UNITED TECHNOLOGIES CORP /DE/
Form DEF 14A
February 20, 2009

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

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

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

United Technologies Corporation

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required

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(4) Date Filed:

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United Technologies Corporation

One Financial Plaza

Hartford, CT 06101

February 20, 2009

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

Dear Fellow Shareowner:

We are pleased to invite the shareowners of United Technologies Corporation to attend the 2009 Annual Meeting of Shareowners. The meeting will be held on April 8, 2009 at the Pratt & Whitney facility located at 17900 Beeline Highway, Jupiter, Florida. The doors will open at 10:30 a.m. and the meeting will begin at 11:00 a.m. The meeting will address the following matters:

1. Election of fourteen directors from among the nominees described in the accompanying Proxy Statement.

2. Appointment of PricewaterhouseCoopers LLP to serve as Independent Auditors for 2009.

3. The shareowner proposal described in the accompanying Proxy Statement.

4. Other business if properly raised.

This year, like many companies, we are expanding our electronic dissemination of annual meeting materials by using the new Notice and Access method recently approved by the Securities and Exchange Commission. We are initiating use of this method with a portion of our shareowners and believe this process should provide a convenient and quick way to access your proxy materials and vote. Expanded electronic dissemination allows companies to conserve natural resources and reduce costs of printing and mailing the materials. Many shareowners will receive a Notice of Internet Availability of Proxy Materials containing convenient instructions on how to access annual meeting materials via the Internet. The Notice also provides instructions on how to receive paper copies if preferred.

Shareowners of record of UTC Common Stock at the close of business on February 10, 2009, the record date for the meeting, and their representatives authorized by proxy will be entitled to attend and vote at the meeting.

Since seating is limited, please request a ticket in advance in order to attend. Please refer to page 4 of the enclosed Proxy Statement for further information concerning tickets.

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

George David	Louis R. Chênevert
Chairman	President and Chief Executive Officer

PLEASE CONFIRM YOUR PREFERENCE FOR ELECTRONIC DELIVERY OF FUTURE ANNUAL MEETING MATERIALS. You can expedite delivery of your annual meeting materials and avoid costly mailings by confirming in advance electronic delivery as your preferred method of delivery. For further information on how to take advantage of this cost-saving service, please see page 38 of the enclosed Proxy Statement.

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UNITED TECHNOLOGIES CORPORATION

PROXY STATEMENT

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting, please submit your proxy or voting instructions as soon as possible so that your shares can be voted at the meeting in accordance with your instructions.

Our Board of Directors is soliciting proxies for the 2009 Annual Meeting of Shareowners of United Technologies Corporation (UTC , the Corporation or the Company) to be held on April 8, 2009. We began making this Proxy Statement available to shareowners on or about February 20, 2009.

Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be held on April 8, 2009. UTC s 2009 Proxy Statement and UTC s Annual Report for 2008 are available at www.edocumentview.com/utx.

GENERAL INFORMATION REGARDING THE ANNUAL MEETING.

How does the Board of Directors recommend that I vote on the matters to be considered at the meeting? The following proposals will be considered at the meeting:

1. Election of fourteen directors from among the nominees described in this Proxy Statement.

2. Appointment of PricewaterhouseCoopers LLP as Independent Auditors for 2009.

3. Shareowner Proposal Concerning Offsets for Foreign Military Sales.

The Board recommends that you vote:

FOR each of the Board s nominees for election as directors,

FOR the appointment of PricewaterhouseCoopers LLP as Independent Auditors for 2009, and

AGAINST the shareowner proposal.

Who is entitled to vote? You are entitled to vote the shares of UTC Common Stock (Common Stock) you owned at the close of business on February 10, 2009, which is referred to as the record date. We will make available a list of registered shareowners entitled to vote. The list will be available at UTC s offices, One Financial Plaza, Hartford, CT, for ten days prior to the meeting and at the meeting location during the meeting.

If your shares are registered directly in your name with UTC s stock registrar and transfer agent, Computershare Trust Company, N.A. (Computershare), you are considered the registered shareowner for those shares. As the registered shareowner, you have the right to vote those shares and we will send you the proxy materials and a proxy card (or provide electronic access as described below in the response to the question *How can I vote my shares?*).

Most UTC shareowners hold their shares through a broker, bank, trustee or another nominee, rather than owning shares registered directly in their name. In that case, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you are entitled to direct the voting of your shares by your intermediary. Your intermediary will forward the proxy materials to you with a voting instruction card or provide electronic access to the materials and to voting facilities. Because a beneficial owner is not a registered shareowner, you may not vote those shares in person at the

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meeting unless you obtain a legal proxy from the broker, bank, trustee or nominee that holds your shares, giving you the right to vote the shares directly. Accordingly, to vote in person, you will need to contact your broker, bank, trustee or nominee to obtain a legal proxy, and present the proxy at the meeting in order to receive a ballot to vote at the meeting.

Why did I receive in the mail a one-page Notice of Internet Availability of Proxy Materials rather than a full set of proxy materials? The Securities and Exchange Commission (SEC) has adopted rules allowing companies to provide shareowners with access to proxy materials over the Internet rather than mailing the materials to shareowners. Accordingly, to conserve natural resources and reduce costs, we are sending to many of our shareowners a Notice of Internet Availability of Proxy Materials (the Notice). Shareowners receiving the Notice will have the ability either to access the proxy materials on the website referred to in the Notice or to request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy are set forth in the Notice. In addition, shareowners may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

YOUR VOTE IS VERY IMPORTANT! We recommend that you vote your shares in advance of the meeting, using one of the voting methods described below.

How can I vote my shares? You may vote on the Internet, by telephone, by mail or by attending the Annual Meeting and voting by ballot, all as described below. The Internet and telephone voting facilities are designed to authenticate your vote by requiring the entry of your confidential voter control number. If you vote on the Internet or by telephone, you do not need to return a proxy card or voting instruction card. **Internet and telephone voting facilities will be available 24 hours a day until 10:00 a.m. Eastern Daylight Time on April 8, 2009 (except in the case of UTC Employee Savings Plan Participants, who must submit voting instructions by 11:00 a.m. on April 7, 2009, as described below).**

Vote on the Internet. If you have Internet access, you may access the Proxy Statement and Annual Report and submit your proxy or voting instructions by following the instructions provided in the Notice, or if you received printed proxy materials, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card. If you vote on the Internet, you can also request electronic delivery of future proxy materials.

