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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material under §240.14a-12

United Technologies Corporation

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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OUR COMMITMENTS DEFINE WHO WE ARE AND HOW WE WORK.

THEY FOCUS OUR BUSINESSES AND MOVE US FORWARD.

PERFORMANCE

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

OPPORTUNITY

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

INNOVATION

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

RESPONSIBILITY

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

RESULTS

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

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United Technologies Corporation

One Financial Plaza

Hartford, CT 06103

March 15, 2013

Dear Shareowners,

It is my pleasure to invite you to attend the 2013 Annual Meeting of Shareowners of United Technologies Corporation. As in prior years, we will meet to consider important matters affecting our Company. Whether or not you plan to attend the meeting, I encourage you to review the enclosed information and vote your shares.

Looking back over the past year, I am proud of what United Technologies accomplished and excited about the momentum we have created for the future. In 2012, we transformed our Company and strengthened our position in the fast growing aerospace business by acquiring Goodrich Corporation and a majority interest in the International Aero Engines collaboration. We also streamlined our portfolio by divesting non-core businesses and applying Carrier s successful portfolio transformation strategy to our UTC Fire & Security portfolio. These actions will enable us to better focus on growth opportunities in our core markets and position us well for future growth.

United Technologies also delivered solid financial performance in 2012, highlighted by strong cash generation. We increased our dividend by 11.5 percent in 2012, marking the 76th consecutive year United Technologies has paid a dividend to shareowners. There were many other accomplishments across the portfolio in 2012. Among them were Pratt & Whitney winning significant orders for its revolutionary PurePower Geared Turbofan engine, Sikorsky certifying the S-76D helicopter and Otis introducing new products tailored to growth markets around the world, including a Gen2 elevator application for the fast-growing social housing segment in China.

Our success stems in large part from the guidance and leadership of our Board of Directors. This year, we honor Richard D. McCormick as he concludes his 14 years of service as a director, including four years as Lead Director and twelve years as Chairman of the Board s Committee on Nominations and Governance. We wish Dick well in his retirement and greatly appreciate the many contributions he has made to United Technologies Corporation. We are also pleased to have welcomed Marshall O. Larsen, the former Chairman & Chief Executive Officer of Goodrich Corporation, to the Board last September. Marshall s profound leadership experience and superb knowledge of the aerospace industry will be a great asset to the Board and our Company.

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

Sincerely,

Louis R. Chênevert

Chairman & Chief Executive Officer

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United Technologies Corporation

One Financial Plaza

Hartford, CT 06103

March 15, 2013

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

Annual Meeting Date: April 29, 2013

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

Location: Oglethorpe Auditorium, Savannah International Trade and Convention Center,

1 International Drive, Savannah, Georgia

AGENDA:

1. Election of the twelve director nominees listed in the Proxy Statement.
2. Appointment of the firm of PricewaterhouseCoopers LLP as Independent Auditor for 2013.
3. An advisory vote to approve the compensation of our named executive officers.
4. Other business if properly raised.

Shareowners of record of UTC Common Stock at the close of business on March 1, 2013 and their representatives authorized by proxy will be entitled to attend and vote at the meeting.

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

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

Because seating is limited, **please request a ticket in advance** by following the instructions on page 68. For security reasons, **please be prepared to show photo identification as well.** If you need special assistance because of a disability, please contact our Corporate Secretary s Office by calling (860) 728-7870, sending an email to: corpsec@corphq.utc.com, or writing to: Corporate Secretary, UTC, One Financial Plaza, Hartford, CT 06103.

We look forward to seeing you at the meeting.

Peter J. Graber-Lipperman

Vice President, Secretary & Associate General Counsel

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

VIA THE INTERNET	**BY MAIL**
Visit the web site listed on your proxy card	Sign, date and return your proxy card in the enclosed envelope
BY TELEPHONE	**IN PERSON**
Call the telephone number on your proxy card	Attend the Annual Meeting in Savannah, Georgia

PLEASE CONFIRM YOUR PREFERENCE FOR ELECTRONIC DELIVERY OF FUTURE ANNUAL MEETING MATERIALS.

You can expedite delivery and avoid costly mailings by confirming in advance your preference for electronic delivery. For further information on how to take advantage of this cost-saving service, please see page 71 of the Proxy Statement.

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Proxy Statement Summary

This summary highlights selected information in this Proxy Statement. Please review the entire Proxy Statement and the 2012 UTC Annual Report before voting.

2012 PERFORMANCE HIGHLIGHTS

2012 was a year of transformation and strong performance for UTC, despite challenging economic conditions. We delivered excellent results for our shareowners and took strategic steps to position the Company for long-term, sustainable growth.

Acquired Goodrich Corporation and an increased interest in IAE International Aero Engines AG	Sales from continuing operations: **$57.7 billion**	Earnings per share from continuing operations: **$5.35**	Dividend payments to shareowners: **$1.8 billion**	Total shareowner return: **15%**

2012 EXECUTIVE COMPENSATION HIGHLIGHTS

Our compensation program is designed to create incentive compensation opportunities for our executives that align with our shareowners long-term interests. Since our last Annual Meeting, we have modified our compensation program to further enhance this alignment, conform to current best practices and respond to input from our investors:

- We **reduced the benchmark for long-term incentive awards** for members of our Executive Leadership Group (ELG) from the 65th to the 50th percentile of our Compensation Peer Group (CPG)
- For 2013, **we will use net income**, rather than earnings per share, **as our primary financial metric** for our annual incentive awards
- We have extended the earnings per share growth measurement period for performance share units **from a one-year incremental to a three-year cumulative period**
- We have **eliminated perquisite** allowances for members of our Executive Leadership Group
- Our Proxy Statement now **discloses more information** about how we establish financial targets for our incentive plans

Our Chairman & Chief Executive Officer (CEO) received **89%** of his 2012 compensation in contingent, performance-based incentives. For our other named executive officers (NEOs), the percentage of contingent, performance-based compensation was, on average, **88%**.

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Proxy Statement Summary (continued)

MATTERS FOR SHAREOWNER VOTING

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

Proposal 1: Election of Directors

The Board recommends a vote **FOR** the election of the director nominees named in this Proxy Statement. See pages 1 through 8 for further information on the nominees.

Proposal 2: Appointment of PricewaterhouseCoopers LLP for 2013

The Board recommends a vote **FOR** this proposal. See page 65 for details.

Proposal 3: Advisory Approval of Executive Compensation

The Board recommends a vote **FOR** this proposal. See pages 66 and 67 for details.

BOARD NOMINEES

You are being asked to cast votes for twelve directors. Directors are elected annually by majority voting, and eleven of our twelve nominees meet the New York Stock Exchange (NYSE) governance standards for director independence.

						Committee Memberships				
Name	**Age**	**Director Since**	**Occupation**	**Independent**	**Other Public Boards**	**A**	**N&G**	**C&ED**	**F**	**PIR**
Louis R. Chênevert	55	2006	UTC Chairman & CEO		0				M	
John V. Faraci	63	2005	Chairman & CEO, International Paper	X	2	M	M		Ch	
Jean-Pierre Garnier	65	1997	Operating Partner, Advent International	X	2		M	Ch		M
Jamie S. Gorelick	62	2000	Partner, WilmerHale	X	1			M	M	M
Edward A. Kangas	68	2008	Former Chairman & CEO, Deloitte, Touche, Tohmatsu	X	3	Ch		M	M	
Ellen J. Kullman	57	2011	Chair & CEO, DuPont	X	1				M	M
Marshall O. Larsen	64	2012	Former Chairman, President & CEO, Goodrich	X	2				M	M
Harold McGraw III	64	2003	Chairman, President & CEO, McGraw-Hill	X	2		M	M	M	

Richard B. Myers	71	2006	Ret. General, U.S. Air Force	X	3	M	M			M
H. Patrick Swygert	69	2001	President Emeritus, Howard University	X	1	M		M		M
André Villeneuve	68	1997	Former Chair, London Int l Reg. Strat. Group	X	0	M			M	M
Christine Todd Whitman	66	2003	President, Whitman Strategy Group	X	1		M		M	Ch

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

M *Member*
Ch
Chair

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Proxy Statement Summary (continued)

GOVERNANCE HIGHLIGHTS

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

Independence	11 out of our 12 nominees are independent. Our CEO is the only management director. All but one of the Board Committees that met during 2012 are composed exclusively of independent directors.
Independent Lead Director	We have an independent Lead Director, selected by the independent directors. The Lead Director serves as liaison between management and the other non-management directors.
Executive Sessions	The independent directors regularly meet in private without management. The Lead Director presides at these executive sessions.
Board Oversight of Risk Management	Our Board reviews UTC s systematic approach to identifying and assessing risks faced by UTC and our business units.

	The Audit Committee reviews our overall enterprise risk management policies and practices, financial risk exposures and the delegation of risk oversight responsibilities to other Board Committees.
Stock Ownership Requirements	Our independent directors must hold at least $480,000 of UTC Common Stock within five years of joining the Board.
	Our CEO must, within five years of attaining the position, hold UTC Common Stock valued at six times base salary.
	Members of our Executive Leadership Group must, within five years of joining the group, hold UTC Common Stock valued at three times base salary.
Board Practices	Our Board annually reviews its effectiveness as a group.
	Nomination policies are adjusted as needed to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience.
	Directors may not stand for election after age 72.
Accountability	All directors stand for election annually.
	In uncontested elections, directors must be elected by a majority of votes cast.

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Proxy Statement. The Board of Directors of United Technologies Corporation (UTC , the Company or the Corporation) is soliciting proxies to be voted at our 2013 Annual Meeting of Shareowners on April 29, 2013 and at any adjournment or postponement of the meeting. We expect that this Proxy Statement will be mailed and made available to shareowners beginning on or about March 15, 2013.

Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be held on April 29, 2013. UTC s Proxy Statement for the 2013 Annual Meeting, and our Annual Report to Shareowners for 2012 are both available free of charge at www.proxyvote.com. References in this Proxy Statement and accompanying materials to Internet web sites are for the convenience of readers. Information available at or through these web sites is not incorporated by reference in this Proxy Statement.

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Proposal 1: Election of Directors

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

BOARD MEMBERSHIP CRITERIA AND NOMINATION PROCESS

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

- Loyalty to the interests of UTC and its shareowners
- The highest integrity
- Diversity of perspectives
- Senior corporate leadership experience
- Public company board experience
- Global/international expertise
- Industry/technical expertise
- Financial expertise
- Government or public policy expertise
- An objective, independent and informed approach to business decisions
- Extensive knowledge, experience and judgment
- A willingness to devote the considerable time necessary to fulfill a director s duties
- An appreciation of the role of the corporation in society

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

Our Board believes it is critical to our success to have directors who not only represent the interests of shareowners, but also bring a diversity of perspectives to Board deliberations and Company oversight. The Committee on Nominations and Governance regularly reviews with the Board the qualifications that are most important in selecting candidates to serve as directors, taking into account UTC s diverse operations and the mix of capabilities and experience represented on the Board. As part of its annual evaluation of its effectiveness as a group, the Board considers whether its composition as a whole reflects a mix of skills and perspectives that is appropriate to meet the Company s needs. Based on these considerations, we make adjustments in the priorities we give to different qualifications when identifying candidates.

