

UNITED TECHNOLOGIES CORP /DE/  
Form PRE 14A  
March 04, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**United Technologies Corporation**

**(Name of Registrant as Specified in Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

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COMPANY AWARDS IN 2015

**Among Most Admired Aerospace & Defense Companies**

*Fortune Magazine*

**2015 Safe-in-Sound Excellence in Hearing**

**Loss Prevention Awards** *The National*

*Institute for Occupational Safety and Health*

**Among Most Respected Companies** *Barron's*

**Outstanding Industry Promotion Award**

*International Science Magazine*

**Among World's Greenest Companies** *Newsweek Magazine*

**Best Investor Relations Company in the Aerospace and**

**Defense Electronics Sector** *Institutional Investor Magazine*

**All-America Executive Team:**

**Most Honored Company in the**

**Aerospace and Defense Electronics Sector**

*Institutional Investor Magazine*

**Top 5% of Companies Responding to**

**Climate Change** *Carbon Disclosure Project*

**Best Places to Work for Latinas**

*Latina Style Magazine*

**Top 50 Organizations for Multicultural**

**Business Opportunities** *DiversityBusiness.com*

United Technologies Corporation

10 Farm Springs Road  
Farmington, CT 06032

## **Notice of Annual Meeting of Shareowners**

March 15, 2016

### **Meeting Information**

#### **DATE AND TIME:**

April 25, 2016

8:00 a.m. Eastern Daylight Time (doors open at 7:30 a.m.)

#### **LOCATION:**

The Vinoy® Renaissance St. Petersburg, Palm Court Ballroom  
501 5th Avenue NE  
St. Petersburg, Florida 33701

### **Agenda**

1. Election of the thirteen director nominees listed in the Proxy Statement.
2. Appointment of PricewaterhouseCoopers LLP to serve as Independent Auditor for 2016.
3. Amendment to our Restated Certificate of Incorporation to eliminate cumulative voting for directors.
4. An advisory vote to approve the compensation of our named executive officers.
5. Other business, if properly raised.

### **Who may vote:**

If you owned shares of UTC Common Stock at the close of business on February 29, 2016, you are entitled to receive this notice of the meeting and to vote at the meeting either in person or by proxy. YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.

### **How to attend:**

**Please request a ticket in advance** by following the instructions on page 76. For security reasons, **please be prepared to show photo identification when presenting your ticket for admission to the meeting.** 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, 10 Farm Springs Road, Farmington, CT 06032.

**Election to receive electronic delivery of future annual meeting materials:**

You can expedite delivery, avoid costly mailings and help conserve natural resources by confirming in advance your preference for electronic delivery. For further information on how to take advantage of this convenient and environmentally friendly service, please see page 80. You can always receive a printed copy on request.

By order of the Board of Directors.

Peter J. Graber-Lipperman

Corporate Vice President, Secretary & Associate General Counsel

Review Your Proxy Statement and Vote in One of Four Ways:

**VIA THE INTERNET**

*Visit the website listed on your proxy card or voting instruction form*

**BY TELEPHONE**

*Call the telephone number on your proxy card or voting instruction form*

**BY MAIL**

*Sign, date and return your proxy card or voting instruction form in the enclosed envelope*

**BY MOBILE DEVICE**

*Scan the QR code included with your proxy card or voting instruction form*

**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.**



**Proxy Statement Summary**

This summary highlights selected information in this Proxy Statement. Please review the entire Proxy Statement and UTC's Annual Report for 2015 before voting your shares.

## Annual Meeting Agenda

<b>Proposal</b>	<b>Page Numbers</b>	<b>Required Vote</b>	<b>Board Recommendation</b>
<b>Proposal 1:</b> Election of Directors	1–10	Votes FOR must exceed 50% of the votes cast with respect to the nominee	FOR each director nominee
<b>Proposal 2:</b> Appointment of PricewaterhouseCoopers LLP to serve as Independent Auditor for 2016	70–71	Approval by a majority of the votes making up the quorum	FOR
<b>Proposal 3:</b> Amendment to our Restated Certificate of Incorporation to eliminate cumulative voting for directors	72–73	Approval by a majority of outstanding shares	FOR
<b>Proposal 4:</b> An advisory, non-binding approval of Named Executive Officer Compensation	74–75	Votes FOR the proposal must exceed votes AGAINST it	FOR

## 2015 Performance

**2015 was a year of significant business transformation for UTC.**

**A sharper focus.** The sale of our Sikorsky Aircraft business for approximately \$9 billion allows us to better focus on our core aerospace and building systems businesses and enables us to deliver strong future growth.

**A simpler structure.** Under the leadership of our new President and Chief Executive Officer (“CEO”), Mr. Gregory Hayes, UTC has been streamlined into four core business segments. This simpler, flatter organizational structure gives each segment a more direct and transparent relationship to the CEO.



## PROXY STATEMENT SUMMARY

**A refreshed leadership team.** Our revamped senior executive team brings a fresh and reinvigorated operational focus on flawless execution and disciplined capital allocation.

Throughout 2015, UTC has maintained its strategy of long-term, sustainable growth. Some of our strategic and operational accomplishments for the year include:

- Certification by both the Federal Aviation Administration (“FAA”) and the European Aviation Safety Agency (“EASA”) of Pratt & Whitney’s PurePower PW1000G engine with Geared Turbofan technology (“GTF”), well ahead of competitors. This revolutionary engine decreases fuel burn by 16%, noise by 75% and emissions by 50%. With approximately 7,000 orders to date (including options), the GTF backlog will provide UTC revenue streams for decades.

- First flight of Boeing’s *KC-46A* tanker for which UTC Aerospace Systems (“UTAS”) supplies the electric power, air supply, landing and fuel sensing systems, as well as the engine controls, fuel metering unit and other accessories for the tanker’s Pratt & Whitney PW4062 engines.

- Selection of Otis to provide 133 elevators and escalators to the Chengdu Metro Line, as well as 174 elevators and escalators to a new landmark commercial building in Ningbo, East China.

- UTC Climate, Controls & Security’s (“UTC CCS”) largest retrofit contract ever, for the CP Tower in Kuala Lumpur, Malaysia.

While our 2015 strategic accomplishments have been impressive and exciting, this past year also presented challenges that adversely affected our financial performance. Among other factors, we continued to make capital investments in support of our long-term goals, including significant investments in the Pratt & Whitney GTF engine. We also faced external challenges that included slow growth in many of the markets in which we operate (especially China), pension-related headwind and adverse foreign currency exchange rates which contributed to the decrease in net sales and diluted earnings per share (“EPS”) on an adjusted basis. Nevertheless, and consistent with past practice, UTC increased dividends paid to shareowners by 8.5% which represents the 79<sup>th</sup> consecutive year in which UTC has paid dividends. During 2015, UTC also returned \$12 billion to shareowners in dividends and share repurchases (including a \$6 billion accelerated share buyback program announced in November 2015) and communicated a \$1.5 billion long-term structural cost reduction plan—actions intended to respond aggressively to these near-term financial and economic challenges.

Reflects continuing operations, adjusted to exclude restructuring, non-recurring and other significant, defined, (1) non-operational items. A reconciliation of these non-GAAP financial measures to the most comparable U.S. GAAP financial measure for each of the three years shown is set forth in Appendix B on page 86.

(2) Reflects continuing operations.

Proxy Statement and Notice of 2016 Annual Meeting of Shareowners **iii**

## PROXY STATEMENT SUMMARY

### Executive Compensation Overview

**Principal Elements of Compensation.** Our senior executive compensation program has three primary components: base salary, annual bonus and long-term incentives which are awarded in two forms: performance share units (“PSUs”) and stock appreciation rights (“SARs”). Each component serves a specific purpose in our compensation strategy. Base salary is an essential part of any market-competitive compensation program. Annual bonus awards are intended to motivate the achievement of near-term company and business unit goals. Long-term compensation is the foundation of our program and therefore makes up the greatest portion of our senior management’s compensation. Long-term compensation opportunities drive our executives to focus on strategies that promote sustainable growth.

**2015 Compensation Decisions.** 2015 compensation decisions made by the Committee on Compensation and Executive Development (the “Committee”) recognized both the short-term financial results of the Company and the strategic accomplishments achieved during the year, as discussed on page iii.

The following chart shows the decisions made with respect to the three principal elements of compensation for the three 2015 Named Executive Officers (“NEOs”) who continue to serve as executive officers of the Company as of the date of this Proxy Statement. The other 2015 NEOs (Messrs. Bellemare, Darnis and Adams) retired from UTC effective January 31, 2015, January 31, 2016 and February 29, 2016, respectively.

