------------------------------------------------------------------------------------ United Technologies 2004

AT UTC, we don’t choose between responsibility and profitability. We pursue both with discipline and focus. We do this with great products and product innovations and a relentless focus on productivity and cost reductions while at the same time meeting high standards of corporate citizenship. Good companies can do both, and UTC does.

Corporate responsibility for us means reductions in hazardous waste generation and air emissions, the two important environmental impact categories reported to the EPA, of 89 and 93 percent, respectively, since 1990. It means reductions in energy and water usage normalized for volume of 40 and 53 percent, respectively, since 1997 when we began concentrating on these categories. It means more than 70,000 concerns and comments raised through our DIALOG and Ombudsman employee feedback systems since inception, more than $2.5 billion invested annually in research and development, and $462 million spent on employee college and university degrees in the last eight years. Corporate responsibility has led us to products like air conditioners with zero ozone impact, hydrogen fuel cells, and energy saving Gen2™ elevators.

Corporate responsibility means embracing the highest standards, implemented by employees everywhere. It demands a relentless focus on lessening negative impacts and increasing positive returns.

We have a strong record but there are challenges. In 2004 these included several ethics violations at Otis in Europe, increased fines for environmental violations, and an increase in fatalities in UTC’s established companies after 10 years of steady improvements. We faced each incident directly and moved quickly to adopt preventive measures and change systems. We can and will do better.

Corporate responsibility includes profitability, which both provides the resources for investments and confirms the success of these. Many of the disciplines which enhance our performance apply equally to profitability and responsibility. UTC has solid records on both, with a cumulative total shareholder return of 975 percent over a dozen years in addition to the accomplishments reported here.

This is our first Corporate Responsibility Report. It places environmental and social impacts alongside financial results and is intended to be a transparent and informative look at a great company. We expect to report annually on our progress. Please visit [www.utc.com](http://www.utc.com) to learn more.

George David

Chairman and Chief Executive Officer

------------------------------------------------------------------------------------ United Technologies 2005

M E SS AG E FRO M T H E CHA IRMA N

Corporate responsibility combines ﬁnancial performance with commitments to employees, the environment, and communities. We don’t believe one substitutes for the others, and our record sustains this. UTC remains ranked in the Dow Jones Sustainability Indexes and was again recognized at the 2006 World Economic Forum in Davos as one of the “100 Most Sustainable Corporations in the World.” Total shareholder return (combining dividends with share price appreciation) is the traditional measure of ﬁnancial performance, and UTC’s record approaching 1,100 percent cumulatively since 1992 is more than three times the market indices. We aspire to comparable performance in all aspects

of corporate responsibility.

Converting energy to useful work is common across our products, whether aircraft engines, elevators, air condition- ers, fuel cells, or even rocket motors. Because our products generally have long lives, the accumulated energy demands can be signiﬁcant.

Carrier led its industry in adopting the new U.S. federal SEER 13 energy standard for residential air conditioners, rais- ing mandated electrical efﬁciencies by 30 percent. We then spent $250 million to launch products which are 20 percent smaller, 30 percent lighter, and use 40 percent less refrig- erant than prior comparably high efficiency models. UTC Power doubles energy efﬁciency for on-site power generation by capturing otherwise waste heat to power Carrier air con- ditioning and refrigeration equipment. Otis’ Gen2 elevators in their regenerative conﬁguration use 75 percent less elec- tricity than comparable equipment only a decade ago.

In our own facilities worldwide, we’re using 18 percent less kilowatts and Btu’s than in 1997, on production volumes materially larger. Our water consumption worldwide is down comparably 44 percent. Since 1990, emissions to air and hazardous waste in the U.S. (both as reported to the EPA) are down 95 percent and 88 percent, respectively. Next are higher internal goals still and extending these efforts to UTC’s supply chain.

Corporate responsibility includes unlimited education f or our employe e s . U TC ’s recognized and applaude d Employee Scholar Program marked its tenth year in 2005 with cumulative spending of over a half billion dollars and 18,500 college and university degrees earned. For more details on this extraordinary program, go to the Corporate Responsibility page at [www.utc.com.](http://www.utc.com/)

We donated $17.6 million to nonprofit organizations regionally and globally last year and marked 25 years of supporting the arts with exhibitions in New York City and Hartford, Connecticut. Over these 25 years, UTC has spon- sored 54 exhibitions in 13 countries at a cumulative cost of

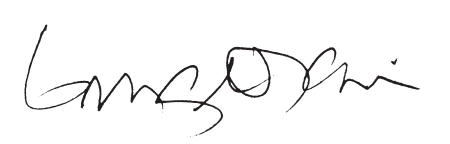
$55 million.

