UNITED TECHNOLOGIES CORP /DE/

FORM 10-K
(Annual Report)

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Sector	Capital Goods
Fiscal Year	12/31

SCHEDULE I

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON

FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of United Technologies Corporation:

Our audits of the consolidated financial statements and of the effectiveness of internal control over financial reporting referred to in our report dated February 6, 2014 appearing in the 2013 Annual Report to Shareowners of United Technologies Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut
February 6, 2014

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

Our participation in these plans for the annual periods ended December 31 is outlined in the table below. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2013 and 2012 is for the plan's year-end at June 30, 2012 , and June 30, 2011 , respectively. The zone status is based on information that we received from the plan and is certified by the plan's actuary. Our significant plan is in the green zone which represents at least 80 percent funded and does not require a financial improvement plan (FIP) or a rehabilitation plan (RP).

(dollars in millions)		Pension Protection Act Zone Status		FIP/ RP Status	Contributions				
Pension Fund	EIN/Pension Plan Number	**2013**	2012	Pending/ Implemented	**2013**	2012	2011	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
National Elevator Industry Pension Plan	23-2694291	**Green**	Green	No	**$ 71**	$ 63	$ 56	No	July 8, 2017
Other funds					**34**	36	38		
					$ 105	$ 99	$ 94		

For the plan years ended June 30, 2012 and 2011, respectively, we were listed in the National Elevator Industry Pension Plan 's Forms 5500 as providing more than 5% of the total contributions for the plan. At the date these financial statements were issued, Forms 5500 were not available for the plan year ending June 30, 2013.

In addition, we participate in several multiemployer arrangements that provide postretirement benefits other than pensions, with the National Elevator Industry Health Benefit Plan being the most significant. These arrangements generally provide medical and life benefits for eligible active employees and retirees and their dependents. Contributions to multiemployer plans that provide postretirement benefits other than pensions were $12 million , $11 million and $10 million for 2013, 2012 and 2011, respectively.

Stock-based Compensation. UTC's long-term incentive plan authorizes various types of market and performance based incentive awards that may be granted to officers and employees. Our Long-Term Incentive Plan (LTIP) was initially approved on April 13, 2005 and amended in 2011 to increase the maximum number of shares available for award under the LTIP to 119 million shares. All equity-based compensation awards are made exclusively through the LTIP. As of December 31, 2013, approximately 32 million shares remain available for awards under the LTIP. The LTIP does not contain an aggregate annual award limit. We expect that the shares awarded on an annual basis will range from 1% to 1.5% of shares outstanding. The LTIP will expire after all shares have been awarded or April 30, 2017 , whichever is sooner.

Under the LTIP and predecessor long-term incentive plans, the exercise price of awards is set on the grant date and may not be less than the fair market value per share on that date. Generally, stock appreciation rights and stock options have a term of ten years and a minimum three-year vesting period. In the event of retirement, awards held for more than one year may become vested and exercisable subject to certain terms and conditions. LTIP awards with performance-based vesting generally have a minimum three-year vesting period and vest based on performance against pre-established metrics. In the event of retirement, vesting for awards held more than one year does not accelerate but will vest as scheduled based on actual performance relative to target metrics. We have historically repurchased shares of our common stock in an amount at least equal to the number of shares issued under our equity compensation arrangements and will continue to evaluate this policy in conjunction with our overall share repurchase program.

We measure the cost of all share-based payments, including stock options, at fair value on the grant date and recognize this cost in the statement of operations. For the years ended December 31, 2013, 2012 and 2011, $275 million , $210 million and $221 million , respectively, of compensation cost was recognized in operating results. The associated future income tax benefit recognized was $97 million , $76 million and $75 million for the years ended December 31, 2013, 2012 and 2011, respectively.

For the years ended December 31, 2013, 2012 and 2011, the amount of cash received from the exercise of stock options was $378 million , $381 million and $226 million , respectively, with an associated tax benefit realized of $194 million , $111 million and $101 million , respectively. In addition, for the years ended December 31, 2013, 2012 and 2011, the associated tax

benefit realized from the vesting of performance share units was $26 million , $15 million and $19 million , respectively. Also, in accordance with the *Compensation—Stock Compensation* Topic of the FASB ASC, for the years ended December 31, 2013, 2012 and 2011, $115 million , $67 million and $81 million , respectively, of certain tax benefits have been reported as operating cash outflows with corresponding cash inflows from financing activities.

At December 31, 2013, there was $185 million of total unrecognized compensation cost related to non-vested equity awards granted under long-term incentive plans. This cost is expected to be recognized ratably over a weighted-average period of 1.9 years.

A summary of the transactions under all long-term incentive plans for the year ended December 31, 2013 follows:

	Stock Options		Stock Appreciation Rights		Performance Share Units		Other
(shares and units in thousands)	Shares	Average Price*	Shares	Average Price*	Units	Average Price**	Incentive Shares/Units
Outstanding at:							
December 31, 2012	13,806	$ 52.45	38,421	$ 68.70	2,791	$ 74.77	1,284
Granted	**309**	**87.46**	**6,719**	**86.87**	**942**	**84.03**	**543**
Exercised/earned	**(7,840)**	**49.40**	**(5,747)**	**63.19**	**(886)**	**71.80**	**(233)**
Cancelled	**(36)**	**75.04**	**(1,178)**	**81.31**	**(146)**	**78.63**	**(116)**
December 31, 2013	**6,239**	**$ 57.88**	**38,215**	**$ 72.33**	**2,701**	**$ 78.77**	**1,478**

* weighted-average exercise price

** weighted-average grant stock price

The weighted-average grant date fair value of stock options and stock appreciation rights granted during 2013, 2012 and 2011 was $19.91 , $19.32 and $20.26 , respectively. The weighted-average grant date fair value of performance share units, which vest upon achieving certain performance metrics, granted during 2013, 2012, and 2011 was $91.71 , $82.15 and $87.65 , respectively. The total fair value of awards vested during the years ended December 31, 2013, 2012 and 2011 was $219 million , $187 million and $170 million , respectively. The total intrinsic value (which is the amount by which the stock price exceeded the exercise price on the date of exercise) of stock options and stock appreciation rights exercised during the years ended December 31, 2013, 2012 and 2011 was $608 million , $370 million and $336 million , respectively. The total intrinsic value (which is the stock price at vesting) of performance share units vested was $75 million , $46 million and $59 million during the years ended December 31, 2013, 2012 and 2011, respectively.