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Proposal 1: Election of Directors (continued)

Diversity

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

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

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

NOMINEES

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

Current director Richard D. McCormick is not standing for re-election and will retire from the Board on April 29, 2013 in accordance with UTC s Corporate Governance Guidelines, which require directors to retire from the Board as of the annual meeting following the attainment of age 72. The Directors extend their sincere appreciation to Mr. McCormick for his dedicated service as a member of UTC s Board of Directors, as Lead Director and as Chairman of the Board s Committee on Nominations and Governance.

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Proposal 1: Election of Directors (continued)

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

LOUIS R. CHÊNEVERT

Chairman & Chief Executive Officer, United Technologies Corporation

Age: 55

Director since 2006

Committees:

Executive

Finance

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

Skills and Expertise

Demonstrated leadership skills

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

Experienced in driving operational excellence and development of innovative technologies

Attainment of financial objectives under a variety of economic and competitive conditions

JOHN V. FARACI

Chairman & Chief Executive Officer, International Paper

Mr. Faraci has served as Chairman and Chief Executive Officer of International Paper (paper, packaging and distribution) since 2003. Earlier in 2003, he was elected President and a director of International Paper, and previously served as Executive Vice President and Chief Financial Officer, with additional corporate responsibility for the company s former majority-owned New Zealand subsidiary, Carter Holt Harvey. Mr. Faraci joined International Paper in 1974. He also serves on the Board of PPG Industries, Inc. and is Chairman of the U.S. Section of the US-Brazil CEO Forum. Mr. Faraci also serves on the Board of Directors of the American Forest & Paper Association, the National Fish and Wildlife Foundation, the Board of Trustees of the American Enterprise Institute, the Moscow School of Management SKOLKOVO Advisory Board and the Denison

Age: 63

Director since 2005

Committees:

Audit

Finance

Nominations & Governance

University Board of Trustees.

Skills and Expertise

- Active Chief Executive Officer
- Extensive leadership experience at a large international corporation with worldwide operations
- Audit committee financial expert, based on oversight of CFO and prior experience as CFO
- Experience overseeing extensive strategic changes in business portfolio
- Commitment to responsible stewardship of natural resources and sustainability reporting

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Proposal 1: Election of Directors (continued)

JEAN-PIERRE GARNIER

Operating Partner,

Advent International

Age: 65

Director since 1997

Committees:

Compensation & Executive Development

Nominations & Governance

Public Issues Review

Dr. Garnier is currently an Operating Partner at Advent International (global private equity). He previously served as Chief Executive Officer of Pierre Fabre SA from 2008 to 2010 and as Chief Executive Officer and Executive Member of the Board of Directors of GlaxoSmithKline plc from 2000 to 2008. Dr. Garnier served as Chief Executive Officer of SmithKline Beecham plc in 2000 and as Chief Operating Officer and Executive Member of the Board of Directors of SmithKline Beecham plc from 1996 to 2000. Dr. Garnier is also a director of Renault S.A., Chairman of Actelion Ltd. (biopharmaceuticals) and Chairman of Cerenis Therapeutics (biopharmaceutical development). In 2009, he was made a Knight Commander of the British Empire. In 2007, he was promoted from Chevalier to Officier de la Légion d Honneur of France. In 2006, he was named to the global list of top 20 CEOs by the Best Practice Institute. Dr. Garnier was previously Chairman of NormOxys, Inc. from 2010 to 2011, and a board member of the Stanford Advisory Council on Interdisciplinary Biosciences, Weill Cornell Medical College and the Dubai International Capital Advisory Board. He is a member of the Board of Trustees of the Paul Newman Foundation.

Skills and Expertise

Broad international perspective

Experience as CEO for two large public companies

Experience integrating large companies post-merger

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

JAMIE S. GORELICK

Partner, WilmerHale

Age: 62

Ms. Gorelick is a Partner at the international law firm of WilmerHale, which she joined in 2003. She represents companies on regulatory, compliance, governance and enforcement issues. She has held numerous positions in the U.S. government, serving as Deputy Attorney General of the United States, General Counsel of the Department of Defense, Assistant to the Secretary of Energy, and a member of the bipartisan National Commission on Terrorist Threats Upon the United States. Ms. Gorelick is currently a member of the Defense Policy Board. She serves on the boards of the John D. and Catherine T. MacArthur Foundation, the Washington Legal Clinic for the Homeless, and The Urban Institute. Ms. Gorelick is a member of the Council on Foreign Relations and the Trilateral Commission. She became a member of the Board of Directors of Amazon.com, Inc. in 2012, and previously served as a director of Schlumberger, Ltd. from 2002 to 2010.

Director since 2000

Committees:

Compensation & Executive

Development

Finance

Public Issues Review

Skills and Expertise

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

Expertise counseling on complex litigation, investigation and compliance matters

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

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Proposal 1: Election of Directors (continued)

EDWARD A. KANGAS

Former Chairman &

Chief Executive Officer,

Deloitte, Touche, Tohmatsu

Age: 68

Director since 2008

Committees:

Audit

Compensation & Executive

Development

Finance

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

Skills and Expertise

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

Experience as CEO of a major accounting firm and as chair of other public companies

Audit committee financial expert

ELLEN J. KULLMAN

Chair & Chief Executive Officer,

E.I. duPont de Nemours and

Mrs. Kullman has served as Chair of E.I. du Pont de Nemours and Company (basic materials and innovative products and services for diverse industries) since January 2010. She has also served as Chief Executive Officer of DuPont since January 2009 and as a director of DuPont since 2008. Mrs. Kullman served as President of DuPont from October 2008 to December 2008. From June 2006 through September 2008, she served as Executive Vice President responsible for DuPont Coatings & Color Technologies, DuPont Electronic & Communication Technologies, DuPont Performance Materials, DuPont Safety & Protection, Marketing & Sales, Pharmaceuticals, Risk Management, and Safety & Sustainability. Prior to that, Mrs. Kullman was Group Vice President-DuPont Safety & Protection. She is a member of the US-India CEO

Company

Forum, the Business Council, and the executive committee of SCI-America. Mrs. Kullman is co-chair of the National Academy of Engineering Committee on Changing the Conversation: From Research to Action. She is on the Board of Trustees of Tufts University and serves on the Board of Overseers at Tufts University School of Engineering. Mrs. Kullman formerly served as a director of General Motors Company from 2004 to 2008.

Age: 57

Director since 2011

Committees:

Finance

Public Issues Review

Skills and Expertise

- Active CEO of innovative S&P 100 company with global operations
- Experience in application of market-driven science to new product development
- Insights in implementation of business strategies in global markets

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Proposal 1: Election of Directors (continued)

MARSHALL O. LARSEN

Former Chairman, President & Chief Executive Officer, Goodrich Corporation

Age: 64

Director since 2012

Committees:

Finance

Public Issues Review

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

Skills and Expertise

Extensive business and leadership experience

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

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

HAROLD MCGRAW III

Chairman, President & Chief Executive Officer, The McGraw-Hill Companies

Age: 64

Mr. McGraw has been Chairman of the Board of The McGraw-Hill Companies (global information services) since 1999 and President and Chief Executive Officer of McGraw-Hill since 1998. Mr. McGraw was President and Chief Operating Officer of McGraw-Hill from 1993 to 1998. He is also a director of Phillips 66, and previously served as a director of ConocoPhillips from 2005 to 2012. Mr. McGraw is Chairman of the International Chamber of Commerce, the President s Advisory Committee for Trade Policy & Negotiations, and the Emergency Committee for American Trade. He also serves on the US-India CEO Forum and the executive committee of The Business Roundtable. In addition, he serves on the boards of many organizations including the Committee Encouraging Corporate Philanthropy, the Council for Economic Education, the New York Public Library, Carnegie Hall, and the National Academy Foundation.

Skills and Expertise

Director since 2003

Committees:

Compensation & Executive Development

Nominations & Governance

Finance

Active CEO of global business

Expertise on transformational changes to business portfolios

Focus on enhancements to shareowner value in diverse and challenging economic conditions

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Proposal 1: Election of Directors (continued)

RICHARD B. MYERS

Ret. General, U.S. Air Force

and Former Chairman, Joint

Chiefs of Staff

Age: 71

Director since 2006

Committees:

Audit

Nominations & Governance

Public Issues Review

General Myers, Retired U.S. Air Force General, served as Chairman of the U.S. Joint Chiefs of Staff from 2001 to 2005. He was the principal military adviser to the President, Secretary of Defense, and the National Security Council. He was appointed Vice Chairman by President Clinton, which included acting as Chairman of the Joint Requirements Oversight Council, Vice Chairman of the Defense Acquisition Board, and member of the National Security Council Deputies Committee and the Nuclear Weapons Council. He also serves on the boards of Aon Corporation, Deere & Company, Northrop Grumman and Rivada Networks.
General Myers is the Foundation Professor of Military History at Kansas State University and holds the Colin Powell Chair for National Security Leadership, Character and Ethics at the National Defense University. He is a member of the Defense Health Board.

Skills and Expertise

Deep experience in military, global security and geopolitical issues of significant relevance to UTC s businesses

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

Insights into organizational adjustment to diverse economic and regulatory challenges

H. PATRICK SWYGERT

President Emeritus,

Howard University

Age: 69

Director since 2001

Mr. Swygert served as President of Howard University from 1995 to 2008. He served as President of the University at Albany, State University of New York from 1990 to 1995, and as Executive Vice President of Temple University from 1987 to 1990. He also serves on the Board of Directors of The Hartford Financial Services Group Inc. Mr. Swygert served as a director of Fannie Mae from 2000 to 2008. He is also a member of the Advisory Council for the Smithsonian Institution s National Museum of African American History and Culture, the D.C. Emancipation Commemoration Commission, and the Eisenhower Fellowship Foundation.