Although we continued our remarkable record in 2005 of having reduced lost workday injuries by 14 times since 1990, we were challenged greatly by increased fatalities. Twelve employees lost their lives, ﬁve at Otis and seven at UTC Fire & Security. I review each fatality personally with the entire operating chain of command to determine root causes and change practices and equipment accordingly. No effort has had higher priority at UTC, yet we regard these results as unsatisfactor y. Elevators are dangerous work- places with vertical spaces, high voltage, and heavy moving objects. In our Fire & Security business, we provide armed response services in emerging markets with inadequate police forces. We are determined to do better and have, for example, upgraded body armor, expanded training, and improved procedures for this armed response service.

In response to the discovery in early 2004 of the ﬁrst sig- niﬁcant lapse in our ethics and compliance program since it was ﬁrst launched worldwide in 1990, we are strengthening this otherwise successful program. Steps include an update and re-issue of our Code of Ethics, increases in Business Practices Ofﬁcer (BPO) stafﬁng and limitations on other responsibilities BPOs may have, and making mandatory an ethics and compliance element in annual performance dis- cussions with salaried employees worldwide.

This repor t covers in more detail the six areas of our corporate responsibility commitments: governance, prod- ucts, suppliers and customers, environment, communities, and employees.

Please go to [www.utc.com](http://www.utc.com/) to learn more about UTC and to provide feedback on this report.



George David

Chairman and Chief Executive Officer

------------------------------------------------------------------------------------ United Technologies 2006

Corporate responsibility means operational excellence at UTC, carried out by nearly 215,000 employees doing their jobs safely, ethically and profitably. We believe globalization, urbanization and climate change provide challenges to our world and opportunities to invest profitably and responsibly for our shareowners, employees and communities.

UTC’s performance for shareholders has been exceptional. Total shareholder return was 14 percent in 2006, and cumulatively 338 percent over the last decade. We have achieved these results while conforming to high ethical and environmental standards and working to meet our obligations to employees for a safe and productive workplace and opportunities to improve themselves.

UTC closed out successfully in 2006 prior goals to improve Environment, Health & Safety performance and set new goals for 2007 through 2010. Over the prior decade, lost workday incidence and U.S. recordable incidence are down 80 and 78 percent, respectively. Over the same period, worldwide energy use measured in Btu’s is down 19 percent on a company twice the size. Water use is down comparably 49 percent. Longer term, we have reduced hazardous waste and air emissions as reported to the U.S. Environmental Protection Agency by 89 and 98 percent since 1990, respectively.

Tragically, five employees lost their lives in 2006, and 41 were seriously injured. There is no higher priority than eliminating workplace fatalities and serious injuries, and we have fallen short of this standard. Our businesses by their nature have large and dispersed field workforces operating with exposures to hazards. We have made great progress in minimizing these exposures with equipment redesigns to fail-safe standards, protective clothing and methods and relentless employee training. We will not cease our efforts until workplaces free from hazards are truly achieved.

UTC’s environmental goals through 2010 are aggressive and include for the first time a greenhouse gas metric. The latter (sometimes called carbon dioxide equivalents) arises from implementation of the new accounting standards and methodologies set jointly by the World Business Council for Sustainable Development and the World Resources Institute. Our goal is 3 percent annual reductions in carbon dioxide equivalents independent of organic growth, which compares favorably to our already significant reductions in energy use averaging 2 percent annually over the last decade.

We relaunched UTC’s ethics and compliance program in 2006. Our Code of Ethics, first published in 1990, was reissued and re-emphasized. New and important program elements include ethics training and an ethics component in performance appraisals, both mandatory each year for all salaried employees worldwide, and significantly increased Business Practices staffing.

2006 marked the first decade of UTC’s widely recognized Employee Scholar Program, with employees having earned more than 20,800 degrees. Current employee participation exceeds 8,500 domestically and 4,500 internationally. The program’s success is due to its scope and benefits, which include not only UTC paid tuition and fees but also paid time away from work, freedom to choose courses and concentrations without limitation, and UTC common stock awards on degree attainment. These awards have totaled more than four million shares since program inception, currently valued at more than $250 million.

This printed report is shorter than prior reports, with enhanced information appearing on our Web site, [www.utc.com/responsibility.](http://www.utc.com/responsibility) Please visit this site to learn more and provide feedback on our performance.