The following table summarizes information about equity awards outstanding that are vested and expected to vest and equity awards outstanding that are exercisable at December 31, 2013:

	Equity Awards Vested and Expected to Vest				Equity Awards That Are Exercisable			
(shares in thousands; aggregate intrinsic value in millions)	Awards	Average Price*	Aggregate Intrinsic Value	Remaining Term**	Awards	Average Price*	Aggregate Intrinsic Value	Remaining Term**
Stock Options/Stock Appreciation Rights	43,979	$ 69.70	$ 1,939	5.5	27,656	$ 63.44	$ 1,393	3.9
Performance Share Units/Restricted Stock	3,722	—	424	1.1				

* weighted-average exercise price per share

** weighted-average contractual remaining term in years

The fair value of each option award is estimated on the date of grant using a binomial lattice model. The following table indicates the assumptions used in estimating fair value for the years ended December 31, 2013, 2012 and 2011. Lattice-based option models incorporate ranges of assumptions for inputs, those ranges are as follows:

	2013	2012	2011
Expected volatility	**26% – 27%**	30% – 35%	26% – 32%
Weighted-average volatility	**27%**	30%	26%
Expected term (in years)	**7.3 – 7.6**	7.4 – 7.7	7.5 – 8.0
Expected dividends	**2.6%**	2.3%	2.4%
Risk-free rate	**0.1% – 1.9%**	0.0% – 2.0%	0.1% – 3.5%

Expected volatilities are based on the returns of our stock, including implied volatilities from traded options on our stock for the binomial lattice model. We use historical data to estimate equity award exercise and employee termination behavior within the valuation model. Separate employee groups and equity award characteristics are considered separately for valuation purposes. The expected term represents an estimate of the period of time equity awards are expected to remain outstanding. The risk-free rate is based on the term structure of interest rates at the time of equity award grant.

NOTE 13: RESTRUCTURING COSTS

During 2013 , we recorded net pre-tax restructuring costs totaling $479 million for new and ongoing restructuring actions. We recorded charges in the segments as follows:

(dollars in millions)	
Otis	$ 88
UTC Climate, Controls & Security	97
Pratt & Whitney	154
UTC Aerospace Systems	92
Sikorsky	50
Eliminations and other	—
Restructuring costs recorded within continuing operations	481
Restructuring costs recorded within discontinued operations	(2)
Total	$ 479

Restructuring charges incurred in 2013 primarily relate to actions initiated during 2013 and 2012 , and were recorded as follows:

(dollars in millions)	
Cost of sales	$ 215
Selling, general and administrative	265
Other income, net	1
Restructuring costs recorded within continuing operations	481
Restructuring costs recorded within discontinued operations	(2)
Total	$ 479

2013 Actions. During 2013 , we initiated restructuring actions relating to ongoing cost reduction efforts, including workforce reductions and consolidation of manufacturing operations. We recorded net pre-tax restructuring costs totaling $421 million for restructuring actions initiated in 2013 , consisting of $164 million in cost of sales and $257 million in selling, general and administrative expenses.

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.

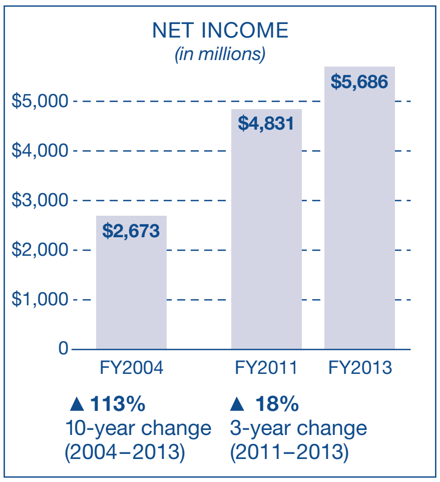
We believe that a portion of our executive compensation should reflect and reward current-year performance. However, our program prudently accounts for, and indeed emphasizes, long-term financial performance and actions taken by our senior leadership team to strategically position UTC for future growth. We focus on sustainable performance and, therefore, allocate a significantly greater portion of compensation to longer-term goals and performance.

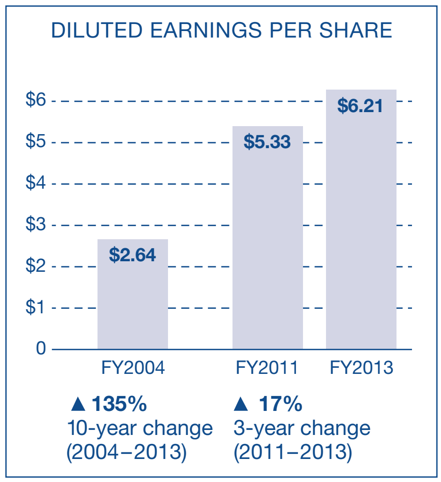
Our solid operational and financial performance in 2013 reflects senior leadership's sharp focus on deploying our capital wisely, executing our business strategies effectively and achieving a balanced business mix. This focus enabled us to deliver value to our shareowners in 2013, notwithstanding weak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

