p>	<p><i>Single year measure of compensation earned:</i></p> <ul style="list-style-type: none"> - Base salary paid in 2013 - Annual bonus for 2013 performance - Dividend equivalents - Gains on options / SARs exercised and vested PSUs - Other direct⁽¹⁾ compensation

<i>such as:</i>	<i>decisions such as:</i>	<i>Excludes:</i>	<i>Excludes:</i>
- Accounting value of equity	- Change in actuarial value of pension benefit	<i>Excludes:</i>	- Change in actuarial value of pension benefit
awards (SARs and PSUs)	- Dividend equivalents	- Change in actuarial value of pension benefit	- Other indirect ⁽²⁾ compensation
granted in 2013	- All other compensation	- Other indirect ⁽²⁾ compensation	
- Change in actuarial value of pension benefit			

⁽¹⁾ Other direct compensation includes personal use of Corporate aircraft, leased-vehicle payments, the ELG perquisite allowance and other miscellaneous compensation elements.

⁽²⁾ Other indirect compensation includes insurance premiums and Company contributions to nonqualified deferred compensation plans and the UTC 401(k) Savings Plan.

TOTAL DIRECT COMPENSATION

Unlike the amounts reported in the Summary Compensation Table, total direct compensation includes only pay elements that directly reflect the Committee’s assessment of Company and individual performance for the current year. For example, the Summary Compensation Table values include the grant date fair value of long-term incentive awards granted in January 2013, reflecting the Committee’s assessment of 2012 performance. Total direct compensation, however, reflects 2013 performance by instead including the grant date fair value of awards granted in January 2014. Other elements included in the Summary Compensation Table—changes in pension values, dividend equivalent payments and other formulaic compensation elements—are outside the scope of the Committee’s annual pay decisions. Therefore, excluding these elements from total direct compensation renders a more accurate and current assessment of executive compensation at UTC.

Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS****CEO 2013 SUMMARY COMPENSATION TABLE VS. TOTAL DIRECT COMPENSATION**

Compensation Element	2013 Summary Compensation Table <i>(in thousands)</i>	2013 Total Direct Compensation <i>(in thousands)</i>
Base Salary	\$1,756	\$1,775
Annual Bonus	\$3,400	\$3,400
Stock Awards	\$6,381 <i>(1/2/13 grant date)</i>	\$7,111 <i>(1/2/14 grant date)</i>
Option Awards	\$5,387 <i>(1/2/13 grant date)</i>	\$6,175 <i>(1/2/14 grant date)</i>
Non-Equity Incentive Compensation*	\$697	
	\$2,078	N/A

Change in Pension Value

All Other Compensation	\$575	
Total	\$20,274	\$18,461

**Reflects dividend equivalents paid in cash under the legacy Continuous Improvement Incentive Program.*

REALIZABLE COMPENSATION

The Committee does not believe that Summary Compensation Table or total direct compensation values adequately measure CEO compensation for the purpose of assessing the alignment of pay with performance. Both methods utilize *estimated* values of long-term incentive awards at the time of grant. As might be expected, however, *estimated* values can differ significantly from the *actual* value paid.

Therefore, the Committee also takes into consideration realizable compensation, which measures compensation based on the average annual amount of salary, annual bonus, long-term incentive awards, non-equity incentive compensation and other direct compensation elements over the preceding three years. Further and most importantly, realizable compensation captures the impact of UTC's current share price performance on previously granted long-term incentive awards by using the in-the-money value for these awards, rather than a grant date fair value. The in-the-money value is defined as the difference between the closing price of Common Stock at the end of the third year and the grant price of the award. The use of an end-of-year stock price directly correlates the executive's benefit with the return our shareowners receive from investing in our Common Stock over the same period. The Committee, therefore, views realizable compensation as relevant to its assessment of our compensation program's alignment with shareowners long-term interests. An example of this alignment is shown in the year-over-year increase in Mr. Chênevert's realizable compensation between 2012 and 2013 which was primarily driven by the significant appreciation in our Common Stock in 2013.

Unlike the values reported in the Summary Compensation Table, the calculation of realizable compensation excludes the change, if any, in the value of the executive's pension benefits during the year. In the Summary Compensation Table, the change in pension value is an actuarial valuation that reflects the change from the preceding year's present value of future potential pension payments, and does not represent the *actual* payments to be received upon retirement. This valuation is only an estimate of future value and is heavily impacted by actuarial assumptions and external economic factors, such as the fluctuation of interest rates. Mr. Chênevert and the other NEOs participate in a broad-based pension plan with the same benefit formula applicable to all U.S. salaried employees. This pension plan is not related to our executive compensation program and does not measure individual or Company performance as assessed by the Committee and is therefore, in our view, irrelevant to the pay for performance assessment.

Realizable compensation also excludes other indirect compensation elements, such as Company contributions to the UTC 401(k) Savings Plan, nonqualified deferred compensation plans and life insurance premiums. Since these elements are not based on performance, the Committee does not consider them relevant to the assessment of the CEO's pay relative to his performance.

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Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS****THREE-YEAR HISTORY OF CEO REALIZABLE COMPENSATION**

Pay Elements	Calculation Methodology	2011*	2012*	2013*
Base Salary	Average annual base salary for the year shown and the preceding two years.	\$1,569	\$1,657	\$1,713
Annual Bonus	Average annual bonus for the year shown and the preceding two years.	\$3,400	\$4,000	\$3,800
Stock Awards	Average annual value of vested and unvested PSU awards granted in the year shown and the preceding two years, calculated based on the share price at the end of the year shown. For the completed three-year performance cycle, the calculation is based on the actual number of shares vested. For each of the two uncompleted three-year performance cycles, the calculation assumes that the target number of shares is earned.	\$6,310	\$8,255	\$10,894
Option Awards	Average annual in-the-money value of stock option and SAR awards (vested and unvested) granted in the year shown and the preceding two years, calculated based on the share price at the end of the year shown.	\$2,795	\$2,266	\$11,502

Non-Equity Incentive Compensation	Average annual value of dividend equivalents paid in cash for the year shown and preceding two years for awards granted prior to 2006 under the legacy Continuous Improvement Incentive Program. This legacy program will expire in 2014.	\$1,252	\$1,220	\$1,012
Other Direct Compensation	Average annual value of other direct compensation for the year shown and the preceding two years. Excludes indirect compensation elements such as life insurance premiums, Company contributions to the UTC 401(k) Savings Plan and our nonqualified deferred compensation plans.	\$182	\$203	\$204
Total Realizable Compensation		\$15,508	\$17,601	\$29,125

**Compensation values shown in thousands.*

The following table shows the actual or assumed vesting levels used for Mr. Chênevert's PSUs in the preceding table:

Grant Date	Actual Shares Vested	Vesting (as % of target)
1/2/2009	51,510	51%
1/4/2010	84,390	97%
	123,080	136%

1/3/2011

1/3/2012

Awards not yet vested;
target number of shares reflected

1/2/2013

REALIZED COMPENSATION

When assessing CEO pay for performance alignment, the Committee also reviews realized compensation, which represents the amount of compensation *actually* paid during the year, as opposed to amounts that may or may not be paid in the future. Realized compensation incorporates the gains *actually* received during the year upon the vesting of PSUs and the exercise of stock options or SARs. Evaluating realized compensation provides the Committee with an additional relevant measure to assess the robustness of our pay for performance relationship. Realized compensation demonstrates the strength of the correlation between high cash and equity payouts in years of strong performance and low cash and equity payouts in years of weak performance. Although the decision to exercise stock options and SARs resides with the executive, the timing of exercises often aligns with stock price appreciation. Changes in pension values and other indirect compensation elements are excluded from realized compensation for the same reasons noted in the discussion of realizable compensation on page 40.

Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS****THREE-YEAR HISTORY OF CEO REALIZED COMPENSATION**

Pay Elements	Calculation Methodology	2011*	2012*	2013*
Base Salary	Base salary paid during the year shown.	\$1,681	\$1,700	\$1,756
Annual Bonus	Annual bonus paid for performance during the year shown.	\$4,500	\$3,500	\$3,400
Stock Awards	Realized gains on PSUs which vested during the year shown.	\$3,748	\$4,150	\$7,562
Option Awards	Realized gains on stock options and SARs exercised during the year shown.	\$3,699	\$8,423	\$10,686
Non-Equity Incentive Compensation	Value of dividend equivalents paid in cash during the year shown on awards granted prior to 2006 under the legacy Continuous Improvement Incentive Program. This legacy program will expire in 2014.	\$1,154	\$1,186	\$697
		\$207	\$213	\$191

Other Direct Compensation Value of other direct compensation for the year shown. Excludes indirect compensation elements such as life insurance premiums, Company contributions to the UTC 401(k) Savings Plan and our nonqualified deferred compensation plans.

Total Realized Compensation **\$14,989** **\$19,172** **\$24,292**

**Compensation values shown in thousands.*

SUMMARY COMPENSATION TABLE VS. REALIZABLE AND REALIZED COMPENSATION

The following chart compares the Summary Compensation Table values reported for the CEO for years 2011 through 2013, to Mr. Chênevert's realizable and realized compensation for the same time period. As the chart shows, the correlation between TSR and realizable and realized compensation is much stronger than the correlation between TSR and Summary Compensation Table values.

CEO Pay* *(in thousands)*

** Refer to page 41 to see how we calculate realizable compensation and to the chart above for the calculation of realized compensation.*

Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS****PAY DECISIONS FOR NAMED EXECUTIVE OFFICERS (NEOs)**

In this section, we review and explain the Committee's 2013 compensation decisions for each of our NEOs.

LOUIS CHÊNEVERT, CHAIRMAN & CHIEF EXECUTIVE OFFICER

Mr. Chênevert's total direct compensation for 2013 equaled \$18.5M, approximately a 9% increase from 2012. Under his leadership, UTC exhibited strong financial, operational and strategic performance in 2013. The increase in Mr. Chênevert's total direct compensation was driven by this high level of performance.

CEO TOTAL DIRECT COMPENSATION DECISIONS, 2011-2013**Year-End Decisions (in millions)**

Compensation Element	2011	2012	2013
Base Salary			
4.4% increase from prior year	\$1.7	\$1.7	\$1.775
	\$4.5	\$3.5	\$3.4
Annual Incentive Award			
2013 performance generated an annual bonus opportunity equal to 120% of target			

Long-Term Incentive Award	<i>Reflects 1/3/12 Grant</i>	<i>Reflects 1/2/13 Grant</i>	<i>Reflects 1/2/14 Grant</i>
Stock Appreciation Rights and Performance Share Units	\$7.0 SARs	\$5.4 SARs	\$6.2 SARs
	+ \$7.8 PSUs	+ \$6.4 PSUs	+ \$7.1 PSUs
	\$14.8	\$11.8	\$13.3
Total	\$21.0	\$17.0	\$18.5

In his role as Lead Director, Mr. Kangas led the Board's assessment of Mr. Chênevert's performance in 2013. This assessment included a review of UTC's performance relative to pre-established financial goals (see page 46 for a discussion of these metrics), as well as Mr. Chênevert's individual performance and leadership.

With respect to annual bonus performance metrics, UTC achieved net income of \$5.686 billion in 2013, a 17% increase from 2012 and in excess of the \$5.485 billion pre-established target. The ratio of free cash flow (see page 46 for how we compute free cash flow) to net income equaled 102%. In combination, these results generated an annual bonus factor for the Corporation of 120% of target. In addition to our pre-established annual bonus goals, UTC generated a TSR of 42% for 2013.

Several noteworthy strategic accomplishments in 2013 led to the Committee's very positive evaluation of Mr. Chênevert's individual performance. Among them was his leadership in the successful integration of Goodrich and International Aero Engines (IAE) into UTC Propulsion & Aerospace Systems (UTC PAS). These transformational acquisitions are delivering strong results, allowing us to leverage tremendous new capabilities, technologies and talent. The benefits of the combined UTC Propulsion & Aerospace Systems structure were evidenced in 2013 when Embraer selected UTC PAS to provide a fully integrated propulsion system (engine, nacelle and controls) and to serve as the sole supplier of wheels, brakes and electrical systems for its new second generation E-Jet aircraft family.

UTC Climate, Controls & Security (UTC CCS) achieved its 2015 earnings target two years ahead of schedule, while continuing to create additional cost and revenue synergies driven by the combination of our Carrier and UTC Fire & Security businesses. Commercial portfolio transformation continued in 2013 with the creation of UTC Building & Industrial Systems (UTC BIS) which combined UTC CCS and Otis. The newly-formed organization positions UTC to better capitalize on accelerating urbanization in emerging markets, to provide enhanced support to our global commercial customers, and to serve as a growth engine for UTC.

Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS**

This continued portfolio transformation, coupled with strong financial performance of 16% EPS growth and 42% total shareowner return, were the primary factors in the Committee's favorable assessment of CEO performance for 2013. In recognition of these accomplishments, and in combination with UTC's exceptional performance against pre-established financial goals, the Committee awarded Mr. Chênevert a \$3.4 million bonus. This award value aligns directly with the Corporation's financial performance factor of 120%.