**George David**

Chairman and Chief Executive Officer

**Louis Chênevert**

President and Chief Operating Officer

------------------------------------------------------------------------------------ United Technologies 2007

Along with profitability and operational excellence, corporate responsibility is an essential priority at UTC.

As our statement of values says, “Successful businesses improve the human condition. We maintain the highest ethical, environmental and safety standards ever ywhere, and we encourage and celebrate our employees’ active roles in their communities.”

UTC’s shareholder per formance has been exceptional. Total shareholder return was 24 percent in 2007, and cumulatively 388 percent over the last decade. We are proud to have achieved these results while maintaining principles

of good corporate citizenship including the highest ethical and environmental standards.

In 2007, UTC launched its latest and most aggressive set of Environment, Health & Safety (EH&S) goals. We have moved uniformly to absolute goals rather than normalizing for volume as applied to some goals previously. For the impor tant greenhouse gases (GHG) categor y, we have also adopted the measurement protocol of the World Business Council for Sustainable Development and World Resources Institute. This protocol captures direct and indirect

(e.g., GHG arising from business travel on commercial aircraft) greenhouse gas impacts of CO2 and five comparable gases. UTC’s 2007-2010 absolute reduction goal is

3 percent annually or 12 percent cumulatively, and we exceeded this with a 5 percent reduction in 2007. Although on a different measurement basis, this GHG goal measured in metric tons of CO2 equivalents compares favorably to UTC’s already notable reductions in energy use globally averaging 2 percent annually since 1997.

Other impor tant goals include water use (10 percent reduced by 2010), non-recycled industrial process waste (30 percent reduced by 2010), and employee lost workday

incident rate (65 percent reduced to 0.17 in 2010). Results in 2007 for each are well ahead of commitments, with water use reduced 6 percent, non-recycled industrial process waste 14 percent, and lost workday incident rate 37 percent to 0.31.

In 2007, 81 percent of employees par ticipated in UTC’s biennial employee sur vey, the highest par ticipation since the worldwide sur vey began in 2000. Overall employee favorability increased 3 percentage points from the prior sur vey, and ethics, EH&S and customer focus were the highest rated categories. Impor tantly, the ethics categor y score increased 10 percentage points.

UTC’s commitments to employee diversity have been sustained and strong. Since 1997, UTC’s diversity population (females, people of color and African-Americans) has more than doubled in the executive, managerial and professional categories combined. Diversity representation has also increased in eight of nine measured categories, and we anticipate continuing increases. Among our many diversity initiatives, a traditionally impor tant one is INROADS which develops and places young minorities in business. UTC’s involvement began more than 20 years ago, and we were recognized this year by INROADS as its top corporate par tner with 214 interns.

The year’s progress was not without setbacks. Two issues repor ted previously were resolved early in the year, the European Union investigation of car tel behavior in

the elevator industr y and a Hamilton Sundstrand violation of the U.S. Clean Water Act. This repor t includes details, and UTC’s compliance mechanisms have been renewed and strengthened accordingly. Tragically, four UTC employees lost their lives in 2007. Although reduced from prior years and including two deaths as the result of a violent crime and

one motor vehicle fatality, any loss of life is unacceptable.

Strengthened compliance mechanisms included expanded employee ethics training and mandator y inclusion of an ethics component in annual appraisals for all salaried employees worldwide. The former included 480,000 modules for 95,000 salaried employees. The latter was completed for 96 percent of domestic salaried employees. UTC’s long time DIALOG system for repor ting employee concerns confidentially, already Web enabled and available globally, was centralized in 2007 in response to employee feedback.

A total of 69,054 DIALOGs have been written and responded to since the program began in 1986.

On behalf of UTC shareowners, we thank all UTC employees who continue to make this a truly amazing company. As always, we welcome feedback on per formance at [www.utc.com/responsibility.](http://www.utc.com/responsibility)



George David

Chairman and Chief Executive Officer



Louis Chênevert

President and Chief Operating Officer

------------------------------------------------------------------------------------ United Technologies 2008

Dear Shareowner

UTC delivered strong results in 2008 despite the economic challenges which accelerated across the world’s economies as the year progressed. As in years past, this reflected the competitive- ness of the Corporation’s businesses in markets worldwide and the maturity of its operating disciplines and management team. We believe we are well positioned to continue to outper- form peers in 2009.

The board increased the dividend by just over 20 percent in October. In the decade ending

2008, dividends increased more than 300 percent and paralleled earnings increases over the same period. Free cash flow again exceeded net income and liquidity remains high. We early retired $500 million of long term debt maturing in 2009 following a $1.25 billion issuance in December on attractive terms.