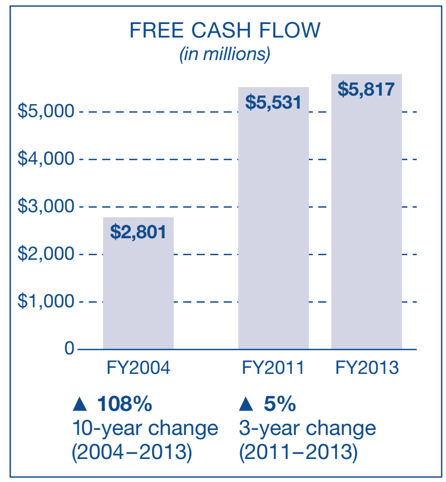
2013 Financial Results

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

FINANCIAL RESULTS (3 AND 10 YEARS)*





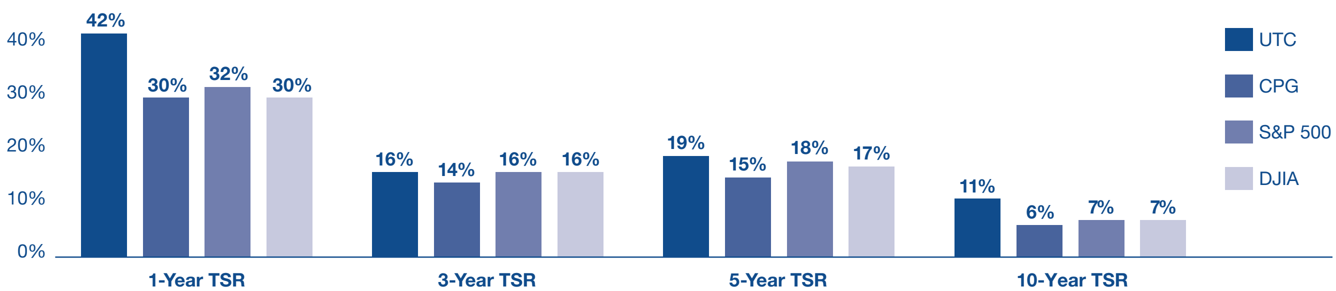


* *For 2013 and 2011, net income and diluted earnings per share metrics reflect continuing operations, as reported in the 2013 Annual Report on Form 10-K. 2004 net income and diluted earnings per share represent values reported in the 2004 Annual Report on Form 10-K, as subsequently restated for the 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.*

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.

CEO PAY HIGHLIGHTS

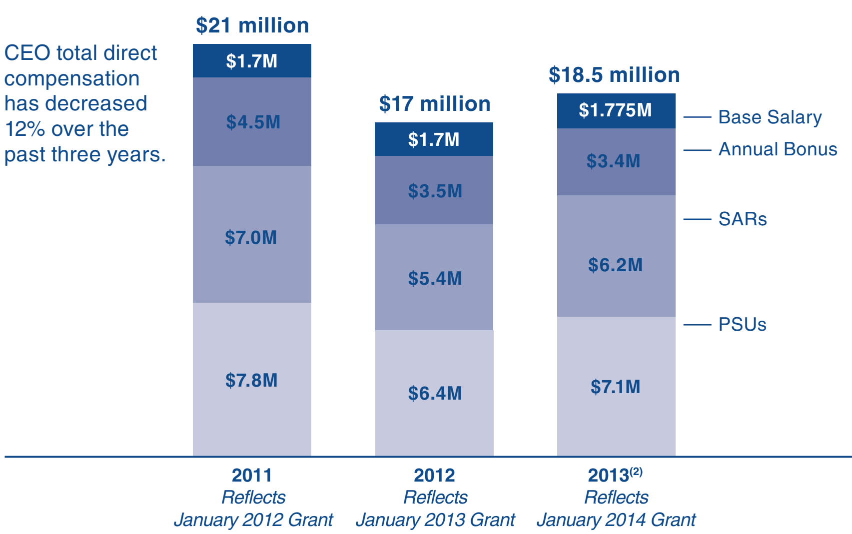
Consistent with our core belief that pay for performance creates shareowner value, approximately 90% of Mr. Chênevert's 2013 compensation consisted of variable, contingent and performance-based annual and long-term incentives, as shown on page 36 of this Proxy Statement.

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]



[1] Total direct compensation is described in detail on page 39 of this Proxy Statement.

[2] Reflects the grant date fair value of Mr. Chênevert's 2014 long-term incentive award granted on January 2, 2014, calculated in accordance with FASB ASC Topic 718, but excluding the effects of estimated forfeitures. The grant consists of 217,500 SARs and 56,700 PSUs. The closing price of Common Stock on the date of grant was $112.49 per share. SARs have a ten-year term from the date of grant. PSUs are subject to vesting contingent on the achievement of established performance criteria over a three-year performance period ending on December 31, 2016.

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

- **Review of Pay versus Performance.** The Committee continually reviews the relationship between CEO compensation and Company performance.
- **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.
- **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.
- **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.
- **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.
- **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.
- **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.
- **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).
- **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.
- **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.
- **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.
- **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.

Our Compensation Practices (continued)

- **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.
- **Restrictive Covenants.** Our ELG members must adhere to restrictive covenants upon separation from UTC, including non-compete, non-solicitation and non-disclosure obligations.
- **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.
- **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.
- **No Tax Gross-Ups.** Parachute excise tax reimbursements and gross-ups will not be provided in the event of a change-in-control.
- **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.
- **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.
- **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.

GUIDING PRINCIPLES

Pay for performance A substantial portion of compensation should be variable, contingent and directly linked to individual, Company and business unit performance.	**Shareowner alignment** 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.	**Long-term focus** 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.
Competitiveness 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.	**Balance** 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.	**Responsibility** 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.