OTHER NAMED EXECUTIVE OFFICERS

The Committee bases compensation decisions for NEOs on their individual performance, the overall performance of the Company, and business unit performance where applicable. After reviewing these factors, the Committee determines each NEO's awards under the annual and long-term incentive plans and also sets salaries for the upcoming year.

2013 NEO TOTAL DIRECT COMPENSATION

The following table summarizes the Committee's decisions for the 2013 performance year. Unlike the Summary Compensation Table, which includes the long-term incentive awards granted in calendar year 2013, total direct compensation shown in the following table instead includes long-term incentive awards granted in January 2014, reflecting a more appropriate assessment of 2013 performance.

Compensation Element <i>(in thousands)</i>	Hayes	Darnis	Bellemare	Hess*
Base Salary	\$880	\$1,000	\$825	\$675
Annual Incentive Award	\$1,100	\$1,100	\$1,050	\$625
Stock Appreciation Rights	\$2,030	\$5,897	\$1,959	\$0
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Performance Share Units	\$2,333	\$2,257	\$2,257	\$0
Total Direct Compensation	\$6,343	\$10,254	\$6,091	\$1,300

*Mr. Hess retired from UTC effective January 15, 2014 and, therefore, did not receive a 2014 long-term incentive award.

Gregory Hayes, Senior Vice President & Chief Financial Officer

For purposes of annual bonus determination, the performance of the Corporation generated a financial performance factor of 120% of target. The Committee considered this factor, along with the individual performance elements listed below, and awarded Mr. Hayes a \$1.1 million annual bonus. This amount was slightly above the Corporation's financial performance factor.

His key role in supporting the Corporation's portfolio transformation with the sale of Rocketdyne and Pratt & Whitney Power Systems

His key role in delivering EPS of \$6.21, free cash flow in excess of net income, and an increase in Common Stock dividends

His leadership in paying down approximately half of the debt associated with the 2012 acquisition of Goodrich Corporation

His recognition by *Institutional Investor* magazine as the best CFO in the aerospace and defense sector

His effective supervision of our internal financial and accounting functions and adoption of emerging accounting and financial reporting standards

In 2013, Mr. Hayes also received a salary increase from \$840,000 to \$880,000 to better align with competitive market practice.

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EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

Geraud Darnis, President & Chief Executive Officer, UTC Building & Industrial Systems

For purposes of annual bonus determination, the performance of the Corporation and of UTC CCS generated a financial performance factor of 106% of target. The Committee considered this factor, along with the individual performance elements listed below, and awarded Mr. Darnis an annual bonus of \$1.1 million. This amount was slightly above Mr. Darnis' financial performance factor.

His role in driving the integration of UTC Climate, Controls & Security and Otis to create UTC Building & Industrial Systems

His leadership in the delivery of \$2.6 billion in CCS earnings (as defined on page 46)

His successful efforts in the divestiture of multiple non-core businesses

His continued progress in the area of talent management, with the significant realignment of the CCS and Otis leadership teams to support the successful launch of UTC Building & Industrial Systems

His ongoing role as a global leader in the areas of energy efficiency and green buildings
Mr. Darnis also received a salary increase in 2013 from \$930,000 to \$1,000,000 in recognition of his expanded organizational responsibility.

Alain Bellemare, President & Chief Executive Officer, UTC Propulsion & Aerospace Systems

For purposes of annual bonus determination, the performance of the Corporation and of UTC PAS generated a financial performance factor of 127% of target. The Committee considered this factor, along with the individual performance elements listed below, and awarded Mr. Bellemare an annual bonus of \$1.05 million. This amount was equal to Mr. Bellemare's financial performance factor.

His leadership in the continued successful integration of Goodrich Corporation

His leadership in the successful integration of IAE

His role in the selection by Embraer to provide multiple systems on its new second generation E-jet aircraft family

His leadership in the successful divestitures of Rocketdyne and Pratt & Whitney Power Systems

His leadership in the certification and first flight of the Bombardier CSeries engine

Also in 2013, Mr. Bellemare received a salary increase from \$725,000 to \$825,000 to align his salary more closely with market peers.

David Hess, President, Pratt & Whitney

For purposes of annual bonus determination, the performance of the Corporation and of Pratt & Whitney generated a financial performance factor of 126% of target. The Committee considered this factor, along with the individual performance elements listed below, and awarded Mr. Hess an annual bonus of \$625,000. This amount was slightly in excess of his prior year's award and slightly below Mr. Hess' financial performance factor.

His leadership in continuing to grow orders for the Geared Turbofan engine, which has now received over 5,000 orders, including options

His leadership in delivering double digit operating profit growth

His role in the successful integration of IAE

His efforts in the successful transition of the role of President, Pratt & Whitney to Paul Adams, who assumed this role effective January 1, 2014

Mr. Hess also received a salary increase in 2013 from \$650,000 to \$675,000 to better align his salary with the market median.

Table of Contents**EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS**

PROGRAM ADMINISTRATION

PERFORMANCE MEASURES USED IN DETERMINING INCENTIVE COMPENSATION ⁽¹⁾

Plan	Metric	Corporate Office	Business Units		
	Earnings	Net income, as defined below	Earnings before interest and taxes less:		
			Restructuring costs;		
			Non-recurring items; and		
			Impact of significant acquisitions/divestitures		
	Free Cash Flow	Consolidated net cash flow provided by operating activities, less capital expenditures (as reported in the 2013 Annual Report on Form 10-K). The reconciliation of cash flow to free cash flow is as follows:	Internal measure based on:		
			Net cash; less		
			Capital expenditures;		
			Adjusted for the net cash flow impact of restructuring and other costs and non-recurring items		
ANNUAL INCENTIVE		<i>(in millions)</i>	2004⁽²⁾	2011	2013
		Cash flow from operating activities	\$3,596	\$6,460	\$7,505
		Less: capital expenditures	\$795	\$929	\$1,688
		Free cash flow	\$2,801	\$5,531	\$5,817
	Net Income	UTC net income attributable to common shareowners (as reported in the 2013 Annual Report	Internal measure consisting of each business unit's respective		

on Form 10-K)

share of UTC net income attributable to common shareowners, with adjustments for the net income impact of restructuring and other costs and non-recurring items

LONG-TERM	Earnings Per Share	Diluted earnings per share (as reported in the 2013 Annual Report on Form 10-K)
INCENTIVE	Total Shareowner Return	Total investment return of Common Stock between two points in time, using a trailing 60-day average, calculated to account for share price appreciation and reinvested dividends

(1) All performance measures are based on the performance of continuing operations, unless otherwise noted.

(2) 2004 amounts have not been restated for discontinued operations.