Revenues reached $58.7 billion, 7 percent above the prior year. Earnings grew 15 percent to

$4.90 per share. Notwithstanding these exceptional results, UTC’s stock price contracted along with virtually all others in 2008. However, we outperformed peers and market averages as we have so often in the past. We anticipate continued outperformance and took advantage of

price weakness to accelerate share repurchase to $3.2 billion for the year, a record for UTC.

We look ahead to 2009 with confidence despite market and economic uncertainties. Preparing for contracting markets while continuing to invest in long term product development were management’s focus throughout 2008. Restructuring costs totaled $357 million for the year and were well in excess of one-time gains. Company funded research and development increased $100 million to $1.8 billion. We see unusual opportunities to field new products

and believe these will vindicate management’s and investors’ confidence in building on UTC’s already leading market franchises worldwide.

Notable developments in 2008 included completion of flight test at Airbus of Pratt & Whitney’s new Geared Turbofan engine. This next generation engine promises 12 percent lower fuel consumption and more than half reductions in both nitrogen oxides and noise over engines currently in flight. Sikorsky’s X2 Technology demonstrator flew first in August and is confirming expectations of flight at speeds exceeding 250 knots while preserving a helicopter’s traditional advantages of hover and vertical flight. Both products reflect decades of development and offer exceptional promise.

Cost reduction and productivity are embedded disciplines at UTC. We manage these through our Achieving Competitive Excellence (ACE) operating system which has been deployed across UTC worldwide for more than a decade. Each of 859 management sites is assessed against standards and expectations and rated accordingly. Forty-nine percent of sites achieved Gold and Silver status in 2008, and we remain on track to achieve our 70 percent goal by the end

of 2009. Over and over again we confirm that these ACE disciplines add materially to productivity, quality, delivery and balance sheet metrics for UTC. They are a principal reason for the Corporation’s outperformance over extended periods.

We affirm our traditional commitments to the highest standards of corporate responsibility, including compliance with laws and regulations and UTC’s Code of Ethics, environmental performance, and a safe and healthy place to work. For the first time, this Annual Report combines business and financial results with those on corporate responsibility. Notable accomplishments in 2008 were continued and significant improvements in lost workday inci- dence and resource use generally. The former decreased to 0.26, 16 percent improved over

2007. UTC’s carbon footprint decreased 6 percent in 2008 and exceeded the 2 percent average improvement rate over the last decade. Our current carbon footprint reduction goal is 3 per- cent annually through 2010. Water consumption decreased 7 percent in 2008 and cumulatively is 53 percent lower than a decade ago. These reductions are absolute and are exceptional on business volumes more than twice those 10 years ago.

The binding theme in these business and corporate responsibility results for UTC is doing more with less. It is the core operating commitment and value at this Corporation. Looking back at more than a decade’s performance, we affirm that startling gains are possible and, indeed, at rates we would not have thought possible at the outset. It’s the reason we should all be confident in a long term and bright future for the world’s economies and resource con- sumption rates even in times of uncertainty and anxiety generally.

The results reported throughout this Annual Report reflect the dedication and commitment

of UTC’s more than 220,000 employees worldwide. On behalf of shareowners, we thank every single one for exceptional contributions. This is a truly amazing company and employees make it so.

**George David**,

Chairman

**Louis Chênevert**,

President and Chief Executive Officer

------------------------------------------------------------------------------------ United Technologies 2009

**Dear Shareowner**

2009 was a year of many global challenges and yet also a year in which we made great progress. As the world economy weakened, we focused on what we could control. We lowered our costs, effectively redeployed capital, and strengthened our portfolio with key acquisitions and divestures. In an extraordinarily difficult business environment, strong execution allowed us to deliver solid financial results and value to customers while positioning UTC to continue to outperform peers in 2010 and beyond.

Difficult end markets across our businesses resulted in lower revenues and earnings for the year. However, exceptionally effective cost controls and restructuring in advance of reduced volumes allowed us to report strong operating margins. Solid execution on cost and working capital goals also resulted in exceptional cash performance, with cash flow from operations less capital expenditures once again exceeding net income attributable to common shareowners, even after $1.3 billion in pension contributions.

UTC continued to outperform on total shareowner return. Notwithstanding the toughest business conditions in decades, our total return for the year was 33 percent, ranking UTC 11th among the Dow Jones Industrials and within the top half of the S&P 500. Of today’s 30 Dow Jones Industrial stocks, UTC is one of just two companies whose share price more than doubled in the last decade. UTC’s dividend rate over the same period nearly tripled.