Skills and Expertise

Committees:

Audit

Compensation & Executive

Development

Public Issues Review

Extensive leadership skills

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

Insights into organizational adjustment to diverse economic and regulatory challenges

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Proposal 1: Election of Directors (continued)

ANDRÉ VILLENEUVE

Former Chairman, City of London s International Regulatory Strategy Group

Age: 68

Director since 1997

Committees:

Audit

Finance

Public Issues Review

Mr. Villeneuve served as Chairman of the City of London s International Regulatory Strategy Group from 2006 to 2012. He served as Non-Executive Chairman of LIFFE (now part of NYSE Euronext group), the London futures and derivatives exchange, from 2003 to 2009. He was an executive director of Reuters from 1989 to 2000. He was Chairman of Instinet Corp., an electronic brokerage subsidiary of Reuters, from 1990 to 1999, and Executive Chairman from 1999 to 2002. Mr. Villeneuve was Chairman of Promethee, the French think tank, from 1998 to 2002 and non-executive director of Aviva PLC from 1996 to 2006. He served as a non-executive director of IFRI (Institut Français des Relations Internationales) from 2003 to 2009 and EuroArbitrage from 2003 to 2009. He is a non-executive director of the Lloyds Franchise Board and IFSL (International Financial Services London). He serves on the Advisory Council of TheCityUK and on several City of London steering groups.

Skills and Expertise

Broad international perspective

Extensive expertise on financial markets and complex securities

Audit committee financial expert

Insights into financial market and economic trends

CHRISTINE TODD WHITMAN

President, The Whitman Strategy Group

Governor Whitman served as Administrator of the U.S. Environmental Protection Agency from January 2001 through June 2003. She was Governor of the State of New Jersey from 1994 through 2001. Governor Whitman has served as President of The Whitman Strategy Group (environmental and public policy consulting) since December 2004. She is a member of the Board of Directors of Texas Instruments Incorporated, S.C. Johnson & Son, Inc., the Council on Foreign Relations and the American Security Project. In addition, she serves on the Board of Trustees of the Eisenhower Fellowship Foundation and as Chair of its Executive Committee, the Senior Advisory Committee of the Institute of Politics at Harvard University and the Steering Committee of The Cancer Institute of New Jersey. Governor Whitman also is a member of the National Council of the National Parks Conservation Association.

Age: 66

Director since 2003

Committees:

Nominations & Governance

Finance

Public Issues Review

Skills and Expertise

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

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

Insights into current and developing environmental and public policy issues

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Corporate Governance

OUR COMMITMENT TO SOUND CORPORATE GOVERNANCE

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

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

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

Our Corporate Governance Guidelines

Charters for our Board Committees

Our Code of Ethics

Our Certificate of Incorporation and Bylaws

Information about our Ombudsman/DIALOG program, which allows UTC employees to raise questions confidentially and outside the usual management channels

How shareowners and other interested persons may address concerns to the Board of Directors

DIRECTOR INDEPENDENCE

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

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

In all cases that the Board considered for 2010, 2011 and 2012, the payments UTC made or received, and the charitable contributions it made fell well below the thresholds in our independence standards (the greater of $1 million or 2% of total gross revenues of the other organization). None exceeded 0.5% of the other organization s total revenues. The following table shows the relationships that existed in 2012 and were considered by the Board in determining the independence of nominees.

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Corporate Governance (continued)

DIRECTOR INDEPENDENCE DETERMINATIONS: RELATIONSHIPS CONSIDERED

Director	Organization	Type of Organization	Director s Relationship to Organization	Type of Transaction, Relationship or Arrangement of that Organization with UTC	Total 2012 Payments
John V. Faraci	International Paper	corporation	Chairman & Chief Executive Officer	Purchases from UTC, principally elevator and air conditioning services and products; sales to UTC of paper products.	$1,784,000; $4,338,000
	Denison University	educational institution	board member	Contributions received from UTC.	(1)
Jean-Pierre Garnier	Actelion Ltd.	corporation	Chairman	Purchases from UTC, principally air conditioning services and products.	$1,000
	Cerenis Therapeutics	corporation	Chairman	Purchases from UTC, principally air conditioning services and products.	$1,000
Edward A. Kangas	Tenet Healthcare	corporation	Non-Executive Chairman	Purchases from UTC of air conditioning services and products.	$138,000
Ellen J. Kullman	DuPont	corporation	Chair & Chief Executive Officer	Purchases from UTC, principally elevator and air conditioning services and industrial products; sales to UTC of materials.	$3,575,000; $33,437,000
	Tufts University	educational institution	board member	Contributions received from UTC.	(1)
Harold McGraw III	The McGraw-Hill Companies	corporation	Chairman, President & Chief Executive Officer	Fees paid by UTC for credit ratings in connection with debt securities issued by UTC and fees for industry statistics and reports.	$2,767,000
	The New York Public Library	public library	board member	Contributions received from UTC.	(1)
H. Patrick Swygert	Howard University	educational institution	professor; former President	Purchases from UTC, principally elevator services and products; contributions and recruiting fees received from UTC.	$594,000; $54,000(1)
	Eisenhower Fellowship Foundation	non-profit providing fellowships to mid-career emerging leaders	board member	Charitable contributions received from UTC.	(1)
Christine Todd Whitman	Eisenhower Fellowship Foundation	non-profit providing fellowships to mid-career emerging leaders	board member	Charitable contributions received from UTC.	(1)

(1) *The total amount of UTC s contributions for 2012 to each of the non-profit organizations identified in this table did not exceed $300,000 and the average contribution was approximately $53,312.*

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Corporate Governance (continued)

BOARD LEADERSHIP STRUCTURE

CHAIRMAN

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

INDEPENDENT LEAD DIRECTOR AND NON-MANAGEMENT DIRECTORS

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

The Lead Director, who must be a non-management director, is selected by the other non-management directors. For the past four years, Richard D. McCormick has served as Lead Director. The Lead Director s duties include:

presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the non-management directors;

serving as liaison between the Chairman and the non-management directors;

calling meetings of the non-management directors;

participating with the Chairman in planning and setting schedules and agendas for Board meetings;

determining with the Chairman the quality of information directors should receive and when they should receive it;

annually communicating to the CEO the Board s evaluation of his or her performance; and

performing such other functions as the Board may direct.

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

MAJORITY VOTING FOR DIRECTORS

Under UTC s Bylaws, in order for a director to be elected at the annual meeting, a majority of the votes cast with respect to the director s election must be cast for the director. Abstentions and broker non-votes are excluded from calculation of the vote results. In an uncontested election of directors, any incumbent director who receives a greater number of votes against his or her election than votes for his or her election must, under our Corporate Governance Guidelines, promptly tender his or her resignation to the Board s Committee on Nominations and Governance. The Committee then recommends to the Board whether to accept or reject the resignation, and the Board must make a decision by 90 days after the date of the meeting at which the election took place. Any director who tendered a resignation does not participate in this decision. The Company must then promptly file a Report on Form 8-K with the Securities and Exchange Commission (SEC) in which it publicly discloses and explains the Board s decision on the resignation.

If a director s resignation is accepted, the Committee recommends to the Board whether to fill the vacancy or to reduce the size of the Board.

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Corporate Governance (continued)

BOARD COMMITTEES

The standing committees of the Board include: the Audit Committee, the Committee on Nominations and Governance, the Committee on Compensation and Executive Development, the Finance Committee and the Public Issues Review Committee. Each of these committees, other than the Finance Committee, is composed exclusively of directors determined by the Board to be independent.

The charter of each committee is available on UTC s web site at http://www.utc.com/Governance/Board+of+Directors.

AUDIT COMMITTEE **2012 Meetings: 8** **Edward A. Kangas (Chair)** **John V. Faraci** **Richard D. McCormick** **Richard B. Myers** **H. Patrick Swygert** **André Villeneuve**	**The Audit Committee** assists the Board in its oversight of the integrity of UTC s financial statements, the qualifications and independence of the Independent Auditor, and UTC s policies and practices to assess and manage exposure to risk. Each year the Committee nominates, for appointment by shareowners, an accounting firm to serve as Independent Auditor. The Committee is responsible for the compensation, retention and oversight of the Independent Auditor. The Board has determined that Directors Faraci, Kangas, McCormick and Villeneuve are audit committee financial experts within the meaning of the rules of the Securities and Exchange Commission.
COMMITTEE ON NOMINATIONS AND GOVERNANCE **2012 Meetings: 4** **Richard D. McCormick (Chair)**	**The Committee on Nominations and Governance** identifies and periodically reviews the qualifications that the Board uses to select candidates for service as a director. When there is a vacancy on the Board, the Committee identifies, evaluates and recommends candidates to be nominated by the Board for election by our shareowners (or to be elected by the Board if it needs to fill a vacancy arising between shareowner meetings). The Committee also reviews and recommends to the Board appropriate governance practices and compensation for directors. When a Board vacancy arises, the Committee seeks to identify the most capable candidates available who meet the Board s criteria for nomination and will be able to serve the best interests of all shareowners. The Committee assesses the effectiveness of UTC s nomination policies on an annual basis, as part of the Board s evaluation of its effectiveness as a group. For more information about how the Committee identifies candidates, see the discussion of Board membership criteria and the nomination process in Proposal 1 Election of Directors on page 1 of this Proxy Statement.

John V. Faraci

Jean-Pierre Garnier

Harold McGraw III

Richard B. Myers

Christine Todd Whitman

COMMITTEE ON

COMPENSATION AND EXECUTIVE DEVELOPMENT

2012 Meetings: 6

Jean-Pierre Garnier (Chair)

Jamie S. Gorelick

Edward A. Kangas

Richard D. McCormick

Harold McGraw III

H. Patrick Swygert

The Committee on Compensation and Executive Development has the responsibilities described in the Compensation Discussion and Analysis that begins on page 21 of this Proxy Statement. These include reviewing and overseeing executive compensation and development programs, determining what corporate goals and objectives are relevant to CEO compensation and setting the CEO s compensation based on an evaluation of performance in light of these goals and objectives. In addition, the Committee reviews long-term incentive plans and annual incentive compensation and oversees compensation policies and practices as they relate to risk management.

The Committee also makes compensation decisions affecting the executive officers and the members of UTC s Executive Leadership Group (the ELG), consisting of approximately 25 to 30 of UTC s most senior executives. The CEO and the Senior Vice President, Human Resources & Organization determine the compensation of other executives and oversee compensation program administration. The Committee also reviews management development and succession policies and programs.

While the Chairman & CEO and the Senior Vice President, Human Resources & Organization attend Committee meetings regularly by invitation, the Committee, subject to Board oversight, is the final decision maker regarding the compensation paid to each of the named executive officers listed in UTC s proxy statement and the other members of the ELG. It also oversees compensation practices for other executive officers. The Committee considers certain matters in executive session. The Committee s Chair reports to the Board on actions taken at each meeting.

The Committee has authority to retain, approve fees for and terminate independent advisers to assist in fulfillment of its responsibilities.