### 2015 TOTAL DIRECT COMPENSATION<sup>(1)</sup>

**Gregory Hayes**

**Akhil Johri<sup>(2)</sup>**

**Charles Gill, Jr.**

Total direct compensation, as discussed in detail on page 47, reflects compensation decisions made by the Committee based on its evaluation of each NEO's performance during 2015. It includes base salary (including any (1) 2015 changes), annual bonus for 2015 performance and the long-term incentive grant made on January 4, 2016. It is different from compensation shown in the Summary Compensation Table, which includes the long-term incentive grant made on January 2, 2015 and reflects the Committee's assessment of 2014 performance. (2) Excludes amounts paid to Mr. Johri to offset compensation forfeited upon leaving his former employer.

## **RECENT PROGRAM CHANGES**

The Committee made the following changes to UTC's executive compensation program during or applicable for 2015:

- Return on Invested Capital ("ROIC") has been added as a performance metric to our PSU awards granted in 2016 and beyond. ROIC makes up 35% of the total award payout opportunity, with the existing EPS growth and relative total shareholder return ("TSR") metrics weighted at 35% and 30%, respectively.

- For the portion of the PSUs that vest contingent upon UTC's TSR relative to the S&P 500, in the event of a negative TSR, the payout will be capped at 100% of target, even if UTC outperforms the S&P 500.

- Effective January 1, 2016, members of the Executive Leadership Group ("ELG") are eligible for a financial planning benefit valued at up to \$16,000 per year.

- The ELG life insurance benefit was eliminated for ELG members appointed on or after January 31, 2015.

- The threshold payout level of the EPS portion of PSU awards has been increased to 50%.

- The President and CEO's personal use of the Corporate aircraft is now limited to 50 hours annually.

## **PROXY STATEMENT SUMMARY**

### Board Highlights

The Board of Directors and its Committee on Nominations and Governance believe that diversity in experience and perspective are of the utmost importance for achieving sound decisions that drive shareowner value. The Board also believes that the varying tenures of our directors provide a constructive blend of institutional knowledge with a fresh external viewpoint. Through their attendance at Board and Committee meetings, UTC's directors have demonstrated their active engagement and continuing commitment to providing oversight and sound corporate governance. The following charts reflect the broad experience, tenure and active engagement of the members of our Board of Directors:

**Total Board Members: 13**

### **Director Tenure Director Engagement**

### **Director Experience**

Board = full Board meeting

Audit = Audit Committee

C&ED = Committee on Compensation and Executive Development

Finance = Finance Committee

N&G = Committee on Nominations and Governance

PIR = Public Issues Review Committee

Proxy Statement and Notice of 2016 Annual Meeting of Shareowners v

**PROXY STATEMENT SUMMARY**

## Board Nominees

You are being asked to cast votes for thirteen directors. Directors are elected annually by majority voting.

All nominees meet the New York Stock Exchange (“NYSE”) governance standards for director independence, except for Mr. Hayes, who is not independent due to his position as a UTC executive officer.

Nominee	Age	Director Since	Committee Membership	Other Public Company Boards
<b>JOHN V. FARACI</b> <i>Retired Chairman &amp; Chief Executive Officer, International Paper</i>	66	2005	C&ED – Member F – Chair N&G – Member	2
<b>JEAN-PIERRE GARNIER</b> <i>Chairman, Actelion Ltd.</i>	68	1997	C&ED – Chair N&G – Member PIR – Member	3
<b>GREGORY J. HAYES</b> <i>United Technologies Corp., President and Chief Executive Officer</i>	55	2014	F – Member	1
<b>EDWARD A. KANGAS</b> <i>Former Chairman &amp; Chief Executive Officer, Deloitte, Touche, Tohmatsu</i>	71	2008	A – Chair C&ED – Member N&G – Member	3
<b>ELLEN J. KULLMAN</b> <i>Retired Chair &amp; Chief Executive Officer, DuPont</i>	60	2011	A – Member F – Member PIR – Member	0
<b>MARSHALL O. LARSEN</b> <i>Former Chairman, President &amp; Chief Executive Officer, Goodrich Corp.</i>	67	2012	F – Member PIR – Member	3
<b>HAROLD MCGRAW III</b> <i>Chairman Emeritus, McGraw Hill Financial, Inc.</i>	67	2003	C&ED – Member F – Member N&G – Member	1
<b>RICHARD B. MYERS</b> <i>Ret. General, U.S. Air Force, Former Chairman, U.S. Joint Chiefs of Staff</i>	74	2006	A – Member C&ED – Member N&G – Member	2
<b>FREDRIC G. REYNOLDS</b> <i>Retired Executive Vice President and Chief Financial Officer, CBS Corporation</i>	65	2016	A – Member N&G – Member	2
<b>BRIAN C. ROGERS</b> <i>Chairman, T. Rowe Price Group</i>	60	2016	C&ED – Member F – Member	1
<b>H. PATRICK SWYGERT</b> <i>President Emeritus, Howard University</i>	72	2001	A – Member C&ED – Member N&G – Chair	1

**ANDRÉ VILLENEUVE**

*Chairman, ICE Benchmark Administration Ltd.*

71 1997

A – Member  
F – Member 0  
PIR – Member  
F – Member  
N&G – Member 1  
PIR – Chair

**CHRISTINE TODD WHITMAN**

*President, Whitman Strategy Group*

69 2003

*A Audit*

*N&G Nominations & Governance*

*C&ED Compensation & Executive Development*

*F Finance*

*PIR Public Issues Review*

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## PROXY STATEMENT SUMMARY

### Governance Highlights

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

- Independence**
- 12 out of our 13 nominees are independent.
  - Our CEO is the only management director.
  - All of the Board Committees that meet regularly, other than the Finance Committee, are composed exclusively of independent directors.
- Independent Chairman of the Board**
- Our non-executive Chairman of the Board, Edward A. Kangas, is independent under NYSE standards.
  - The non-executive Chairman serves as liaison between management and the other non-management directors, presides at all Board meetings and can call special Board meetings.
- Independent Director Meetings**
- The independent directors regularly meet in private without management.
  - The non-executive Chairman presides at these executive sessions.
- Board Oversight of Risk Management**
- The Board monitors UTC's systematic approach to identifying and assessing risks to the Company 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**
- Non-management directors must hold at least \$560,000 of Common Stock (or Common Stock equivalents) within five years of joining the Board.
  - Our CEO must, within five years of attaining that position, hold Common Stock (or Common Stock equivalents) valued at six times base salary.
  - Members of our Executive Leadership Group must, within five years of appointment to the group, hold Common Stock (or Common Stock equivalents) valued at three times base salary.
- Incentive Plans**
- The Board's Committee on Compensation & Executive Development annually reviews the goal-setting processes for our incentive plans to ensure that the plans use goals that are rigorous, yet attainable.

- We strictly forbid repricing or cash buyouts of underwater stock options.
- We do not allow pledging or hedging of UTC shares by our executives or our non-employee directors for any reason.

We have a robust clawback policy, which allows us to recoup compensation in the case of misconduct or negligence causing significant harm to the Corporation. We have strengthened this policy multiple times over the years.

**Board Practices**

The Board and each of its committees conduct self-evaluations each year, in which they examine and discuss whether they are functioning effectively, receive input on their performance from every member, and identify any areas in which directors believe performance could improve.

The director candidate criteria are adjusted as needed to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience.

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

**Board  
Accountability**

All directors stand for election annually.

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

In contested elections, directors are elected by a plurality vote.

In September 2015, the Board proactively amended UTC's Bylaws to adopt "proxy access," affording shareowners a greater role in the director nomination process. In particular, UTC adopted Bylaw provisions that permit a shareowner, or a group of up to 20 shareowners, owning at least three percent of UTC's outstanding shares of Common Stock continuously for at least three years, to nominate and include in UTC's annual meeting proxy materials director nominees who, if elected, would constitute up to twenty percent of the Board, provided that the shareowner(s) and nominee(s) satisfy the requirements specified in UTC's Bylaws, which are available at:

<http://www.utc.com/Our-Company/Corporate-Governance/Documents/Bylaws.pdf>.

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**Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be held on April 25, 2016.** UTC's Proxy Statement for the 2016 Annual Meeting and our Annual Report to Shareowners for 2015 are both available free of charge at: [www.proxyvote.com](http://www.proxyvote.com). References in this Proxy Statement and accompanying materials to Internet websites are for the convenience of readers. Information available at or through these websites is not a part of nor is it incorporated by reference in this Proxy Statement.

**Proposal 1:** Election of Directors

**Proxy Statement.** The Board of Directors of United Technologies Corporation (“UTC”, the “Company” or the “Corporation”) is soliciting proxies to be voted at our 2016 Annual Meeting of Shareowners on April 25, 2016 and at any postponed or reconvened meeting. We expect that this Proxy Statement will be mailed and made available to shareowners beginning on or about March 15, 2016. At the meeting, votes will be taken on four matters listed in the Notice of Meeting, the first of which is the election of directors.