We look ahead to 2010 with confidence. While near-term outlooks for commercial aerospace and global construction markets remain uncertain, we expect to grow earnings despite flat organic revenues. Moreover, UTC is well positioned to resume strong revenue growth when the global economy does recover.

We continue to invest in products and technologies that will allow UTC to take advantage of megatrends that will shape the world in coming decades, including rapid growth in emerging markets, urbanization and demand for energy-efficient as well as environmentally sound solutions. Last year, UTC spent $3.7 billion on company- and customer-funded research and development. Hamilton Sundstrand delivered nine major systems that contributed to the successful first flight of Boeing’s 787 Dreamliner airplane. Hamilton Sundstrand is the largest integrated systems supplier on this remarkable new airplane. Flight testing confirmed Pratt & Whitney’s revolutionary PurePower Geared Turbofan engine technology, delivering double-digit reductions in fuel burn, emissions, noise and maintenance costs. Alongside

these is Sikorsky’s X2 Technology demonstrator aircraft, recognized as one of the world’s top new technologies by *Time* magazine, *Popular Science* and *Popular Mechanics*, and affirming our belief that X2 Technology has the potential to transform vertical flight and open new helicopter markets accordingly.

We made significant investments at the same time in our commercial businesses where demand is growing for products that reduce building energy consumption and associated greenhouse gas emissions. This demand creates extraordinary opportunities for UTC with our unique portfolio of energy-efficient products and solutions as well as our strong presence in rapidly urbanizing emerging markets.

In addition to investments in new technologies, our aggressive restructuring efforts have positioned UTC for long-term growth. By consolidating its large network of branch offices, UTC Fire & Security has lowered costs, better aligned itself with customers and positioned the company for growth. Carrier’s business transformation continued in 2009 with the divesture of low-performing assets outside of its core businesses and the acquisition of high-technology solutions and services companies. Otis, already the most profitable and cost-efficient company in its industry, continued to drive earnings growth by increasing and enhancing services to customers globally.

At the center of our restructuring efforts and productivity improvements is our ACE (Achieving Competitive Excellence) operating system. By the end of 2009, 70 percent of company sites had achieved the highest operating performance levels of ACE Silver or Gold. To sustain the benefits of ACE, we are now driving

this industry-leading operating system across UTC’s supply base and remain on track to achieve our goal of having 70 percent of key suppliers at the highest levels by 2011.

Our performance in 2009 was achieved with a complete commitment to corporate responsibility: operating with the highest ethical standards, protecting people and the environment, and contributing to the communities where we conduct business. UTC has embraced sustainability, not only in our products, but also within our operations. As in prior years, we exceeded our rigorous goals for employee safety, greenhouse gas emissions and water consumption in 2009, and remain on track to do the same in 2010.

Looking to the future, our experienced management team, strong balance sheet and focus on operational excellence allow us to see opportunities in these uncertain times. We also have the finest workforces in our industries. Through the efforts and commitment of these employees, UTC has become a stronger company under the worst economic conditions of our lifetimes. On behalf of all shareowners, we thank our more than 205,000 employees for embracing change and making UTC a truly amazing company.

In closing, I want to acknowledge the extraordinary leadership of my predecessor and friend, George David. At the end of 2009, George retired from UTC after a 34-year career that included 14 years as Chief Executive and 13 years as Chairman. During his tenure as Chairman or CEO, UTC’s revenues more than doubled, and our market capitalization rose from $8 billion to $64 billion as 2009 closed. UTC also returned $26 billion to shareowners in the form of dividends and share repurchases. Total shareowner return between 1994 and year-end 2009 exceeded 1,000 percent, compared to 296 percent for the Dow Jones Industrials and 223 percent for the S&P 500. Perhaps most notably, George demonstrated that corporate responsibility and profitability go hand in hand. He was unwavering in his insistence that UTC achieve unmatched financial results while maintaining the highest levels of corporate citizenship.

With his unrelenting pursuit of excellence, process discipline and commitment to customers, George turned our company into a global, high-performance organization. I am proud to carry on this legacy and build upon these accomplishments in the years ahead.

**Louis R. Chênevert** Chairman & Chief Executive Officer

----------------------------------------------------------------------------------- Supplementary Information

**Louis R. Chênevert, Chairman**

**& Chief Executive Officer, stands before a bank of Otis Gen2 elevators at the new Connecticut Science Center, which opened in 2009.**

**The science center generates the majority of its energy needs from a UTC Power**

**fuel cell, one of the cleanest energy-generation sources in the world today.**

------------------------------------------------------------------------------------ United Technologies 2010

Proactive restructuring and improved productivity drove exceptional margin expansion across United Technologies last year. Along with strong operating performance came strong cash generation, with cash flow from operations less capital expenditures again exceeding net income. We returned approximately 75 percent of this cash flow to shareowners through dividends and share repurchases.\* We also increased the dividend 10 percent, marking the 74th consecutive year United Technologies has paid dividends to shareowners.

