

UNITED TECHNOLOGIES CORP /DE/  
Form DEF 14A  
March 10, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**SCHEDULE 14A INFORMATION**

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

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**United Technologies Corporation**

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

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(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):

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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:

**Notice of 2017 Annual  
Meeting of Shareowners  
and Proxy Statement**

COMPANY AWARDS IN 2016

**#8 Company to “Change the World”**

*Fortune Magazine*

**Among Best Places to Work for Latinas**

*Latina Style Magazine*

**Among World’s Greenest Companies** *Newsweek*

**Among Best Places to Work for Employment  
Disability Inclusion** *Disability Equality Index*

**Among World’s Most Respected Companies**

*Barron’s*

**Among Best Places to Work for LGBT Equality** *Human  
Rights Campaign Corporate Equality Index*

**Among Most Admired Aerospace and Defense  
Companies** *Fortune Magazine*

**Recognized as a “Trendsetter” for Corporate Political  
Disclosure and Accountability**  
*Center for Political Accountability / Zicklin Index*

**Rated A- for Companies Responding to Climate  
Change** *Carbon Disclosure Project*

**Pratt & Whitney’s PurePower Geared Turbofanengine  
recognized with honorable mention**  
*Fast Company 2016 Innovation by Design Awards*

**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*

PICTURED: London’s Twentytwo Bishopsgate will feature state-of-the-art Otis elevators and escalators.

**Notice of 2017 Annual Meeting of Shareowners**

March 10, 2017

**Meeting Information**

**DATE AND TIME:**

April 24, 2017

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

UTC Aerospace Systems  
Four Coliseum Centre  
2730 West Tyvola Road  
Charlotte, North Carolina 28217

**Agenda**

1. Election of the twelve director nominees listed in the Proxy Statement.
2. Appointment of PricewaterhouseCoopers LLP to serve as Independent Auditor for 2017.
3. Advisory vote to approve Named Executive Officer compensation.
4. Advisory vote on the frequency of shareowner votes on Named Executive Officer compensation.
5. Other business, if properly raised.

By order of the Board of Directors,

Peter J. Graber-Lipperman

Corporate Vice President, Secretary & Associate General Counsel

**Who may vote:**

If you owned shares of UTC Common Stock at the close of business on February 28, 2017, 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 78. 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](mailto:corpsec@corphq.utc.com); or writing to UTC Corporate Secretary, 10 Farm Springs Road, Farmington, CT 06032.

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

You can expedite delivery, avoid costly mailings and help conserve natural resources by letting us know in advance that you would prefer electronic delivery. For further information on how to take advantage of this convenient and environmentally-friendly service, please see page 81. You can always receive a printed copy upon request.

**Review your proxy statement and vote in one of four ways:**

**THE INTERNET**

*Visit the website on your proxy card*

**BY TELEPHONE**

*Call the telephone number on your proxy card*

**BY MAIL**

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

**IN PERSON**

*Attend the Annual Meeting in Charlotte, North Carolina. See page 78 for instructions on how to attend*

**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.**

Notice of 2017 Annual Meeting of Shareowners and Proxy Statement **i**

**PROXY STATEMENT SUMMARY**

**Proxy Statement Summary**

This summary highlights selected information in this Proxy Statement. Please review the entire Proxy Statement and UTC's 2016 Annual Report before voting your shares.

**ANNUAL MEETING AGENDA**

**Proposal 1:** Election of Directors

**Page Numbers:** 1-10

**Board Recommendation:** FOR each director nominee

**Proposal 2:** Appointment of PricewaterhouseCoopers LLP to serve as Independent Auditor for 2017

**Page Numbers:** 73-74

**Board Recommendation:** FOR

**Proposal 3:** Advisory vote to approve Named Executive Officer compensation

**Page Numbers:** 75-76

**Board Recommendation:** FOR

**Proposal 4:** Advisory vote on the frequency of shareholder votes on Named Executive Officer compensation

**Page Number:** 77

**Board Recommendation:** FOR 1 YEAR



## 2016 Performance

In 2016, our senior leadership team continued its focus on our key priorities — innovation, execution, cost reduction and disciplined capital allocation. The following 2016 financial, strategic and operational accomplishments reinforce our commitment to these priorities, which we believe drive long-term, sustainable growth for our shareowners.

**“Our relentless focus on our four key priorities—innovation, execution, cost reduction and disciplined capital allocation—is the reason we are optimistic about our future.”**

**Greg Hayes, Chairman & CEO**

## **FINANCIAL ACCOMPLISHMENTS\***

In 2016, UTC delivered solid financial performance. Diluted earnings per share (“EPS”) increased by 35% and adjusted EPS increased by 5%, while net sales from continuing operations, adjusted net sales and organic sales all increased by 2% during 2016.

### ***GAAP Financial Measures***

### ***Non-GAAP Financial Measures\****

\*See Appendix A on pages 87–88 for additional information regarding these non-GAAP financial measures.