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

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

Internal Performance	External Performance
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.

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 & Co.[1]	Northrop Grumman Corp.
Emerson Electric Co.	Pfizer Inc.[1]
FedEx Corp.	Procter & Gamble Co.[1]
General Dynamics Corp.	Siemens AG
General Electric Co.[1]	Raytheon Co.
Hewlett-Packard Co.	Verizon Communications Inc.[1]

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

PEER GROUP DATA[2]

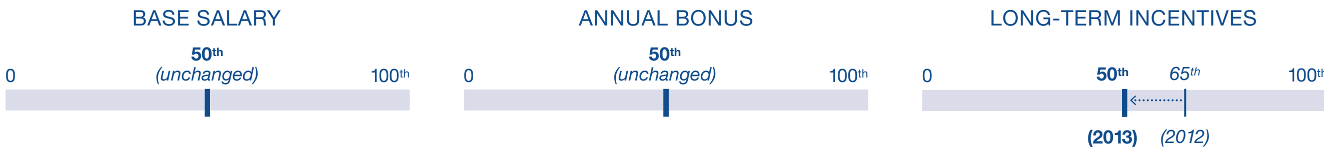
	Revenue *(millions)*	Market Capitalization *(millions)*	Employees
25th Percentile	$36,994	$46,935	90,792
50th Percentile	$52,146	$65,932	124,550
75th Percentile	$84,781	$151,711	193,440
UTC	$62,626	$104,319	212,400
UTC Rank	**63%**	**66%**	**76%**

(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.*

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.



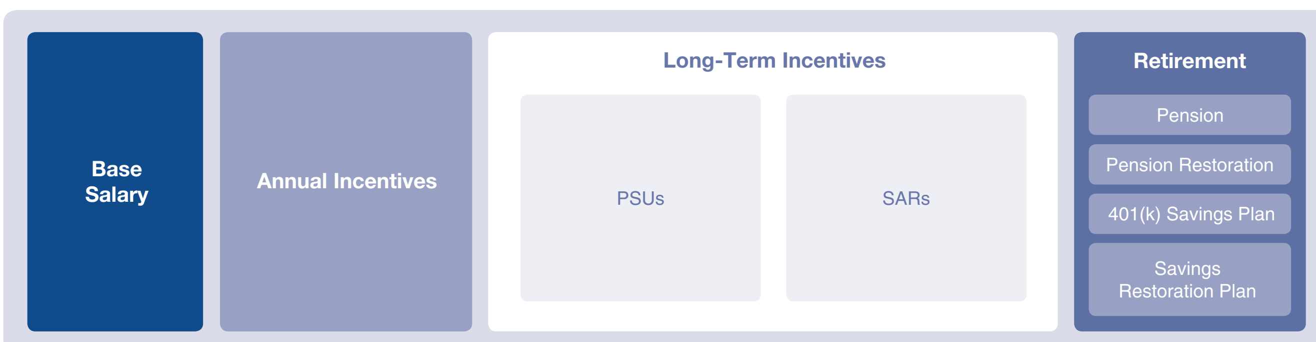
All compensation targets now align with our Compensation Peer Group median

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

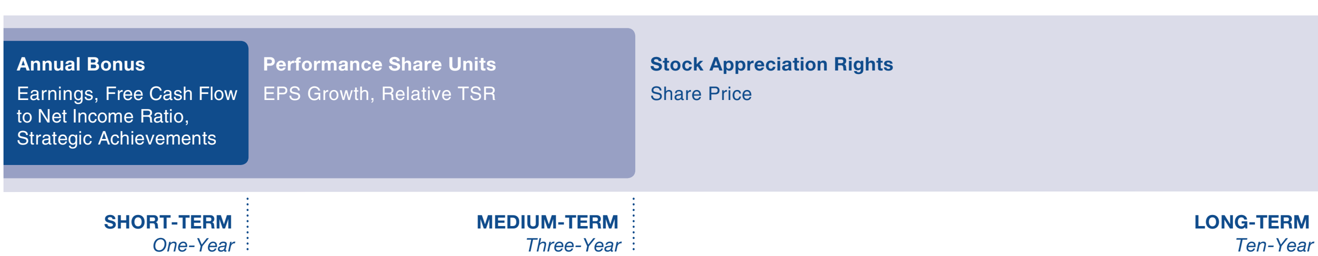
The following elements make up our compensation program:



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



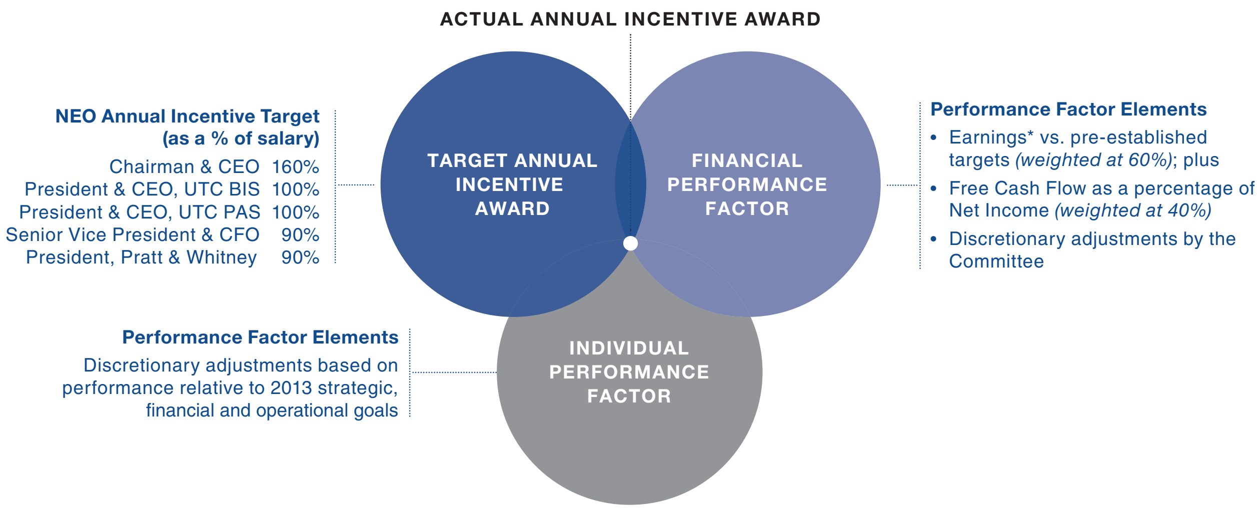
BASE SALARY

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.