In addition, UTC repurchased $2.2 billion in stock, completed nearly $3 billion in acquisitions and contributed more than $1.5 billion to our global pension plans.

Over the past decade, United Technologies has continued to outperform our peers and key market indices on total shareowner return. For the period from December 31, 2000, through December 31, 2010, UTC has delivered total share- owner return of 140 percent, nearly four times the Dow Jones Industrials and more than nine times the S&P 500.

We look to 2011 with confidence in our ability to again deliver solid earnings growth. Despite continued uncertainty in the strength and timing of the global economic recovery, we see improvement in most of our end markets, with particu- lar strength in emerging markets and commercial aerospace. These improving markets give us confidence in our ability

to accelerate top-line organic growth in 2011. Our lean cost structure resulting from aggressive restructuring actions will allow us to convert growth opportunities into strong bottom-line results.

Looking further ahead, research and development focused on game-changing technologies will continue to drive growth. Last year, UTC invested more than $3.6 billion in company- and customer-funded R&D, including the innovative Sikorsky X2 Technology demonstrator and Pratt & Whitney’s revolu- tionary PurePower Geared Turbofan engine. In December, Airbus became the fourth aircraft manufacturer to select the Geared Turbofan engine when it announced the new engine option (neo) for its A320 family of aircraft. We believe this selection will greatly enhance Pratt & Whitney’s position in the commercial aircraft market for decades to come and validates our strategy of investing in technologies in anticipation of where our markets are headed.

Also positioning UTC for long-term growth are the aggressive restructuring and portfolio improvements we have made. One example is Carrier’s business transformation over the last few years. Carrier realigned its portfolio by divesting low-performing, non-core assets and investing in high-technology, energy-efficient, and environmentally sound products and services. As a result, Carrier has become a stronger, more focused and higher returns business.

UTC’s portfolio was further strengthened by the $1.8 billion acquisition of GE Security, which closed in March 2010. This acquisition added scale, market reach and product offerings, enhancing UTC Fire & Security’s status as a leading franchise

in the $100 billion global fire safety and electronic security industry. Solid execution and integration made this acquisition accretive in year one, ahead of schedule, demonstrating our disciplined approach to acquisitions and capital redeployment.

Across the entire company, our ACE (Achieving Competitive Excellence) operating system continues to drive cost reduction, improved efficiencies and customer satisfaction. Having achieved our goal of certifying 70 percent of UTC sites at ACE Silver or Gold, we set higher targets in 2010 with a new goal of 80 percent by 2012. We recognize that improving our supply chain performance is critical to sustaining the benefits of ACE, which is why we also increased the target number of suppliers in our industry-leading Supplier Gold program from

50 to 70 percent of UTC’s key supplier spend.

Just as important as our business accomplishments is the manner in which we achieve them. UTC has an unwavering commitment to maintaining the highest ethical standards, to providing a safe and healthy workplace for our employees, and to demonstrating environmental leadership in our opera- tions and products. To measure our performance in these

areas, we established an aggressive set of four-year performance goals in 2006. We closed 2010 exceeding our targets with a 73 percent reduction in the lost workday incident rate,

a 24 percent absolute reduction in water consumption, and a 22 percent absolute reduction in greenhouse gas emissions.

Building upon this success, we launched new 2015 Sustainability Goals in January 2011. These goals again include aggressive absolute reduction targets for greenhouse gas emissions, water consumption and non-recycled waste. Our 2015 goals set higher targets for employee safety worldwide and greater energy-efficiency performance for all new products. We also have expanded our goals to include targeted supply chain reductions. The evolution of our Sustainability Goals reflects our culture of continuous improvement and reaffirms our belief that profitability and responsibility go hand in hand.

In closing, I continue to see tremendous opportunities for United Technologies. Our portfolio of products and services uniquely positions UTC to support, and to benefit from, widespread urbanization and growth in today’s emerging markets. Countries such as China and India are already seeing big changes with much more to come. Around the world, more skyscrapers, schools, airports, hospitals and stadiums are being built – and the need for air travel between cities is increasingly evident. As this occurs, and global demand for energy rises,

the need for energy-efficient solutions creates additional opportunities. UTC’s energy-efficient innovations of today will be the best practices of tomorrow, reducing environmental impact, eliminating waste and driving our long-term growth.