We are seeking your support for the election of the thirteen candidates that the Board has nominated to serve on the Board of Directors. We believe these nominees have qualifications consistent with our position as a large, diversified industrial corporation, with operations throughout the world. We also believe these nominees have the experience and perspective to guide the Company as we innovate and develop new products, compete in a broad range of markets around the world, 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:

**EXPERIENCE**

- Senior business or government leadership experience
- Public company board experience
- International business or government experience

**THOUGHT  
LEADERSHIP**

- An objective, independent and informed approach to complex and sensitive business decisions
- Extensive knowledge, experience and judgment
- An appreciation of the role of the corporation in society
- Diversity of perspectives and appreciation for multiple cultures
- Loyalty to the interests of UTC and its shareowners
- The highest integrity and ethical standards

**SUBJECT MATTER  
EXPERTISE**

- Global / international expertise
- Industry / technical expertise
- Financial and accounting expertise
- Government or public policy expertise
- Regulatory compliance expertise
- Risk management expertise

Individuals on our Board also possess other particular skills and qualifications. These include experience in the financial services industry, the military, government and academia; expertise in sustainability and environmental

issues; and knowledge of systems and technology.

Proxy Statement and Notice of 2016 Annual Meeting of Shareowners **1**

**PROPOSAL 1: Election of Directors**

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

**Diversity**

While we do not have a specific policy on diversity of the Board, our Corporate Governance Guidelines ("Governance Guidelines") provide that candidates for the Board should have the ability to contribute to maintaining a diversity of perspectives in Board deliberations, in addition to being objective, independent and informed. The Board believes this diversity is critical to our success. 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.

- Three director nominees have lived and worked outside the United States for substantial periods.
- Two director nominees serve on the boards of non-U.S. public companies.
- Two director nominees are women.
- One director nominee is African-American.

UTC's Governance Guidelines are available at:

<http://www.utc.com/Our-Company/Corporate-Governance/Pages/Governance-Documents-and-Policies.aspx>.

The Committee on Nominations and Governance considers candidates who are suggested by directors, management and shareowners and who meet the qualifications UTC seeks in its directors. A shareowner may recommend a director candidate by submitting a letter addressed to the Corporate Secretary at UTC, 10 Farm Springs Road, Farmington, CT 06032. 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 thirteen individuals listed in this Proxy Statement, each of whom is a current director. The Board believes that each nominee brings to the Board a range of strong skills and extensive experience, as highlighted in each nominee's biographical information on pages 2 to 10. The Board believes that the nominees as a group possess the appropriate skills to exercise the Board's oversight responsibilities.

Under the Board's current policy, directors are required to retire from the Board at the annual meeting after they reach age 72. However, the Board can make an exception to this policy in special circumstances. Citing such circumstances, the Board has nominated both General Richard B. Myers and H. Patrick Swygert to stand for election at the 2016 Annual Meeting. The Board wishes to retain General Myers' extensive senior leadership experience involving military, global security and geopolitical issues that are highly relevant to UTC's global businesses at this time. The Board also wishes to retain Mr. Swygert in view of his role and contributions as a member of the Committee on Nominations and Governance, as well as two other key Board committees.

**PROPOSAL 1:** Election of Directors

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

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

**FOR**

JOHN V. FARACI

**Retired Chairman & Chief  
Executive Officer,  
International Paper**

**Age:** 66

**Director Since** 2005

**Committees:**

Compensation and  
Executive Development  
Executive  
Finance  
Nominations and Governance

**MR. FARACI** served as Chairman & CEO of International Paper (paper, packaging and distribution) from 2003 to 2014. Earlier in 2003 he was elected as President and as a director of that company, having served as its Executive Vice President and Chief Financial Officer from 2000 to 2003. From 1995 to 1999 he was CEO and managing director of Carter Holt Harvey Ltd., a former New Zealand subsidiary of International Paper. He first joined International Paper in 1974.

Mr. Faraci is a director of PPG Industries, Inc. and ConocoPhillips. He also serves on the boards of the National Fish and Wildlife Foundation and of Denison University, and is a trustee of the American Enterprise Institute and a member of the Council on Foreign Relations.

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as International Paper's Chairman & CEO from 2003 through 2014. Oversaw strategic changes in company's business portfolio and enhanced its commitment to stewardship in natural resources and sustainability reporting.

**BROAD INTERNATIONAL EXPOSURE**

Led large corporation with worldwide operations.

**HIGH LEVEL OF FINANCIAL EXPERTISE**

Qualifies as an audit committee financial expert, based on oversight of CFO and experience as CFO at International Paper.

Proxy Statement and Notice of 2016 Annual Meeting of Shareowners 3

**PROPOSAL 1:** Election of Directors

JEAN-PIERRE GARNIER

**Chairman, Actelion Ltd.**

**Age:** 68

**Director Since** 1997

**Committees:**

Compensation and Executive  
Development  
Nominations and Governance  
Public Issues Review

**DR. GARNIER** is Chairman of Actelion Ltd. (biopharmaceuticals) and an Operating Partner at Advent International (global private equity). He served as CEO of Pierre Fabre SA from 2008 to 2010 and as CEO and Executive Member of the Board of Directors of GlaxoSmithKline plc from 2000 to 2008. In 2000 he served as CEO of SmithKline Beecham plc, where he had been Chief Operating Officer and Executive Member of the Board of Directors from 1996 to 2000. Dr. Garnier is a director of Renault S.A. and Radius Health, Inc. and the Board Chair of Alzheon, Inc. (non-public).

Dr. Garnier served as Chairman of NormOxys, Inc. (biopharmaceuticals) from 2010 to 2011. He serves on the Advisory Board of the Newman's Own Foundation and is a former member of the Stanford Advisory Council on Interdisciplinary Biosciences, the Board of Overseers of Weill Cornell Medical College and the Dubai International Capital Advisory Board. In 2009, he was made a Knight Commander of the British Empire and in 2007 was named Officier de la Légion d'Honneur of France.

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as CEO for two large public companies. Oversaw post-merger integration of large public companies. Named to global list of top 20 CEOs by the Best Practice Institute in 2006.

**BROAD INTERNATIONAL EXPOSURE**

Acquired extensive knowledge of international markets and operations as a CEO and director of large public companies and as chairman of developing companies in Europe and the U.S.

**HIGH LEVEL OF FINANCIAL LITERACY**

Extensive expertise in executive compensation practices in U.S. and Europe. Qualifies as an audit committee financial expert, based on oversight of CFO.

GREGORY J. HAYES

**President and Chief  
Executive Officer, United  
Technologies Corporation**

**Age:** 55

**Director Since** 2014

**Committees:**

Executive  
Finance

**MR. HAYES** was elected President and CEO of UTC in November 2014. Before becoming our CEO, he had served as UTC's Senior Vice President & Chief Financial Officer since 2008. He previously served as Vice President, Accounting and Finance from 2006 to 2008; as Vice President, Accounting and Controls from 2004 to 2006; as Vice President and Controller from 2003 to 2004; and as Vice President, Financial Planning & Analysis for the Hamilton Sundstrand segment of UTC from 1999 to 2003.

Mr. Hayes came to UTC through the 1999 merger with Sundstrand Corporation.

Mr. Hayes has been a director of Nucor Corporation since 2014, where he serves on the Audit Committee, the Compensation and Executive Development Committee and the Governance and Nominating Committee. He is a board member of the New England Air Museum.

**Key Skills and Expertise**

**CEO EXPERIENCE**

President and CEO since November 2014.

**HIGH LEVEL OF FINANCIAL EXPERTISE**

Substantial financial and accounting oversight experience, gained as CFO and in other senior financial positions with UTC and through service on the Audit Committee of the Board of Directors of Nucor Corporation. Also a Certified Public Accountant.

**EXTENSIVE KNOWLEDGE OF COMPANY'S BUSINESS, INDUSTRY AND OPERATIONS**

Through six years as our CFO, and his previous senior financial leadership positions, gained deep understanding of UTC's operations, complex financial transactions and the operational and financial impact of numerous acquisitions, divestitures and restructuring actions, as well as the integration of major operations.



**PROPOSAL 1:** Election of Directors

EDWARD A. KANGAS

**Former Chairman & Chief  
Executive Officer, Deloitte,  
Touche, Tohmatsu**

**Age:** 71

**Director Since** 2008

**Committees:**

Audit  
Compensation and  
Executive Development  
Executive  
Nominations and Governance

**MR. KANGAS** was elected non-executive Chairman of UTC in November 2014. He is the former Chairman and CEO of Deloitte, Touche, Tohmatsu (audit, tax and consulting services), a position he held from 1989 to 2000. Mr. Kangas is also a Board member of Hovnanian Enterprises Inc., Intelsat S.A. and Tenet Healthcare Corporation (he was also non-executive Chairman of Tenet from 2003 to 2015), and a former director of Intuit, Inc. (2007 to 2016), Allscripts Healthcare Solutions, Inc. (2010 to 2012), and Eclipsys Corporation (2004 to 2010). He is a trustee of the Committee of Economic Development and the past Chairman of the National Multiple Sclerosis Society.