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Corporate Governance (continued)

FINANCE COMMITTEE

2012 Meetings: 4

John V. Faraci (Chair)

Louis R. Chênevert

Jamie S. Gorelick

Edward A. Kangas

Ellen J. Kullman

Marshall O. Larsen

Harold McGraw III

André Villeneuve

Christine Todd Whitman

The Finance Committee reviews and makes recommendations to the Board on the management of the Company s financial resources, strategies and plans for significant acquisitions and divestitures and their financial impact, and progress on pending and completed transactions. The Committee also reviews significant financing programs in support of business objectives; policies with respect to investments and uses of cash; significant capital appropriations; dividend policies; share repurchase programs; risks and exposures related to capital structure, liquidity, financing, pension funding, and investment performance; insurance programs; investment of pension assets and other significant transactions.

PUBLIC ISSUES REVIEW COMMITTEE

2012 Meetings: 4

Christine Todd Whitman (Chair)

Jean-Pierre Garnier

The Public Issues Review Committee reviews and monitors UTC s positions and responses to significant public policy issues, including but not limited to UTC s policies and objectives with respect to safety and the environment and the Company s compliance with related laws and regulations in the U.S. and other countries; plans and performance in furtherance of equal employment opportunities; significant legislative and regulatory issues that may affect the Company and its operations; actions and objectives in furtherance of corporate social responsibility; policies and priorities for contributions to charitable, educational and other tax-exempt organizations involved in the arts, civic and community affairs, education and health and human services; community relations programs; and UTC s conduct of its public policy and government relations activities, including the activities of any political action committees. The Committee also reviews UTC s annual Corporate Responsibility Report and oversees risk management policies and practices with regard to social responsibility, reputation, safety and the environment.

Jamie S. Gorelick

Ellen J. Kullman

Marshall O. Larsen

Richard B. Myers

H. Patrick Swygert

André Villeneuve

MEETING ATTENDANCE

The Board met seven times during 2012. Each director attended 75% or more of the aggregate number of meetings of the Board and committees on which he or she served. The Board s policy is that each director, if standing for re-election, should attend the Annual Meeting of Shareowners if his or her schedule permits. All of the current directors other than Mr. Larsen (who joined the Board in September) attended the last Annual Meeting held in April 2012.

DIRECTOR STOCK OWNERSHIP REQUIREMENTS

To strengthen alignment with the interests of shareowners, non-management directors are required to own shares of UTC Common Stock, deferred stock units or other Common Stock equivalents having a value equal to at least five times the applicable annual base cash retainer amount. Because the base retainer was set at $96,000 during 2012, this required non-management directors to own shares and equivalents with a market value of at least $480,000 within five years of joining the Board.

HOW WE MANAGE RISK

OUR RISK MANAGEMENT FRAMEWORK

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

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Corporate Governance (continued)

BOARD OVERSIGHT

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

BOARD AND COMMITTEE RISK OVERSIGHT RESPONSIBILITIES

Board/Committee	Primary Areas of Risk Oversight
Full Board	Risk management process and structure, strategic risks associated with business plan, and other significant risks such as major litigation, business development risks, and succession planning.
Audit Committee	Major financial risk exposures; significant operational, compliance, reputational and strategic risks; and overall policies and practices for enterprise risk management.
Committee on Nominations and Governance	Risks and exposures related to corporate governance, leadership structure, effectiveness of Board and committee oversight; review of director candidates, conflicts of interest and director independence.
Committee on Compensation and Executive Development	Risks related to executive recruitment, assessment, development, retention and succession policies and programs; risks associated with compensation policies and practices, including incentive compensation.
Finance Committee	Risks and exposures related to capital structure, liquidity, financing, pension funding and investment performance, and significant capital transactions, including acquisitions and divestitures.
Public Issues Review Committee	Risks related to the environment and workplace safety, equal employment opportunity, responses to important public issues, government relations and other matters involving reputational risks.

COMPENSATION AND RISK MITIGATION

The Committee on Compensation and Executive Development (the Committee) believes that executive compensation should be contingent on performance relative to pre-established targets and objectives. Our executives must, however, achieve these targets and objectives in a manner consistent with legal standards, as well as UTC s ethical standards and internal policies. Compensation should not be realized for accomplishments, however impressive, that compromise UTC s standards and values.

Compensation arrangements, if not properly designed and administered, can encourage inappropriate and excessive assumption of risk and jeopardize long-term company performance and shareowner value. On the other hand, compensation incentives that are designed to reflect the appropriate balance between opportunity and risk will encourage executives to act in a manner consistent with this balance. UTC mitigates compensation-related risks to its long-term performance, ethical standards and reputation in the following ways:

Monitoring under Enterprise Risk Management Program (ERM   ). UTC   s comprehensive ERM program identifies, monitors and manages risk throughout the Company and its business units. The ERM identifies executive compensation as

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Corporate Governance (continued)

a potential risk factor that should be mitigated by emphasizing long-term compensation and choosing financial performance metrics that correlate with shareowner value. As detailed in this Proxy Statement, these mitigation factors are fundamental to our executive compensation program. The Board and the Audit Committee review UTC s ERM on an annual basis.

Emphasis on Long-Term Performance. Consistent with the ERM, long-term incentives serve as the cornerstone of UTC s compensation program. As shown in the chart on page 34, 72% of the value of CEO compensation derives from long-term incentives, compared with 17% for the annual cash bonus. A significant stake in future performance and share value mitigates the risk that an individual will pursue short-term opportunities that create undue risk to future company performance.

Shareowner and Employee Alignment. The Committee s selection of performance metrics also encourages an appropriate balance between short-term and long-term objectives. The value of all long-term incentive awards, which are the most significant compensation element for our senior executives, correlates directly with our share price. For our medium-term awards, we gauge performance through metrics (earnings per share growth and relative total shareowner return targets) that relate to company-wide, sustainable performance. These broad-based measures do not reward selective or narrow objectives that may be achieved independent of the Company s overall best interests. Earnings per share (EPS) growth and total shareowner return (TSR) also correlate strongly with shareowner value.

Executive Share Ownership Requirements. To further incentivize long-term focus on sustainable performance and shareowner value creation, we require our senior executives to own a significant amount of UTC Common Stock. In 2010, the Committee increased the CEO s share ownership requirement from five to six times base salary. Mr. Chênevert s actual holdings substantially exceed this requirement. Share holdings of other ELG members must equal three times their base salary within five years of appointment to the ELG.

Prohibition of Hedging. To avoid conflicts of interest that could undermine the goals of our share ownership policy and the focus on sustainable long-term growth, UTC prohibits directors and employees from entering into transactions involving short sales of our securities or put or call options based on our securities (except for options granted under UTC compensation programs).

Clawback Policy. UTC has a comprehensive policy on recoupment (clawback) of executive compensation. This policy applies to both our annual and long-term compensation programs. Clawbacks can result in significant financial penalties and award forfeitures in the event of misconduct or achievements detrimental to UTC s broader interests, regardless of the executive s level of measured performance. In the event of a financial restatement or recalculation of a financial metric applicable to an award, annual bonus payments and gains realized from vested long-term incentive awards can be recouped from any executive (including all NEOs) who was involved in an action found to have caused the restatement or recalculation. The amount subject to recoupment will, at a minimum, equal the difference between what the executive received and what he or she would have received under the corrected financials or metrics over at least the three-year period before the restatement. Clawbacks of bonuses, long-term incentive awards and compensation realized from prior awards are also required in other circumstances, including violations of our Code of Ethics, failure to meet employee health and safety standards, or exposing the Company to excessive risk, as determined under the ERM.

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

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Compensation of Directors

For 2012, the compensation of non-employee directors for service in the indicated capacities consisted of an annual cash retainer and deferred stock units with values as follows:

Compensation Structure For Non-Employee Directors					
		Audit Committee		Audit Committee	
Element	Lead Director	Chair	Committee Chair	Member	Base Amount
Annual Cash Retainer	$112,000	$112,000	$102,000	$108,000	$96,000
Deferred Stock Units	$168,000	$168,000	$153,000	$162,000	$144,000
Total	**$280,000**	**$280,000**	**$255,000**	**$270,000**	**$240,000**

Directors may elect to receive the annual cash retainer entirely in deferred stock units (DSUs). The number of deferred stock units credited to each director was calculated by dividing the cash value of the director s compensation by $79.63, the NYSE closing price of UTC Common Stock on April 11, 2012, the date of the 2012 Annual Meeting. If a director served in multiple roles, his or her annual cash retainer and annual deferred stock unit award was based on the capacity for which the level of compensation is the highest. Effective April 29, 2013, the total base amount will increase by $20,000. Directors do not receive additional compensation for attending regularly scheduled Board and Committee meetings. However, they do receive an additional $5,000 for each special meeting they attend in person. There were no special meetings of the Board in 2012.

When UTC pays a dividend on Common Stock, each director s deferred stock unit balance is credited with additional DSUs having a value equal to the dividend paid on the corresponding number of shares of UTC Common Stock. Following termination of a director s service, DSUs are converted into shares of UTC Common Stock. At the election of the director, the distribution of shares of UTC Common Stock may be made in installments over a ten- or fifteen-year period.

Non-employee directors receive a one time $100,000 restricted stock unit award (RSUs) when first elected to the Board. This award vests ratably over five years and is distributed to the director in stock upon retirement, termination or death. RSUs receive dividend equivalents in the form of additional RSUs.

UTC maintains a Director s Charitable Gift Program for directors elected prior to 2003, funded by life insurance on the lives of the participating directors. Directors elected after February 2003 are not eligible to participate in this program. Under this program, UTC will make charitable contributions totaling up to $1 million following the death of a director, allocated among up to four charities recommended by the director. Beneficiaries must be tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC). Donations are expected to be deductible by UTC from taxable income for federal and other income tax purposes. Directors derive no financial benefit from the program, since all insurance proceeds and tax deductions accrue solely to UTC.