As always, the performance highlighted throughout this report reflects the dedication and commitment of an experi- enced senior management team and more than 200,000 UTC employees around the world. On behalf of all shareowners, we again thank employees for their many contributions and for making UTC a truly extraordinary company.

It also is appropriate to thank all of our customers for the trust and confidence they place in us. We remain committed to finding better, faster and more efficient ways to deliver value. We will continue to set big goals and deliver big results for our customers and shareowners.

Louis R. Chênevert

Chairman & Chief Executive Officer

\* this represents funds returned to shareowners as a percentage of a cash flow measure we call free cash flow. We define free cash flow as cash flow from operations less capital expenditures. In 2010, utC generated cash flow from operations of $5.9 billion and capital expenditures were approximately $900 million, resulting in free cash flow of $5 billion.

We returned approximately 63 percent of cash flow from operations to shareowners through

dividends and share repurchases.

---------------------------------------------------------------------------------- Supplementary Information

Dear Shareowner

2010 was another strong year for United Technologies. Solid execution across our business units delivered double-digit earnings growth despite numerous challenges in many of our end markets. In addition to meeting our 2010 financial goals, we positioned United Technologies for sustained double-digit earnings growth in the future. We expanded our presence in higher-growth emerging markets, increased our investment in game-changing technologies, and maintained our focus on cost reduction and disciplined cash redeployment.

------------------------------------------------------------------------------------ United Technologies 2011

Dear Shareowner

Our focus on operating performance in 2011 drove organic growth across UTC, with all business segments achieving double-digit operating margins. Most notable, Carrier achieved its 12 percent margin goal in 2011, one year ahead of our target. This success was the result of strong operational focus, cost containment efforts and execution of its business transformation strategy.

Along with strong operating performance came strong cash generation, with cash flow from operations less capital expenditures again exceeding net income. Strong cash performance during the year enabled us to raise our dividend by 12.9 percent. This year also marked the

75th consecutive year that United Technologies has paid a dividend. Through dividend payments and share repurchase, United Technologies returned 67 percent

of its cash flow to our shareowners.\*

UTC’s long-term total shareowner return continued to exceed that of peers and key market indices. For the period from December 31, 2001, through December 31, 2011, UTC delivered total shareowner return of 175 percent, more than three times the Dow Jones industrials and more than five times the S&P 500.

While the near-term global economic outlook remains challenging, we look to the future with confidence. We believe our announced agreement to acquire Goodrich, the largest acquisition in United Technologies’ history, marks the start of a bright new chapter for UTC and will significantly strengthen our position in the fast-growing commercial aerospace market. Goodrich, a leading global supplier of systems and services to the aerospace and defense industry, will be an excellent strategic fit with UTC’s existing aerospace portfolio. Goodrich has a well- established presence in areas where we do not, such as aircraft landing gear, braking systems and nacelles. Together, Goodrich and United Technologies will be well positioned to provide greater value to our customers with better, more integrated products and services for

the next-generation aircraft at a more competitive price.

Since the agreement was announced, customer feedback has been overwhelmingly positive, and integration plan- ning is progressing very smoothly. We anticipate closing the transaction in mid-2012 and are excited to welcome the Goodrich employees to United Technologies. We are also excited about the opportunity to bring together the complementary capabilities of our two great companies to provide additional value to our customers.

Further strengthening our position in the commercial aerospace market was the agreement to purchase Rolls-Royce’s share of IAE, which produces the V2500 engine for the A320 family of aircraft. Upon closing, which is expected in mid-2012, UTC will become the majority shareholder of IAE. This new ownership structure positions Pratt & Whitney for strong growth in the important single- aisle aircraft segment, as IAE has more than 4,500 V2500 engines in service today and nearly 2,000 engines on order. The new structure will also allow customers to transition smoothly from the current V2500 engine to Pratt & Whitney’s new Geared Turbofan engine for the Airbus A320neo aircraft family.

In 2011, we also positioned UTC for long-term growth with the announcement of significant organizational changes that will group a number of UTC business units into new aerospace and commercial building organizations. This new structure will allow United Technologies to more efficiently serve our global customer base through greater integra- tion across product lines and drive growth by taking full advantage of technology investments and the company’s footprint in emerging markets.