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 Free Cash Flow to Net Income	60% weight 40% weight	24% weight 16% weight
Business Unit[3]	Earnings Free Cash Flow to Net Income	- -	36% weight 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.

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

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.

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%	37.5th percentile	0%*
Target	10%	100%	50th percentile	100%
Maximum	13%	200%	75th 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.

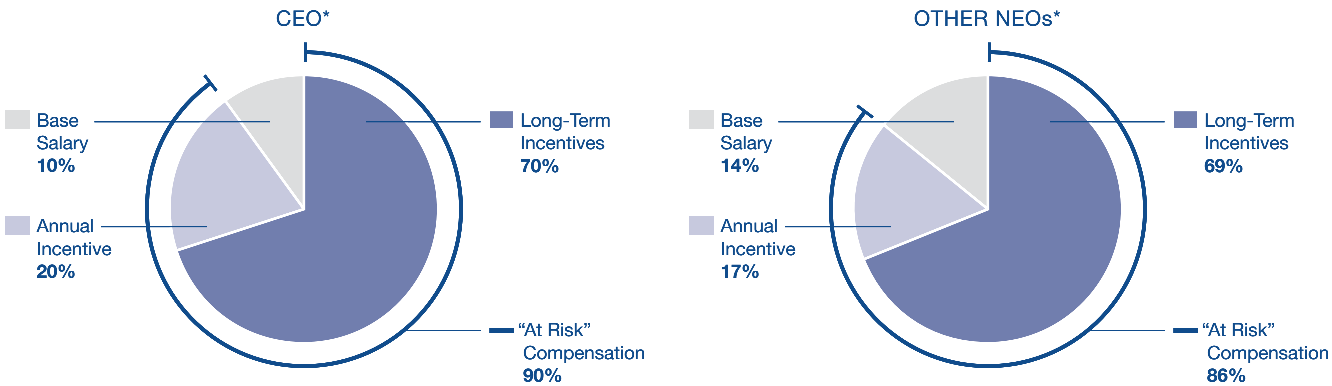
We believe prior SAR and stock option awards have provided an important stock-based incentive for management's successful achievement of objectives that are aligned with shareowners' long-term interests, including productivity, innovation, growth and business balance. SAR awards directly link NEO compensation 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%.

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.*

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.
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.

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
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).
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.
Healthcare	ELG members are covered under the same health benefit program we offer to our other employees.
Executive Physical	ELG members are eligible for a comprehensive annual executive physical.
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.

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.

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's compensation decisions based on 2013 performance	Used to evaluate pay for performance alignment	Used to evaluate pay for performance alignment
Pay Elements	*Mix of actual pay received during year:* - Base salary paid in 2013 - Annual bonus for 2013 performance - Dividend equivalents - All other compensation *Future pay opportunities that may or may not be realized such as:* - Accounting value of equity awards (SARs and PSUs) granted in 2013 - Change in actuarial value of pension benefit	- 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 *Excludes:* Pay elements outside the scope of the Committee's annual compensation decisions such as: - Change in actuarial value of pension benefit - Dividend equivalents - All other compensation	*Three-year average of:* - 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) - Other direct[(1)] compensation *Excludes:* - Change in actuarial value of pension benefit - Other indirect[(2)] compensation	*Single year measure of compensation earned:* - Base salary paid in 2013 - Annual bonus for 2013 performance - Dividend equivalents - Gains on options / SARs exercised and vested PSUs - Other direct[(1)] compensation *Excludes:* - Change in actuarial value of pension benefit - Other indirect[(2)] compensation

(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.

CEO 2013 SUMMARY COMPENSATION TABLE VS. TOTAL DIRECT COMPENSATION

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

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%
1/3/2011	123,080	136%
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.