DILUTION AND DEDUCTIBILITY

Under the 2005 Long-Term Incentive Plan (LTIP), as approved by our shareowners, the total number of shares of equity-based awards issued in 2013 was approximately 1% of shares outstanding and within applicable LTIP limitations. As of the end of 2013, the total number of shares that could be issued under the LTIP, and all predecessor plans, was approximately 8% of shares outstanding (calculated on a fully diluted basis), which is at approximately the CPG median. UTC s diluted earnings per share reflect all such shares.

The Committee considers tax deductibility among many other factors when making compensation decisions. To the extent consistent with other compensation objectives, the Committee attempts to maximize UTC s tax deduction relative to compensation paid. In this regard, Internal Revenue Code Section 162(m) limits UTC s deduction to \$1 million for annual compensation paid to the CEO and each of the three other most highly compensated NEOs (excluding the CFO). However, this limitation does not apply to compensation that qualifies as performance-based compensation within the meaning of Section 162(m). Annual bonuses and SAR and PSU long-term incentive awards are designed to qualify as performance-based compensation exempt from the \$1 million deduction limit. Other compensation elements are subject to the \$1 million deduction limit.

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Report of the Committee on Compensation
and Executive Development

The Committee on Compensation and Executive Development establishes and oversees the design and function of UTC's executive compensation program. We have reviewed and discussed the foregoing Compensation Discussion and Analysis with the management of the Company and recommended to the Board of Directors that the Compensation Discussion and Analysis be included in UTC's Proxy Statement for the 2014 Annual Meeting.

Committee on Compensation and Executive Development

Jean-Pierre Garnier, Chair

Harold McGraw III

Jamie S. Gorelick

Richard B. Myers

Edward A. Kangas

H. Patrick Swygert

United Technologies Corporation Proxy Statement and Notice of 2014 Annual Meeting of Shareowners

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Compensation Tables

SUMMARY COMPENSATION TABLE

Year	Salary (\$)	Bonus (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	Option Award (\$) ⁽³⁾	Incentive Plan Compensation (\$) ⁽⁴⁾	Deferred Compensation Earnings (\$) ⁽⁵⁾	All Other Compensation (\$) ⁽⁶⁾	Total (\$)	Change in Pension Value and Non-Equity Nonqualified Total Change in Pension Value (\$)
Louis Chênevert									
Chairman & Chief Executive Officer									
2013	\$1,756,250	\$3,400,000	\$6,380,580	\$5,387,480	\$697,376	\$2,077,574	\$575,056	\$20,274,316	\$18,196,740
2012	\$1,700,000	\$3,500,000	\$7,804,283	\$7,029,000	\$1,185,637	\$5,772,241	\$571,164	\$27,562,325	\$21,790,080
2011	\$1,681,250	\$4,500,000	\$7,932,325	\$7,063,760	\$1,153,571	\$4,732,078	\$547,400	\$27,610,384	\$22,878,300

Gregory Hayes

Senior Vice President & Chief Financial Officer

2013	\$870,000	\$1,100,000	\$2,401,885	\$2,029,790	\$307,972	\$714,459	\$206,967	\$7,631,073	\$6,924,84
2012	\$830,000	\$1,200,000	\$2,667,496	\$2,415,600	\$345,486	\$1,581,208	\$192,701	\$9,232,491	\$7,660,59
2011	\$716,250	\$1,220,000	\$2,340,255	\$2,084,720	\$317,404	\$1,060,249	\$171,103	\$7,909,981	\$6,858,71

Gerard Darnis

President & Chief Executive Officer, UTC Building & Industrial Systems

2013	\$982,500	\$1,100,000	\$2,374,383	\$2,001,335	\$548,140	\$670,607	\$253,504	\$7,930,469	\$7,259,86
2012	\$922,500	\$1,250,000	\$2,502,326	\$2,267,100	\$797,790	\$2,371,977	\$163,239	\$10,274,932	\$7,902,95
2011	\$872,784	\$1,500,000	\$2,007,185	\$1,791,240	\$732,945	\$1,421,615	\$153,567	\$8,479,336	\$7,057,72

Gavin Bellemare

President & Chief Executive Officer, UTC Propulsion & Aerospace Systems

013	\$816,667	\$1,050,000	\$2,264,373	\$1,906,485	\$68,480	\$408,341	\$228,691	\$6,743,037	\$6,334,690
012	\$712,500	\$1,150,000	\$2,502,326	\$5,996,918	\$150,220	\$877,856	\$127,261	\$11,517,081	\$10,639,223
011	\$606,425	\$800,000	\$1,726,705	\$1,538,240	\$142,260	\$774,577	\$119,256	\$5,707,463	\$4,932,880

David Hess**President, Pratt & Whitney**

013	\$668,750	\$625,000	\$1,668,485	\$1,413,265	\$333,640	\$383,372	\$125,432	\$5,217,944	\$4,834,572
012	\$643,750	\$600,000	\$1,668,217	\$3,422,945	\$308,560	\$1,231,329	\$144,552	\$8,019,353	\$6,788,024
011	\$606,851	\$650,000	\$1,647,820	\$1,467,400	\$283,480	\$1,298,589	\$117,713	\$6,071,853	\$4,773,260

⁽¹⁾ Cash bonuses are provided under the Annual Executive Incentive Compensation Plan. Bonus payments under this plan are primarily based on measured performance against pre-established targets. However, as discussed in the Compensation Discussion and Analysis (CD&A) beginning on page 21, the Committee retains the discretion to adjust bonus amounts relative to the formulaic results. We, therefore, report annual bonuses in the Bonus column of the Summary Compensation Table, rather than in the Non-Equity Incentive Plan Compensation column.

⁽²⁾ Amounts in this column reflect the grant date fair value of Performance Share Units (PSUs) issued under the 2005 Long-Term Incentive Plan (LTIP), calculated in accordance with the Compensation Stock Compensation Topic 718 of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC Topic 718), but excluding the effect of estimated forfeitures. The assumptions made in calculating the value of these awards are set forth in Note 12, Employee Benefit Plans, to the Consolidated Financial Statements in Exhibit 13 to UTC 's 2013 Annual Report on Form 10-K. PSU awards are discussed in the CD&A and in footnote (2) to the

Grants of Plan-Based Awards table on page 50 of this Proxy Statement. The grant date fair values of PSU awards granted to our NEOs in 2013 are based on the assumption that the target level of performance is achieved. Assuming the achievement of the highest level of performance, the grant date fair values would have been: Mr. Chênevert, \$9,083,844; Mr. Hayes, \$3,419,493; Mr. Darnis, \$3,380,339; Mr. Bellemare, \$3,223,721 and Mr. Hess, \$2,375,373.