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Compensation of Directors (continued)

2012 Director Compensation				
Name	Fees Earned or Paid in Cash ($) [1]	Stock Awards ($) [2]	All Other Compensation ($)	Total ($)
Louis R. Chênevert	$0	$0	$0	$0
John V. Faraci	$0	$270,000	$0	$270,000
Jean-Pierre Garnier	$0	$255,000	$0	$255,000
Jamie S. Gorelick	$0	$240,000	$0	$240,000
Edward A. Kangas	$0	$280,000	$1,046[3]	$281,046
Ellen J. Kullman	$96,000	$144,000	$1,663[3]	$241,663
Marshall O. Larsen [4]	$0	$340,000	$679[3]	$340,679
Richard D. McCormick	$0	$280,000	$0	$280,000
Harold McGraw III	$0	$240,000	$0	$240,000
Richard B. Myers	$108,000	$162,000	$0	$270,000
H. Patrick Swygert	$108,000	$162,000	$16,533[5]	$286,533
André Villeneuve	$0	$270,000	$0	$270,000
Christine T. Whitman	$102,000	$153,000	$0	$255,000

(1) *Consists of annual retainer fees paid in cash in 2012.*

(2) *Consists of the grant date fair value of deferred stock unit awards credited to the account of the director, including the portion of the director s annual cash retainer that the director elected to receive in deferred stock units, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718). For Mr. Larsen, the amount shown in this column includes the one-time $100,000 restricted stock unit award received upon his election to the Board. 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 2012 Annual Report on Form 10-K. As of December 31, 2012, directors held the following:*

Name	Number of Unvested RSUs Attributable to Initial $100,000 RSU Grant	Number of Deferred Stock Units, Restricted Shares and Vested RSUs	Number of Outstanding Stock Options
John V. Faraci		30,825	
Jean-Pierre Garnier		66,319	21,000
Jamie S. Gorelick		39,288	20,400
Edward A. Kangas	417	21,759	
Ellen J. Kullman	760	4,203	
Marshall O. Larsen	1,269	3,073	
Richard D. McCormick		59,640	
Harold McGraw III		38,501	13,000
Richard B. Myers		19,708	
H. Patrick Swygert		45,537	
André Villeneuve		61,680	6,000
Christine T. Whitman		24,353	13,000

(3) *Reflects the value of dividend equivalents credited on unvested restricted stock units.*

(4) *Mr. Larsen received certain change-in-control payments and benefits paid by Goodrich Corporation in connection with its merger with a UTC subsidiary in 2012, as more fully described in the Form 10-K/A filed by Goodrich on March 8, 2012, in Part III, Item 11, Executive Compensation, Potential Payments upon Termination or Change-in-Control (only the information describing Mr. Larsen s payments and benefits in the referenced section of the Goodrich filing is incorporated herein by reference). These payments were not compensation for his service as a director of UTC.*

(5) *Consists of a premium payment on a life insurance policy used to fund Mr. Swygert s participation in the Directors Charitable Gift Program.*

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Stock Ownership Information

This section contains required information about certain beneficial owners of our Common Stock.

DIRECTORS, BOARD NOMINEES, AND EXECUTIVE OFFICERS

The following table shows the number of shares of UTC Common Stock beneficially owned, as of March 1, 2013, by each director, each nominee, each of the named executive officers listed in the Summary Compensation Table on page 52, and all directors and executive officers as a group. Each director, nominee and executive officer, and the directors and executive officers as a group, beneficially owned less than 1% of the outstanding shares of UTC Common Stock as of that date. Except as explained in the footnotes to the following table, each person listed, and the members of the group, had sole voting power and sole investment power with respect to the shares shown.

Name	Shares Beneficially Owned
Louis R. Chênevert	2,619,550[(1)]
John V. Faraci	30,825
Jean-Pierre Garnier	91,029
Jamie S. Gorelick	77,595
Edward A. Kangas	22,176
Ellen J. Kullman	4,963
Marshall O. Larsen	9,774
Richard D. McCormick	109,794
Harold McGraw III	52,501
Richard B. Myers	19,708
H. Patrick Swygert	46,537
André Villeneuve	67,680
Christine T. Whitman	39,853
Alain M. Bellemare	323,818
Geraud Darnis	1,137,791
Gregory J. Hayes	667,615[(2)]
David P. Hess	145,104
Directors & Executive Officers as a group (23 in total)	6,383,848[(3)]

(1) *Includes 10,334 shares held in a family charitable foundation. Mr. Chênevert shares with family members voting and dispositive power with respect to such shares. In addition to these shares, Mr. Chênevert holds 12,053 deferred stock units equal in value to a corresponding number of shares of UTC Common Stock. These units are paid in cash upon distribution from the UTC Deferred Compensation Plan.*

(2) *Includes 2,021 shares of Common Stock as to which Mr. Hayes spouse holds voting and investment power. In addition to these shares, Mr. Hayes holds 6,384 deferred stock units equal in value to a corresponding number of shares of UTC Common Stock. These units are paid in cash upon distribution from the UTC Deferred Compensation Plan.*

(3) *Includes 1,546 shares of Common Stock as to which the spouse of an officer who is not a Named Executive Officer holds voting and investment power.*

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Stock Ownership Information (continued)

The preceding table includes shares as to which the listed person or the members of the group had the right to acquire beneficial ownership within 60 days by exercising stock options or stock appreciation rights (SARs). In the case of non-management directors, it also includes shares as to which a director had the right to acquire beneficial ownership within 60 days as a result of the conversion of restricted stock units (RSUs) and deferred stock units (DSUs) upon resignation or retirement from the Board. The following table provides further detail as to the amounts of these shares and units included in the beneficial ownership table on the preceding page.

Name	Shares as to which listed person has right to acquire beneficial ownership within 60 days by exercise of stock options or SARs	Shares as to which listed person has right to acquire ownership within 60 days upon conversion of RSUs	Shares as to which listed person has right to acquire ownership within 60 days upon conversion of DSUs
L. Chênevert	2,144,000		
J. Faraci		2,049	28,776
J. Garnier	13,000		59,919
J. Gorelick	20,400		35,288
E. Kangas		2,306	19,870
E. Kullman		1,330	3,633
M. Larsen		1,277	3,065
R. McCormick			56,440
H. McGraw III	13,000	2,737	35,764
R. Myers		1,809	17,899
H. Swygert		3,427	42,110
A. Villeneuve	6,000		56,880
C. Whitman	13,000	2,737	21,616
A. Bellemare	289,000		
G. Darnis	997,500		
G. Hayes	599,000		
D. Hess	76,000		
Directors & Executive Officers as a group (23 in total)	4,957,000	17,672	381,260

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Stock Ownership Information (continued)

BENEFICIAL OWNERS OF OVER 5% OF UTC COMMON STOCK

The following table shows all holders known to us to be beneficial owners of more than 5% of the outstanding shares of Common Stock as of December 31, 2012.

Name and Address	Shares	Percent of Class
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	110,955,329[(1)]	12.1%[(1)]
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	57,724,464	6.3%

(1) *State Street Corporation, acting in various fiduciary capacities, reported in an SEC filing that as of December 31, 2012 it held sole voting power with respect to 0 shares of Common Stock, shared voting power with respect to 110,955,329 shares of Common Stock, sole dispositive power with respect to 0 shares of Common Stock, and shared dispositive power with respect to 110,955,329 shares of Common Stock. State Street Corporation also reported that its wholly-owned subsidiary, State Street Bank & Trust Company, held 69,714,784 of these shares in its capacity as Trustee for UTC s Employee Savings Plan Master Trust. State Street Corporation disclaims beneficial ownership of the reported shares, except in its fiduciary capacity.*

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Executive Compensation

Compensation Discussion and Analysis

In this section, we discuss our compensation philosophy and describe the compensation programs for our Chairman & Chief Executive Officer (CEO) and our senior leadership team. We explain how the Committee on Compensation and Executive Development of our Board (the Committee) determines compensation for our senior executives and its rationale for specific 2012 decisions. We also discuss recent changes that the Committee made to advance its fundamental objective: aligning our executive compensation program with the long-term interests of UTC shareowners.

EXECUTIVE SUMMARY

Our executive compensation program design incentivizes financial results and effective strategic leadership, the 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 great 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 personally visited or held telephone conferences with institutional investors holding over 300 million shares of UTC Common Stock.

In addition, we have carefully benchmarked our compensation decisions against an appropriate group of peer companies, each one a potential competitor for the type of executive talent required to manage a complex, global, multi-industrial company like UTC.

In direct response to this year s enhanced shareowner outreach and benchmarking, we have made several significant changes that, in our view, further strengthen the already well-established alignment of executive compensation to the interests of UTC shareowners.

2012 PERFORMANCE

Despite a challenging economic environment, we delivered strong performance in 2012, as reflected in our earnings, cash flow, share price and key strategic accomplishments. Our 2012 compensation decisions reflect these performance factors.

We believe that executive compensation should reflect and reward current fiscal year performance. However, our program prudently accounts for, and indeed emphasizes, long-term financial performance and actions taken by our senior leadership 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 progress in 2012 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, notwithstanding weaker than expected end-market conditions globally, increased pension expense due to low discount interest rates and unfavorable currency exchange rates.

Compensation Discussion and Analysis (continued)

Key Strategic Achievements

We completed the **$18.3 billion** acquisition of Goodrich Corporation the largest aerospace acquisition ever. We believe that Goodrich, a global aerospace company with 2011 revenues of $8.1 billion, significantly enhances our reach in the aerospace market with expanded product offerings and increases our long-term growth potential. The increased scale and complementary products resulting from this transformational acquisition significantly advance UTC s aerospace leadership at a time when we believe the commercial aerospace market is poised for growth.

We transformed the organization of our business units. UTC Propulsion & Aerospace Systems (PAS), under Alain Bellemare s leadership, now oversees UTC Aerospace Systems (legacy Hamilton Sundstrand and the newly acquired Goodrich), as well as Pratt & Whitney. This newly integrated organization offers synergy opportunities and the potential to deliver greater value to UTC s customers and shareowners.

We decided to divest multiple non-core businesses, including the legacy Hamilton Sundstrand Industrial businesses, Pratt & Whitney Rocketdyne, Pratt & Whitney Power Systems, UTC Power and Clipper Windpower. Proceeds from these transactions significantly reduced the debt required to finance the Goodrich acquisition.

We acquired controlling interest in the IAE International Aero Engines AG collaboration, enhancing Pratt & Whitney s ability to transition existing customers to its new technology Geared Turbofan engines, while securing a larger portion of the aftermarket service business for existing V2500 engines.

Within our commercial business units, we increased efficiency by combining the Carrier and legacy UTC Fire & Security businesses into the new UTC Climate, Controls & Security (CCS) organization led by Geraud Darnis. As with the newly created UTC Propulsion & Aerospace Systems business, the combined organization provides opportunities for new synergies.

We invested more than $2 billion in company-funded research and development.

We paid down, ahead of schedule, $2 billion in debt incurred in connection with the Goodrich acquisition.

ACQUISITIONS +
Goodrich Corporation
IAE International Aero Engines AG
DIVESTITURES -
Hamilton Sundstrand Industrials
Pratt & Whitney Rocketdyne*
Pratt & Whitney Power Systems*
UTC Power*
Clipper Windpower
Non-core UTC Climate, Controls

& Security businesses

** UTC has reached agreements to divest these businesses; however, as of 12/31/12, these transactions had not yet closed.*

These strategic transactions further enhance our ability to serve the growing aerospace market, which we expect will generate shareowner value well into the future. We believe that these actions reflect our demonstrated core competency in assessing, buying and integrating businesses. We continually monitor and adjust our business unit portfolio. The Goodrich acquisition resulted directly from this ongoing process. We believe Goodrich presents as compelling an opportunity as the Sundstrand acquisition and merger that led to the formation of Hamilton Sundstrand in 1999. Operating profits of the combined entities have doubled on substantially increased revenues.

