----------------------------------------------------------------------------------------- United Technologies 2012

Dear Shareowner

2012 was a year of transformation and accomplishment for United Technologies. By acquiring Goodrich and majority ownership in the IAE International Aero Engines collaboration, we strengthened our position in the fast-growing commercial aerospace market. These acquisitions brought tremendous new capabilities, technologies and leadership talent to our company. We further strengthened and streamlined our fire and security portfolio by divesting non-core businesses and applying Carrier’s successful portfolio transformation strategy to our portfolio. These actions enable us to better focus on growth opportunities in our core aerospace and building systems markets.

Our reshaped portfolio, investments in game-changing technologies and expanding emerging market presence—combined with our relentless drive to improve productivity, reduce costs and leverage our global scale—position us well to return to double-digit arnings growth in 2013 and beyond.

While the global economy remained challenging during this year of portfolio transformation, United Technologies delivered solid financial performance in 2012, highlighted by strong cash generation. For the year, cash flow from operations less capital expenditures once again exceeded net income. This strong cash performance, as well as solid execution of the portfolio transformation, enabled us to pay down approximately one-third of the debt from the Goodrich acquisition and allowed us to resume our share repurchase program in 2013.

We also increased our dividend by 11.5 percent in 2012, marking the 76th consecutive year United Technologies has paid a dividend to shareowners. Our long-term total shareowner return continued to exceed that of our peers and key market indices. For the past decade, from December 31, 2002, through December 31, 2012, UTC delivered total shareowner return of 225 percent, more than double either the Dow Jones Industrials or the S&P 500.

With our portfolio transformation substantially complete, United Technologies begins 2013 focused on integration and execution. Even with a soft European economy and a decline in U.S. defense spending, the growth opportunities available for UTC are truly amazing. Two simple facts highlight the scale of these opportunities. Today only an estimated 15 percent of the world's population has ever flown, and every year for the next two decades, 15 million to 20 million people are expected to move to urban centers. Around the world, more skyscrapers, schools, hospitals and stadiums are being built, driving the demand for elevators, air-conditioning, and fire and security systems, as well as for air travel between cities. United Technologies is well positioned to capitalize on this rapid urbanization and strong commercial aerospace growth with our game-changing technologies and products that provide greater energy efficiency and meet local market demands.

The benefits of the new organizational structure we announced in the fall of 2011 became clear in 2012, allowing us to better leverage our global scale, talent and operating system to drive margin growth across the portfolio. UTC Climate, Controls & Security—the combination of our Carrier and UTC Fire & Security businesses—achieved record, industry-leading profit margins by successfully executing its portfolio transformation strategy, focusing on core businesses to drive organic growth and generating more than $100 million in integration synergies. At UTC Propulsion & Aerospace Systems, the team is focused on exceeding our target of delivering $400 million of annual savings related to the Goodrich acquisition. We expect to achieve approximately half of these savings by the end of 2013. Additional synergies will come from leveraging a common supply base and greater UTC content on newer aircraft platforms.

Across the portfolio, there were many other accomplishments in 2012. Among them, Sikorsky achieved a major milestone by certifying the S-76D helicopter, which provides customers with higher cruise speeds, better fuel efficiency, greater reliability, and future capabilities, including rotor de-icing. Pratt & Whitney continued to win significant orders for its revolution-ary PurePower Geared Turbofan engine, with nearly 3,000 announced engine orders, including options, as of the end of 2012. Engine testing has been completed for the Bombardier CSeries and has begun for the Airbus A320neo. Ground and flight testing has validated the expected improvements in fuel burn, emissions and noise reduction. In January 2013, Embraer became the fifth aircraft manufacturer to select the PurePower engine when it announced the Geared Turbofan as the exclusive power for its new second-generation E-Jet aircraft family. This selection will greatly enhance Pratt & Whitney’s position in the commercial aerospace market for decades to come.

On the commercial side, Otis continues to significantly strengthen its position by introducing new products tailored to specific end markets, including a Gen2 elevator application for the fast-growing social housing segment in China and an upcoming Gen2 application with a battery-backup system for the Indian and South Asian markets. Otis also significantly expanded its presence in China by opening a new manufacturing facility in Chongqing, supporting growth in central and western China. This factory and new factories scheduled to open in Bengaluru and São Paulo in 2013 highlight Otis’ customer-focused strategy of investing in key growth markets around the world.

A successful portfolio transformation positioned UTC Climate, Controls & Security for strong growth as the commercial construction and U.S. housing markets recover. The company also enhanced its position as a leading provider of efficient and sustainable solutions. New product launches included the high-efficiency Infinity 98 gas furnace; the WeatherExpert roof-top unit, the company’s most efficient commercial rooftop unit ever; and the new Kidde Worry-Free Smoke Alarm, significantly increasing fire safety in homes and reducing maintenance with a 10-year, sealed-in battery. UTC Climate, Controls & Security also strengthened its emerging market presence by increasing product localization, expanding its distribution footprint and establishing joint ventures in key markets. Highlighting this approach was the new joint venture in India with Midea and the opening of a new India manufacturing facility to take advantage of that nation’s fast-growing residential air-conditioning market.