- ⁽³⁾ *Amounts in this column reflect the grant date fair value of Stock Appreciation Rights (SARs) granted under the LTIP, calculated in accordance with FASB ASC Topic 718, but excluding the effect of estimated forfeitures. The assumptions made in the valuation of these awards are set forth in Note 12, Employee Benefit Plans, to the Consolidated Financial Statements in Exhibit 13 to UTC s 2013 Annual Report on Form 10-K.*
- ⁽⁴⁾ *Under the Continuous Improvement Incentive Program (CIIP), a prior cash-based long-term incentive program, an executive was entitled to earn, depending on the extent to which pre-established three-year performance targets were achieved, the right to receive up to a seven-year period of quarterly cash payments equal to the dividend paid on the number of shares of Common Stock underlying certain unexercised stock options. The last CIIP awards were granted in 2005 and will expire no later than 2015. The amounts in this column consist of quarterly cash payments received in 2013 pursuant to CIIP awards earned in prior years.*

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COMPENSATION TABLES

⁽⁵⁾ Amounts in this column reflect the increase during 2013 in the actuarial present value of each executive's accumulated benefit under UTC's defined benefit plans. Actuarial value computations are based on the assumptions established in accordance with the Compensation Retirement Benefits Topic 715 of the FASB ASC (FASB ASC Topic 715) and discussed in Note 12, Employee Benefit Plans, to the Consolidated Financial Statements in Exhibit 13 to UTC's 2013 Annual Report on Form 10-K. UTC does not provide above-market rates of return (defined by SEC rules as a rate that exceeds 120% of the federal long-term rate) under its Deferred Compensation Plan. However, an above-market interest rate is paid under the frozen Sundstrand Corporation Deferred Compensation Plan, which was assumed by UTC upon the acquisition of Sundstrand in 1999. Mr. Hayes accrued \$8,227 in above-market earnings under this plan in 2013.

⁽⁶⁾ The 2013 amounts in this column consist of the following items:

Name	Personal Use of Corporate Aircraft ^(a)	Lease Vehicle Payments ^(b)	Cash Flexible Perquisite Allowances ^(c)	401(k) Nonqualified Deferred Compensation Plan Premiums ^(d)	Match	401(k) Nonqualified Deferred Compensation Plan Match ^(e)	Miscellaneous ^(f)	Total (\$)
L. Chênevert	\$99,459	\$41,469	\$46,343	\$195,000	\$9,180	\$180,045	\$3,560	\$575,056
G. Hayes	\$0	\$18,803	\$24,697	\$75,980	\$9,180	\$65,340	\$12,967	\$206,967
G. Darnis	\$0	\$49,125	\$0	\$71,973	\$9,180	\$116,092	\$7,134	\$253,504
A. Bellemare	\$0	\$29,956	\$10,877	\$113,035	\$9,180	\$61,620	\$4,023	\$228,691

D. Hess	\$0	\$18,000	\$15,437	\$31,690	\$9,180	\$36,495	\$14,630	\$125,432
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- (a) *Mr. Chênevert uses corporate aircraft for personal travel, in accordance with UTC's security policy. Amounts in this column reflect incremental variable operating costs incurred in connection with personal travel. Variable operating costs include fuel, calculated on the basis of aircraft-specific average consumption rates and fleet average fuel costs, fleet average landing and handling fees, additional crew lodging and meal allowances, catering and hourly maintenance contract charges. Because fleet-wide aircraft utilization is primarily for business purposes, capital and other fixed expenditures are not treated as variable operating costs relative to personal use. Mr. Chênevert's personal aircraft amount includes \$5,402 for travel to outside Board meetings.*
- (b) *Consists of the annual leased-vehicle cost paid from the executive's ELG perquisite allowance (see footnote (c) below).*
- (c) *This column shows the amount of cash paid to each executive under the annual ELG perquisite allowance (which equals 5% of base salary) after deducting the amount shown in the Leased-Vehicle Payments column. This payment was made in January 2013. This benefit has been terminated beginning in 2014 for all ELG members who previously participated in this program.*
- (d) *Reflects the premium paid on behalf of the executive under the ELG life insurance program. Under this program, UTC pays the premiums on a permanent cash value life insurance contract owned by the executive, under which the executive receives a life insurance benefit equal to three times his/her projected base salary at age 62. If vested (age 55 or older with five years of service as an ELG member), UTC funds the policy to maintain coverage following retirement.*
- (e) *Reflects the dollar value of UTC matching contributions credited under the UTC Savings Restoration Plan (SRP). Under the SRP, participants are credited with a benefit equal to the UTC matching contribution that the executive would have received under the terms of the UTC 401(k) Savings Plan but for IRC limits. Amounts included in this column for Mr. Darnis reflect a match make up for 2011, 2012 and 2013 previously omitted due to an administrative error. Details on our nonqualified deferred compensation plans are provided on pages 55 and 56 of this Proxy Statement.*
- (f) *Consists of additional vehicle-related costs and other incidental benefits. The amounts shown include the following: (i) \$7,914 for Mr. Hayes and \$6,234 for Mr. Hess for property tax, title and registration fees, vehicle maintenance and fuel costs associated with their leased-vehicle used for both business and personal reasons; and (ii) \$5,053 for Mr. Hayes and \$8,396 for Mr. Hess for expenses related to an executive annual physical.*

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COMPENSATION TABLES

GRANTS OF PLAN-BASED AWARDS

Estimated Future Payouts under Equity								
Grant Date	Approval Date	Incentive Plan Awards ⁽²⁾			All Other Option Awards ⁽³⁾	Exercise or Base Price of Option Awards (\$/Sh) ⁽⁴⁾	Grant Date	Fair Value of Stock and Option Awards (\$) ⁽⁵⁾
		Threshold (#)	Target (#)	Maximum (#)				

L. Chênevert

1/2/2013	12/12/2012	0	69,600	139,200	-	-	\$6,380,580
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1/2/2013	12/12/2012	-	-	-	284,000	\$84.00	\$5,387,480
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G. Hayes

1/2/2013	12/12/2012	0	26,200	52,400	-	-	\$2,401,885
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	12/12/2012	-	-	-	107,000	\$84.00	\$2,029,790
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1/2/2013

G. Darnis

1/2/2013	12/12/2012	0	25,900	51,800	-	-	\$2,374,383
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1/2/2013	12/12/2012	-	-	-	105,500	\$84.00	\$2,001,335
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A. Bellemare

1/2/2013	12/12/2012	0	24,700	49,400	-	-	\$2,264,373
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1/2/2013	12/12/2012	-	-	-	100,500	\$84.00	\$1,906,485
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D. Hess

1/2/2013	12/12/2012	0	18,200	36,400	-	-	\$1,668,485
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1/2/2013	12/12/2012	-	-	-	74,500	\$84.00	\$1,413,265
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(1)

The Committee approves long-term incentive awards for the following year at its December meeting. The Committee specifies the first business day of the calendar year as the award grant date to coincide with calendar year-based performance measurement periods.