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Compensation Discussion and Analysis (continued)

TRANSFORMING THE ORGANIZATION: FOCUSING ON THE CORE

The realignment of our core business units over the past two years allows us to take advantage of synergies across our aerospace and commercial businesses. We believe this consolidated organization provides new opportunities to maximize value for our shareowners and our customers.

* *Represents principal reporting segments.*

Key Financial Results in 2012

Sales from continuing operations increased by 4% to $57.7 billion

Earnings per share equaled $5.35

$5.2 billion in free cash flow, well in excess of net income

Dividends paid on UTC Common Stock increased by 11.5%, marking the 76th consecutive year our shareowners have received dividends

Contributed $430 million to company pension plans. Our 84% funded ratio for U.S. pension obligations exceeds the median for our peer group

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Compensation Discussion and Analysis (continued)

FINANCIAL RESULTS (3 AND 10 YEARS)*

** For 2012 and 2009, net income and diluted earnings per share metrics reflect continuing operations performance, as reported in the 2012 Annual Report on Form 10-K; 2002 net income and diluted earnings per share represent values reported in the 2002 Annual Report on Form 10-K and have not been adjusted for discontinued operations. For a definition of net income, earnings, free cash flow and other measures used for our incentive compensation plans and for reconciliation from cash flow to free cash flow, refer to page 46 of this Proxy Statement.*

Total Shareowner Return

The Committee considers both year-over-year share price change and increased potential for long-term shareowner value when making compensation decisions. Macroeconomic factors and external market trends can create short-term volatility in share price. However, longer-term total shareowner return (TSR) is widely recognized by shareowners as an important measure of a company s financial performance and therefore drives a substantial portion of our long-term compensation. Short-term incentives should focus on performance factors within management s more immediate control that are also relevant for purposes of enhancing longer-term shareowner value. Near-term earnings growth and cash flow generation meet these criteria and are significant to shareowners. Accordingly, these performance measures underlie our annual bonus program.

For the ten-year period that ended on December 31, 2012, UTC s 13% annualized TSR significantly outpaced both the Dow Jones Industrials (7%) and the S&P 500 (7%). For 2012, our 15% TSR exceeded the Dow Jones Industrials (10%), while falling slightly below the S&P 500 (16%). The following chart illustrates UTC s TSR performance relative to our Compensation Peer Group (see page 32).

TOTAL SHAREOWNER RETURN: UTC VS. COMPENSATION PEER GROUP*

**TSR values are provided by Standard & Poor s Capital IQ and are calculated on an annualized basis. For the Compensation Peer Group composite values, returns are calculated individually for each company within the peer group, then subsequently a weighted average is applied based on company market capitalization at the beginning of the measurement period.*

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Compensation Discussion and Analysis (continued)

RESPONSE TO 2012 SAY-ON-PAY VOTE

Following the 2012 Annual Meeting, we reviewed the results of the shareowner advisory vote on our 2011 executive compensation decisions. Approximately 61% of the total for and against votes cast supported our executive compensation decisions. This result was well below our 98% favorable vote in 2011. We were disappointed and immediately committed to responding with increased outreach efforts to identify the concerns underlying the reduced favorable vote. We were prepared to listen and respond.

Our Shareowner Outreach

We engaged with a broad cross-section of shareowners to solicit their feedback on UTC s executive compensation programs. We conversed by telephone and in person with institutional shareowners, third-party consultants and proxy advisory firms. Some of our shareowners suggested certain modifications to our compensation programs to further reinforce the link with financial performance.

Following this expanded outreach process, the Committee reviewed an analysis of the following:

- Results of the say-on-pay vote
- Feedback we received during the outreach process
- External market trends and practices
- Staff compensation recommendations responsive to the most recent say-on-pay vote

Changes Made in 2012

After completing our analysis, we took several actions intended to enhance the alignment of our program elements with best practices and investor expectations. We made the following changes:

- **Reduced the long-term incentive award target** for members of the Executive Leadership Group (including all NEOs) from the 65th

- **Eliminated the perquisite allowance** (i.e., 5% of salary) provided to all members of the Executive Leadership Group, prospectively to the 50th percentile of the CPG

effective February 2013

Changed the primary financial metric we use to determine awards under our annual incentive plan from earnings per share to net income, effective January 2013

Provided additional information in this Proxy Statement about how the Committee sets financial targets for our annual and long-term incentive plans

Shifted the earnings per share growth metric applicable to our performance share unit awards (PSUs) to a three-year cumulative growth target for awards granted on or after January 1, 2013

Clarified the relationship between the financial performance expectations announced to investors and the targets we set in our annual and long-term incentive plans

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Compensation Discussion and Analysis (continued)

CEO PAY HIGHLIGHTS

Consistent with our core belief that pay for performance drives success, approximately 89% of Mr. Chênevert s 2012 compensation consisted of variable, performance-based annual and long-term incentives. For example, stock appreciation rights (SARs) with a ten-year term make up a significant portion of Mr. Chênevert s long-term incentives and directly link his long-term financial interests with UTC s long-term TSR.

As explained on page 41 of this Proxy Statement, the Committee assessed Mr. Chênevert s 2012 performance favorably. However, based on investor feedback, we benchmarked Mr. Chênevert s 2013 long-term incentive award against the 50th percentile of the CPG rather than the previous 65th percentile target. As shown in the chart below, Mr. Chênevert s 2012 total direct compensation decreased from $21 to $17 million, a 19% reduction from the previous year.

This compensation decrease resulted from the following Committee actions:

- No 2012 base salary increase
- An annual bonus aligned with the Corporation s 2012 financial performance
- A reduction in the value of Mr. Chênevert s most recent long-term incentive grant (made on January 2, 2013), reflecting the Committee s decision to reduce the long-term incentive target for members of the ELG from the 65th to 50th percentile of the CPG

As a result of these actions, Mr. Chênevert s target total direct compensation is now approximately at the median of the market.

2011 VS. 2012 CEO TOTAL DIRECT COMPENSATION*

** Total direct compensation is described in detail on page 37 of this Proxy Statement.*

*** Reflects the grant date fair value of Mr. Chênevert s 2013 long-term incentive award granted on January 2, 2013, calculated in accordance with FASB ASC Topic 718, but excluding the effects of estimated forfeitures. The grant consists of 284,000 SARs and 69,600 PSUs. The closing price of UTC Common Stock on the date of grant equaled $84.00 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, 2015.*

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Compensation Discussion and Analysis (continued)

OTHER RECENT CHANGES IN OUR COMPENSATION PRACTICES

We continually monitor evolving governance practices and feedback from our shareowners and make changes on an ongoing basis. In addition to changes made since the last Annual Meeting, we have implemented the following significant program modifications in recent years to keep our program in line with best practices:

Executive Compensation:

- Enhanced our ability to clawback executive compensation awards under our long-term and annual incentive plans in the event of misconduct by extending the time periods subject to clawback and broadening the elements of misconduct
- Adjusted the Compensation Peer Group to further enhance alignment with investor expectations
- Strengthened the link to shareowner value creation by adding performance share units with a relative TSR performance metric
- Increased stock ownership requirements to six times base salary for our CEO and three times base salary for other members of the ELG

Change-in-Control Arrangements:

- Closed the change-in-control severance program to new participants, effective in 2009
- Significantly reduced existing change-in-control benefits by making the following adjustments:
  - Instituted a double trigger that generally eliminates benefit eligibility in the event of unilateral resignation
  - Decreased cash severance payments to 2.99 times the sum of base salary and target bonus
  - Removed parachute payment excise tax reimbursements and gross-up payments
  - Eliminated the three-year pension supplement
  - Eliminated the three-year continuation of healthcare and other benefits

Directors Compensation:

- Increased the directors stock ownership requirements to five times their base annual cash retainer
- Changed directors stock-based compensation from stock options to deferred stock units payable only upon retirement

Retirement Programs:

- Eliminated defined benefit pensions for employees hired after January 1, 2010, while providing enhanced UTC Employee Savings Plan benefits
- Announced the sunset of the traditional final average earnings pension formula, effective December 31, 2014, to be replaced by a cash balance formula
- Consistent with the phase-out of traditional pension programs and the implementation of the new account balance approach to retirement design, UTC implemented the Savings Restoration Plan that provides benefits related to compensation above the Internal Revenue Code limit

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Compensation Discussion and Analysis (continued)

OUR EXECUTIVE COMPENSATION PHILOSOPHY

Introduction

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 has allowed us to establish an important set of guiding principles. We believe these principles 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.

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Compensation Discussion and Analysis (continued)

HOW WE MAKE COMPENSATION DECISIONS

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. The Committee reviews and approves all aspects of our executive compensation program.

In this role, the Committee makes all compensation decisions for our CEO and approves all compensation recommendations for the other members of our Executive Leadership Group (ELG). The ELG is made up of approximately 25 to 30 of our most senior executives and includes all the Named Executive Officers (NEOs).

The Committee s responsibilities include:

- 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
- Designing executive compensation plans and programs
- Engaging in an ongoing dialogue with UTC s shareowners regarding executive compensation decisions and policies

The Senior Vice President, Human Resources & Organization, and the Human Resources staff, assist the Committee with these tasks.

The Committee s charter, which sets out its objectives and responsibilities, can be found on our web site at: http://www.utc.com/StaticFiles/UTC/StaticFiles/compensation_charter.pdf

THE COMMITTEE S PROCESS

The Committee maintains a structured process for the evaluation of Company, CEO and ELG members performance. At its annual February meeting, the Committee establishes strategic and financial objectives for the CEO for the upcoming year and for a longer-term period. At this meeting, it also evaluates the performance of the CEO and other NEOs.

A combination of qualitative and quantitative factors provides a broad and balanced assessment of performance.

PROCESS FOR PERFORMANCE EVALUATION

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

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Compensation Discussion and Analysis (continued)

The CEO does not play any role in the Committee s determination of his own compensation. However, he presents the Committee with recommendations for each element of compensation, including the level of base salary and annual and long-term incentive awards for the other members of the ELG, including the NEOs. Mr. Chênevert bases these recommendations upon his assessment of each individual s performance, the performance of his or her respective business unit and/or function, benchmark information and retention risk. The Committee reviews the CEO s recommendations, makes adjustments, as appropriate, and approves compensation changes at its sole discretion, subject to review by the other independent directors.

ROLE OF THE COMPENSATION CONSULTANT

During 2012, the Committee did not rely on an external compensation consultant to determine or recommend the amount or form of senior executive or outside director compensation. We did obtain market data from Towers Watson for benchmarking and other purposes. This benchmark data consists of widely available information that is generally accessible to other Towers Watson clients. Towers Watson did not make recommendations to the Committee or management on peer group composition or on the form, amount or design of executive compensation in 2012.