As always, United Technologies’ performance over the past year reflects the dedication and hard work of our leadership team and our nearly 220,000 employees around the world. On behalf of our shareowners, I thank all employees for their many contributions, and in particular, I want to recognize the 27,000 Goodrich employees who joined UTC this past July for their willingness to embrace change. The talent, skills and teamwork displayed during the integration process have been truly extraordinary, setting the stage for a bright new chapter for our company.

I also thank our customers. We are grateful for the confidence and trust they place in our products and our people. We recognize customers have choices, and how we perform determines whether they choose us. We are committed to delivering the very best value to our customers by finding better, faster and more efficient ways to support their success.

In closing, I am proud of what United Technologies accomplished over the past year and excited about the momentum we have created. The entire team is now focused on integrating, executing and accelerating our performance to deliver UTC-style earnings growth well into the future.

----------------------------------------------------------------------------------------- United Technologies 2013

DEAR SHAREOWNER

United Technologies delivered another strong performance in 2013, with double-digit earnings growth despite a weaker-than-expected economic recovery. The success of our portfolio transformation and our continued investments in game-changing technologies position us to accelerate growth, as does our ability to leverage our global scale to provide innovative solutions in our core aerospace and building systems markets. Our focused portfolio, combined with our relentless drive to reduce costs and increase productivity, set a strong foundation for delivering long-term shareowner value.

Across the company, there were many notable accomplishments in 2013. Among them was the successful integration of Goodrich and International Aero Engines. These transformational acquisitions are delivering better than-expected results and have greatly improved our position in the high-growth commercial aerospace market. On the commercial side, Otis resumed organic growth and had a number of significant emerging market wins, including the Hyderabad Metro Rail Project, India’s largest single elevator and escalator contract ever; and the Goldin Finance 117 tower in Tianjin, China, which will feature the world’s longest single elevator hoistway.

UTC Climate, Controls & Security achieved its margin target two years ahead of schedule, unlocking synergies from the combination of Carrier and UTC Fire & Security. Notable CCS wins included the contract to provide security and access controls for the second phase of Galaxy Macau, one of Asia’s most popular resorts; fire protection systems for the Wuxi Metro Line in China’s Jiangsu Province; building monitoring and control systems for Intergate Manhattan in New York City, the world’s tallest data center; and energy-efficient HVAC systems and advanced CCTV and access control solutions for the new Midfield Concourse development at Hong Kong International Airport.

In 2013, we announced a tremendous new growth platform with the creation of UTC Building & Industrial Systems, combining Otis and UTC Climate, Controls & Security. This new organizational structure better positions us to capitalize on urbanization in emerging markets, where customers need customized, energy-efficient solutions incorporating multiple building systems and services.

We are also realizing the benefits of the UTC Propulsion & Aerospace Systems structure announced in 2011, bringing together Pratt & Whitney and UTC Aerospace Systems to support customer demand for more integrated solutions. For example, Embraer selected UTC to provide a fully integrated propulsion system — engines, nacelles and controls — for its new E-Jet aircraft family. UTC Aerospace Systems was also selected as the sole provider of the E-Jet’s wheels, brakes and electrical system. These wins demonstrate the value of the Goodrich acquisition and highlight our potential to secure even greater content on new aircraft.

Sikorsky’s investment in X2 technology paved the way for its agreement with Boeing to pursue the Joint Multi-Role helicopter, the U.S. Army’s next-generation utility and attack helicopter program. Also positioning Sikorsky for growth is strong demand for its S-76D and S-92 helicopters, which have the range and capabilities to support offshore oil and gas exploration around the world.

Along with the company’s strong operating performance came solid cash generation, as cash flow from operations less capital expenditures again exceeded net income. As promised, we resumed our share repurchase program in 2013, buying back $1.2 billion of shares and bringing total share repurchase since 2007 to $12 billion.

In 2013, we increased our dividend by 10.3 percent and marked the 77th consecutive year of dividend payments to shareowners. United Technologies’ long-term total shareowner return continues to exceed that of our peers and key market indices. For the decade ending December 31, 2013, UTC delivered total shareowner return of 197 percent, almost twice that of the Dow Jones Industrials or S&P 500 index.

Looking ahead, United Technologies’ growth opportunities are truly remarkable, driven by two powerful megatrends: urbanization and the rapid growth in commercial aviation. Across emerging markets, tens of millions of people are moving to urban centers every year, driving demand for more efficient elevators, air conditioning, and fire and security systems, as well as for a modern cold chain to support sustainable growth. Urban growth is also increasing demand for commercial aviation to connect cities in commerce and provide recreational travel opportunities for a growing middle class.