**PROXY STATEMENT SUMMARY**

*Other significant financial highlights for 2016 include:*

			<b>Dividends Paid (Per Common Share)</b>
<b>80<sup>th</sup> consecutive year</b>	<b>\$4.3 billion</b>	<b>2.3% increase</b>	<b>17% TSR</b>
<b>we paid dividends to shareowners</b>	<b>paid in 2016 to investors through dividends and share buybacks</b>	<b>in dividends per share paid to shareowners</b>	<b>outpaced the S&amp;P 500 and the Dow Jones Industrial Average in 2016</b>

**STRATEGIC ACCOMPLISHMENTS**

During 2016, customer- and company-funded research and development (“R&D”) investments were \$3.7 billion, bringing total R&D spending since 2008 to approximately \$30 billion. These technology-focused investments drive the ongoing innovation and product differentiation necessary for UTC to fully capitalize on increased global urbanization and commercial air travel.

Our continued commitment to R&D enabled us to introduce multiple new or enhanced products and processes in 2016, including:

The UTC Aerospace Systems’ (“UTAS”) OpsInsight mobile app provides pilots with real-time aircraft data on their mobile devices and is part of a suite of applications that UTAS has developed for its Aircraft Interface Device and Tablet Interface Module.

The UaDAPT process, created through a UTAS and Embraer collaboration, reduces the time required to develop the customized “nerve center” of an aircraft’s power systems by allowing software customization to be completed within a matter of weeks.

UTC Climate, Controls & Security (“UTC CCS”) launched 132 new products during the year, including the latest generation AquaForce chillers and heat pumps. These chillers and pumps use low Global Warming Potential refrigerants that can increase energy efficiency by up to 5% and reduce greenhouse gas emissions by up to 10% compared to conventional chillers and heat pumps, while contributing to green building certification.

R&D investments are also driving UTC’s strategy to harness innovative digital technologies to grow sales and profitability through more efficient and responsive customer service models. At Otis, new digital service technologies, including mobile tools and applications, are helping the approximately 31,000 Otis mechanics around the world to

better address customer maintenance needs and service requests.

**Research and Development Spending** (in billions)

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## PROXY STATEMENT SUMMARY

### OPERATIONAL ACCOMPLISHMENTS

UTC's aerospace businesses achieved a number of critical operational milestones during 2016, including:

The entries into service of the Airbus A320neo and Bombardier C Series aircraft, equipped with Pratt & Whitney's PurePower Geared Turbofan ("GTF") engines, are particularly noteworthy. The GTF utilizes game-changing technology for which UTC was recognized by *Fortune Magazine* in 2016 as one of the 50 Companies to "Change the World." With 16% less fuel burn, 75% less noise and 50% lower emissions than conventional engines, each GTF-powered airplane can annually emit up to 3,600 fewer metric tons of carbon dioxide, save approximately \$1 million in fuel and impact 500,000 fewer airport neighbors with noise from takeoff and landing. GTF total firm and option orders increased in 2016 to more than 8,000.

In addition to supporting the entries into service of the Airbus A320neo and Bombardier C Series aircraft, UTAS systems and components contributed to the successful first flights of the Embraer E-Jet E2 (nacelles, wheels and carbon brakes, as well as electric, engine control, fire protection, evacuation and air data systems) and Boeing 737 MAX (electric power, cabin pressure control, lighting, fire protection and sensing systems, as well as wheels, brakes, landing gear and evacuation slides).

### Executive Compensation Overview

**Principal Elements of Compensation.** Our executive compensation program has three principal components: base salary, annual bonus awards and long-term incentives ("LTI"). Each component serves a different purpose. Market-competitive base salary is an essential part of any compensation program and is necessary to attract and retain strong leadership talent. Annual bonus awards are intended to motivate the achievement of near-term company and business unit performance goals. Long-term incentives, which make up the greatest portion of our senior management's compensation, drive our executives to focus on strategies that promote sustainable, long-term growth for our shareowners.

**2016 Compensation Decisions.** Total direct compensation (defined in detail on page 50) reflects the compensation decisions made by the Committee on Compensation and Executive Development (the "Committee") for each of the principal elements of compensation. The Committee based these decisions on its assessment of 2016 financial, strategic and operational accomplishments for the Company and each business unit, as well as the individual performance of the Chairman & CEO ("CEO") and the other Named Executive Officers ("NEOs").

Total direct compensation for the five NEOs appears in the chart on the following page and includes base salary (reflecting any adjustments made in 2016), annual bonus for 2016 performance and the long-term incentive grant made in January 2017. As explained in detail on page 50, total direct compensation includes the Committee's pay decisions related to its 2016 performance evaluations. It differs from the compensation shown in the Summary Compensation Table which includes long-term incentive grants made in January 2016 reflective of the Committee's assessment of 2015 performance.

**PROXY STATEMENT SUMMARY****2016 TOTAL DIRECT COMPENSATION (in thousands)**

<b>BASE SALARY</b>	<b>ANNUAL BONUS</b>	<b>LONG-TERM INCENTIVES*</b>	<b>TOTAL</b>
\$1,500	\$3,000	\$10,467	<b>\$14,967</b>
\$825	\$1,100	\$3,557	<b>\$5,482</b>
\$825	\$1,100	\$3,795	<b>\$5,720</b>
\$800	\$850	\$3,795	<b>\$5,445</b>
\$750	\$600	\$3,795	<b>\$5,145</b>

Reflects the grant date fair values of equity awards granted on January 3, 2017, calculated in accordance with the Compensation—Stock Compensation Topic of the Financial Accounting Standards Board Accounting Standards \*Codification (“FASB ASC”), but excluding the effects of estimated forfeitures. Grants consist of performance share units (“PSUs”), restricted stock units (“RSUs”) and stock appreciation rights (“SARs”), except in the case of Mr. Delpech, who received stock options in lieu of SARs.