THREE-YEAR HISTORY OF CEO REALIZED COMPENSATION

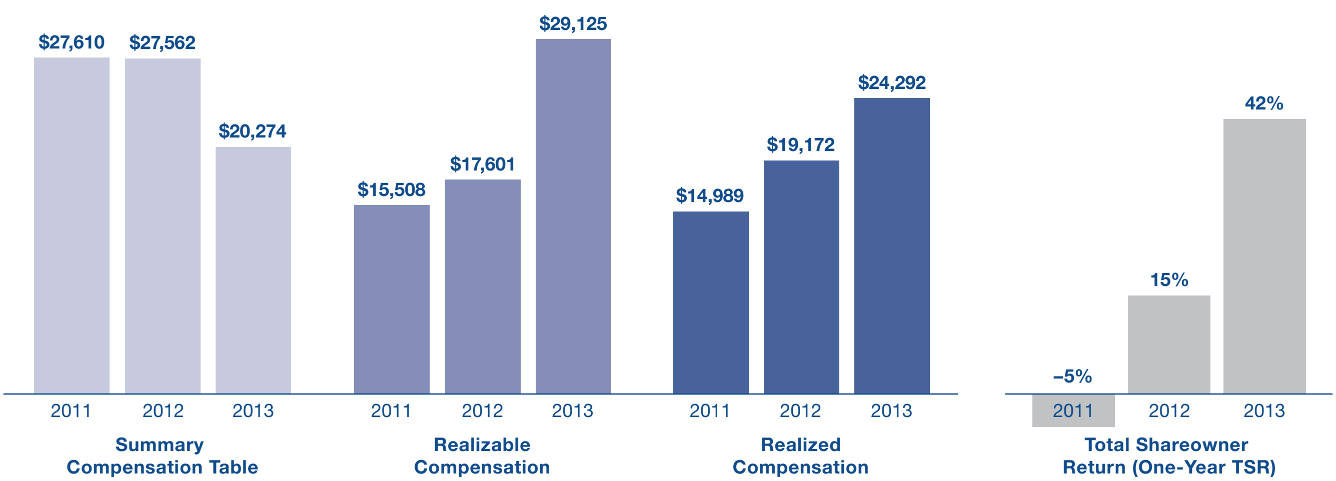
Pay Elements	Calculation Methodology	2011*	2012*	2013*
Base Salary	Base salary paid during the year shown.	$1,681	$1,700	$1,756
Annual Bonus	Annual bonus paid for performance during the year shown.	$4,500	$3,500	$3,400
Stock Awards	Realized gains on PSUs which vested during the year shown.	$3,748	$4,150	$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
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.	$207	$213	$191
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.*

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
Annual Incentive Award 2013 performance generated an annual bonus opportunity equal to 120% of target	$4.5	$3.5	$3.4
Long-Term Incentive Award Stock Appreciation Rights and Performance Share Units	*Reflects 1/3/12 Grant* $7.0 SARs + $7.8 PSUs	*Reflects 1/2/13 Grant* $5.4 SARs + $6.4 PSUs	*Reflects 1/2/14 Grant* $6.2 SARs + $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.

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 *(in thousands)*	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
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.

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.

PROGRAM ADMINISTRATION

PERFORMANCE MEASURES USED IN DETERMINING INCENTIVE COMPENSATION [1]

<table>
<tr><th>Plan</th><th>Metric</th><th>Corporate Office</th><th>Business Units</th></tr>
<tr><td rowspan="3">ANNUAL INCENTIVE</td><td>Earnings</td><td>Net income, as defined below</td><td>Earnings before interest and taxes less:
• Restructuring costs;
• Non-recurring items; and
• Impact of significant acquisitions/divestitures</td></tr>
<tr><td>Free Cash Flow</td><td>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:
<table>
<tr><th>(in millions)</th><th>2004[2]</th><th>2011</th><th>2013</th></tr>
<tr><td>Cash flow from operating activities</td><td>$3,596</td><td>$6,460</td><td>$7,505</td></tr>
<tr><td>Less: capital expenditures</td><td>$795</td><td>$929</td><td>$1,688</td></tr>
<tr><td>Free cash flow</td><td>$2,801</td><td>$5,531</td><td>$5,817</td></tr>
</table></td><td>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</td></tr>
<tr><td>Net Income</td><td>UTC net income attributable to common shareowners (as reported in the 2013 Annual Report on Form 10-K)</td><td>Internal measure consisting of each business unit's respective 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</td></tr>
<tr><td rowspan="2">LONG-TERM INCENTIVE</td><td>Earnings Per Share</td><td colspan="2">Diluted earnings per share (as reported in the 2013 Annual Report on Form 10-K)</td></tr>
<tr><td>Total Shareowner Return</td><td colspan="2">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</td></tr>
</table>

[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.

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

SUMMARY COMPENSATION TABLE

Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)	Total Without 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	$18,196,742
2012	$1,700,000	$3,500,000	$7,804,283	$7,029,000	$1,185,637	$5,772,241	$571,164	$27,562,325	$21,790,084
2011	$1,681,250	$4,500,000	$7,932,325	$7,063,760	$1,153,571	$4,732,078	$547,400	$27,610,384	$22,878,306
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	$6,924,841
2012	$830,000	$1,200,000	$2,667,496	$2,415,600	$345,486	$1,581,208	$192,701	$9,232,491	$7,660,595
2011	$716,250	$1,220,000	$2,340,255	$2,084,720	$317,404	$1,060,249	$171,103	$7,909,981	$6,858,715
Geraud 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	$7,259,862
2012	$922,500	$1,250,000	$2,502,326	$2,267,100	$797,790	$2,371,977	$163,239	$10,274,932	$7,902,955
2011	$872,784	$1,500,000	$2,007,185	$1,791,240	$732,945	$1,421,615	$153,567	$8,479,336	$7,057,721
Alain Bellemare **President & Chief Executive Officer, UTC Propulsion & Aerospace Systems**									
2013	$816,667	$1,050,000	$2,264,373	$1,906,485	$68,480	$408,341	$228,691	$6,743,037	$6,334,696
2012	$712,500	$1,150,000	$2,502,326	$5,996,918	$150,220	$877,856	$127,261	$11,517,081	$10,639,225
2011	$606,425	$800,000	$1,726,705	$1,538,240	$142,260	$774,577	$119,256	$5,707,463	$4,932,886
David Hess **President, Pratt & Whitney**									
2013	$668,750	$625,000	$1,668,485	$1,413,265	$333,640	$383,372	$125,432	$5,217,944	$4,834,572
2012	$643,750	$600,000	$1,668,217	$3,422,945	$308,560	$1,231,329	$144,552	$8,019,353	$6,788,024
2011	$606,851	$650,000	$1,647,820	$1,467,400	$283,480	$1,298,589	$117,713	$6,071,853	$4,773,264

(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.*

[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]	Leased-Vehicle Payments [b]	Cash Flexible Perquisite Allowances [c]	Insurance Premiums [d]	401(k) Company Match	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