Vote by Telephone. You can also vote by telephone by following the instructions provided on the Internet voting site, or if you received printed proxy materials, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

Vote by Mail. If you received printed proxy materials by mail, you may choose to vote by mail by marking your proxy card or voting instruction card, dating and signing it, and returning it in the postage-paid envelope provided. If the envelope is missing, please mail your completed proxy card or voting instruction card to United Technologies Corporation, c/o Computershare, 250 Royall Street, Canton, MA 02021. Please allow sufficient time for delivery if you decide to vote by mail.

Voting at the Annual Meeting. The method or timing of your vote will not limit your right to vote at the Annual Meeting if you attend the Annual Meeting and vote in person. However, if your shares are held in the name of a bank, broker or other nominee, you must obtain a legal proxy, executed in your favor, from the holder of record to be able to vote at the Annual Meeting. You should allow yourself enough time prior to the Annual Meeting to obtain this proxy from the holder of record. The shares voted electronically or represented by the proxy cards received, properly marked, dated, signed and not revoked, will be voted at the Annual Meeting.

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How can I vote my shares held in the UTC Employee Savings Plan? You can direct the voting of your proportionate interest in shares in the ESOP Fund and the Common Stock Fund under the UTC Employee Savings Plan by returning a voting instruction card or by providing voting instructions by telephone or via the Internet. If you do not provide voting instructions (or if your instructions are incomplete or unclear) as to one or more of the matters to be voted on, the trustee will vote all of your uninstructed ESOP Fund shares for the voting choice for which the trustee casts the greatest number of votes based on voting instructions received from ESOP Fund participants who do submit voting instructions. The trustee also will vote your uninstructed Common Stock Fund shares for the voting choice for which the trustee casts the greatest number of votes based on instructions from Common Stock Fund participants who do submit voting instructions. The trustee will vote all unallocated Common Stock in the ESOP Fund for the voting choice for which the trustee casts the greatest number of votes based on instructions from ESOP Fund participants who do submit voting instructions.

IMPORTANT NOTICE TO PARTICIPANTS IN THE UTC SAVINGS PLAN FOR EMPLOYEES IN THE UNITED STATES: Computershare must receive your voting instructions by 11:00 a.m., Eastern Daylight Time, on April 7, 2009 in order for Computershare to tabulate the voting instructions of Savings Plan participants who have voted and communicate those instructions to the Savings Plan trustee, who will vote your shares.

Please note that the facilities for Internet and telephone voting cannot accommodate cumulative voting for the election of directors, and therefore if you wish to exercise cumulative voting rights you must submit a proxy card or voting instructions by mail.

How will the proxy holders vote my shares? The persons who are authorized on the proxy card, voting instruction forms and through the Internet and telephone voting facilities to vote your shares will vote your shares in accordance with your instructions given on those forms, via the Internet or by telephone. If you sign and return your proxy card or vote via the Internet or by telephone but do not indicate voting instructions on one or more of the matters listed, the proxy holders will vote your uninstructed shares:

- for each of the Board s nominees for election as a director,
- for the appointment of PricewaterhouseCoopers LLP as Independent Auditors for 2009, and
- against the shareowner proposal.

If you hold your shares through a broker and do not provide your broker with specific voting instructions, under the rules that govern brokers in such circumstances, your broker will have the discretion to vote such shares on routine matters, but not on non-routine matters. As a result:

- Your broker will have the authority to exercise discretion to vote your shares with respect to the election of directors and the appointment of Independent Auditors, because those items are matters that are considered routine under rules of the New York Stock Exchange (NYSE).
- Your broker will not have the authority to exercise discretion to vote your shares with respect to the shareowner proposal, because it involves a matter that is considered non-routine.

As the proposals to be acted upon at the Annual Meeting include both routine and non-routine matters, we anticipate that brokers may turn in proxy cards that vote uninstructed shares FOR the election of directors and appointment of Independent Auditors, but expressly state that the broker is NOT voting on the shareowner proposal. The broker s instructions with respect to the shareowner proposal in this case are referred to as broker non-votes. In tabulating the voting result for any particular proposal,

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shares that are the subject of a broker non-vote will be counted as shares entitled to vote, but will not be voted for or against the matter in question.

Who can attend the Annual Meeting and how can I request tickets? If you were a registered or beneficial shareowner of UTC Common Stock at the close of business on February 10, 2009, you or your authorized proxy may attend the Annual Meeting. Since seating is limited, we ask that you request tickets in advance to attend. If your shares are registered in your name on the records of Computershare, or if you are a beneficial owner of shares through a UTC employee savings plan, you can request tickets by sending an email request to the Corporate Secretary at corpsec@corphq.utc.com or by returning the Ticket Request Card provided with the mailed Annual Meeting materials. If you forget to bring a ticket, you will be admitted to the meeting only if you provide proof that you were a registered shareowner or beneficial shareowner through a UTC employee savings plan as of February 10, 2009 and provide proof of identification. If you hold shares through a broker, bank, trustee or nominee, you may request a ticket by writing to the Corporate Secretary and including a copy of an account statement or a legal proxy from the broker, bank, trustee or nominee, in either case showing your ownership of shares as of February 10, 2009.

PROPOSAL 1: ELECTION OF DIRECTORS.

General Information Concerning the Board of Directors. Our entire Board is elected annually by the shareowners. The Board, upon the recommendation of the Committee on Nominations and Governance, has nominated for election as directors at the Annual Meeting the fourteen nominees listed below, each of whom is a current director other than Secretary Gutierrez. Secretary Gutierrez was elected to the Board on February 9, 2009 and will become a director effective as of March 11, 2009.

The Board has adopted independence standards for directors that meet the independence requirements set forth in NYSE listing standards. A copy of these independence standards is included in UTC s Corporate Governance Guidelines available on UTC s website at

http://www.utc.com/utc/Governance/Board_of_Directors.html.