The Committee decided to retain Pearl Meyer & Partners (Pearl Meyer) to serve as its executive compensation consultant for 2013. Pearl Meyer reports directly to the Committee, participates in meetings as requested, and communicates with the Committee Chair between meetings as necessary. However, 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 review by the other independent directors.

Pearl Meyer provides research and analytical services on a variety of subjects, including the compensation of executive officers, non-employee directors compensation and executive compensation trends. Prior to the engagement, the Committee reviewed the consultant 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.

The Committee has the sole authority to modify or approve Pearl Meyer s compensation, determine the nature and scope of their services, evaluate their performance, terminate the engagement and to hire a replacement or additional consultant at any time.

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Compensation Discussion and Analysis (continued)

EXECUTIVE COMPENSATION PRACTICES

We strive to maintain sound compensation practices by continually monitoring the evolution of best practices. Here are some of the principal practices that we follow:

OUR COMPENSATION PRACTICES
Review of Pay versus Performance. The Committee continually reviews the relationship of the CEO s compensation to the Company s performance.
Rigorous Share Ownership Guidelines. Share ownership requirements for the CEO are six times base salary, three times base salary for the other NEOs and five times base annual cash retainer for non-employee directors.
Review of Compensation Peer Group. The Committee periodically reviews the CPG and makes adjustments, when appropriate, to further enhance market competitiveness and alignment with investor expectations.
No Employment Contracts. The Committee believes that fixed-term executive employment contracts with contractually guaranteed levels of compensation do not enhance shareowner value. Accordingly, our NEOs do not have employment contracts.
No Pledging of Shares. Pledging of UTC shares as collateral for loans or any other purpose is prohibited.
No Hedging. Directors and employees may not enter into short sales or purchase put or call options on UTC Common Stock.
No Repricing or Underwater Cash Buyouts. SARs and stock option exercise prices are set at the grant date market price and may not be reduced (except to adjust for stock splits or similar transactions) without shareowner approval. In addition, our plans prohibit executives from selling their interest in any equity incentive awards.
No Perquisite Allowances. The Committee has reduced the perquisite allowance by 60% over the years to 5% of base salary. The perquisite allowance has been eliminated prospectively, except for the continuation of the executive leased-vehicle program.
Clawback of Compensation. We have broadened the definition of misconduct and extended the time period covered under our clawback policy.
Review and Amend Charter. The Committee reviews its charter regularly to incorporate best in class governance practices.
Use of Double Triggers. Effective 2009, all change-in-control severance arrangements for ELG members have double rather than single triggers. This means that a change-in-control will not automatically entitle an executive to severance. The executive must lose his or her job or suffer a significant adverse change to employment terms and conditions following a change-in-control to qualify for this benefit.
No New Change-in-Control Arrangements. Effective 2009, change-in-control arrangements are no longer provided to new Executive Leadership Group members.
No Tax Gross-Ups. UTC no longer provides excise tax reimbursements and gross-ups in the event of a change-in-control.
No Continuation of Retirement and Healthcare Benefits. Effective 2009, UTC eliminated the three-year continuation of retirement and healthcare benefits that was previously a feature of our change-in-control arrangements.

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Compensation Discussion and Analysis (continued)

COMPETITIVE POSITIONING

PEER GROUP BENCHMARKING

To evaluate market competitiveness, we compare our compensation program to compensation at the 24 companies that make up our Compensation Peer Group (CPG). These companies provide a relevant comparison based on their similarity to us in size and complexity, taking into account factors such as their revenues, market capitalization, global scope of operations and diversified product portfolios. Like UTC, 13 of these 24 companies are Dow Jones Industrial Average components. This year we determined that our increased revenues and expanded business operations, resulting from the Goodrich acquisition, warranted the substitution of two larger companies, FedEx Corp. and Siemens AG, in place of two smaller companies, International Paper Co. and Tyco International, Inc. Siemens AG s product portfolio, global reach and size all parallel UTC s. FedEx Corp., like UTC, is a Fortune 100 company with broad service offerings. For compensation benchmarking purposes, the Committee believes that a mix of both industry and non-industry peers provides a balanced and realistic perspective on competition for the pool of potential senior executive talent.

In addition to the CPG data, we look at other Fortune 100 companies and a broader sample of over 400 companies. This information provides useful insight on compensation trends and supplements CPG data, when appropriate.

We do not use the CPG as a benchmark for our financial performance targets because the evaluation of corporate financial performance involves different factors than compensation measurements relevant to competition for executive talent.

The Compensation Peer Group includes the following companies:

	COMPENSATION PEER GROUP		
	3M Co.*	FedEx Corp.	Johnson Controls, Inc.
	AT&T Inc.*	General Dynamics Corp.	Lockheed Martin Corp.
	Boeing Co.*	General Electric Co.*	Northrop Grumman Corp.
	Caterpillar Inc.*	Hewlett-Packard Co.*	Pfizer Inc.*
	Deere & Co.	Honeywell International Inc.	Procter & Gamble Co.*
	Dow Chemical Co.	Intel Corp.*	Siemens AG
	E. I. duPont de Nemours & Co.*	IBM Corp.*	Raytheon Co.
	Emerson Electric Co.	Johnson & Johnson*	Verizon Communications Inc.*
	Revenue** *(in millions)*	**Market Capitalization**** *(in millions)*	**Employees****
25th Percentile	$35,505	$29,609	91,069
	$55,064	$53,346	127,000

	$88,187	$138,780	198,003
50th Percentile	$57,708	$75,356	218,300
75th Percentile			
UTC			
UTC Rank	54%	63%	77%

* Included in the Dow Jones Industrial Average as of 12/31/2012.

** *Peer company data provided by Standard & Poor s Capital IQ based on the most recent publicly available information (as of February 19, 2013), with adjustments by Standard & Poor s in several cases related to 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.*

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Compensation Discussion and Analysis (continued)

CHANGES IN COMPENSATION BENCHMARKS

We believe that the value of each UTC compensation element should be targeted to align with market practice.

Historically, we have 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 investor 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 October 2012. Going forward, including for the January 2013 grants, the long-term incentive award target for ELG members will be the 50th percentile of the CPG.

Individual awards will fall above or below these targets, based on factors such as company and individual performance, job scope, retention risk and other factors that the Committee, in its discretion, determines to be relevant and consistent with program objectives.

HOW WE STRUCTURE OUR COMPENSATION

The following elements make up our compensation program:

PRINCIPAL ELEMENTS OF COMPENSATION

Element	Form
Base Salary	Cash
Annual Incentives	Cash
Long-Term Incentives	Performance Share Units *(50% of total annual grant value)* Stock Appreciation Rights *(50% of total annual grant value)*
Retirement	Pension Supplemental Pension 401(k) Savings Plan Supplemental Savings Plan

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Compensation Discussion and Analysis (continued)

EMPHASIS ON CONTINGENT COMPENSATION

The total compensation of each NEO and other ELG members is substantially contingent on performance. The Committee selects individual and business performance metrics designed to link actual compensation amounts with factors that contribute to shareowner value.

Fixed compensation elements, such as base salary, pension and other benefits, are designed to be sufficiently competitive for recruitment and retention purposes. However, these fixed elements make up a relatively small portion of total executive compensation.

The following charts illustrate the basic pay mix for our CEO and our other NEOs:

PAY MIX

**For both pay mix charts, base salary, annual bonus, long-term incentives and all other compensation elements are disclosed in the Summary Compensation Table on page 52.*

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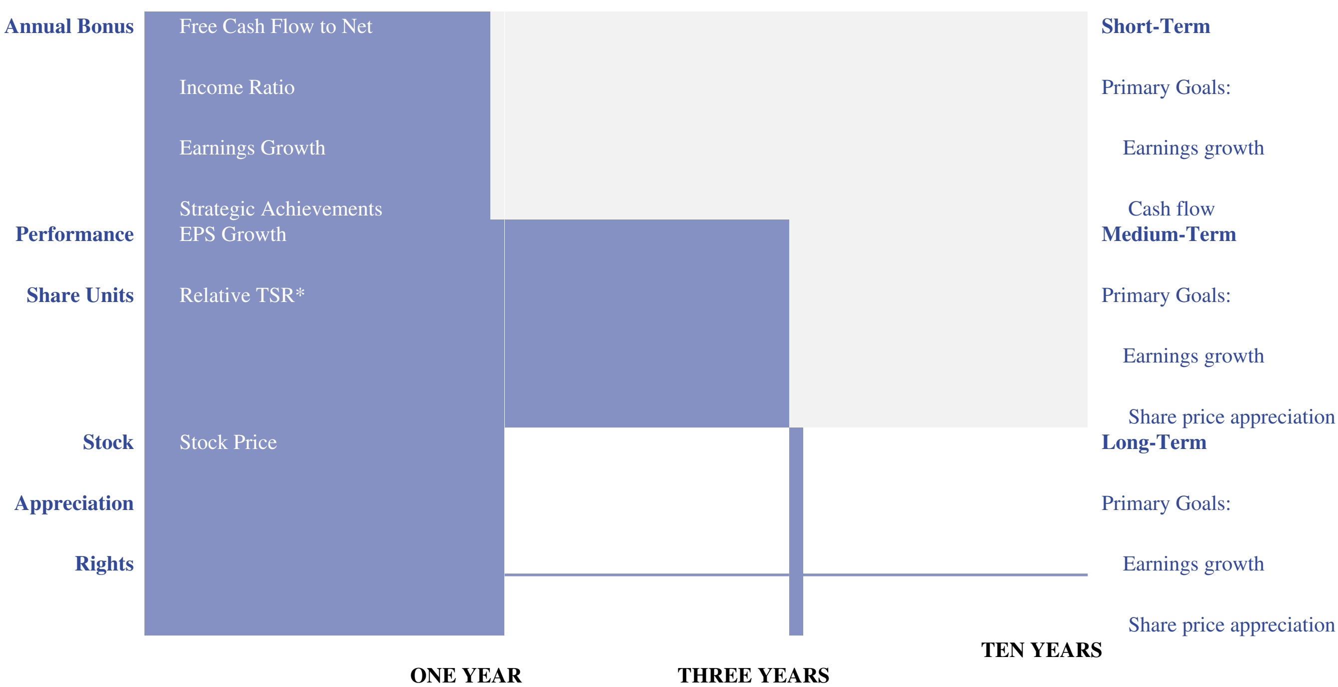
Compensation Discussion and Analysis (continued)

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



**TSR, as calculated by Standard & Poor s, is based on the November/December average closing stock prices immediately prior to, and at the conclusion of, the three-year performance cycle.*

HOW WE SET OUR FINANCIAL TARGETS

Each year we establish financial and strategic objectives with quantitative targets that determine annual and long-term incentive award opportunities for ELG members. We strive to set financial targets that are both challenging and realistic.