On the aerospace side, we created UTC Propulsion & Aerospace Systems, which brings the Pratt & Whitney and Hamilton Sundstrand businesses under a new leadership structure. As we position ourselves for a growth phase in the aerospace cycle, this new organizational structure will allow us to leverage the long-term investments we have made in aerospace systems, including systems developed for the Boeing 787 and in the Geared Turbofan technol- ogy. Closer coordination by Pratt & Whitney and Hamilton Sundstrand, two world-class franchises, will also position UTC to win increased content on next-generation aircraft with more integrated propulsion and systems offerings.

The anticipated integration of Goodrich into the new organizational structure will bring greater benefits, including increased opportunities for more highly integrated products and services for our customers, and additional cost synergies through leveraging a common supply base and low-cost source initiatives.

On the commercial side, the UTC Climate, Controls & Security organization consolidates the Carrier and UTC Fire & Security business units. This new organiza- tion creates a strategic growth platform that will better serve customers, increase field productivity and take full advantage of product-line synergies. The new structure also positions UTC to respond to a growing demand, especially in emerging markets, for more integrated solutions, including advanced building controls, climate systems, and enterprise fire and security systems. As

the global economy recovers, and more skyscrapers, schools, airports, hospitals and stadiums are built in developing markets such as India, China and Brazil over the next decade, the increased interoperability of building systems will provide our global customers with better building management, efficiency and safety.

There were many notable successes across United Technologies in 2011. Among them was the commercial success of the Geared Turbofan engine with both exist- ing and new customers. To date, Pratt & Whitney has received orders for more than 2,000 PurePower Geared Turbofan engines, including options, while successfully completing more than 1,500 hours of full engine testing, validating the expected improvements in fuel burn, emis- sions and noise. We anticipate continued market success for the Geared Turbofan engine in the years ahead as air travel between new and existing cities grows, and our aerospace customers seek quieter, cleaner and more fuel-efficient solutions.

United Technologies continues to receive outstanding third-party recognition for our performance. We were honored that *TIME* magazine recognized the Geared Turbofan engine as the most important development in aviation in 2011. We are also proud that in March 2011

Sikorsky’s X2 Technology demonstrator was awarded the prestigious Collier Trophy.

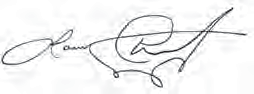
On the military side, Pratt & Whitney’s F135 engine for the Joint Strike Fighter (JSF) met or exceeded all performance and cost targets and achieved significant new milestones in 2011, including supporting flawless sea trials of the short takeoff and vertical landing (STOVL) variant aboard the USS *Wasp*. The outstanding performance of the F135 vali- dates the decision of the U.S. Congress and Department of Defense to eliminate funding for an extra engine, choosing the F135 as the sole engine for the JSF.

In closing, 2011 was a year of positioning UTC for long- term earnings growth. We announced transformational acquisitions in our core businesses, and we are aligning

our organizational structure to capitalize on emerging and growth markets. We also remain focused on productivity and improved our operational performance by driving ACE in our own facilities and in our supply chain. We delivered strong earnings growth and cash performance, and we raised our dividend. Simply put, 2011 was a very solid year for UTC.

As always, UTC’s outstanding performance over the past year reflects the dedication and commitment of UTC’s senior management team and our 200,000 employees around the world. On behalf of our shareowners, I thank our employees for their many contributions and for making United Technologies a truly amazing company.

I also thank our customers for the confidence and trust they have placed in us. We recognize that our future success depends on our ability to find better, faster and more efficient ways to deliver value. I’m confident we can do this and outperform peers in the years ahead. I know we will experience many more amazing successes and continue to develop innovative products that transform modern life — and perform as impressively as the United Technologies employees who make them.



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Chairman & Chief Executive Officer

\* This represents funds returned to shareowners as a percentage of a cash flow measure we call free cash flow. We define free cash flow as cash flow from operations less capital expenditures. In 2011, UTC generated cash flow from operations of $6.6 billion, and capital expenditures were $983 million, resulting in free cash flow of $5.6 billion. We returned approximately

57 percent of cash flow from operations to shareowners through dividends and share repurchases.

----------------------------------------------------------------------------------- Supplementary Information

2011 was another strong year for united technologies. Solid execution across our business units allowed us to again deliver double-digit earnings growth. our continued focus on improving productivity, investing in game-changing technologies and expanding our presence in fast-growing emerging markets has positioned us to continue to grow our base business in 2012 despite an uncertain global economic outlook. looking beyond 2012, the major acquisitions we announced in 2011, involving Goodrich and IAe International Aero engines, will transform our company, setting the foundation for strong earnings growth in 2013 and beyond.