The Board has affirmatively determined that each person who served as a director of UTC in 2008, other than Messrs. David and Chênevert, who are officers of UTC, is independent in accordance with these standards. The Board has also determined that Secretary Gutierrez is independent. Specifically, none of the nominees that qualify as independent has a business, financial, family or other type of relationship with UTC (other than as a director and shareowner of UTC), except for any relationships that are immaterial under UTC s independence standards. In determining that each such director is independent, the Board considered that UTC and its subsidiaries in the ordinary course of business sell products and services to, or purchase products and services from, companies at which some of the nominees are or have been employed as officers or serve as directors. Directors Faraci, Garnier, McGraw, Swygert and Villeneuve serve or have served as officers and/or directors of entities that purchase products or services from UTC. Directors Faraci, Garnier, McGraw and Villeneuve serve or have served as officers and/or directors of entities that provide products or services to UTC. In each case, the amounts paid to, or received by, UTC annually from these companies were well below the 2% of total revenue threshold in UTC s independence standards. The Board also considered charitable contributions that UTC gave to organizations with which Directors Garnier, Kangas, Lee, McGraw, Swygert and Whitman are or have been associated, but which do not conflict with UTC s independence standards since the director did not serve as an executive officer of the organization or the amounts contributed by UTC did not exceed the thresholds in UTC s independence standards. The Board determined that none of these relationships impaired the independence of the directors.

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If any of the Board s nominees become unavailable prior to the Annual Meeting to serve as a director, 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.

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

LOUIS R. CHÊNEVERT, President and Chief Executive Officer, United Technologies Corporation. Mr. Chênevert was elected President and Chief Executive Officer on April 9, 2008. He previously served as President and Chief Operating Officer from March 2006 through April 2008 and as President of the Pratt & Whitney division of UTC from April 1999 through March 2006. In 2005, he was inducted as a Fellow of the American Institute of Aeronautics and Astronautics (AIAA). Mr. Chênevert serves on the Board of Directors of the Friends of HEC Montreal, the Director s Advisory Board for the Yale Cancer Center, and is Co-Chair for the Yale-New Haven Cancer Hospital Capital Campaign Committee. Mr. Chênevert is 51 and has been a UTC director since 2006.

GEORGE DAVID, Chairman, United Technologies Corporation. Mr. David previously served as Chief Executive Officer from 1994 to 2008. He was elected Chairman in 1997. He also served as UTC s President from 2002 to 2006 and from 1992 to 1999. Mr. David is a board member of BP. He is also a member of The Business Council and Vice Chairman of the Peterson Institute for International Economics. Mr. David was awarded the Order of Friendship from the Russian Federation in 1999, and in May 2002 France named him to its Legion of Honor. Mr. David is 66 and has been a UTC director since 1992.

JOHN V. FARACI has been Chairman and Chief Executive Officer of International Paper (paper, packaging and distribution) since 2003. Earlier in 2003 he was elected President and a director of International Paper, and previously served as Executive Vice President and Chief Financial Officer, with additional corporate responsibility for the company s former majority-owned New Zealand subsidiary, Carter Holt Harvey. He joined International Paper in 1974. He serves on the boards of the American Forest & Paper Association, the Grand Teton National Park Foundation and the National Park Foundation. He is a member of The Business Roundtable, Citigroup International Advisory Board, American Enterprise Institute and the Denison University Board of Trustees. Mr. Faraci is 59 and has been a UTC director since 2005.

JEAN-PIERRE GARNIER, Ph.D., was elected Chief Executive Officer of Pierre Fabre SA (pharmaceuticals and cosmetics) in 2008. He previously served as Chief Executive Officer and Executive Member of the Board of Directors of GlaxoSmithKline plc from 2000 to 2008. Dr. Garnier served as Chief Executive Officer of SmithKline Beecham plc in 2000 and as Chief Operating Officer and Executive Member of the Board of Directors of SmithKline Beecham plc from 1996 to 2000. Dr. Garnier is also a director of Renault S.A. In 2007, he was promoted from Chevalier to Officier de la Légion d Honneur of France. In 2006, he was named to the global list of top 20 CEOs by the Best Practice Institute. He is currently a board member of the Stanford Advisory Council on Interdisciplinary Biosciences and the Weill Cornell Medical College, serves on UK Prime Minister Gordon Brown s International Business Advisory Council and is a member of the advisory board of

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the Global Strategic Equities Fund founded and sponsored by Dubai International Capital LLC. Dr. Garnier is 61 and has been a UTC director since 1997.

JAMIE S. GORELICK is a partner at the international law firm, WilmerHale, having joined the firm in 2003. Ms. Gorelick represents companies on regulatory, compliance, governance and enforcement issues. She has held numerous positions in the U.S. Government, serving as Deputy Attorney General of the United States, as General Counsel of the Department of Defense, as Assistant to the Secretary of Energy, and most recently as a member of the bipartisan National Commission on Terrorist Threats Upon the United States. She also served as Vice Chair of Fannie Mae from 1997 to 2003. She is currently a member of the boards of Schlumberger, Ltd., the John D. and Catherine T. MacArthur Foundation, the Carnegie Endowment for International Peace, the Washington Legal Clinic for the Homeless, and The Urban Institute. She is a member of the Council on Foreign Relations. Ms. Gorelick is 58 and has been a UTC director since 2000.

CARLOS M. GUTIERREZ served as U.S. Secretary of Commerce from February 2005 through January 2009. In that role, he also served as Co-Chair of the U.S. Commission for Assistance to a Free Cuba. He served as Chairman and Chief Executive Officer of Kellogg Company from April 2000 through February 2005. He is also a member of the Board of Trustees of the Woodrow Wilson International Center for Scholars. Mr. Gutierrez is 55 and was elected a UTC director in February 2009, with an effective date of March 11, 2009.

EDWARD A. KANGAS served as Global Chairman and Chief Executive Officer of Deloitte Touche Tohmatsu (audit and tax services) from 1989 to 2000. He has served as Non-Executive Chairman of the Board at Tenet Healthcare Corporation since July 2003, and is a board member of Eclipsys Corporation, Hovnanian Enterprises Inc. and Intuit Inc. He is the immediate past Chairman of the National Multiple Sclerosis Society and is an Executive Committee member of the Committee for Economic Development. Mr. Kangas is 64 and has been a UTC director since 2008.