Annual Incentive Plan

In 2012, our annual incentive plan incorporated two quantitative performance measures: (1) earnings versus a pre-established target; and (2) the ratio of free cash flow to net income. The Committee sets both these performance targets to align with the financial performance expectations we publicly communicate to investors each December with respect to the upcoming year. We typically set the target for earnings per share at the midpoint of the range communicated to investors. We believe this methodology represents a fair and reasonable target that aligns appropriately with our business plan for the year. Linking our bonus target to the performance range we publicly provide to our investors ensures a reasonable and challenging bonus opportunity.

Our earnings per share expectations provide investors with management s assessment of both the opportunity and the risks for the upcoming year. In addition, these expectations provide a credible and reliable basis for setting the annual bonus target. The quality of our investor relations function has been regularly recognized by *Institutional Investor* magazine. We believe our long track record of transparency should give investors added confidence in our process of establishing annual bonus financial targets to align with the expectations we communicate to our shareowners.

For 2013, the Committee changed the earnings metric from earnings per share to net income. The net income calculation differs from earnings per share in that it is not affected by the Company s share repurchases. The Committee believes that net income, while highly correlated with EPS, better measures the operating performance of the Company.

Long-Term Incentive Plan

In the Committee s view, both absolute and relative metrics are relevant for the Corporation s long-term incentive plan. For that reason, in determining PSU awards, we employ both an earnings growth metric based on the Company s absolute performance and a total shareowner return metric based on our performance relative to the S&P 500. Each metric receives a 50% weighting.

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Compensation Discussion and Analysis (continued)

Beginning in 2013, the Committee elected to shift back to a cumulative three-year earnings growth performance target, based upon our three-year strategic business plan. Driven by the recession that began in 2008, unpredictable and volatile macroeconomic factors created difficulty in setting three-year cumulative earnings growth targets. As a result, for PSU grants made over the past three years, earnings growth targets had been set in one-year increments. The Committee now believes that a challenging, attainable and reliable cumulative three-year earnings target can once again be set. This change aligns with feedback we received from our investors.

With the transition to a three-year cumulative EPS growth measurement period, awards granted in January 2012 will be measured in two segments. One-third of the EPS portion of the award will vest contingent upon UTC s 9% 2012 EPS growth target. The remaining two-thirds of the EPS portion of the award will vest based upon UTC s 10% two-year cumulative EPS growth target for the period from January 1, 2013 to December 31, 2014.

For the total shareowner return metric, we believe that a median level of performance versus the S&P 500 should equate to a median level of long-term compensation. By design, below-median TSR relative to the S&P 500 results in below-median compensation and above-median TSR results in above-median compensation.

2012 FINANCIAL PERFORMANCE ASSESSMENT

Annual Incentive Plan

When the Committee set the 2012 bonus targets in December 2011, an agreement to acquire Goodrich had been announced, but regulatory approval was still pending. Because the acquisition would materially affect 2012 financial performance, two different targets were established, one to apply if the Goodrich acquisition closed, and the other if it did not close. The Committee approved an earnings per share target of $6.00 to apply if the Goodrich acquisition did not close. Alternatively, the Committee also approved an earnings per share target for the annual incentive plan of $5.50, to account for the $0.50 per share expected dilution associated with the targeted mid-year closing of the Goodrich acquisition. While the Committee traditionally sets targets to align with the midpoint of the range communicated to investors each December for the upcoming year, for 2012 the Committee selected earnings per share targets equal to the high end of the ranges communicated to investors.

During 2012 we approved plans for the divestiture of several non-core businesses to help fund the Goodrich acquisition and sharpen our focus on our core businesses. The aggregate size of these divestitures was significant. For that reason, certain of these businesses were then accounted for as discontinued operations during the divestiture process. In order to more accurately evaluate 2012 financial performance, the Committee determined that earnings per share from continuing operations was a more appropriate measure of performance for the annual incentive plan. Accordingly, the 2012 earnings per share target from continuing operations (adjusted for Goodrich) for the annual incentive plan equaled $5.28. 2012 actual earnings per share from continuing operations were $5.35, well in excess of target.

For the individual business units, the Committee approved earnings growth targets ranging between 1% and 12% based on the assessment of each business unit s end-market conditions and specific challenges.

Also at the December 2011 meeting, consistent with past practice, the Committee approved a target of 100% free cash flow to net income as a multiplier of the earnings growth metric. Similar to our earnings growth target, the 100% free cash flow to net income target aligns with the expectations we communicated to investors in December 2011 for the upcoming year. We believe cash flow performance correlates with the quality and sustainability of earnings performance. 2012 free cash flow to net income equaled 108%.

Compensation Discussion and Analysis (continued)

Long-Term Incentives

At the end of 2011, the earnings per share expectations for 2012 that we announced to investors were in the range of $5.80 $6.00 (excluding the impact of the potential Goodrich acquisition) and $5.30 $5.50 (including the impact of the potential Goodrich acquisition). The Committee selected the high end of this range as the basis for its 2012 earnings per share target. As discussed above, we subsequently adjusted this EPS target for the annual incentive plan to $5.28 to exclude the results of discontinued operations. This target was also approved for the 2012 performance measurement periods within our 2010, 2011 and 2012 PSU grants.

In 2012, performance share units granted in 2010 under our long-term incentive plan vested at 97% of target. We believe this below target award level accurately aligns the compensation our executives actually received with the financial performance of the Company over this three-year period. See page 47 for a detailed discussion of PSU vesting targets.

HOW WE LOOK AT ANNUAL COMPENSATION

The Committee considers multiple criteria in reviewing annual CEO and NEO compensation:

Total compensation, as reported in the Summary Compensation Table (see page 52)

Total direct compensation

Realizable compensation

How Total Direct Compensation Differs from the Summary Compensation Table

Total direct compensation includes base salary, annual bonus and long-term incentive awards. It excludes changes in pension value, non-equity incentive payouts related to prior awards and performance periods, and fixed compensation arrangements, such as Company 401(k) matching contributions. These elements have little relevance to 2012 company or individual performance or any of the Committee s 2012 compensation decisions. Excluding these elements, therefore, renders a more accurate and current assessment of executive compensation at UTC.

CEO TOTAL DIRECT COMPENSATION VS. SUMMARY COMPENSATION TABLE (2012)

Compensation Element	2012 Summary Compensation Table *(in thousands)*	2012 Total Direct Compensation *(in thousands)*
Salary	$1,700	$1,700
	$3,500	$3,500

Annual Bonus	$7,804	$6,381
Stock Awards	*(1/3/12 grant date)* $7,029	*(1/2/13 grant date)* $5,387
SAR Awards	*(1/3/12 grant date)*	*(1/2/13 grant date)*
Non-Equity Incentive Compensation	$1,186	
Change in Pension Value	$5,772	N/A
All Other Compensation	$571	
Total	**$27,562**	**$16,968**

Compensation Discussion and Analysis (continued)

As the table makes clear, total direct compensation differs materially from total compensation reported in the Summary Compensation Table for the following reasons:

Stock / SAR Awards. Under the total direct compensation approach, the long-term incentive award that Mr. Chênevert received on January 2, 2013 related directly to the Committee s evaluation of his 2012 performance. The Summary Compensation Table, while in compliance with SEC rules, reports awards in the year they are granted. In our case, this reflects the Committee s evaluation of 2011 performance. The Committee assessed Mr. Chênevert s performance in December 2012 based upon that year s known financial, operational and strategic results. This performance assessment, in conjunction with the Committee s recently adopted CPG median long-term incentive target, resulted in an $11.8 million award, which is approximately a 21% reduction from the prior year s award.

Non-Equity Incentive Compensation. The approximately $1.2 million disclosed in the Summary Compensation Table reflects cash payments under a performance plan that concluded in 2005. The performance measurement period for payments under that program ended in 2007. When setting 2012 performance-based compensation for the CEO, we do not consider cash payments from a legacy program that was retired many years ago to be relevant. All payments under this terminated program will cease on or before December 31, 2014. We also note that these payments are based upon UTC Common Stock dividends and are contingent on holding, rather than exercising, vested stock options.

Change in Pension Value. The Committee reviews the CEO s pension each year but does not consider annual changes in pension value when determining his annual total direct compensation for several reasons. First, the current low interest rate environment inflates the present value of Mr. Chênevert s pension, as reported in the Summary Compensation Table. Second, Mr. Chênevert participates 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. Furthermore, we are phasing out our current final average earnings pension formula and, effective December 31, 2014, replacing it with a cash balance formula. This will reduce the CEO s future pension opportunity by approximately $10 million. In addition, Mr. Chênevert s annual change in pension value will drop significantly beginning in 2013 and even more so in 2014 and 2015 following the replacement of the final average earnings pension formula. While Mr. Chênevert s 2012 change in pension value reported in the Summary Compensation Table approximates $5.8 million, for 2013 we estimate that this value will drop to $3.05 million and to less than $3 million in 2014. Our pension plan design and formulas put us at the median of pension arrangements among our peer group.

How Realizable Compensation Differs from the Summary Compensation Table

The values reported in our Summary Compensation Table and total direct compensation include the estimated value of long-term incentive awards at the time of grant. This estimated value often differs significantly from the values ultimately received by our senior executives. To assess our pay for performance alignment, we look at realizable compensation, which reflects the actual current value of outstanding long-term incentive awards from prior years.

Realizable compensation provides clarity on how compensation outcomes are influenced by company performance. This is particularly important at UTC because equity-based awards account for the most significant portion of the total compensation of our CEO and other executive officers. Because the Committee believes that long-term, equity-based compensation drives long-term growth, consideration of actual and potential values realizable from awards granted in prior years is a highly relevant factor in assessing the effectiveness of our compensation program s continued ability to align with our shareowners long-term interests.

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Compensation Discussion and Analysis (continued)

CEO REALIZABLE COMPENSATION (2010 2012)

(in thousands)	2010	2011	2012
Salary	$1,448	$1,569	$1,657
Annual Bonus	$2,900	$3,400	$4,000
Long-Term Incentives			
Option / SAR Awards	$5,387	$2,795	$2,266
PSU Awards	$4,742	$5,516	$7,364
Total Long-Term Incentives	**$10,129**	**$8,311**	**$9,630**
Non-Equity Incentive Compensation	$1,299	$1,252	$1,220
Total Realizable Direct Compensation	**$15,776**	**$14,532**	**$16,507**
Other Compensation	$169	$182	$203
Total Realizable Compensation	**$15,945**	**$14,714**	**$16,710**

	Definitions
Salary	Average annual base salary for the year shown and the preceding two years.
Annual Bonus	Average annual bonus for the year shown and the preceding two years.
Option / SAR Awards	The average annual in-the-money value of options and SAR awards (*vested and unvested)* granted during the prior three fiscal years, calculated based on the stock price at the end of the third year.
	The average annual value of vested and unvested PSU awards granted in the prior three fiscal years,