**Key Skills and Expertise**

**CEO EXPERIENCE**

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

**HIGH LEVEL OF FINANCIAL EXPERTISE**

Qualifies as an audit committee financial expert. Extensive financial and accounting expertise acquired through oversight of audits of public companies in diverse industries.

**RISK MANAGEMENT/OVERSIGHT**

Extensive experience in risk management and oversight as Chairman & CEO of a major global accounting firm.

ELLEN J. KULLMAN

**Retired Chair of the Board  
& Chief Executive Officer,  
E.I. du Pont de Nemours  
and Company**

**Age:** 60

**Director Since** 2011

**Committees:**

Audit  
Finance  
Public Issues Review

**MRS. KULLMAN** served as Chair and CEO of E.I. du Pont de Nemours and Company (basic materials and innovative products and services for diverse industries) from 2009 to 2015. She was first elected to the Board of DuPont in 2008. Mrs. Kullman served as President of that company from October 2008 to December 2008; and as Executive Vice President from 2006 to 2008. Prior to that, she was Group Vice President-DuPont Safety & Protection.

Mrs. Kullman is a past chair of the U.S.-China Business Council and a member of the Business Council and the National Academy of Engineering, where she co-chaired the Committee on Changing the Conversation: From Research to Action. She also serves on the Board of Trustees of Tufts University and the Board of Overseers of Tufts University School of Engineering.

**Key Skills and Expertise**

**CEO EXPERIENCE**

Retired CEO of innovative S&P 100 company with global operations.

**TECHNOLOGY-RELATED PRODUCT DEVELOPMENT/MARKETING**

Through career at DuPont and training as an engineer, has acquired extensive experience in the application of market-driven science to new product development.

**BROAD INTERNATIONAL EXPOSURE**

Extensive experience implementing business strategies in global markets.

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**PROPOSAL 1:** Election of Directors

MARSHALL O. LARSEN

**Former Chairman, President  
& Chief Executive Officer,  
Goodrich Corporation**

**Age:** 67

**Director Since** 2012

**Committees:**

Finance  
Public Issues Review

**MR. LARSEN** served as Chairman, President and CEO of Goodrich Corporation from 2003 until July 2012, when Goodrich was acquired by UTC. He had been President, Chief Operating Officer and a director of Goodrich since 2002. From 1995 through 2002, Mr. Larsen served as Executive Vice President of Goodrich and President and Chief Operating Officer of Goodrich Aerospace. He joined Goodrich in 1977. Mr. Larsen is a director of Lowe's Companies Inc., Becton, Dickinson and Company, and Air Lease Corporation. He is a former Chairman of the U.S. Aerospace Industries Association and is active in numerous community activities.

**Key Skills and Expertise**

**CEO EXPERIENCE**

Through service as CEO of Goodrich Corporation, has acquired extensive business and leadership experience in aerospace industry.

**EXTENSIVE KNOWLEDGE OF COMPANY'S BUSINESS, INDUSTRY AND OPERATIONS**

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

**HIGH LEVEL OF FINANCIAL LITERACY**

Based on oversight of CFO at Goodrich, acquired extensive financial knowledge. Extensive senior management experience has also provided broad knowledge of governance, regulatory and risk management issues facing large public companies.

HAROLD MCGRAW III

**Chairman Emeritus,  
McGraw Hill Financial, Inc.**

**Age:** 67

**Director Since** 2003

**Committees:**

Compensation and  
Executive Development  
Finance  
Nominations and Governance

**MR. MCGRAW** is Chairman Emeritus of McGraw Hill Financial, Inc. (ratings, benchmarks and analytics for financial markets), having served as that company's Chairman from 1999 through April 2015 and as McGraw Hill's CEO from 1998 to 2013. Before that he was McGraw Hill's President and Chief Operating Officer (1993 to 2013). Mr. McGraw is a director of Phillips 66 and a former director of ConocoPhillips (2005 to 2012).

He is Chairman of the Emergency Committee for American Trade, International Chamber of Commerce and the U.S. Trade Representative's Advisory Committee for Trade Policy & Negotiations, and a former Chairman of The Business Roundtable. In addition, Mr. McGraw serves on the boards of the Asia Society, the Committee Encouraging Corporate Philanthropy, the New York Public Library and Carnegie Hall.

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as CEO of McGraw Hill Financial from 1998 to 2013 and as Chairman of that large global enterprise from 1999 to 2015.

**HIGH LEVEL OF FINANCIAL LITERACY**

Expertise on transformational changes to business portfolios, with focus on enhancements to shareholder value.

**BROAD INTERNATIONAL EXPOSURE**

Through experience as CEO, service as a director at several large global companies and leadership roles in other organizations, has acquired broad knowledge of global trade and business activities in diverse and challenging economic conditions.

**PROPOSAL 1:** Election of Directors

RICHARD B. MYERS

**Ret. General, U.S. Air Force  
and Former Chairman, Joint  
Chiefs of Staff**

**Age:** 74

**Director Since** 2006

**Committees:**

Audit  
Compensation and  
Executive Development  
Nominations and Governance

**GENERAL MYERS**, a 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, the Secretary of Defense, and the National Security Council. He was appointed Vice Chairman of the Joint Chiefs of Staff by President Clinton, a role that 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. General Myers is a director of Aon Corporation, Northrop Grumman and Rivada Networks (non-public). He is the Foundation Professor of Military History and Leadership at Kansas State University and holds the Colin Powell Chair for National Security Leadership, Ethics and Character at the National Defense University. General Myers is also a member of the Defense Health Board, a member of the Board of Directors of the Kansas State University Foundation, and a board member at several other non-profit organizations, including Fisher House and MRIGlobal.

**Key Skills and Expertise**

**GOVERNMENT AND GEOPOLITICAL**

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

**EXTENSIVE KNOWLEDGE OF COMPANY'S BUSINESS, INDUSTRY AND OPERATIONS**

Based on extensive experience in military and U.S. Government, provides important perspectives on opportunities and challenges for UTC's government contracting businesses.

**RISK MANAGEMENT/OVERSIGHT**

Provides important insights into organizational adjustment to address diverse economic and strategic challenges.



**PROPOSAL 1:** Election of Directors

FREDRIC G. REYNOLDS

**Retired Executive Vice  
President and Chief  
Financial Officer, CBS  
Corporation**

**Age:** 65

**Director Since** 2016

**Committees:**

Audit  
Nominations and Governance

**MR. REYNOLDS** served as Executive Vice President and Chief Financial Officer of CBS Corporation (media) from 2005 until his retirement in 2009, following a long career with CBS and its predecessor companies. This included serving as President and CEO of Viacom Television Stations Group from 2001 to 2005; as Executive Vice President and Chief Financial Officer of Viacom, Inc. from 2000 to 2001; and as Executive Vice President and Chief Financial Officer of CBS Corporation and its predecessor, Westinghouse Electric Corporation, from 1994 to 2000. Earlier in his career, Mr. Reynolds spent twelve years at PepsiCo, Inc. (food and beverages), where he held a number of senior positions, including serving as Chief Financial Officer or Financial Officer of several of the company's major businesses. Mr. Reynolds is a director of Mondelez International (formerly Kraft Foods Inc.), Hess Corporation and Metro Goldwyn Mayer, Inc. (non-public), and is a former director of AOL, Inc. (2009 to 2015).

**Key Skills and Expertise**

**HIGH LEVEL OF FINANCIAL EXPERTISE**

Certified public accountant and qualified as an audit committee financial expert. Served as CFO for public companies operating in diverse and challenging conditions, including transformative changes.

**TECHNOLOGY-RELATED PRODUCT DEVELOPMENT/MARKETING**

Extensive experience in evaluating investments in rapidly changing technologies for producing and distributing media products in diverse, highly competitive global markets.

**RISK MANAGEMENT/OVERSIGHT**

Significant knowledge of risk management and oversight, gained through extensive experience as a CFO and service on public company audit committees.

BRIAN C. ROGERS

**Chairman, T. Rowe Price  
Group**

**Age:** 60

**Director Since** 2016

**Committees:**

Compensation and  
Executive Development  
Finance

**MR. ROGERS** has been Chairman of T. Rowe Price Group (investment management) since 2007 and has also served as Chief Investment Officer of that company since 2004. He has been a director of the Price Group since 1997. In addition, he was portfolio manager of one of the firm's largest funds, the T. Rowe Price Equity Income Fund, from its inception until October 2015. Mr. Rogers has held a variety of other senior leadership roles with T. Rowe Price since beginning his career there in 1982 and has been involved in investment management for the company since 1983. Mr. Rogers is a member of the Johns Hopkins University and Johns Hopkins School of Medicine Boards of Trustees, chairman of the finance committees for the Archdiocese of Baltimore and a board member of the Greater Baltimore Committee. He also serves on the investment committee for Vanderbilt University.