CHARLES R. LEE served as the Non-Executive Chairman of the Board of Directors of Verizon Communications (telecommunications) from April 2002 until his retirement in December 2003. He was Chairman and Co-Chief Executive Officer of Verizon Communications from June 2000 to March 2002. Prior to the merger of GTE Corporation and Bell Atlantic Corporation to form Verizon Communications, Mr. Lee served as Chairman and Chief Executive Officer of GTE Corporation from 1992 to 2000. He is a director of United States Steel Corporation, Marathon Oil Corporation, The Procter & Gamble Company and The DIRECTV Group, Inc. Mr. Lee is also a member of the Stamford Hospital Foundation. He is a Trustee Emeritus and Presidential Councilor of Cornell University. In addition, he serves on the Board of Overseers for the Weill Cornell Medical College and is a member of The Business Council. Mr. Lee is 69 and has been a UTC director since 1994.

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RICHARD D. MCCORMICK served as Chairman of the Board of U S WEST, Inc. (telecommunications) from June 1998 until his retirement in May 1999. He was Chairman, President and Chief Executive Officer of U S WEST, Inc. from May 1992 until June 1998. He is also a director of Wells Fargo and Company, Nortel Networks Corporation and Nortel Networks Limited. In addition, he is a former Chairman and Honorary Chairman of the International Chamber of Commerce, Vice Chairman of the United States Council for International Business, a trustee of the Denver Art Museum, Vice President of the Denver Art Museum Foundation and Director Emeritus of Creighton University. Mr. McCormick is 68 and has been a UTC director since 1999.

HAROLD MCGRAW III has been Chairman of the Board of The McGraw-Hill Companies (global information services) since 1999 and President and Chief Executive Officer of McGraw-Hill since 1998. Mr. McGraw was President and Chief Operating Officer of McGraw-Hill from 1993 to 1998. He is also a director of ConocoPhillips, Chairman of the Emergency Committee for American Trade, The Business Roundtable and the Committee Encouraging Corporate Philanthropy, and a member of The Business Council, the State Department s Advisory Committee in Transformational Diplomacy and the U.S. Trade Representative s Advisory Committee for Trade, Policy and Negotiations (ACTPN). He also serves on the boards of Carnegie Hall, the National Council on Economic Education, The New York Public Library, National Organization on Disability, National Academy Foundation, Partnership for New York City, the Council for Industry and Higher Education in London and Prep for Prep. Mr. McGraw is 60 and has been a UTC director since 2003.

RICHARD B. MYERS, Ret. U.S. Air Force General, served as Chairman of the U.S. Joint Chiefs of Staff from 2001 to 2005. He was the principal military adviser to the President, Secretary of Defense, and the National Security Council. He was appointed Vice Chairman by President Clinton, which included acting as Chairman of the Joint Requirements Oversight Council, Vice Chairman of the Defense Acquisition Board, and member of the National Security Council Deputies Committee and the Nuclear Weapons Council. He also serves on the boards of Aon Corporation, Deere & Company, Northrop Grumman and Rivada Networks. Gen. Myers is the Foundation Professor of Military History at Kansas State University and holds the Colin Powell Chair of National Security Leadership, Character and Ethics at the National Defense University. He is a member of the Defense Policy Board and the Defense Health Board, and an advisory board member of Guggenheim Advisors. Gen. Myers is 66 and has been a UTC director since 2006.

H. PATRICK SWYGERT served as President of Howard University from 1995 to 2008. Mr. Swygert served as President of the University at Albany, State University of New York from 1990 to 1995, and as Executive Vice President of Temple University from 1987 to 1990. He also serves on the board of The Hartford Financial Services Group Inc. Mr. Swygert is a member of the Central Intelligence Agency s External Advisory Board, the Advisory Council for the Smithsonian Institution s National Museum of African American History and Culture, the D.C. Emancipation Commemoration Commission, the U.S. National Commission for the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Commission on Presidential Debates. He is also a Distinguished Adjunct Lecturer, Institute for National Strategic Studies, National Defense University, Department of Defense. Mr. Swygert is 65 and has been a UTC director since 2001.

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ANDRÉ VILLENEUVE has been the Non-Executive Chairman of LIFFE (now part of NYSE Euronext group), the London futures and derivatives exchange, since 2003. He was an executive director of Reuters from 1989 to 2000. He was Chairman of Instinet Corp., an electronic brokerage subsidiary of Reuters, from 1990 to 1999, and Executive Chairman from 1999 to 2002. He is Chairman, City of London EU Advisory Group and a member of the UK Chancellor s High Level Financial Services Group. Mr. Villeneuve was Chairman of Promethee, the French think tank, from 1998 to 2002 and non-executive director of Aviva PLC from 1996 to 2006. He is currently a non-executive director of IFRI (Institut Francais des Relations Internationales), International Financial Services London and EuroArbitrage. Mr. Villeneuve is 64 and has been a UTC director since 1997.

CHRISTINE TODD WHITMAN served as Administrator of the U.S. Environmental Protection Agency from January 2001 through June 2003. She was Governor of the State of New Jersey from 1994 through 2001. She has served as President of The Whitman Strategy Group (environment and public policy consulting) since December 2004. She is a director of Texas Instruments Incorporated, S.C. Johnson & Son, Inc. and the Council on Foreign Relations. In addition, she serves on the Steering Committee of The Cancer Institute of New Jersey, the board of trustees of the Eisenhower Fellowships, the Governing Board of the Park City Institute, and is a member of the National Council of the National Parks Conservation Association and the BP America Inc. External Advisory Board. Gov. Whitman is 62 and has been a UTC director since 2003.

Committees of the Board. The standing committees of the Board consist of the Audit Committee, the Committee on Nominations and Governance, the Committee on Compensation and Executive Development, the Finance Committee and the Public Issues Review Committee. Each committee, other than the Finance Committee, is composed solely of directors determined by the Board to be independent in accordance with NYSE listing standards. Each of the committees has a charter which is posted on UTC s website at http://www.utc.com/utc/Governance/Board_of_Directors.html.