**RECENT PROGRAM CHANGES**

Material changes to UTC’s executive compensation program include:

**What we changed****Added return on invested capital (“ROIC”) as a metric to our PSU awards.**

Beginning with the PSUs granted in January 2016, ROIC makes up 35% of the total award payout opportunity, with the existing earnings per share (“EPS”) growth and relative total shareholder return (“TSR”) metrics now weighted at 35% and 30%, respectively.

**Added RSUs to our long-term incentive mix.**

Beginning with the LTI grant made on January 3, 2017, RSUs make up 20%,

**Why we changed it**

The Committee believes the inclusion of ROIC as an additional metric better aligns our long-term incentive program with our senior leadership team’s key priorities of innovation, execution, cost reduction and disciplined capital allocation.

Through our shareowner outreach efforts, investors expressed the view that strong ROIC is a sign of an efficient and well-managed company, and supported the inclusion of this metric in our LTI program.

The Committee believes in a market-competitive and balanced approach to long-term incentive program design. Each of the three components of our LTI program is intended to encourage specific business objectives. PSUs drive the achievement of specific financial goals. SARs motivate decision-making that will increase share price. The introduction of RSUs to

SARs make up 30% and PSUs remain at the LTI mix will better align UTC with its peers and further balance our 50% of the total value of each LTI grant program by adding a time-based vesting vehicle to enhance the program's for members of our Executive retentive value.  
Leadership Group ("ELG").

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**PROXY STATEMENT SUMMARY**

Director Engagement and Independence

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 charts below reflect the active engagement and independence of our current Board of Directors:

**Total Current Directors: 15**

*Director Engagement Director Independence*

The Committee on Nominations and Governance and the Public Issues Review Committee were merged in April \*2016, forming the Committee on Governance and Public Policy. This column includes the UTC directors' attendance at two meetings of the Committee on Nominations and Governance; one meeting of the Public Issues Review Committee; and two meetings of the Committee on Governance and Public Policy.

*Committee Independence*

**PROXY STATEMENT SUMMARY**

## Board Nominees

You are being asked to cast votes for 12 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.**

<b>LLOYD J. AUSTIN III</b>	<b>DIANE M. BRYANT</b>	<b>JOHN V. FARACI</b>	<b>JEAN-PIERRE GARNIER</b>
<i>General, U.S. Army (Retired) and Former Commander of U.S. Central Command</i>	<i>Executive Vice President and General Manager, Data Center Group, Intel Corporation</i>	<i>Retired Chairman &amp; Chief Executive Officer, International Paper</i>	<i>Chairman, Actelion Ltd.</i>
<b>Age: 63 Director Since:</b> 2016	<b>Age: 55 Director Since:</b> 2017	<b>Age: 67 Director Since:</b> 2005	<b>Age: 69 Director Since:</b> 1997
<b>Committees:</b> F, G	<b>Committees:</b> A, F	<b>Committees:</b> C, E, F	<b>Committees:</b> C, E, G
<b>Other Public Boards:</b> 0	<b>Other Public Boards:</b> 0	<b>Other Public Boards:</b> 2	<b>Other Public Boards:</b> 2
<b>GREGORY J. HAYES</b>	<b>EDWARD A. KANGAS</b>	<b>ELLEN J. KULLMAN</b>	<b>MARSHALL O. LARSEN</b>
<i>Chairman &amp; Chief Executive Officer, United Technologies Corporation</i>	<i>Former Chairman &amp; Chief Executive Officer, Deloitte, Touche, Tohmatsu</i>	<i>Retired Chair &amp; Chief Executive Officer, E.I. du Pont de Nemours and Company</i>	<i>Retired Chairman, President &amp; Chief Executive Officer, Goodrich Corporation</i>
<b>Age: 56 Director Since:</b> 2014	<b>Age: 72 Director Since:</b> 2008	<b>Age: 61 Director Since:</b> 2011	<b>Age: 68 Director Since:</b> 2012
<b>Committees:</b> E, F	<b>Committees:</b> A, C, E	<b>Committees:</b> C, G	

**Other Public Boards:** 1      **Other Public Boards:** 3      **Other Public Boards:** 2      **Committees:** F, G  
**Other Public Boards:** 3

**HAROLD MCGRAW III**

*Chairman Emeritus, S&P  
Global, Inc.  
(formerly McGraw-Hill  
Financial, Inc.)*

**FREDRIC G.  
REYNOLDS**

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

**BRIAN C. ROGERS**

*Chairman and Chief  
Investment  
Officer, T. Rowe Price  
Group, Inc.*

**CHRISTINE TODD  
WHITMAN**

*President, The Whitman  
Strategy  
Group*

**Age:** 68    **Director Since:** 2003      **Age:** 66    **Director Since:** 2016      **Age:** 61    **Director Since:** 2016      **Age:** 70    **Director Since:** 2003

**Committees:** C, F      **Committees:** A, G      **Committees:** C, F      **Committees:** F, G

**Other Public Boards:** 1      **Other Public Boards:** 2      **Other Public Boards:** 1      **Other Public Boards:** 1

*A Audit C Compensation & Executive Development E Executive\* F Finance G Governance & Public Policy Chair*

\*See UTC's Bylaws at Sections 3.1 and 3.3 regarding the Executive Committee's authority at <http://www.utc.com/Who-We-Are/Corporate-Governance/Pages/default.aspx>.