- (2) Consists of the number of PSUs granted under the LTIP that are subject to vesting based on three-year performance targets. Each PSU corresponds to one share of Common Stock. As discussed in the CD&A on page 34, 50% of each PSU award vests subject to an EPS growth target and 50% vests subject to a three-year cumulative relative TSR target. The vesting range is between 0% and 200% of the target vesting level. Unvested PSUs do not receive dividend equivalent payments. PSUs are forfeited upon termination of employment before the end of the three-year performance cycle, except in the case of retirement or disability. PSUs held for at least one year as of the date of retirement or disability remain eligible to vest at the end of the three-year performance cycle. Vested PSUs are settled in unrestricted shares of Common Stock which are issued to the executive following Committee review and approval of performance achievement levels. Upon death or a termination of employment following a change-in-control, PSUs will vest at target level performance.*
- (3) Consists of the number of SARs granted under the LTIP during 2013. The SARs granted on January 2, 2013 become exercisable after three years of service from the grant date or, if earlier, upon retirement (provided that the SARs have been held for at least one year from the grant date) or death.*
- (4) The exercise price is equal to the NYSE closing price of Common Stock on the grant date.*
- (5) Reflects the grant date fair value at the target level of the PSU awards described in footnote (2) above and the grant date fair value of the SARs described in footnote (3) above, in each case calculated in accordance with the FASB ASC Topic 718, but excluding the effect of estimated forfeitures.*

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COMPENSATION TABLES

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Option Awards ⁽¹⁾				Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$) ⁽²⁾	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ⁽³⁾	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽⁴⁾
L. Chênevert	-	284,000 ⁽⁵⁾	-	\$84.00	1/1/2023	69,600 ⁽⁹⁾	\$7,920,480

L. Chênevert

284,000⁽⁵⁾ - \$84.00 1/1/2023 69,600⁽⁹⁾ \$7,920,480

-

-	355,000 ⁽⁶⁾	-	\$74.66	1/2/2022	102,060 ⁽¹⁰⁾	\$11,614,428
-	349,000 ⁽⁷⁾	-	\$78.99	1/2/2021	123,080 ⁽¹¹⁾	\$14,006,504
302,000	-	-	\$71.63	1/3/2020	-	-
438,000	-	-	\$54.95	1/1/2019	-	-
360,000	-	-	\$70.81	4/8/2018	-	-
217,000	-	-	\$75.21	1/1/2018	-	-
174,500	-	-	\$62.81	1/2/2017	-	-
300,000	-	-	\$57.84	3/7/2016	-	-
101,500	-	-	\$56.53	1/2/2016	-	-
151,000	-	-	\$51.50	1/2/2015	-	-

G. Hayes

-	107,000 ⁽⁵⁾	-	\$84.00	1/1/2023	26,200 ⁽⁹⁾	\$2,981,560
-	122,000 ⁽⁶⁾	-	\$74.66	1/2/2022	34,884 ⁽¹⁰⁾	\$3,969,799
-	103,000 ⁽⁷⁾	-	\$78.99	1/2/2021	36,312 ⁽¹¹⁾	\$4,132,306
86,000	-	-	\$71.63	1/3/2020	-	-
90,000	-	-	\$70.81	4/8/2018	-	-
54,500	-	-	\$75.21	1/1/2018	-	-
55,500	-	-	\$62.81	1/2/2017	-	-
46,000	-	-	\$51.50	1/2/2015	-	-

G. Darnis

105,500 ⁽⁵⁾	-	\$84.00	1/1/2023	25,900 ⁽⁹⁾	\$2,947,420
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-						
-	114,500 ⁽⁶⁾	-	\$74.66	1/2/2022	32,724 ⁽¹⁰⁾	\$3,723,991
-	88,500 ⁽⁷⁾	-	\$78.99	1/2/2021	31,144 ⁽¹¹⁾	\$3,544,187
85,500	-	-	\$71.63	1/3/2020	-	-
142,500	-	-	\$54.95	1/1/2019	-	-
120,000	-	-	\$70.81	4/8/2018	-	-
95,000	-	-	\$75.21	1/1/2018	-	-
102,000	-	-	\$62.81	1/2/2017	-	-
200,000	-	-	\$57.84	3/7/2016	-	-
101,500	-	-	\$56.53	1/2/2016	-	-
	-	-	\$51.50	1/2/2015	-	-
100,000						

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-	-	201,830 ⁽⁸⁾	\$74.79	7/31/2022	-	-
-	114,500 ⁽⁶⁾	-	\$74.66	1/2/2022	32,724 ⁽¹⁰⁾	\$3,723,991
-	76,000 ⁽⁷⁾	-	\$78.99	1/2/2021	26,792 ⁽¹¹⁾	\$3,048,930
80,500	-	-	\$71.63	1/3/2020	-	-
79,000	-	-	\$54.95	1/1/2019	-	-
38,000	-	-	\$75.21	1/1/2018	-	-
32,000	-	-	\$62.81	1/2/2017	-	-
27,500	-	-	\$56.53	1/2/2016	-	-

D. Hess

-	74,500 ⁽⁵⁾	-	\$84.00	1/1/2023	18,200 ⁽⁹⁾	\$2,071,160
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-	-	103,260 ⁽⁸⁾	\$79.06	10/31/2022	-	-
-	76,500 ⁽⁶⁾	-	\$74.66	1/2/2022	21,816 ⁽¹⁰⁾	\$2,482,661
-	72,500 ⁽⁷⁾	-	\$78.99	1/2/2021	25,568 ⁽¹¹⁾	\$2,909,638
76,000	-	-	\$51.50	1/2/2015	-	-

⁽¹⁾ Under the LTIP, SARs have been granted since 2006 instead of non-qualified stock options. Stock options were utilized prior to 2006. Accordingly, awards under the heading Option Awards with an expiration date before 2016 are stock options, and awards with an expiration date in 2016 or later are SARs.

⁽²⁾ The exercise price of each stock option and SAR is equal to the NYSE closing price of Common Stock on the grant date.

⁽³⁾ Payout levels for PSUs granted in 2013 and 2012 reflect target-level TSR and EPS performance, except for actual 2012 EPS performance. Actual payout vesting levels are shown for PSUs granted in 2011. Payouts for 2013 and 2012 PSUs will be based on actual performance. PSUs are described in the CD&A and footnote (2) to the Grants of Plan-Based Awards table on page 50.

⁽⁴⁾ Amounts in this column are calculated by multiplying the number of PSUs in the adjacent column by the NYSE closing price of Common Stock of \$113.80 on December 31, 2013.