The Audit Committee has the responsibilities described in its Report set forth on page 33 of this Proxy Statement, which include assisting the Board in its oversight of the integrity of UTC s financial statements and the qualifications and independence of the Independent Auditors. The Committee nominates, for appointment by shareowners, an accounting firm to serve as Independent Auditors and is responsible for the compensation, retention and oversight of the Independent Auditors. Directors Faraci (Chair), Kangas, McCormick, Myers, Swygert and Villeneuve are members of the Committee. The Board has determined that Directors Faraci, Kangas, McCormick and Villeneuve are audit committee financial experts within the meaning of the rules of the Securities and Exchange Commission. During 2008, the Committee held eight meetings.

The Committee on Nominations and Governance recommends criteria for service as a director and, when there is a vacancy on the Board, identifies, evaluates and recommends candidates for nomination by the Board for election by the shareowners or for election by the Board if the Board decides to fill a vacancy that arises between shareowner meetings. The Committee also reviews and recommends appropriate governance practices and compensation for directors. Directors Faraci, Garnier, Lee, McCormick (Chair), McGraw and Whitman are members of the Committee. Secretary Gutierrez will join the Committee effective March 11, 2009. The Committee has determined that candidates for the Board should have the following qualifications:

- the ability to exercise objectivity and independence in making informed business decisions;

- extensive knowledge, experience and judgment;

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- the highest integrity;
- loyalty to the interests of UTC and its shareowners;
- a willingness to devote the extensive time necessary to fulfill a director s duties;
- the ability to contribute to the diversity of perspectives present in board deliberations; and
- an appreciation of the role of the corporation in society.

The Committee considers candidates meeting these criteria who are suggested by directors, management and shareowners. UTC from time to time engages one or more search firms to assist in the identification and evaluation of qualified candidates. The Committee will consider director candidates recommended by shareowners, who may submit recommendations by letter addressed to the Corporate Secretary. During 2008, the Committee held four meetings.

The Committee on Compensation and Executive Development has the responsibilities described in the Compensation Discussion and Analysis set forth beginning on page 12 of this Proxy Statement, which include review and oversight of executive compensation and development programs, approval of corporate goals and objectives relevant to Chief Executive Officer (CEO) compensation, setting the CEO s compensation based on an evaluation of performance in light of these goals and objectives, and review of long-term incentive plans and annual incentive compensation. The Committee makes compensation decisions affecting the executive officers and members of UTC s Executive Leadership Group (the ELG), consisting of approximately 30 of UTC s most senior executives. The Chairman, CEO and Senior Vice President, Human Resources and Organization (SVP, HR) determine other executives compensation and oversee program administration. The Committee also reviews management development policies and programs.

Directors Garnier (Chair), Gorelick, Kangas, Lee, McCormick, McGraw and Swygert are members of the Committee. UTC has engaged Towers Perrin, an outside human resources consulting firm, to provide peer company compensation data. Management also provides information and proposals for the Committee s consideration. While the Chairman, CEO and SVP, HR attend Committee meetings regularly by invitation, the Committee, subject to Board oversight, is the final decision maker regarding the compensation paid to each of the named executive officers listed in the Summary Compensation Table on page 23 and the members of the ELG, while also providing oversight of compensation practices for other executive officers. The Committee considers certain matters in executive session. The Committee s Chair reports to the Board on actions taken at each meeting. During 2008, the Committee held six meetings. The Committee has authority to retain, approve fees for and terminate independent advisers to assist in fulfillment of its responsibilities.

The Finance Committee reviews and makes recommendations to the Board on the management of the financial resources of UTC and major financial strategies and transactions. Directors Chênevert, David, Faraci, Gorelick, Lee (Chair), Myers, Villeneuve and Whitman are members of the Committee. Secretary Gutierrez will join the Committee effective March 11, 2009. During 2008, the Committee held six meetings.

The Public Issues Review Committee reviews UTC s charitable contributions program, community relations programs, political action committee, and responses to public issues such as equal employment opportunity, the environment, and safety in the workplace. The Committee also reviews UTC s annual Corporate Responsibility Report. Directors Garnier, Gorelick, McGraw, Myers, Swygert, Villeneuve and Whitman (Chair) are members of the Committee. During 2008, the Committee held four meetings.

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Attendance. The Board met seven times during 2008. Each director attended 75% or more of the aggregate number of meetings of the Board and committees on which he or she served. The non-management directors meet in regularly scheduled executive sessions. Currently Mr. McCormick serves as Lead Director and presides at executive sessions. The Board s policy is that each director standing for re-election should attend the Annual Meeting of Shareowners if his or her schedule permits. All of the current directors, with the exception of one director, who was unable to attend, were present at the last Annual Meeting held in April 2008.

Security Ownership of Directors, Nominees, Executive Officers and Certain Beneficial Owners. The following table shows, as of February 10, 2009, the shares of Common Stock beneficially owned by each director, nominee, each of the seven named executive officers listed in the Summary Compensation Table on page 23 of this Proxy Statement and all directors and executive officers as a group. Each director and executive officer beneficially owned less than 1% of the outstanding shares of Common Stock. The directors and executive officers as a group beneficially owned approximately 1.7% of the outstanding Common Stock. Except as otherwise indicated in the footnotes to the table below, each of the persons listed had sole voting power and investment power with respect to the shares shown as beneficially owned.

Name	Class of Securities	Shares Beneficially Owned
Louis R. Chênevert	Common	1,864,373(1)(2)
George David	Common	7,988,526(1)(2)
John V. Faraci	Common	0(3)(4)
Jean-Pierre Garnier	Common	60,200(1)(4)
Jamie S. Gorelick	Common	76,227(1)(4)
Carlos M. Gutierrez	Common	0
Edward A. Kangas	Common	0(3)(4)
Charles R. Lee	Common	113,430(1)(4)
Richard D. McCormick	Common	71,500(1)(4)
Harold McGraw III	Common	14,000(1)(3)(4)
Richard B. Myers	Common	0(3)(4)
H. Patrick Swygert	Common	27,000(1)(3)(4)
André Villeneuve	Common	50,200(1)(4)
Christine T. Whitman	Common	14,900(1)(3)(4)
Ari Bousbib	Common	1,489,551(1)
Geraud Darnis	Common	1,344,232(1)
Stephen Finger	Common	842,673(1)
James E. Geisler	Common	382,260(1)
Gregory J. Hayes	Common	234,034(1)(5)
Directors & Executive Officers as a Group (26 in total)	Common	15,603,296(1)(2)(6)

(1) The shares of Common Stock shown as beneficially owned by the listed person include the following number of shares as to which the listed person (i) had the right to acquire beneficial ownership within 60 days after February 10, 2009 through exercise of stock options or otherwise, or (ii) had sole voting but no investment power due to restrictions on transfer or vesting conditions.