**Key Skills and Expertise**

**HIGH LEVEL OF FINANCIAL EXPERTISE**

Chartered Financial Analyst and Chartered Investment Counselor.

**EXTENSIVE KNOWLEDGE OF COMPANY'S BUSINESS, INDUSTRY AND OPERATIONS**

Based on his extensive experience as an investment manager, provides unique expertise and perspective on large public company performance, opportunities and investor expectations.

**RISK MANAGEMENT/OVERSIGHT**

Significant knowledge of risk management and oversight, acquired through his broad experience in investment management, including Chief Investment Officer of a large investment management firm.

**PROPOSAL 1:** Election of Directors

H. PATRICK SWYGERT

**President Emeritus,  
Howard University**

**Age:** 72

**Director Since** 2001

**Committees:**

Audit  
Compensation and  
Executive Development  
Nominations and Governance

**MR. SWYGERT** served as President of Howard University from 1995 to 2008. Prior to that, he was President of the University at Albany, State University of New York (1990 to 1995), and Executive Vice President of Temple University (1987 to 1990). Mr. Swygert is a director of The Hartford Financial Services Group Inc. He is also a member of the Advisory Council for the Smithsonian Institution's National Museum of African American History and Culture and Professor Emeritus at the Howard University School of Law.

**Key Skills and Expertise**

**HIGH LEVEL OF FINANCIAL LITERACY**

Experience in leadership roles at major educational institutions, as well as service on board audit and risk committees at two public companies, has given him extensive knowledge of financial and disclosure considerations.

**GOVERNMENT AND GEOPOLITICAL**

Based upon his experience in senior leadership at three major universities and participation in other civic and government advisory organizations, provides important perspectives on organizational transformation, government relations, and cultural and civic issues.

**RISK MANAGEMENT/OVERSIGHT**

Through experience in strategic planning, risk management and governance, provides important insights into risk management and governance in diverse economic conditions.

**PROPOSAL 1:** Election of Directors

ANDRÉ VILLENEUVE

**Chairman, ICE Benchmark  
Administration Limited**

**Age:** 71

**Director Since** 1997

**Committees:**

Audit  
Finance  
Public Issues Review

**MR. VILLENEUVE** has been Chairman of ICE Benchmark Administration Limited (part of The ICE Group) since January 2014. From 2007 to 2013 he was Chairman of the City of London's International Regulatory Strategy Group (which works closely with the U.K. government on financial services regulatory issues), and was also Chairman of NYSE Euronext LIFFE from 2003 to 2009. Prior to that, Mr. Villeneuve was Executive Director of Reuters PLC (1989 to 2000) and served as President, Reuters America (1980 to 1990). He also served as Chairman of Instinet Corporation, an electronic brokerage subsidiary of Reuters, from 1990 to 1999. Mr. Villeneuve first joined Reuters in 1967 and over the course of his career was based in London, Belgium, Latin America and the U.S. Mr. Villeneuve is a member of the Advisory Council of TheCityUK. He is also a former Chairman of Promethee, the French think tank, and a former non-executive director of Aviva PLC, the Lloyd's of London Franchise Board, IFSL (International Financial Services London), IFRI (Institut Français des Relations Internationales) and Euroarbitrage. He is a Grand Officer of the Order of Leopold II of Belgium.

**Key Skills and Expertise**

**BROAD INTERNATIONAL EXPOSURE**

Extensive business and financial experience in the U.K., Europe, Latin America and the U.S.

**HIGH LEVEL OF FINANCIAL LITERACY**

Extensive expertise in financial markets and complex securities. Qualifies as audit committee financial expert.

**GOVERNMENT AND GEOPOLITICAL**

As a participant in several government advisory boards, has acquired significant insights into financial market and economic trends.

CHRISTINE TODD WHITMAN

**President, The Whitman  
Strategy Group**

**Age:** 69

**Director Since** 2003

**Committees:**

Finance  
Nominations and Governance  
Public Issues Review

**GOVERNOR WHITMAN** has been President of The Whitman Strategy Group (environmental and public policy consulting) since December 2004. She served as Administrator of the U.S. Environmental Protection Agency from January 2001 through June 2003 and as Governor of the State of New Jersey from 1994 through 2001. Governor Whitman is a director of Texas Instruments Incorporated and S.C. Johnson & Son, Inc. (private company). She is a member of the Council on Foreign Relations and Chair of the Board of the American Security Project. In addition, she is a trustee and the Executive Committee chair at the Eisenhower Fellowship Foundation and a member of the Senior Advisory Committee of Harvard University's Institute of Politics. Governor Whitman also is Co-Chair of the Clean Safe Energy Coalition and a board member at the Center for Sustainable Shale Development.

**Key Skills and Expertise**

**GOVERNMENT AND GEOPOLITICAL**

Extensive senior leadership experience in U.S. and state executive functions. Provides important perspectives on environmental, public policy and government relations issues.

**RISK MANAGEMENT/OVERSIGHT**

Through her career in government and private industry, has acquired extensive expertise in management and oversight of complex environmental and other risks and public policy matters.

**EXTENSIVE GOVERNANCE EXPERIENCE**

Based on experience as a director of several large companies, as well as her service in government, provides important insights into effective governance and leadership structures.

## 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 strived to maintain sound governance standards, as reflected in our Code of Ethics and Governance Guidelines and in our systematic approach to risk management. We are committed to transparent financial reporting and strong internal controls.

**We encourage you to visit the Corporate Governance section of our website (<http://www.utc.com/Our-Company/Corporate-Governance/Pages/default.aspx>), where you will find detailed information about corporate governance at UTC, including:**

- Our 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
- Information on how shareowners and other interested persons may address concerns to the Board of Directors

### Board Leadership Structure

**In November 2014, the Board elected Edward A. Kangas, an independent director, to serve as non-executive Chairman of the Board.**

## POLICY ON CHAIRMAN AND CEO ROLES

The Committee on Nominations and Governance periodically reviews our governance practices and board leadership structure. As provided in UTC's Governance Guidelines, the Board has no fixed policy on whether or not the Company's Chief Executive Officer also is permitted simultaneously to serve as Chairman of the Board. Instead, the Board believes this determination should be based on the Company's best interests in light of the circumstances, which may vary over time. The Board therefore reserves the authority to choose the structure that it believes will provide the most effective leadership and oversight for the Company, while also facilitating the effective functioning of both the Board and management. In making this decision, the Board considers a range of factors, including: the Company's operating and financial performance under the then-existing structure; any recent or anticipated changes in the CEO role; the effectiveness of then-current processes and structures for Board interaction with and oversight of management; and the importance of maintaining a single voice in leadership communications and Board oversight, both internally and with investors.

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## **CORPORATE GOVERNANCE**

Taking these considerations into account, the Board has concluded that the separation of the roles of Chairman and Chief Executive Officer best serves the interests of shareowners and the Company at this time. However, the Board has combined and separated the Chairman and CEO positions in the past and will continue to exercise its judgment on this matter going forward.

**In February 2015, the Board amended UTC's Bylaws and Governance Guidelines to more fully define the responsibilities of a non-executive Chairman. These responsibilities include:**

- presiding at meetings of the Board of Directors and shareowners;
- presiding at executive sessions of the non-management directors and providing feedback to the CEO;
- the authority to call meetings of the directors and of shareowners;
- at the request of the Board of Directors, serving as liaison between the Board and the CEO;
- in conjunction with the CEO, planning and organizing the activities of the Board, including agendas and schedules for meetings; and
- communicating annually to the CEO, the Board's evaluation of his or her performance.

## **POLICY ON NON-MANAGEMENT LEADERSHIP ROLE**

The Board firmly supports maintaining a non-management director in a leadership role at all times, whether as non-executive Chairman or as Lead Director. In February 2015, the Board amended UTC's Bylaws and Governance Guidelines to require the election by the Board of a non-management director to serve as Lead Director whenever the role of Chairman is held by the CEO or another UTC executive. In those circumstances, the Lead Director would be charged with, among other duties, coordinating the activities of the independent directors and serving as a liaison between the Board and management. The Board believes that the presence of a Lead Director will enhance the effectiveness of the independent directors and provide a channel for non-management directors to candidly raise issues or concerns for Board consideration.

The Board believes that the existence of an independent, non-executive Chairman or Lead Director, with defined responsibilities that include participation in planning meeting agendas, also enhances oversight of risk management. The Chairman or a Lead Director, and any of the other non-management directors, are free at any time to raise matters at Board and committee meetings.