**PROXY STATEMENT SUMMARY**

Composition of Board Nominees

The Board of Directors and its Committee on Governance and Public Policy believe that diversity in experience and perspective are of the utmost importance for reaching sound decisions that drive shareowner value. The Board also believes that the varying tenures of our directors provide a constructive blend of institutional knowledge and a fresh external viewpoint. The following charts reflect the tenure, diversity and broad experience of the nominees for our Board of Directors:

**Total Board Nominees: 12**

*Director Tenure Board Diversity*

*Director Experience*

## **PROXY STATEMENT SUMMARY**

Governance Highlights

### **PRIMARY RISK OVERSIGHT RESPONSIBILITY**

#### **Full Board**

Risk management process and structure; strategic risks associated with UTC's business plan; and other significant risks, including major litigation, business development risks and succession planning.

#### **Audit**

Major financial risk exposures, including significant operational, compliance, reputational, strategic and cybersecurity risks; and UTC's overall policies and practices for enterprise risk management.

#### **Governance and Public Policy**

Corporate governance, leadership structure, effectiveness of Board and committee oversight; director candidate review; conflicts of interest; director independence; environment; workplace safety; equal employment opportunity; important public policy issues; government relations and other matters involving reputational risks.

#### **Compensation and Executive Development**

Executive recruitment, assessment, development and retention; and risks associated with compensation and benefits policies and practices, including incentive compensation programs.

#### **Finance**

Capital structure, liquidity, financing, pension funding and investment performance; and significant capital transactions, including acquisitions and divestitures.

### **BOARD PRACTICES AND ACCOUNTABILITY**

- Annual self-evaluation of Board and committee performance

- Comprehensive evaluation of Board’s composition, experience and skills
- Mandatory retirement age of 72, absent special circumstances approved by the Board
- Annual election of directors with majority vote standard in uncontested elections
- Proactive adoption in 2015 of balanced proxy access right

## **KEY INDEPENDENT LEAD DIRECTOR RESPONSIBILITIES**

In September 2016, the Board elected Gregory Hayes as Chairman and designated Edward Kangas, the former non-executive Chairman, as Lead Director. At that time, the Board amended UTC’s Corporate Governance Guidelines to expand the Lead Director’s role to be consistent with the Board’s view of current governance best practices. The Lead Director’s responsibilities include the following:

- Calls and presides over executive sessions of the independent directors
- Serves as a liaison between independent directors and Chairman & CEO
- Engages with significant constituencies, as requested
- Plans and sets agenda for Board meetings with the Chairman & CEO
- Oversees the Board’s evaluation and compensation of the Chairman & CEO
- Facilitates succession planning and management development
- Facilitates the Board’s annual self-evaluation
- Authorizes retention of outside advisors and consultants who report to the Board on Board-wide issues

## **STOCK OWNERSHIP REQUIREMENTS**

Our robust stock ownership requirements promote and strengthen the alignment of interests between our non-executive directors, management and shareowners. Requirements include:

<b>5x</b>	<b>6x</b>	<b>3x</b>
<b>annual base</b>	<b>base salary</b>	<b>base salary</b>
<b>cash retainer</b>	<b>for Chairman &amp; CEO</b>	<b>for Executive</b>
<b>for independent</b>		<b>Leadership Group</b>
<b>directors</b>		<b>(“ELG”) members</b>

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**Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be held on April 24, 2017.** This Notice of the 2017 Annual Meeting of Shareowners and Proxy Statement and UTC's 2016 Annual Report 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.



**Proxy Statement.** The Board of Directors of United Technologies Corporation (“UTC”, the “Company” or the “Corporation”) is soliciting proxies to be voted at our 2017 Annual Meeting of Shareowners on April 24, 2017 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 10, 2017. At the meeting, votes will be taken on four matters listed in the Notice of Meeting.

**Proposal 1: Election of Directors**

We are seeking your support for the election of the twelve candidates that the Board has nominated to serve on the Board of Directors for a one-year term beginning on the date of the Annual Meeting. We believe these nominees have the qualifications to oversee 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

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

- |                                 |   |
|---------------------------------|---|
| <b>Experience</b>               | <ul style="list-style-type: none"> <li>• Senior business or government leadership</li> <li>• Public company board</li> <li>• International business or government</li> </ul>  |
| <b>Thought Leadership</b>       | <ul style="list-style-type: none"> <li>• An objective, independent and informed approach to complex and sensitive business decisions</li> <li>• Extensive knowledge, experience, and superior judgment</li> <li>• An appreciation of the role of the corporation in society</li> <li>• Diversity of perspectives and appreciation for diverse cultures</li> <li>• Loyalty to the interests of UTC and its shareowners</li> <li>• The highest integrity and ethical standards</li> </ul> |
| <b>Subject Matter Expertise</b> | <ul style="list-style-type: none"> <li>• International</li> <li>• Industry / technical</li> <li>• Financial and accounting</li> <li>• Government or public policy</li> <li>• Regulatory compliance</li> <li>• Risk management</li> </ul>  |

Notice of 2017 Annual Meeting of Shareowners and Proxy Statement **1**

**PROPOSAL 1: Election of Directors**

Members of our Board possess additional important skills and qualifications. These include experience in the financial services industry, the military, the digital economy, sustainability and environmental issues, and systems and technology.