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Name	Shares as to which listed person has right to acquire beneficial ownership within 60 days by exercise of stock options	Shares as to which listed person has sole voting but no investment power
L. Chênevert	1,676,500	5,712
G. David	5,700,000	97,212
J. Garnier	44,700	6,400
J. Gorelick	54,320	4,000
C. Lee	55,630	8,000
R. McCormick	44,700	3,200
H. McGraw III	13,000	0
H. Swygert	26,000	0
A. Villeneuve	45,400	4,800
C. Whitman	13,000	0
A. Bousbib	1,400,500	6,465
G. Darnis	1,252,500	12,474
S. Finger	721,200	22,367
J. Geisler	360,100	3,202
G. Hayes	211,000	3,765
Directors & Executive Officers as a group (26 in total)	12,597,250	225,756

(2) G. David, L. Chênevert and one other executive officer have pledged as security approximately 1,249,136 shares, 107,725 shares and 14,585 shares of Common Stock, respectively.

(3) The shares shown as beneficially owned do not include the following number of non-voting restricted stock units acquired under the Directors Restricted Stock Unit Plan. Each unit is valued by reference to one share of UTC Common Stock.

J. Faraci	1,851	R. Myers	1,634
E. Kangas	2,082	H. Swygert	3,096
H. McGraw III	2,472	C. Whitman	2,472

(4) The shares shown as beneficially owned do not include the following number of vested, non-voting deferred stock units acquired by the non-employee directors under the Directors Deferred Stock Unit Plan. Each unit is valued by reference to one share of Common Stock.

J. Faraci	10,299	H. McGraw III	18,818
J. Garnier	39,876	R. Myers	7,031
J. Gorelick	20,718	H. Swygert	26,278
E. Kangas	2,604	A. Villeneuve	36,150
C. Lee	38,309	C. Whitman	10,977
R. McCormick	35,171		

(5) Includes 1,925 shares as to which G. Hayes shares voting and investment power with his spouse.

(6) Includes 1,925 shares as to which G. Hayes shares voting and investment power with his spouse and 1,489 shares as to which another officer who is not a named executive officer shares such powers with his spouse.

In a filing made with the SEC, State Street Bank & Trust Company, acting in various fiduciary capacities, reported that it held as of December 31, 2008 sole voting power with respect to 42,706,155 shares of UTC Common Stock, shared voting power with respect to 62,710,810 shares of UTC Common Stock, and shared dispositive power with respect to 105,416,965 shares of UTC Common Stock. State Street Bank & Trust Company serves as Trustee for UTC s Employee Savings Plan and disclaims beneficial ownership of the reported shares.

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Executive Compensation.

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis (CD&A) reviews the compensation policies and decisions of the Committee on Compensation and Executive Development (the Committee) with respect to UTC s named executive officers listed in the Summary Compensation Table (the NEOs).

Under the oversight of the Committee, UTC maintains an executive compensation program for its senior executives, including its NEOs, that is heavily focused on performance. The design and operation of the program reflect the following objectives:

- Recruiting and retaining talented leadership;
- Implementing measurable performance targets;
- Correlating compensation with shareowner value;
- Progressively weighting at-risk and performance-based compensation opportunities with increasing levels of responsibility; and
- Promoting adherence to high ethical and environment, health and safety standards.

To accomplish these objectives, the Committee s approach emphasizes:

(i) fixed compensation elements of base salary and benefits with values targeted approximately at the median of UTC s Compensation Peer Group (CPG); and

(ii) above-median variable compensation opportunities contingent on performance.

Each of the NEOs is a member of the Executive Leadership Group (ELG), consisting of approximately 30 of the Company s most senior executives. In addition to compensation programs available to other UTC executives, ELG members also receive enhanced life insurance and disability benefits, a perquisite allowance, and severance protection. The ELG program is designed to provide executive benefits of comparable overall value to those of senior executives at other CPG companies.

UTC provides the following compensation elements to ELG members. Material variations between target and actual values for the NEOs are discussed under *Named Executive Officer Compensation.*

Compensation Element	Target vs. Market*
Fixed	
Base Salary	Median
Pension	Median
Benefits	Median

Perquisites	Median
Variable	
Annual Incentives	Median
Long-Term Incentives	65^{th} percentile
Other	
Severance Benefits	Median
Change-in-Control Benefits	Median

* Benchmark comparisons may vary due to differences in valuation methodologies, timing, and availability of data.

In addition to the compensation elements outlined above, the ELG program includes standards of conduct, protective covenants, clawback provisions and share ownership guidelines discussed under *Recoupment Policy and Other Protections.*

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New Developments for 2008

Highlights of Committee actions described in this CD&A include:

Leadership changes and associated compensation actions (see *Named Executive Officer Compensation*).

Modifications to the change-in-control program (see *Change-in-Control Benefits*).

Clarification and expansion of UTC s recoupment policy related to financial restatements (see *Recoupment Policy and Other Protections*).

Peer Group Benchmarking

The CPG consists of 25 major U.S. companies that have characteristics similar to UTC in terms of revenues, global scope of operations and diversified product lines, which the Committee believes makes them comparable to UTC for purposes of compensation benchmarking. In 2008, the Committee adjusted the peer group, replacing Merck and Wyeth with Emerson Electric and Procter & Gamble for 2009 compensation comparisons. Of the 25 companies listed below, 13 are included in the Dow Jones Industrial Average (as is UTC). Because of the compensation opportunities available and management skill sets required, the CPG companies are likely to be competitors of UTC for executive talent.