⁽⁵⁾ Consists of SARs scheduled to vest on January 2, 2016, subject to the continued employment of the executive. SARs vest in the event of death, change-in-control or retirement occurring at least one year from the date of grant.

⁽⁶⁾ Consists of SARs scheduled to vest on January 3, 2015, subject to the continued employment of the executive. SARs vest in the event of death, change-in-control or retirement occurring at least one year from the date of grant.

⁽⁷⁾ Consists of SARs that vested on January 3, 2014.

⁽⁸⁾ Consists of SARs, 50% of which are subject to vesting on December 31, 2014 and 50% of which are subject to vesting on December 31, 2016, in each case contingent on the achievement of established performance criteria and the continued employment of the executive.

⁽⁹⁾ Consists of PSUs that are subject to vesting contingent on the achievement of established performance criteria over a three-year period ending on December 31, 2015, assuming the continued employment of the executive, subject to certain exceptions.

⁽¹⁰⁾ Consists of PSUs that are subject to vesting contingent on the achievement of established performance criteria over a three-year period ending on December 31, 2014, assuming the continued employment of the executive, subject to certain exceptions.

⁽¹¹⁾ Consists of PSUs for which the service condition was satisfied on January 3, 2014. The number of PSUs shown reflects the Committee's approval of performance achievement relative to pre-established targets at 136% of the target performance level.

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COMPENSATION TABLES

OPTION EXERCISES AND STOCK VESTED

Name	Option Awards ⁽¹⁾		Stock Awards ⁽²⁾	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽³⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽⁴⁾
L. Chênevert	240,000	\$10,686,100	84,390	\$7,562,188
G. Hayes⁽⁵⁾	288,400	\$15,386,506	24,056	\$2,155,658
G. Darnis	191,000	\$8,605,566	23,862 ⁽⁶⁾	\$2,138,274 ⁽⁶⁾
A. Bellemare	42,000	\$2,113,897	22,504	\$2,016,583
D. Hess	257,000	\$6,941,161	23,183	\$2,077,429

- (1) Consists of stock option and/or SAR exercises.
- (2) Consists of vested PSUs that converted to shares of Common Stock on a one-for-one basis upon vesting.
- (3) Calculated by multiplying the number of shares acquired upon exercise by the difference between the exercise price and the market price of Common Stock on the exercise date.
- (4) Calculated by multiplying the number of vested PSUs by the market price of Common Stock on the vesting date.
- (5) Mr. Hayes held 140,500 SARs in an irrevocable trust that were exercised for a total realized gain of \$7,644,701 on September 16, 2013.
- (6) Mr. Darnis elected to defer a portion of his 2010 PSU vesting equal to \$1,069,137, as reported in the Nonqualified Deferred Compensation table on page 55. For details on the PSU Deferral Plan refer to page 56.

PENSION BENEFITS

	Number of Years	Present Value of	
Plan Name	Credited Service (4)	Accumulated Benefit (5)	Payable (6) During 2013

L. Chênevert

UTC Employee Retirement Plan	17	\$794,582	-
UTC Pension Preservation Plan ⁽²⁾	21	\$21,490,425	-
Pratt & Whitney Canada Salaried Employee Pension Plan ⁽³⁾	3	\$79,461	-
Total		\$22,364,468	-

G. Hayes

UTC Employee Retirement Plan	24	\$729,606	-
UTC Pension Preservation Plan	24	\$4,645,509	-
Total		\$5,375,115	-

G. Darnis

UTC Employee Retirement Plan	30	\$1,065,430	-
UTC Pension Preservation Plan	30	\$8,213,173	-
Total		\$9,278,603	-

A. Bellemare

UTC Employee Retirement Plan	7	\$266,883	-
UTC Pension Preservation Plan	7	\$1,269,818	-

Pratt & Whitney Canada Salaried and Executive

Employee Pension Plans ⁽³⁾	10	\$1,789,467	-
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Total		\$3,326,168	-
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D. Hess

UTC Employee Retirement Plan	35	\$1,340,154	-
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UTC Pension Preservation Plan	35	\$5,952,856	-
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Total		\$7,293,010	-
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United Technologies Corporation Proxy Statement and Notice of 2014 Annual Meeting of Shareowners **53**

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COMPENSATION TABLES

- (1) Calculation of present value based on the FASB ASC Topic 715 pension expense assumptions described in Note 12, Employee Benefit Plans, to the Consolidated Financial Statements in Exhibit 13 to UTC's 2013 Annual Report on Form 10-K. Amounts are calculated at the earliest date that a participant can retire without a reduction of benefits due to age.
- (2) Mr. Chênevert's benefits are determined under the formula applicable to U.S. salaried employees, based on his UTC service from the date of hire, offset by benefits payable separately under the Pratt & Whitney Canada Salaried Employee Pension Plan.
- (3) Consists of amounts accrued under the Pratt & Whitney Canada Salaried and Executive Employee Pension Plans. The benefit formula for these plans is substantially similar to the final average earnings formula in the UTC Employee Retirement Plan. Benefits are payable as an annuity.

Retirement benefits for UTC executives are provided through the UTC Employee Retirement Plan and the UTC Pension Preservation Plan (PPP), each of which is a defined benefit retirement plan with both a traditional final average earnings (FAE) formula and, for newer participants, a cash balance formula. In combination, the plans' FAE formula provides an annual benefit payment equal to 2% of earnings for each year of service up to a maximum of twenty years, plus 1% of earnings for each year of service thereafter, minus 1.5% of the executive's Social Security benefits for each year of service up to a maximum of 50%. Earnings recognized under this formula consist of the highest five-year average annual combined base salary and bonus ending on or before December 31, 2014. The FAE formula does not include long-term incentive compensation in earnings. Normal retirement age is 65; unreduced retirement benefits are available at age 62 for a participant that retires with at least ten years of service. None of the NEOs were eligible to retire with unreduced retirement benefits as of December 31, 2013. Early retirement benefits are available at age 55 with at least ten years of service, reduced by 0.2% for each month for which the early retirement date precedes age 62. All NEOs are eligible for early retirement. Vesting under the respective plans requires three years of service. Benefits for Messrs. Darnis and Hayes include amounts accrued under different formulas of Carrier and Sundstrand predecessor plans, respectively, that have since been merged into UTC retirement plans. The Pratt & Whitney Canada Salaried and Executive Pension Plans utilize a FAE formula substantially similar to that used by the UTC Employee Retirement Plan and the PPP. Mr. Bellemare's compensation increases result in additional accrued benefits under the Pratt & Whitney Canada Salaried and Executive Employee Pension Plans. Changes to UTC's pension program that will take effect in 2015 are discussed in the CD&A on pages 25 and 37.