Nominating Process

Our Board believes that having directors who represent the interests of shareowners by bringing a diversity of perspectives to Board deliberations and Company oversight is central to our success. The Committee on Governance and Public Policy 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 reflects a mix of skills and perspectives that is appropriate to meet the Company's needs. Based on these considerations, the Board adjusts the priority it gives to 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 Governance and Public Policy seeks accomplished and highly qualified candidates who have the broad experience and perspective needed 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 significant periods.
- Two director nominees serve or have served on the board of a non-U.S. public company.
- Three director nominees are women.
- One director nominee is African American.

UTC's Governance Guidelines are available at:

<http://www.utc.com/Who-We-Are/Corporate-Governance/Pages/default.aspx>.

The Committee on Governance and Public Policy 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 UTC Corporate Secretary, 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 Governance and Public Policy, has nominated the twelve 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 3 to 10. The Board believes that the nominees, as a group, possess the appropriate skills to exercise the Board's oversight responsibilities.

Current directors Richard B. Myers, H. Patrick Swygert and André Villeneuve are not standing for re-election and will retire from the Board on April 24, 2017 in accordance with UTC's Governance Guidelines, which require directors to retire from

**PROPOSAL 1: Election of Directors**

the Board at the annual meeting after they reach age 72. The Company and the directors extend their sincere appreciation to these individuals for their dedicated service as members of UTC’s Board of Directors.

The Board may make an exception to the retirement policy in special circumstances. Citing such circumstances, the Board nominated Edward A. Kangas to stand for re-election at the 2017 Annual Meeting. The Board elected to make such an exception for Mr. Kangas, who was designated Lead Director in September 2016, to take advantage of his extensive financial and accounting expertise that is beneficial to UTC.

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:**

LLOYD J. AUSTIN III

**General, U.S. Army (Ret.) and Former Commander of U.S. Central Command**

**GENERAL AUSTIN** is a retired U.S. Army General with nearly 41 years of military service. As the Commander of U.S. Central Command from March 2013 through March 2016, he was responsible for the 20-country Central Region that includes Iraq, Syria, Iran, Yemen, Afghanistan, Pakistan, Egypt and Saudi Arabia. He was also the Combined Forces Commander in Iraq and Syria. General Austin has extensive operational experience, having commanded troops in combat at the 1-, 2-, 3- and 4-star levels. During his last deployment, General Austin served as a 4-star general and commander of United States Forces-Iraq from September 2010 through December 2011. He later served as the 33rd Vice Chief of Staff of the Army.

**Age:** 63  
**Director since:** 2016

**Committees:**

General Austin is the Class of 1951 Leadership Chair for the Study of Leadership in the Department of Behavioral Sciences & Leadership at the U.S. Military Academy at West Point, NY, for the academic years 2016-17 and 2017-18. He also serves on the Board of Trustees of Guest Services, Inc. (non-public). General Austin is a graduate of the U.S. Military Academy and holds master’s degrees from Auburn University (Education) and Webster University (Business Management). General

**Key Skills and Expertise**  
**GOVERNMENT AND GEOPOLITICAL**

Obtained unique perspective on the complexities of the U.S. military, the defense industry and defense procurement through senior leadership positions in the U.S. Department of Defense.

**BROAD INTERNATIONAL EXPOSURE**

Acquired extensive understanding of international affairs and global security through senior leadership positions, including overseas deployments and global oversight responsibilities.

**RISK MANAGEMENT/OVERSIGHT**

Managed significant operating budgets and large organizations, and addressed complex operational and strategic issues.

Governance and Public Policy Finance Austin's many awards and decorations include five Defense Distinguished Service Medals, the Silver Star and the Legion of Merit.

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**PROPOSAL 1: Election of Directors**

DIANE M. BRYANT

**Executive Vice President and General Manager, Data Center Group, Intel Corporation**

**MS. BRYANT** is Executive Vice President and General Manager of the Data Center Group for Intel Corporation (high technology products and services). Ms. Bryant leads the worldwide organization that develops the data center platforms for the digital services economy. In her current role, she manages the data center P&L, strategy and product development for cloud service and communications service providers, enterprise and government infrastructure, spanning server, storage and network solutions. Previously, Ms. Bryant was Corporate Vice President and Chief Information Officer of Intel, where she was responsible for corporate-wide information technology solutions and services.

**Age: 55  
Director since: 2017**

A tireless advocate for women and underrepresented minorities, Ms. Bryant has served as the executive sponsor of the Network of Intel African American Employees and on the technical board of the Anita Borg Institute. She was named among Fortune’s 50 Most Powerful Women in Business in 2015 and 2016. In 2016, World Affairs and its Global Philanthropy Forum honored Ms. Bryant with its Global Citizen Award.