$ in millions

Company	Fiscal Year End	Revenues**	12/31/08 Market Cap**	Employees**
3M*	12/07	$24,462	$39,873	76,239
Alcoa*	12/07	$30,748	$9,012	107,000
Boeing*	12/07	$66,387	$30,075	159,300
Caterpillar Inc.*	12/07	$44,958	$26,946	101,333
Dow Chemical	12/07	$53,513	$13,940	45,856
Dupont *	12/07	$30,653	$22,830	60,000
Emerson Electric	09/08	$24,807	$27,980	140,700
General Dynamics	12/07	$27,240	$22,451	83,500
General Electric*	12/07	$172,738	$170,459	327,000
Hewlett Packard*	10/08	$104,286	$87,684	321,000
Honeywell	12/07	$34,589	$23,844	122,000
Intel*	12/07	$38,334	$81,539	86,300
IBM*	12/07	$98,786	$113,065	386,558
International Paper	12/07	$21,890	$5,045	51,500
Johnson & Johnson*	12/07	$61,095	$166,002	119,200
Johnson Controls	09/08	$38,062	$10,791	140,000
Lockheed Martin	12/07	$41,862	$33,683	140,000
Motorola	12/07	$36,622	$10,040	66,000
Northrop Grumman	12/07	$32,018	$14,725	122,600
Pfizer*	12/07	$48,418	$119,417	86,600
Procter & Gamble*	06/08	$83,503	$184,576	138,000
Raytheon	12/07	$21,301	$21,134	72,100
Textron	12/07	$13,225	$3,344	44,000
Tyco International	09/08	$20,199	$10,215	113,000
Verizon*	12/07	$93,469	$96,292	235,000
25th percentile		$27,240	$13,940	76,239
50th percentile		$38,062	$26,946	113,000

75th percentile		$62,418	$89,836	140,175
90th percentile		$97,191	$152,027	295,200
United Technologies*	**12/08**	**$58,681**	**$50,595**	**223,100**
Percentile Rank		**72%**	**68%**	**87%**

* Part of the Dow Jones Industrial Average as of 12/31/2008.

** Peer company data provided by Standard & Poors.

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In addition to the CPG data, the Committee utilizes general industry data drawn from approximately 415 companies. While the Committee relies more heavily on CPG data, general industry data broadens its analysis by diversifying its compensation benchmarks. The broader data set also provides a reference for specific business units where the relevance of CPG data may be limited.

The data for the CPG and general industry comes from Towers Perrin. Towers Perrin does not make recommendations to the Committee on the form or amount of executive compensation, nor does the Committee currently retain its own consultant. During 2008, Towers Perrin served the limited role of providing data relevant to the Committee s decision making. Should the Committee engage a consultant in the future for the purpose of making executive compensation recommendations, it would select a consultant with no other material relationship with UTC.

The Committee uses the same benchmark data for each form of compensation and for each executive position. Individual compensation will vary from program targets based on factors such as performance, job scope, abilities, tenure, and retention risk. Compensation decisions specific to the NEOs are discussed under *Named Executive Officer Compensation.*

Pay Mix

The Committee designs executive compensation packages for the NEOs and other ELG members to emphasize performance-based compensation. Fixed compensation elements are intended to be market competitive and therefore aimed generally at the median of the CPG. Performance metrics selected by the Committee reflect the overall goal of aligning actual compensation values with shareowner value. Base salary comprises approximately 20% of the pay mix for the ELG (including the NEOs), significantly less than for the rest of the executive population. Approximately 15% of total pay is allocated to annual bonus compensation, while approximately 65% is allocated to long-term incentive compensation, higher than for the balance of the executive population. As the following charts show, the mix is even more leveraged with performance-based compensation for the CEO and the other NEOs*.

* CEO data reflects Louis Chênevert only. For both pay mix charts, Base Salary, Annual Bonus, and All Other Compensation are as disclosed in the Summary Compensation Table on page 23. Long-Term Incentives reflect 2008 awards as shown in the Grants of Plan-Based Awards table on page 25.

The program targets total cash compensation (i.e., base salary and bonus) at the 50th percentile of the CPG. Cash above this percentile will generally result from earned increases in base salary and above-

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target performance in the annual bonus program. The program targets ELG long-term incentive compensation at the 65th percentile of the CPG. This above-median target value for long-term equity awards reflects the program s emphasis on compensation opportunities linked directly to shareowner value.

Allocation of long-term incentive awards between stock appreciation rights (SARs) and performance share units (PSUs) also varies with executive level. PSUs vest if and to the extent corporate-wide performance targets are achieved. Reflecting the ELG s ability to affect performance, PSUs comprise half of the value of ELG long-term incentive awards, a higher allocation than for the executive population generally.

Risk

UTC s compensation strategy is intended to mitigate risk by emphasizing long-term compensation and financial performance metrics correlated with shareowner value. While annual cash incentives play an appropriate role in UTC s executive compensation program, overweighting this form of compensation can encourage strategies and risk that may not correlate with the long-term best interests of the Corporation. As described under *Pay Mix* , only about 10% of total compensation is fixed for the CEO and other NEOs, while approximately 90% is tied to performance. Long-term incentives comprise over 85% of this performance-based compensation, appropriately so in view of the long life cycles of UTC s products and services. The long-term program s specific focus on three-year earnings per share (EPS) and total shareowner return (TSR) targets aims to reward significant and sustainable performance over the longer term. Comparably, the focus on share-based compensation, in combination with executive share ownership guidelines set independently by the Committee, reflects the program s goals of risk assumption and sharing between executives and shareowners.

Fixed Compensation

The principal elements of the NEOs fixed compensation consist of base salary, pension, benefits (e.g., health, life, and disability insurance), and perquisites. UTC targets the aggregate value of fixed compensation generally at the median of the CPG to promote recruitment and retention.

Base Salary*.* Base salaries for senior executives are targeted at approximately the 50th percentile of the CPG, with individual variations based on job scope, tenure, retention risk, and performance. Base salary decisions with respect to the NEOs are discussed under *Named Executive Officer Compensation.*

Pension. The Pension Benefits table on page 28 details retirement benefits for the NEOs. Pension benefits for executives under the cash balance formula fall below the overall median of pension programs. The previous final average pay formula, which covers executives hired before 2003 (including the NEOs), is approximately at the median of traditional pension plan designs. An unfunded program, with the same service formula applicable to salaried employees generally, provides defined benefit pension benefits in excess of Internal Revenue Code (the Code) limits for tax qualified plans. UTC does not match 401(k) contributions in excess of Code limits, resulting in below median values for executives (most CPG companies provide savings plan matching contributions in excess of Code limits).