UTC's non-management directors meet in regularly scheduled executive sessions without any members of management present and in additional executive sessions as requested by directors. In practice, these executive sessions occur before or after most Board meetings. The purpose of these executive sessions is to promote open and candid discussion among the non-management directors.

#### Director Independence

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

The Board has determined that each of the nominees for election at the Annual Meeting, other than Mr. Hayes, qualifies as independent under the independence standards. Specifically, none of the nominees, other than Mr. Hayes, has a business, financial, family or other relationship with UTC that is considered to be material under UTC's independence

**CORPORATE GOVERNANCE**

standards. In determining the independence of our directors, the Board considered the relevant facts and circumstances bearing on the independence of each of the nominees, including charitable contributions that UTC made to non-profit organizations with which some nominees are or have been associated. It also considered sales and purchases of products and services, in the ordinary course of business, between UTC (or its subsidiaries) and companies where some nominees are or have been employed as executive officers. In each of 2013, 2014 and 2015, the annual payments UTC made or received for products and services or the charitable contributions made by UTC fell well below the thresholds in our independence standards (the greater of \$1 million or 2% of total gross revenues of the other organization). In particular, none of the payments made or received by UTC exceeded the greater of \$1 million or 0.5% of the other organization's consolidated gross revenues. The following table shows the 2015 relationships that were considered by the Board in determining the independence of nominees.

**DIRECTOR INDEPENDENCE DETERMINATIONS: RELATIONSHIPS CONSIDERED**

<b>Director</b>	<b>Organization and Director's Relationship</b>	<b>Type of Transaction, Relationship or Arrangement of Organization with UTC</b>	<b>Total 2015 Payments</b>
<b>JOHN V. FARACI</b>	<b>International Paper</b> (Corporation) <i>Chairman &amp; CEO (until his retirement from those positions in 2014)</i>	Sales to UTC of paper products; purchases from UTC of services and products for aircraft engines, elevators and air conditioning equipment.	\$5,163,683; \$2,178,770
<b>EDWARD A. KANGAS</b>	<b>Tenet Healthcare</b> (Corporation) <i>Non-Executive Chairman</i>	Purchases from UTC of services and products for elevators and air conditioning equipment.	\$361,129
<b>ELLEN J. KULLMAN</b>	<b>DuPont</b> (Corporation) <i>Chair &amp; Chief Executive Officer (until her retirement from those positions in October 2015)</i>	Sales to UTC of materials; purchases from UTC of elevator and air conditioning services and products.	\$30,772,768; \$3,549,085
<b>HAROLD MCGRAW III</b>	<b>McGraw Hill Financial, Inc.</b> (Corporation) <i>Chairman (until his retirement from that position in April 2015)</i>	Fees paid by UTC for credit ratings in connection with debt securities issued by UTC and fees for industry statistics and reports.	\$537,042
<b>RICHARD B. MYERS</b>	<b>United Services Organization (USO)</b> (Non-profit supporting U.S. troops and families) <i>Chairman through October 2015</i>	Charitable contributions received from UTC.	(1)
		Charitable contributions received from UTC.	(1)

	<p><b>Kansas State University Foundation</b>                  (support for university)  <i>Chairman (through September 2015)</i></p>		
<b>BRIAN C. ROGERS</b>	<p><b>T. Rowe Price</b>                  (Corporation)  <i>Chairman &amp; Chief Investment Officer</i></p>	Purchases from UTC of elevator services and products.	\$ 177,230
<b>H. PATRICK SWYGERT</b>	<p><b>Howard University</b>                  (Educational Institution)  <i>Professor Emeritus, former President</i></p>	Purchases from UTC of elevator maintenance services; charitable contributions and recruiting fees received from UTC.	\$ 808,416
<b>CHRISTINE T. WHITMAN</b>	<p><b>Eisenhower Fellowship Foundation</b>                  (Non-profit providing fellowships to mid-career emerging leaders)  <i>Board member</i></p>	Charitable contributions received from UTC.	(1)

(1) The total amount of UTC's charitable contributions for 2015 to any individual non-profit organization identified in this table did not exceed \$300,000 and the average contribution was approximately \$132,000.

## CORPORATE GOVERNANCE

### Majority Voting for Directors

Under UTC's Bylaws, in order for a director to be elected at the annual meeting in an uncontested election, a majority of the votes cast must be voted "for" the director. Abstentions and broker non-votes are not considered votes cast. In an uncontested election, any incumbent director who receives a greater number of votes "against" than votes "for" his or her election must, under UTC's Governance Guidelines, promptly tender his or her resignation to the Committee on Nominations and Governance. The Committee must then recommend to the Board, within 90 days after the election, whether to accept or reject the resignation. The director who tendered a resignation may not participate in this decision. Regardless of whether the Board accepts or rejects the resignation, the Company must 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.

If a director's resignation is accepted, the Committee also will recommend to the Board whether the vacancy should be filled or the size of the Board should be reduced. Under the Bylaws, a vacancy arising in these circumstances may be filled, at the discretion of the Board, by a majority vote of the directors or at a special meeting of shareowners called by the Board.

### Board Committees

The five standing committees of the Board are: 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, and in the case of the Audit Committee, the Committee on Nominations and Governance and the Committee on Compensation and Executive Development, satisfy the corporate governance requirements imposed by the NYSE. The chairperson of each committee reports to the Board on actions taken at each meeting.

Each committee has authority to retain independent advisers to assist in the fulfillment of its responsibilities, to approve the fees paid to those advisers and to terminate their engagements. All committee charters are available on UTC's website at:

<http://www.utc.com/Our-Company/Corporate-Governance/Pages/Governance-Documents-and-Policies.aspx>.

## AUDIT

**The Audit Committee** assists the Board in overseeing the reliability and 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 and is responsible for the compensation, retention and oversight of the Independent Auditor. The Board has determined that Directors Kangas, Kullman and Villeneuve each are "audit committee financial experts", as that term is defined in SEC rules.

**Edward A. Kangas (Chair)**

Ellen J. Kullman  
Richard B. Myers  
Fredric G. Reynolds<sup>(1)</sup>  
H. Patrick Swygert  
André Villeneuve  
2015 Meetings: **8**

**NOMINATIONS AND GOVERNANCE**

**The Committee on Nominations and Governance** identifies and periodically reviews the qualifications that the Board uses to select director candidates and, when there is a vacancy on the Board, the Committee identifies, evaluates and recommends candidates to be nominated by the Board for election by our shareowners (or to be elected by the Board, if it chooses to fill a vacancy arising between shareowner meetings). The Committee also reviews and assesses the effectiveness of UTC's nomination policies on an annual basis. For more information about how the Committee identifies candidates, see the discussion of Board membership criteria and the nomination process in Proposal 1—Election of Directors on pages 1 and 2 of this Proxy Statement.

**H. Patrick Swygert  
(Chair)**

John V. Faraci  
Jean-Pierre Garnier  
Edward A. Kangas  
Harold McGraw III  
Richard B. Myers  
Fredric G. Reynolds<sup>(1)</sup>  
Christine T. Whitman  
2015 Meetings: **4**

(1) Appointed a member of Committee effective February 8, 2016.

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## CORPORATE GOVERNANCE

### COMPENSATION AND EXECUTIVE DEVELOPMENT

**The Committee on Compensation and Executive Development** reviews and oversees executive compensation and development programs, determines what corporate goals and objectives are relevant to CEO compensation and sets the CEO's compensation based on an evaluation of performance in light of these goals and objectives. In addition, the Committee reviews and oversees the design of the long-term incentive plans and annual incentive compensation, as well as compensation policies and practices and their associated risks.

The Committee makes compensation decisions for UTC's Executive Leadership Group ("ELG") members, which include each of the Named Executive Officers ("NEOs") listed in this Proxy Statement, and also reviews UTC's programs and policies for management development and succession.

While the President and CEO makes recommendations to the Committee on the type and amount of compensation for each ELG member, the Committee, subject to Board oversight, is the final decision-maker regarding the compensation paid to those executives. However, the President and CEO is not at any time involved in the determination of his own compensation. The President and CEO and the Executive Vice President & Chief Human Resources Officer determine the compensation of other executives and oversee compensation program administration.

While the President and CEO and the Executive Vice President & Chief Human Resources Officer attend Committee meetings regularly by invitation, the Committee considers certain matters in private executive sessions. For additional information as to the functions and processes overseen by the Committee, see the Compensation Discussion and Analysis that begins on page 27 of this Proxy Statement.