United Technologies is well positioned to capitalize on these opportunities as a result of investments in game-changing technologies such as Pratt & Whitney’s revolutionary PurePower Geared Turbofan engine. With more than 5,300 orders and commitments, including options, our customers have embraced this technology and the significant improvements in fuel burn and lower emissions it delivers. By substantially reducing an aircraft’s noise footprint — in some cases by 75 percent — the PurePower engine will allow airlines to add flights and use more direct routes into congested airports while improving the quality of life in neighboring communities.

Across the company, we’ve focused R&D investments to address local market needs, deliver value to customers and convert to top-line growth. Recent examples include the advanced systems UTC Aerospace Systems is providing for the new Airbus A350 XWB; Carrier’s expansion of the WeatherExpert line of commercial rooftop units with industry-leading efficiency and lower costs of ownership; Kidde’s introduction of the Worry-Free carbon monoxide alarm with a 10-year lithium battery; and Otis’ Gen2 Switch elevator with a battery backup system for the South Asian and European markets.

UTC’s performance over the past year reflects the dedication and hard work of UTC’s leadership team and our 212,000 employees. When I meet with UTC employees around the world, I am always impressed by their passion, commitment and creativity. On behalf of our shareowners, I thank our employees for their many contributions and for making UTC such an amazing company.

I also want to thank our customers for the confidence and trust they have placed in United Technologies. We recognize that our customers have choices, and how we perform determines whether they choose us. At UTC, we work tirelessly to ensure our customers’ success, providing the most advanced, reliable and efficient solutions at the best value.

In closing, 2013 was a year of many accomplishments, all achieved with a complete commitment to the highest ethical, legal, environmental and safety standards. By focusing on integration and execution, UTC delivered strong results and positioned the company for longterm sustainable growth. As we look to the future, we are confident we have the right portfolio, strategy and leadership team to deliver customer and shareowner value for decades to come.

----------------------------------------------------------------------------------------- United Technologies 2014

DEAR SHAREOWNER

It is an honor to write to you for the first time as United Technologies’ President and Chief Executive Officer, and I am extremely proud and excited to lead this exceptional company.

Having served in a number of roles since joining UTC more than 25 years ago, including most recently as Senior Vice President and Chief Financial Officer since 2008, I know our company well. Looking to the future, I’m confident our global scale, industry-leading franchises, world-class technologies, strong leadership team and talented workforce position us for continued success. At UTC, we are committed to creating shareowner value for the long term by delivering innovative, cost-effective and value-creating products and solutions for our customers around the globe and by the disciplined deployment of our shareowners’ capital.

As one of the world’s largest providers of high-technology building and aerospace products and systems, we are extremely well positioned to deliver sustainable growth. Urbanization and an expanding global middle-class population are driving rapid growth in the global construction and building industry, creating demand for elevators, air conditioning, and fire and security systems offered by our UTC Building & Industrial Systems businesses. By the end of this decade, the addressable market for our commercial businesses is expected to increase more than 30 percent, from $160 billion today to $210 billion. With our global scale and market-leading brands, including Otis, Carrier, Chubb and Kidde, UTC is uniquely positioned to offer the smart technologies and more integrated solutions needed for tomorrow’s sustainable cities and urban areas.

Projected growth in commercial aircraft deliveries and revenue passenger miles present a tremendous opportunity for our Pratt & Whitney and UTC Aerospace Systems businesses. With more than 6,200 orders to date, including options, for the Geared Turbofan (GTF) engine, Pratt & Whitney has significantly expanded its share in the fast-growing singleaisle and regional aircraft segments. We have also expanded our share in the large business jet segment with the new PW800 engine, built on the core GTF technology. The GTF’s substantial improvements in fuel burn, noise reduction and emissions have revolutionized the commercial aerospace industry and demonstrate both our technology leadership and the value of our long-term investment strategy. Including the new family of GTF engines, we have more than 50 engine and aerospace systems entering service over the next few years, collectively representing more than $900 billion of potential future sales over the life of these programs.

Sikorsky has also positioned itself for future growth with a remarkable 2014 that resulted in a record backlog. It won all of its major strategic competitions, including contracts to develop the next generation of Marine One presidential helicopters, the U.S. Air Force’s new Combat Rescue Helicopter, and one of the Army’s Joint Multi-Role Technology Demonstrator air vehicles. It also won major international campaigns, including contracts for the Turkish Utility Helicopter Program and selection by the Indian Navy.

We will continue to review our portfolio aggressively, pursuing opportunities and investments that add scale to our core businesses in high-growth, high-margin end markets with significant recurring revenues, thereby creating sustainable shareowner value. We also will continue to fully leverage our combined capabilities in engineering, operations and supply chain to develop game-changing products that deliver superior value to our customers and shareowners.

In closing, I want to recognize and thank our incredibly talented employees. With the passion, commitment and creativity of my 211,000 colleagues around the world, I’m confident in UTC’s future and proud to have the opportunity to build upon our company’s impressive legacy.