**Committees:**

Business Insider ranked Bryant #32 in the list of “Silicon Valley 100” of 2016. She is an Intel spokesperson for STEM education and established the Diane Bryant Endowed Scholarship Fund for Diversity in Engineering at the University of California, Davis.

**Audit Finance**

**Key Skills and Expertise**

**TECHNOLOGY-RELATED PRODUCT DEVELOPMENT/MARKETING**

Acquired extensive experience in technology and the digital economy through a career at Intel Corporation and training as an engineer.

**FINANCIAL EXPERTISE/LITERACY**  
Obtained broad understanding of financial matters obtained through extensive senior management experience, including responsibility for significant P&L.

**RISK MANAGEMENT/OVERSIGHT**  
Obtained extensive experience through managing large organizations within a public company.

**PROPOSAL 1: Election of Directors**

JOHN V. FARACI

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

**Age: 67  
Director since:  
2005**

**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 director of that company, and served as its Executive Vice President and Chief Financial Officer from 2000 to 2003. From 1995 to 1999, Mr. Faraci 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.

**Committees:**

Mr. Faraci is a director of PPG Industries, Inc. and ConocoPhillips and an Operating Partner at Advent International (global private equity). He serves on the boards of the National Fish and Wildlife Foundation and Denison University, and he is a trustee of the American Enterprise Institute and a member of the Council on Foreign Relations.

Compensation  
and Executive  
Development  
Finance  
Executive

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as International Paper's Chairman & CEO from 2003 through 2014, overseeing strategic changes in that company's business portfolio and enhancing its commitment to the stewardship of natural resources and sustainability reporting.

**BROAD INTERNATIONAL  
EXPOSURE**

Led large corporation with worldwide operations.

**EXTENSIVE KNOWLEDGE OF  
COMPANY'S BUSINESS AND/OR  
INDUSTRY**

Acquired comprehensive understanding of UTC's businesses and competitive landscape through his service on the UTC Board, including his role as Finance Committee Chair since 2012.

JEAN-PIERRE GARNIER

**Chairman,  
Actelion Ltd.**

**Age: 69**

**Director since:** Dr. Garnier is a director of Radius Health, Inc. and Chairman

**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. He served as CEO of SmithKline Beecham plc in 2000 and as Chief Operating Officer and Executive Member of the Board of Directors from 1996 to 2000.

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as CEO for two large public companies and was named to the 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



1997	of the Board of Alzheon, Inc. (non-public). He served as Chairman of NormOxys, Inc. (biopharmaceuticals) and as a director of Renault S.A. He serves on the Advisory Board of the Newman's Own Foundation and is a former board member of the Stanford Advisory Council on Interdisciplinary Biosciences, 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.	public companies and as chairman of companies in Europe and the U.S. <b>EXTENSIVE KNOWLEDGE OF COMPANY'S BUSINESS AND/OR INDUSTRY</b> Acquired comprehensive understanding of UTC's businesses and competitive landscape through his service on the UTC Board, including his role as the Committee on Compensation and Executive Development Chair since 2008.
<b>Committees:</b>		
Compensation and Executive Development Governance and Public Policy Executive		

**PROPOSAL 1: Election of Directors**

GREGORY J. HAYES

**Chairman & Chief Executive Officer, United Technologies Corporation**

**MR. HAYES** was elected Chairman of UTC in September 2016. He has served as President and Chief Executive Officer and director since November 2014. Mr. Hayes previously served for more than six years as UTC's Senior Vice President and Chief Financial Officer, which included responsibility for UTC's Corporate Strategy Group. In that position, he played a critical strategic and operational role in reshaping the Company's portfolio to focus on its core aerospace and building systems businesses. During this time, UTC successfully acquired and integrated Goodrich Corporation and a majority interest in International Aero Engines (IAE), streamlined its Carrier and fire and security businesses, and divested more than \$8 billion of non-core businesses. Mr. Hayes came to UTC through the 1999 merger with Sundstrand Corporation, where he served in a number of leadership positions.

**Age: 56  
Director since: 2014**

**Committees:**

Mr. Hayes has been a director of Nucor Corporation since 2014, where he is Audit Committee Chair, and serves on the Compensation and Executive Development Committee and the Governance and Nominating Committee.

Finance  
Executive

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as President and CEO of UTC since November 2014 and elected Chairman in 2016.

**FINANCIAL**

**EXPERTISE/LITERACY**

Gained substantial financial and accounting oversight experience 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. Mr. Hayes is also a Certified Public Accountant.

**EXTENSIVE KNOWLEDGE OF COMPANY'S BUSINESS AND/OR INDUSTRY**

Obtained deep understanding of UTC's operations, complex financial transactions, and the operational and financial impact of numerous acquisitions, divestitures, restructuring actions and integrations through more than six years experience as UTC's CFO and through other senior financial leadership positions.

**PROPOSAL 1: Election of Directors**

EDWARD A. KANGAS

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

**MR. KANGAS** is Lead Director of UTC’s Board of Directors, having served as its non-executive Chairman from November 2014 to September 2016. He is the former Chairman & CEO of Deloitte, Touche, Tohmatsu (audit and tax services), a position he held from 1989 to 2000.