[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.*

GRANTS OF PLAN-BASED AWARDS

Grant Date	Approval Date[1]	Estimated Future Payouts under Equity Incentive Plan Awards[2]			All Other Option Awards: Number of Securities Underlying Options (#)[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
1/2/2013	12/12/2012	-	-	-	284,000	$84.00	$5,387,480
G. Hayes							
1/2/2013	12/12/2012	0	26,200	52,400	-	-	$2,401,885
1/2/2013	12/12/2012	-	-	-	107,000	$84.00	$2,029,790
G. Darnis							
1/2/2013	12/12/2012	0	25,900	51,800	-	-	$2,374,383
1/2/2013	12/12/2012	-	-	-	105,500	$84.00	$2,001,335
A. Bellemare							
1/2/2013	12/12/2012	0	24,700	49,400	-	-	$2,264,373
1/2/2013	12/12/2012	-	-	-	100,500	$84.00	$1,906,485
D. Hess							
1/2/2013	12/12/2012	0	18,200	36,400	-	-	$1,668,485
1/2/2013	12/12/2012	-	-	-	74,500	$84.00	$1,413,265

(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.

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	*Equity Incentive Plan Awards:* Number of Securities Underlying Unexercised Unearned 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
	-	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
	-	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	-	-
	100,000	-	-	$51.50	1/2/2015	-	-

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (CONTINUED)

	Option Awards[1]					Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	*Equity Incentive Plan Awards:* Number of Securities Underlying Unexercised Unearned 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]
A. Bellemare							
	-	100,500[5]	-	$84.00	1/1/2023	24,700[9]	$2,810,860
	-	-	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
	-	-	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.*

OPTION EXERCISES AND STOCK VESTED

	Option Awards[1]		Stock Awards[2]	
Name	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

Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)[1]	Payments 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	-
Total		**$3,326,168**	**-**
D. Hess			
UTC Employee Retirement Plan	35	$1,340,154	-
UTC Pension Preservation Plan	35	$5,952,856	-
Total		**$7,293,010**	**-**

(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%).

NONQUALIFIED DEFERRED COMPENSATION

Plan	Executive Contributions in Last FY ($)(1)	Registrant Contributions in Last FY ($)(2)	Aggregate Earnings in Last FY ($)(3)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last FYE ($)(4)
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
UTC Savings Restoration Plan	$108,900	$65,340	$176,364	$0	$753,364
G. Darnis					
UTC Deferred Compensation Plan	$535,750	$64,189(5)	$69,556	$0	$2,329,647
UTC Savings Restoration Plan	$86,505	$51,903	$73,347	$0	$535,733
PSU Deferral Plan(6)	$1,044,012	$0	$310,959	$0	$1,354,971
A. Bellemare					
UTC Deferred Compensation Plan	$0	$0	$0	$0	$0
UTC Savings Restoration Plan	$102,700	$61,620	$122,111	$0	$556,282
D. Hess					
UTC Deferred Compensation Plan	$0	$0	$0	$0	$0
UTC Savings Restoration Plan	$60,825	$36,495	$115,202	$0	$487,397

(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.*

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)%
Small Company Stock Index Fund	38.38%
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.

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	G. Hayes	G. Darnis	A. Bellemare	D. Hess
Termination — Involuntary (For Cause)					
Cash Payment (1)	$0	$0	$0	$0	$0
Pension Benefit (2)	$30,904,344	$7,019,713	$12,505,822	$4,087,803	$7,886,225
Option/SAR Value (3)	$0	$0	$0	$0	$0
PSU Value (4)	$0	$0	$0	$0	$0
Dividend Equivalents (5)	$0	$0	$0	$0	$0
Sub-Total	**$30,904,344**	**$7,019,713**	**$12,505,822**	**$4,087,803**	**$7,886,225**
Less: Vested Pension	-$30,904,344	-$7,019,713	-$12,505,822	-$4,087,803	-$7,886,225
Amount Triggered due to Termination	$0	$0	$0	$0	$0
Voluntary					
Cash Payment (1)	$0	$0	$0	$0	$0
Pension Benefit (2)	$30,904,344	$7,019,713	$12,505,822	$4,087,803	$7,886,225
Option/SAR Value (3)	$129,311,420	$23,655,130	$56,814,610	$19,843,950	$10,252,735
PSU Value (4)	$25,620,932	$8,102,105	$7,268,178	$6,772,921	$5,392,299
Dividend Equivalents (5)	$0	$0	$0	$0	$0
Sub-Total	**$185,836,696**	**$38,776,948**	**$76,588,610**	**$30,704,674**	**$23,531,259**
Less: Vested Pension and Equity	-$185,836,696	-$38,776,948	-$76,588,610	-$30,704,674	-$23,531,259
Amount Triggered due to Termination	$0	$0	$0	$0	$0
Termination — Involuntary (Not For Cause)					
Cash Payment (1)	$4,437,500	$2,200,000	$2,500,000	$2,062,500	$1,687,500
Pension Benefit (2)	$30,904,344	$7,019,713	$12,505,822	$4,087,803	$7,886,225
Option/SAR Value (3)	$129,311,420	$23,655,130	$56,814,610	$19,843,950	$10,252,735
PSU Value (4)	$25,620,932	$8,102,105	$7,268,178	$6,772,921	$5,392,299
Dividend Equivalents (5)	$0	$0	$0	$0	$0
Sub-Total	**$190,274,196**	**$40,976,948**	**$79,088,610**	**$32,767,174**	**$25,218,759**
Less: Vested Pension and Equity	-$185,836,696	-$38,776,948	-$76,588,610	-$30,704,674	-$23,531,259
Amount Triggered due to Termination	$4,437,500	$2,200,000	$2,500,000	$2,062,500	$1,687,500
Termination — Change-in-Control (6)					
Cash Payment (7)	$13,798,850	$4,999,280	$5,980,000	$4,933,500	$3,834,675
Pension Benefit (2)	$30,904,344	$7,019,713	$12,505,822	$4,087,803	$7,886,225
Option/SAR Value (8)	$137,774,620	$26,843,730	$59,958,510	$30,712,238	$16,060,087
PSU Value (8)	$33,541,412	$11,083,665	$10,215,598	$9,583,781	$7,463,459
Dividend Equivalents (5)	$888,901	$270,791	$588,676	$0	$447,394
Sub-Total	**$216,908,127**	**$50,217,179**	**$89,248,606**	**$49,317,322**	**$35,691,840**
Less: Vested Pension and Equity	-$185,836,696	-$38,776,948	-$76,588,610	-$30,704,674	-$23,531,259
Amount Triggered due to Termination	$31,071,431	$11,440,231	$12,659,996	$18,612,648	$12,160,581