The UTC Employee Retirement Plan is a tax-qualified plan subject to Internal Revenue Code provisions that, as of December 31, 2013, limit recognized annual compensation to \$255,000 and the annual retirement benefit to \$205,000. This Plan does not offer a lump-sum distribution option for benefits accrued under the FAE formula. However, a lump-sum distribution is available under the cash balance formula. The PPP is an unfunded, nonqualified retirement plan utilizing the same benefit formula, compensation recognition, retirement eligibility and vesting provisions as the tax-qualified UTC Employee Retirement Plan. The PPP provides benefits not awarded under the qualified plan due to Internal Revenue Code limitations on annual compensation recognition and retirement benefit amounts. Because amounts payable under the PPP are unfunded and unsecured, a lump-sum distribution option is available. Unlike distributions under the UTC Employee Retirement, a PPP lump-sum distribution is immediately and fully taxable as ordinary income. To address the tax impact, the PPP lump-sum calculation uses a discount rate equal to the Barclay's

Capital Municipal Bond Index averaged over five years (currently 3.272%).

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COMPENSATION TABLES

NONQUALIFIED DEFERRED COMPENSATION

Plan	Executive	Registrant	Aggregate		Aggregate Balance at Last FYE (\$) ⁽⁴⁾
	Contributions in Last FY (\$) ⁽¹⁾	Contributions in Last FY (\$) ⁽²⁾	Aggregate Earnings in Last FY (\$) ⁽³⁾	Withdrawals Distributions (\$)	

L. Chênevert

UTC Deferred Compensation Plan	\$0	\$0	\$426,769	\$0	\$1,812,802
UTC Savings Restoration Plan	\$300,075	\$180,045	\$451,040	\$0	\$2,312,245

G. Hayes

UTC Deferred Compensation Plan	\$0	\$0	\$241,870	\$0	\$1,190,769
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UTC Savings Restoration Plan	\$108,900	\$65,340	\$176,364	\$0	\$753,364
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G. Darnis

UTC Deferred Compensation Plan	\$535,750	\$64,189 ⁽⁵⁾	\$69,556	\$0	\$2,329,647
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UTC Savings Restoration Plan	\$86,505	\$51,903	\$73,347	\$0	\$535,733
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PSU Deferral Plan ⁽⁶⁾	\$1,044,012	\$0	\$310,959	\$0	\$1,354,971
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A. Bellemare

UTC Deferred Compensation Plan	\$0	\$0	\$0	\$0	\$0
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UTC Savings Restoration Plan	\$102,700	\$61,620	\$122,111	\$0	\$556,282
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D. Hess

	\$0	\$0	\$0	\$0	\$0
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UTC Deferred
Compensation Plan

UTC Savings Restoration Plan	\$60,825	\$36,495	\$115,202	\$0	\$487,397
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- (1) Amounts in this column are included in the Salary and Bonus columns of the Summary Compensation Table.
- (2) Amounts in this column are included in the All Other Compensation column of the Summary Compensation Table.
- (3) Amounts in this column reflect the returns on amounts credited to hypothetical investment accounts described on the following page. Amounts credited do not constitute as above-market earnings, except for \$8,227 credited to Mr. Hayes under a frozen Sundstrand Corporation Deferred Compensation Plan.
- (4) Amounts in this column include deferrals by the executive and credited earnings in current and prior years less withdrawals. Of these totals \$1,195,530, \$700,682, \$1,767,403, \$147,203 and \$148,131 for Messrs. Chênevert, Hayes, Darnis, Bellemare and Hess, respectively, have previously been included in the Salary, Bonus and Stock Awards columns of the Summary Compensation Table in prior years.
- (5) Reflects a SRP match make up for 2011, 2012 and 2013 which has been deferred into Mr. Darnis' UTC DCP account, as discussed in footnote (6)(e) of the Summary Compensation Table.
- (6) Under the PSU Deferral Plan, as described on page 56, Mr. Darnis elected to defer a portion of his 2010 PSU vesting, as reported in the Options Exercises and Stock Vested table on page 53.

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COMPENSATION TABLES

The UTC Deferred Compensation Plan (DCP) is a nonqualified, unfunded deferred compensation arrangement that offers participants the opportunity to defer up to 50% of annual base salary and up to 70% of annual bonus. The minimum deferral period is five years. All distributions are made in cash and, at the election of the participant, in either a lump-sum payment or in annual installments over a period between two and fifteen years. If a participant's employment terminates prior to retirement eligibility, all balances are paid as a lump sum in the April following termination. Amounts deferred may be allocated by the participant to one or more of the hypothetical investment accounts described below.

The UTC Savings Restoration Plan (SRP) is a nonqualified, unfunded deferred compensation arrangement that offers participants the opportunity to defer up to 6% of pay (base salary and bonus) above the annual IRC compensation limit (\$255,000 in 2013) applicable to the tax-qualified UTC 401(k) Savings Plan. Under the SRP, UTC will make matching contributions equal to 60% of the amount deferred by the executive in the form of UTC deferred stock units. Participants are vested in their own deferrals and vest in the UTC match after three years of service. Amounts credited under the SRP may be distributed in a lump-sum payment or annual installments over a period between two and fifteen years. Employee deferrals are distributed in cash and Company matching amounts are distributed in shares of Common Stock. Amounts deferred by the employee may be allocated to one of the hypothetical investment accounts offered by the DCP and SRP, as shown below:

Hypothetical Investment Accounts*	2013 Return
Income Fund	3.39%
Equity Fund S&P 500 Index	32.33%
Government / Credit Bond Fund	(2.49)%
	38.38%

Small Company Stock Index Fund

International Equity Index	22.82%
Emerging Equity Index Fund	(3.31)%
UTC Common Stock with dividend reinvestment	41.86%

**Additional age-specific retirement date funds are also available; however, none of the NEOs elected to participate in these funds in 2013.*

Under the PSU Deferral Plan, executives may elect to defer between 10% and 100% of their vested PSU award. Upon vesting, the deferred portion of the vested PSU award is converted into deferred share units which accrue dividend equivalents. Distributions from the Plan are paid in full or in two to fifteen annual installments upon either retirement or a future year selected by the executive (no earlier than five years from the year the PSUs are deferred). Distributions are made in whole shares of Common Stock with any fractional unit paid in cash.

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COMPENSATION TABLES

POTENTIAL PAYMENTS ON TERMINATION OR CHANGE-IN-CONTROL

This table provides information concerning the value of payments and benefits that each of the NEOs would have been entitled to receive had employment terminated on December 31, 2013, under various circumstances. Under UTC's programs, benefit eligibility and the value of benefits an executive is entitled to receive vary depending on the reason for termination and whether the executive is eligible for retirement as of the termination date.

Payment Type

L. Chênevert