**Age: 72  
Director since:  
2008**

Mr. Kangas is currently a director of Hovnanian Enterprises, Inc., Intelsat S.A., Tenet Healthcare Corporation (he was also non-executive Chairman of Tenet from 2003 to 2015) and Deutsche Bank USA Corp. (non-public, Chairman). He is a former director of Intuit Inc. (2007 to 2016), Allscripts Healthcare Solutions, Inc. (2010 to 2012) and Eclipsys Corporation (2004 to 2010). Mr. Kangas is the former Chairman of the National Multiple Sclerosis Society.

**Committees:**

Audit  
Compensation  
and Executive  
Development  
Executive

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as CEO of a major public accounting firm.

**FINANCIAL EXPERTISE/LITERACY**

Acquired extensive financial and accounting expertise through oversight of audits of public companies in diverse industries. Qualified as an audit committee financial expert.

**RISK MANAGEMENT/OVERSIGHT**

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

ELLEN J. KULLMAN

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

**MRS. KULLMAN** served as Chair & 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 DuPont 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.

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as CEO of an innovative S&P 100 company with expansive global operations.

**TECHNOLOGY-RELATED PRODUCT DEVELOPMENT/MARKETING**

Acquired extensive experience in the application of market-driven science to new product development through a career at DuPont and training as an engineer.

**Age:** 61  
**Director since:** 2011  
**Committees:**

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 serves on the Board of Directors of Amgen Inc., Goldman Sachs, Dell Technologies (non-public), Carbon3D, Inc. (non-public) and the North American advisory council of Temasek Holdings (non-public). Mrs. Kullman is also a member of the Board of Overseers of Tufts University School of Engineering and a Trustee of Northwestern University.

**BROAD INTERNATIONAL EXPOSURE**  
Obtained extensive experience implementing business strategies in global markets.

Governance  
and Public  
Policy  
Compensation  
and Executive  
Development

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**PROPOSAL 1: Election of Directors**

MARSHALL O. LARSEN

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

**MR. LARSEN** served as Chairman, President & CEO of Goodrich Corporation (aerospace and defense) 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.

**Age: 68  
Director  
since: 2012**

**Committees:**

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.

Finance  
Governance  
and Public  
Policy

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as Chairman and CEO of Goodrich Corporation from 2003 to 2012.

**EXTENSIVE KNOWLEDGE OF  
COMPANY'S BUSINESS AND/OR  
INDUSTRY**

Gained in-depth knowledge of aerospace industry, conditions affecting the industry and key customers through a long career at Goodrich Corporation.

**FINANCIAL EXPERTISE/LITERACY**

Acquired extensive financial literacy as well as broad knowledge of governance, regulatory and risk management issues facing large public companies through oversight of CFO at Goodrich and extensive senior management experience.

HAROLD MCGRAW III

**Chairman  
Emeritus,  
S&P Global,  
Inc. (formerly  
McGraw-Hill  
Financial, Inc.)**

**MR. MCGRAW** is Chairman Emeritus of S&P Global Inc. (formerly McGraw-Hill Financial, Inc.—ratings, benchmarks, and analytics for financial reports), having served as that company's Chairman from 1999 through April 2015 and as McGraw-Hill's CEO from 1998 to 2013. From 1993 to 2013, he was McGraw-Hill's President and Chief Operating Officer.

Mr. McGraw is a director of Phillips 66 and a former director of ConocoPhillips (2005 to 2012). He is Chairman

**Key Skills and Expertise**

**CEO EXPERIENCE**

Served as CEO of McGraw-Hill Financial from 1998 to 2013 and as Chairman from 1999 to 2015.

**BROAD INTERNATIONAL  
EXPOSURE**

Acquired broad knowledge of global trade and business activities in diverse and challenging economic conditions

**Age:** 68  
**Director since:** 2003

of the U.S. Council for International Business, a member of the U.S. Trade Representative's Advisory Committee for Trade Policy and Negotiations, is the Honorary Chairman of the International Chamber of Commerce, and former Chairman of the Business Roundtable. In addition, he serves on the boards of the Asia Society, the Committee Encouraging Corporate Philanthropy, Carnegie Hall Society and the New York Public Library.

through experience as CEO, as a director at several large global companies and through leadership roles in other organizations.

**EXTENSIVE KNOWLEDGE OF COMPANY'S BUSINESS AND/OR INDUSTRY**

Provides expertise and perspective on UTC's performance, opportunities and investor expectations through extensive experience in the financial ratings and analytics industry.

**Committees:**

Compensation  
and Executive  
Development  
Finance

**PROPOSAL 1: Election of Directors**

FREDRIC G. REYNOLDS

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

**Age: 66 Director since: 2016**

**Committees:**

Audit Governance and Public Policy

**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., where he held a number of senior positions, including serving as Chief Financial Officer and Financial Officer of several of that company’s major businesses.

Mr. Reynolds is a director of Mondelez International, Inc. (formerly Kraft Foods Inc.), Hess Corporation, MGM Holdings, Inc. (non-public), NEP Group, Inc. (non-public) and a former director of AOL, Inc. (2009 to 2015).

**Key Skills and Expertise**

**FINANCIAL EXPERTISE/LITERACY**

Served as CFO for public companies operating in diverse and challenging conditions, including transformative changes. Certified public accountant and qualifies as an Audit Committee financial expert.