(1) *Amounts shown are payable under the Executive Leadership Group ("ELG") separation arrangement. The ELG separation benefit is a cash payment equal to 2.5 times base salary and is provided in the event of a mutually agreeable separation. A mutually agreeable separation occurs when: (i) the ELG participant's position with UTC has been eliminated or diminished by a divestiture, restructuring, shift in priorities or similar event; or (ii) the executive retires at age 62 or older. Voluntary terminations prior to age 62 or terminations related to misconduct do not qualify as mutually agreeable. Receipt of the ELG separation benefit is contingent upon execution of an agreement with UTC containing the following covenants made by the executive for the protection of UTC: (i) three-year non-compete; (ii) three-year employee non-solicitation; (iii) non-disparagement; (iv) protection of confidential, sensitive and proprietary information; and (v) post-termination cooperation obligations. The ELG separation benefit is not treated as compensation for purposes of determining benefits under UTC's pension plans or any other benefit program. This benefit is payable as a lump sum. Distributions are subject to certain restrictions imposed by Internal Revenue Code Section 409A. Benefit plan participation and fringe benefits are not continued following termination under the ELG separation arrangement.*

(2) *Pension benefits under the standard retirement benefit formula that exceed Internal Revenue Code limits for tax-qualified plans may be paid as a lump sum. Amounts in this column reflect the estimated lump-sum payment of the nonqualified portion of the retirement benefit, assuming retirement or termination on December 31, 2013, payable as of such date or attainment of age 55. Mr. Chênevert and Mr. Bellemare's pension benefits also include amounts attributable to their Pratt & Whitney Canada Salaried and Executive Employee Pension Plans.*

(3) *The vesting of outstanding stock options and SARs (other than the performance SARs granted on August 1, 2012 and November 1, 2012) that have been outstanding for at least one year will be accelerated in the event of a voluntary termination or an involuntary (not for cause) termination after attaining retirement age (i.e., 55 plus ten years of service) or satisfying the rule of 65 (i.e., age 50 plus fifteen years of service). Each of the NEOs satisfies one or both of these conditions. Amounts shown are based on the December 31, 2013 closing price of Common Stock on the NYSE of $113.80. In the event of an involuntary termination for cause, outstanding stock options and SARs are forfeited.*

(4) *In the event of a voluntary termination or an involuntary (not for cause) termination following attainment of retirement age or satisfying the rule of 65, PSUs outstanding for at least one year remain eligible to vest following completion of the performance period to the extent the performance targets are achieved. Amounts shown are based on the December 31, 2013 closing price of Common Stock on the NYSE of $113.80. Amounts shown reflect the current most probable vesting for the 2013 and 2012 PSU grants and the actual payout level for the 2011 PSU grant. In the event of an involuntary termination for cause, outstanding PSUs are forfeited.*

(5) *Consists of dividend equivalents ("DEs") earned under the terms of UTC's Continuous Improvement Incentive Program ("CIIP"), which is more fully described in footnote (4) to the Summary Compensation Table. In the event of a change-in-control, the net present value of all future DE payments (calculated based on the dividend rate in effect at the time of the change-in-control) would be paid in a lump sum at the time of the change-in-control. Amounts shown are the present value of the dividends payable through the DE award expiration date, calculated using a discount rate equal to 120% of the Applicable Federal Rate as of December 31, 2013.*

(6) *Change-in-control benefits are provided in accordance with the Senior Executive Severance Plan ("SESP"). Amounts shown reflect the benefit reductions to the program, as discussed in the CD&A. Acquisition of 20% of UTC's voting securities by a person or a group or a change in the majority of the Board of Directors constitutes a change-in-control. Executives are eligible for the SESP benefits in the event of an involuntary termination or resignation for "good reason" (i.e., a material adverse change in the executive's position, compensation, benefits or work location) within two years following a change-in-control. Receipt of SESP benefits is subject to an ongoing obligation to protect confidential UTC information. An executive may receive the greater of the SESP or ELG separation benefits (as described in footnote (1) above), but not both. The SESP cash severance benefit is reduced by 1/36th for each month that termination occurs after age 62, and accordingly, is completely phased out at age 65.*

(7) *Reflects a lump-sum cash payment under the SESP in an amount equal to 2.99 times the sum of the executive's base salary and target bonus.*

(8) *In the event of a qualifying termination following a change-in-control, the SESP provides for the accelerated vesting of all outstanding SARs and PSUs (including SARs and PSUs outstanding for less than one year and the August 1, 2012 and November 1, 2012 performance SAR grants). Amounts shown are based on the December 31, 2013 closing price of Common Stock on the NYSE of $113.80. PSU values reflect vesting at target, except where actual performance is known, as of December 31, 2013.*