#### **Jean-Pierre Garnier (Chair)**

John V. Faraci  
Edward A. Kangas  
Harold McGraw III  
Richard B. Myers  
Brian C. Rogers<sup>(1)</sup>  
H. Patrick Swygert  
2015 Meetings: 6

## FINANCE

**The Finance Committee** reviews and, as appropriate, makes recommendations to the Board on the management of the Company's financial resources and strategies. It considers plans for significant acquisitions and divestitures and their potential financial impact, and monitors progress on pending and completed transactions. The Committee also reviews significant financing programs in support of business objectives; policies on 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; and investment of pension assets and other significant transactions.

**John V. Faraci**  
**(Chair)**

Gregory J. Hayes  
Ellen J. Kullman  
Marshall O. Larsen  
Harold McGraw III  
Brian C. Rogers<sup>(1)</sup>  
André Villeneuve  
Christine T. Whitman  
2015 Meetings: **4**

(1) Appointed a member of Committee effective February 8, 2016.

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## CORPORATE GOVERNANCE

### PUBLIC ISSUES REVIEW

**The Public Issues Review Committee** reviews and monitors UTC's positions on and responses to significant public policy issues, including: our policies and objectives with respect to safety and the environment and our compliance with related laws and regulations in the U.S. and other countries; plans and performance related to ensuring equal employment opportunities; significant legislative and regulatory issues that may affect UTC and its operations; actions and objectives to further corporate social responsibility; policies and priorities for contributions to charitable, educational and other tax-exempt organizations involved in the arts, civic and community affairs, education and health and human services; community relations programs; and our conduct of public policy and government relations activities, including the activities of UTC's political action committee. The Committee also reviews UTC's annual Corporate Responsibility Report and oversees risk management policies and practices with regard to social responsibility, reputation, safety and the environment.

**Christine T. Whitman**  
(Chair)

Jean-Pierre Garnier  
Ellen J. Kullman  
Marshall O. Larsen  
André Villeneuve  
2015 Meetings: **3**

#### Meeting Attendance

The Board met ten times during 2015. 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 unless there is an unavoidable scheduling conflict. All of the current directors attended the 2015 Annual Meeting, except Messrs. Reynolds and Rogers, who were elected to the Board effective January 1, 2016.

#### Director Stock Ownership Requirements

To strengthen alignment with the interests of shareowners, each non-management director is required to own shares of Common Stock, deferred stock units or other Common Stock equivalents having a value equal to at least five times the annual base cash retainer. In 2015, the base cash retainer was \$112,000, thereby establishing an ownership requirement of at least \$560,000. Non-management directors must achieve this ownership level within five years after first becoming a member of the Board. Each of the non-management directors is in compliance with this ownership requirement or additional time remains available within the five year period.

How We Manage Risk

## **OUR RISK MANAGEMENT FRAMEWORK**

During 2014, UTC revised its enterprise risk management (“ERM”) program and policies to conform to the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in 2013. Under our policies, the presidents of major business units are responsible for identifying risks that could affect achievement of business goals and strategies, assessing the likelihood and potential impact of significant risks, and prioritizing these risks and the actions to be taken to address them. 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 risk tolerance ranges.

**CORPORATE GOVERNANCE****BOARD RISK OVERSIGHT**

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

**Board and Committee Risk Oversight Responsibilities**

<b>Board/Committee</b>	<b>Primary Areas of Risk Oversight</b>
<b>Full Board</b>	Risk management process and structure, strategic risks associated with UTC's business plan and other significant risks, such as major litigation, business development risks and succession planning.
<b>Audit Committee</b>	Major financial risk exposures; significant operational, compliance, reputational, strategic and cyber security risks; and overall policies and practices for enterprise risk management.
<b>Committee on Nominations and Governance</b>	Risks and exposures related to corporate governance, leadership structure, effectiveness of Board and committee oversight; and review of director candidates, conflicts of interest and director independence.
<b>Committee on Compensation and Executive Development</b>	Risks related to executive recruitment, assessment, development, retention and succession policies and programs; and risks associated with compensation policies and practices, including incentive compensation.
<b>Finance Committee</b>	Risks and exposures related to capital structure, liquidity, financing, pension funding and investment performance and significant capital transactions, including acquisitions and divestitures.
<b>Public Issues Review Committee</b>	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 achieve these targets and objectives in a manner consistent with UTC's ethical standards and internal policies. The Committee firmly believes that executive compensation should not reward accomplishments that compromise UTC's standards or

long-term shareowner value.

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

**Enterprise Risk Management (“ERM”) Program.** UTC mitigates compensation-related risk to its long-term performance, ethical standards and reputation by monitoring these risks as part of UTC's ERM program. The Board of Directors annually reviews the ERM program to identify, monitor and manage risk throughout the Company and its business units. The ERM program recognizes executive compensation as a potential risk factor, which UTC mitigates in the following ways:

**Emphasizing Long-Term Performance.** Long-term incentives are the cornerstone of UTC's executive compensation program. As shown in the chart on page 37, 79% of the value of Mr. Hayes' 2015 compensation derived from long-term incentives, compared to the 8% that is attributable to his annual cash bonus. A significant stake in future performance and share value reduces the likelihood that our executives might pursue short-term opportunities that create undue risk to future Company performance.

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## CORPORATE GOVERNANCE

**Aligning Employee and Shareowner Interests.** The Committee's selection of performance metrics is also designed to set an appropriate balance between short- and long-term objectives. Long-term incentive awards, which include Stock Appreciation Rights ("SARs") and Performance Share Units ("PSUs"), make up the largest portion of annual compensation for our senior executives. SARs have a three-year vesting period and a ten-year term, with compensation delivered contingent on share price appreciation. The vesting of our PSUs granted in 2015 is based on two metrics: earnings per share ("EPS") growth and relative total shareowner return ("TSR"), both measured over a three-year period. The Committee believes these metrics provide an appropriate measure of long-term financial performance and sustainable growth. We believe these broad-based measures correlate with shareowner value and, by design, do not reward selective or narrow objectives that could be achieved independent of the Company's overall best interests.

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

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

**Maintaining a Comprehensive Clawback Policy.** UTC has a comprehensive policy on recoupment ("clawback") of executive compensation. This policy applies to both our annual and long-term incentive compensation programs. In the event of a financial restatement or recalculation of a financial metric applicable to an award, the Company has the right to recover annual bonus payments, as well as gains realized from vested long-term incentive awards from any executive (including all NEOs) involved in an action found to have caused the restatement or recalculation. Clawbacks of bonuses, long-term incentive awards and compensation realized from prior awards may all be triggered by violations of our Code of Ethics, failure to meet employee health and safety standards or exposing UTC to excessive risk, as determined under the ERM program. Our policy provides the Company the right to recover compensation when an executive's negligence (including the negligent supervision of a subordinate) causes significant harm to UTC. The policy also permits public disclosure of the circumstances surrounding the Committee's decision to seek recoupment where appropriate.

**Upholding Strict Post-Employment Covenants.** ELG members may not engage in activities after termination or retirement that are detrimental to UTC, such as disclosing proprietary information, soliciting UTC employees or engaging in competitive activities. Violations can result in a clawback of annual and long-term incentive awards.

## Corporate Responsibility

### Corporate Sustainability

We have a strong commitment to setting aggressive targets to minimize adverse environmental impacts of our products, operations and supply chain. Since 1992, UTC has established challenging and aggressive environmental, health and safety (“EH&S”) goals, which we monitor and periodically reset. These goals are essential tools in our efforts to continuously reduce our global footprint.

### Our performance surpassed all 2006 to 2015 environmental sustainability goals

#### PERFORMANCE VS. ENVIRONMENTAL SUSTAINABILITY GOALS (2006 vs. 2015)

**Goal #1: Reduce absolute greenhouse gas (“GHG”) emissions by 27 percent.** Through energy conservation, co-generation and process improvement projects across our enterprise, UTC is reducing both the climate change impacts and cost of our operations. These actions, and a commitment to continued reduction in absolute greenhouse gases, support UTC continuing on a path that is consistent with the United Nation’s Intergovernmental Panel on Climate Change 2050 GHG emissions target.

**Goal #2: Reduce absolute water consumption by 40 percent.** UTC operates in many parts of the world challenged by extreme water scarcity or limited water supply. By continuously reducing our own water use and implementing water management best practices, we reduce our risk of business disruption while also freeing up water resources that can then be used in surrounding communities. Additionally, by reducing our water use we also reduce the energy, and associated GHG emissions, needed to pump and treat water.

**Goal #3: Reduce absolute air emissions (non-greenhouse gases) by 68 percent.** UTC aggressively targets the reduction of air toxics or hazardous air pollutants from our manufacturing processes that could potentially impact worker health or contribute to the creation of ground-level ozone or other ambient air pollution.

**Goal #4: Reduce absolute total industrial process waste by 45 percent.** By continuously reducing our process waste generation, UTC addresses process and cost inefficiencies, and alleviates the burden on land and community resources at the local level.