**TECHNOLOGY-RELATED PRODUCT DEVELOPMENT/MARKETING**

Obtained extensive experience in evaluating investments of rapidly changing technologies for producing and distributing media products.

**RISK MANAGEMENT/OVERSIGHT**

Gained significant knowledge of risk management and oversight through extensive experience as a CFO and service on public company audit committees.

BRIAN C. ROGERS

**Chairman and Chief Investment Officer, T. Rowe Price Group, Inc.**

**MR. ROGERS** has been Chairman of T. Rowe Price Group, Inc. (investment management) since 2007 and Chief Investment Officer 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 and has been involved in

**Key Skills and Expertise**

**FINANCIAL EXPERTISE/LITERACY**

Chartered Financial Analyst and Chartered Investment Counselor.

**EXTENSIVE KNOWLEDGE OF COMPANY’S BUSINESS AND/OR INDUSTRY**

Gained unique expertise and perspective on Company performance, opportunities and

investment management with T. Rowe Price since beginning his career there in 1982.

investor expectations through his extensive experience as an investment manager.

**RISK MANAGEMENT/OVERSIGHT**

**Age:** 61  
**Director**  
**since:** 2016

Mr. Rogers is on the Johns Hopkins University and Johns Hopkins Medicine Boards of Trustees, is Chairman of the Archdiocese of Baltimore's finance committee, and is a member of the Greater Baltimore Committee board and the Maryland Economic Development Commission.

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

**Committees:**

Compensation  
and  
Executive  
Development  
Finance



**PROPOSAL 1: Election of Directors**

CHRISTINE TODD WHITMAN

**President,  
The Whitman  
Strategy  
Group**

**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.

**Age:** 70

**Director**

**since:** 2003

Governor Whitman is a director of Texas Instruments, Inc. and she served on the board of S.C. Johnson & Son, Inc. (non-public) from 2003 to 2016. She is a member of the Council on Foreign Relations and Chair of the Board of the American Security Project. In addition, she is Vice Chair of the Board of Trustees of the Eisenhower Fellowship Foundation and a member of the Senior Advisory Committee of Harvard University's Institute of Politics. Governor Whitman is also Co-Chair of the Clean and Safe Energy Coalition and a board member at the Center for Sustainable Shale Development.

**Committees:**

Finance  
Governance  
and Public  
Policy

**Key Skills and Expertise**

**GOVERNMENT AND GEOPOLITICAL**

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

**RISK MANAGEMENT/OVERSIGHT**

Acquired extensive expertise in management and oversight of complex environmental and other risks and public policy matters through her career in government and private industry.

**EXTENSIVE KNOWLEDGE OF  
COMPANY'S BUSINESS AND/OR  
INDUSTRY**

Gained understanding of, and insight into, UTC's businesses through her role as Public Issues Review Committee Chair from 2008 to 2016.

## Corporate Governance

### Our Commitment to Sound Corporate Governance

UTC is committed to strong corporate governance practices that are designed to maintain high standards of oversight, integrity and ethics, while promoting long-term growth in 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, which is reflected in our Code of Ethics and Governance Guidelines, our systematic approach to risk management, and our commitment to transparent financial reporting and strong internal controls.

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

- Our Governance Guidelines
- Charters for our Board Committees
- Our Certificate of Incorporation and Bylaws
- Our Code of Ethics
- Information about our Ombudsman program, which allows UTC's employees and third parties to raise questions confidentially and outside the usual management channels
- Information on how shareowners and other interested persons may communicate concerns to the Board of Directors

### Board Leadership Structure

**In September 2016, the Board elected Gregory J. Hayes, our President and Chief Executive Officer, to serve as Chairman of the Board and designated Edward A. Kangas as the Board's Lead Director.**

## **POLICY ON CHAIRMAN AND CEO ROLES**

The Committee on Governance and Public Policy 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 is permitted to serve simultaneously 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, will choose the structure that it believes will provide the most effective leadership and oversight for the Company, while also facilitating the effective functioning of 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 the 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**

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

UTC's Governance Guidelines require the designation 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 September 2016, the Board amended the Governance Guidelines to expand the duties and responsibilities of the Lead Director to essentially mirror the duties and responsibilities of the non-executive Chairman.

The non-executive Chairman and Lead Director are charged with, among other duties, coordinating the activities of the independent directors, serving as a liaison between the Board and management, and participating in planning meeting agendas. The Board believes that the non-executive Chairman or Lead Director role enhances the effectiveness of the independent directors and provides a channel for non-management directors to candidly raise issues or concerns for Board consideration.

The Board believes that a non-executive Chairman or Lead Director with defined responsibilities also enhances oversight of risk management. Of course, the non-executive Chairman or 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 management and in additional executive sessions, as requested by directors. In practice, these executive sessions occur before or after most Board meetings. These executive sessions promote open and candid discussion among the non-management directors.

### **SUCCESSION PLANNING**

On an annual basis, the Chairman & CEO and the Executive Vice President & Chief Human Resources Officer present to the Board the Company's succession plans for key senior leadership roles, including the role of CEO. Succession plans include a readiness assessment, biographical information and future career development plans. Feedback fro