**Goal #5: Reduce absolute non-recycled industrial process waste by 54 percent.** UTC targets the elimination of the portion of our industrial process waste that is currently not recycled, as our operations increasingly participate in an evolving circular waste economy. The U.S. EPA estimates that 42% of U.S. GHG emissions are attributable to materials management, so increased recycling contributes to a reduction in GHG emissions associated with our business operations.

Actual levels of EH&S metrics reflect data reported quarterly by UTC sites through a centralized EH&S Reporting System under common reporting and quality assurance standards. Reported data are reviewed and consolidated by (1) UTC business units and Corporate staff. UTC annually submits site energy use and GHG emissions data to an independent verification review based on International Standards Organization (“ISO”) standard 14064, Part 3 criteria for the validation and verification of GHG assertions.

Consistent with The Green House Gas Protocol, UTC’s EH&S goals and targets are adjusted to reflect the impacts of acquired companies at the time of acquisition and to remove divested companies from UTC’s measured (2) performance. For example, goals and actual performance were recalibrated beginning in 2013 to account for the impact of the Goodrich acquisition and for 2015 to reflect the sale of Sikorsky. UTC’s goals and targets are not adjusted for the opening of new facilities due to organic growth or for closures of facilities without a divestiture.

## CORPORATE RESPONSIBILITY

### 2015 Recognition for World Class Sustainability Practices

#### Climate A List

The Carbon Disclosure Project named UTC among the top 5% of nearly 2,000 companies in 2015 for its actions and performance to reduce greenhouse gas emissions and mitigate climate change.

#### Industry Promotion Award

UTC was recognized by *International Science* Magazine for outstanding contributions to the growth of sustainable cities in China through the creation of innovative technologies and energy-efficient products.

### 2020 ENVIRONMENTAL SUSTAINABILITY GOALS\*

Building on our 2015 achievements, our new 2020 environmental sustainability goals are as follows:

<b>-15%</b>	<b>-25%</b>	<b>-10%</b>	<b>90%</b>	<b>-100%</b>
Greenhouse gas emissions	Water use	Hazardous waste	Waste recycled	Chlorinated and brominated solvent emissions

\* Relative to 2015 baseline year.

### UTC SUSTAINABLE TECHNOLOGIES

UTC is a leader in the development of cutting-edge, sustainable aerospace and building technologies. Some of our most groundbreaking, sustainable products include:

- Carrier Transicold and Refrigeration Systems' cold-chain solutions preserve food from field to point of sale, helping reduce global food waste and its resulting environmental impact.
- Carrier's NaturaLINE uses a natural refrigerant combined with energy-efficient technology to reduce the carbon footprint of marine container refrigeration by 28% compared to conventional synthetic refrigerants.
- Carrier's CQOLtec technologies replace HFC refrigerants with naturally occurring CO<sub>2</sub> to reduce global warming impacts.
- Carrier's Infinity Control energy-efficient geothermal solutions can reduce heating and cooling costs by up to 70% compared to ordinary heating systems.
- Otis' ReGen technology captures energy generated during ascent and decent and recycles this energy back into a building's power grid, reducing energy consumption by up to 75% compared to conventional drives.
- Pratt & Whitney's GTF engine decreases fuel burn by almost 16%, noise by 75% and nitric oxide emissions by 50%, as compared to conventional engines.

#### Corporate Citizenship

As part of our commitment to corporate responsibility, we take great pride in building a diverse work environment, supporting lifelong learning for our employees and contributing to charitable and social causes in the communities where we do business. In the same way that we set the highest standards for our business operations, we apply the highest corporate responsibility standards and rigorous performance measurements to these efforts.

## **CORPORATE RESPONSIBILITY**

### **DIVERSITY AND INCLUSION**

We value the diversity of our people and their ideas. Our success as a global technology leader rests on unlocking the innovative potential of our employees. We are committed to building an inclusive, high-performing environment which allows everyone to contribute to their fullest potential.

#### **2015 Diversity and Inclusion**

##### **Employee Inclusion and Engagement**

Over 19,000 UTC employees belong to our nine\* Employee Resource Groups, which provide employees at all organizational levels networking, development and leadership opportunities.

##### **Best Places to Work for Latinas**

In 2015, UTC was ranked as the 10<sup>th</sup> best place to work for Latinas by *Latina Style Magazine*, continuing our improvement from #13 in 2014 and #35 in 2013.

##### **Diversity in Our Suppliers**

In 2015, *DiversityBusiness.com* named UTC the 29<sup>th</sup> best organization for multicultural business opportunities; an award that recognizes UTC's efforts to expand our diversity framework to our suppliers. 2015 marked the 10<sup>th</sup> consecutive year in which UTC made the Top 50.

\*Includes African-American, Asian-American, Employment Disability, Hispanic, InterGenerational, LGBT, Military/Veterans, Women and Professionals.

## **COMMUNITY INVOLVEMENT**

Our people lead in their communities, volunteering time, talent and expertise everywhere across the globe.

In 2015, UTC continued to support a number of leading nonprofit organizations around the globe. We focused contributions in areas including STEM education (through grants to *FIRST* Robotics) and sustainable cities (through grants to the U.S. Green Building Council's Center for Green Schools). From major investments in the United Way and the American Red Cross to significant support for health, artistic and cultural institutions in the communities where we do business, UTC and its employees are committed to making the world a better place.

## **EMPLOYEE SCHOLAR PROGRAM**

We support and pursue lifelong learning to expand our employees' knowledge and capabilities and to engage with the world outside UTC. We want to have the best-educated workforce on the planet. Our Employee Scholar Program, which has been in place since 1996, is one of the most comprehensive company-sponsored employee education programs in the world.

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## Compensation of Directors

### Annual Retainer

In 2015, the compensation of non-employee directors consisted of a retainer that was paid partially in cash and partially in deferred stock units (“DSUs”). Following termination of a non-employee director’s service on the Board, DSUs are converted into shares of Common Stock, which can be distributed either in a lump-sum payment upon retirement or in ten- or fifteen-year installments.

The following table shows the annual retainer amounts in effect for non-employee directors for service from April 2015 to April 2016:

<b>Role</b>	<b>Cash</b>	<b>Deferred Stock Units</b>	<b>Total</b>
Non-Executive Chairman of the Board	\$ 192,000	\$ 288,000	\$ 480,000
Audit Committee Chair	\$ 128,000	\$ 192,000	\$ 320,000
Audit Committee Member	\$ 124,000	\$ 186,000	\$ 310,000
Committee on Compensation and Executive Development Chair	\$ 122,000	\$ 183,000	\$ 305,000
Finance Committee Chair	\$ 122,000	\$ 183,000	\$ 305,000
Committee on Nominations and Governance Chair	\$ 120,000	\$ 180,000	\$ 300,000
Public Issues Review Committee Chair	\$ 120,000	\$ 180,000	\$ 300,000
Non-Employee Director	\$ 112,000	\$ 168,000	\$ 280,000

If a director served in multiple roles, his or her annual cash retainer and DSU award was based on the capacity for which the level of compensation was the highest. Non-employee directors receive 40% of the annual retainer in cash and 60% in DSUs, unless they elect to receive the entire retainer in DSUs. Directors do not receive additional compensation for attending regularly scheduled Board and Committee meetings. However, non-employee directors receive an additional \$5,000 for each special meeting attended in-person. There were no special Board or Committee meetings attended by directors in-person during 2015.

### One-Time RSU Awards for New Directors

Non-employee directors receive a one-time \$100,000 restricted stock unit (“RSU”) award when first elected to the Board. This award vests in equal portions over five years and is distributed to the director in shares of UTC Common Stock upon retirement, termination or death. No director received an RSU award in 2015.

Treatment of Dividends

When UTC pays a dividend on Common Stock, each director is credited with additional DSUs and RSUs equal in value to the dividend paid on the corresponding number of shares of Common Stock.

**COMPENSATION OF DIRECTORS****2015 DIRECTOR COMPENSATION<sup>(1)</sup>**

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>(2) Stock Awards (\$)</b>	<b>(3) All Other Compensation (\$)</b>	<b>Total (\$)</b>
Edward A. Kangas	\$192,000	\$288,000	\$ 1,107	\$481,107
John V. Faraci	\$0	\$305,000	\$ 1,107	\$306,107
Jean-Pierre Garnier	\$0	\$305,000	\$ 1,107	\$306,107
Ellen J. Kullman	\$0	\$310,000	\$ 1,107	\$311,107
Marshall O. Larsen	\$0	\$280,000	\$ 1,144	\$281,144
Harold McGraw III	\$112,000	\$168,000	\$ 1,107	\$281,107
Richard B. Myers	\$124,000	\$186,000	\$ 1,107	\$311,107
H. Patrick Swygert	\$124,000	\$186,000	\$ 17,640	(4) \$327,640
André Villeneuve	\$0			