Health and Welfare Benefits. While actively employed, ELG members receive life insurance coverage equal to three times their projected age 62 base salary. Upon retirement, the policy is funded to provide a life insurance benefit equal to two times age 62 (projected or actual) base salary. Mr. David participates in a predecessor life insurance plan discussed in footnote (7)(d) to the Summary Compensation Table and does not participate in this ELG benefit. The ELG long-term disability plan protects 100% of base salary for one year following disability and thereafter grades down 5% per year until the permanent 80% level is reached. ELG members participate in the same health benefit programs as other employees.

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Perquisites. ELG members receive a perquisite allowance equal to 5% of annual base salary. UTC does not provide in-kind perquisites. This perquisite allowance may be allocated by the executive in part to reimburse UTC for costs of a company leased vehicle or paid to the executive in cash. Footnotes (7)(b) and (c) to the Summary Compensation Table provide information on each NEO s perquisite allowance. Additionally, the Chairman and the CEO have access to corporate aircraft for personal travel in accordance with UTC s security policy. The Committee reviews perquisites on an annual basis to ensure fixed compensation remains targeted at median.

Variable Compensation

Incentive compensation programs relate directly to UTC s results. There are three forms of awards:

Type of Award	Performance Period	2008 Performance Metrics
Annual Bonus	1 year	- 10% earnings growth (business units) - 12% EPS growth (Corporate Office) - Free cash flow* as a percent of net income
Performance Share Units (PSUs)	3 years	- 10% annualized EPS growth - Total shareowner return** relative to the S&P 500
Stock Appreciation Rights (SARs)	3-year vesting; 10-year term	- Stock price appreciation

* Free cash flow equals cash flow from operations less capital expenditures.

** TSR equals the change in share price over the three-year performance period (including reinvested dividends), divided by the share price at the beginning of the three-year period. The TSR calculation uses the trailing November/December average closing share price for the beginning and end of the three-year period, as calculated by Standard & Poors.

Earnings growth and cash flow provide relevant measures of overall business performance for the year. Three-year relative TSR versus the S&P 500 compares performance against a broad-based and widely-accepted benchmark of publicly-traded companies. Long-term share price appreciation also generally corresponds with long-term corporate performance. The TSR metric therefore provides a performance-correlated compensation opportunity related to overall corporate results.

Annual Bonuses. The Committee annually establishes bonus pools for each of UTC s business units and the Corporate Office. Bonus amounts are substantially determined by performance measured against pre-established targets. However, a strictly formulaic calculation does not necessarily provide the most accurate assessment of annual performance. UTC is comprised of large and diverse businesses that operate in different industries, subject to different market conditions and cyclicalities. Although the Committee appreciates the simplicity of a common earnings growth target for each business, because of this variability, it also recognizes the need to exercise discretion in determining bonus pools and individual awards. Material variations, if any, from calculated bonus amounts are discussed under *Named Executive Officer Compensation.*

Target performance is intended to result in annual bonus values approximately at the median of the CPG. For 2008, the Committee maintained, consistent with the prior year, earnings growth targets for the business units and the Corporate Office of 10% and 12%, respectively. Prior to the start of each year, the Committee reviews consensus earnings estimates for comparable companies for the upcoming year to help guide its target-setting process. In addition to earnings growth, the Committee sets a free cash flow target equal to or greater than net income, as this metric in part reflects the quality and sustainability of reported earnings.

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The Committee determines individual awards paid from the established pools utilizing the same metrics that determine the size of the award pools, with adjustments for individual performance. The following award targets, as percentages of base salaries, reflect bonus targets for similar roles at CPG companies:

NEO Bonus Targets (as a percent of salary)	
Chief Executive Officer	135%
Chairman	100%
President, Commercial Companies	100%
Other NEOs	70% - 85%

Achievement of the targeted financial results (earnings growth times free cash flow as a percentage of net income) produces an award pool sufficient to pay bonuses at these levels. Actual award pools range from 70% at threshold performance to a maximum 160% of target, based on calculated performance and subject to adjustment by the Committee. The annual bonus program offers the opportunity for above-median total cash compensation for above-median performance relative to the established targets. Actual NEO bonuses for 2008 performance are discussed under *Named Executive Officer Compensation.*

For 2009, the Committee agreed to maintain the earnings growth and cash flow performance metrics. However, due to difficult and uncertain global economic conditions and their prospectively varying impact on UTC s different businesses, the Committee focused on each business unit s individual business plan when setting targets. Correspondingly, the Corporate Office target is aligned with the guidance provided to investors at the end of 2008. Given the environment the Corporation is expected to face in a most challenging 2009, the Committee recognizes that it may need to exercise greater flexibility in determining bonus payments next year based on additional factors such as performance relative to peers.

Performance Share Units. Annual long-term incentive awards consist of PSUs and SARs. The value of a PSU equals a share of UTC Common Stock. PSUs do not earn dividends. Upon vesting, PSUs convert to shares of UTC Common Stock. Performance relative to pre-established, three-year cumulative performance targets determines vesting. Performance targets for PSUs awarded in 2008 continue as EPS growth and relative TSR, with vesting of 50% each contingent on EPS growth and TSR relative to the S&P 500 as follows:

	Annualized EPS Growth (50% of award)		TSR (50% of award)	
	Level of Performance Achieved	**Percent of EPS Portion Vesting**	**Level of Performance Achieved**	**Percent of TSR Portion Vesting**
Minimum	7%	0%	37.5th percentile	0%
Target	10%	100%	50th percentile	100%
Maximum	13%	200%	75th percentile	200%

UTC s TSR target relative to companies within the S&P 500 provides a well-recognized, independent and external metric to measure the equity performance of a large cap company. The CPG, by contrast, provides a benchmark specifically tailored to measure the competitiveness of UTC s compensation packages. The S&P 500 more effectively aligns the interests of management and shareowners by measuring UTC s performance relative to a broader universe of companies than the CPG.

Notwithstanding the current challenging economic environment, the Committee maintained the same EPS growth targets for the 2009-2011 performance period. Maintaining targets at this level reflects UTC s commitment to double-digit earnings growth over the long-term. Relative TSR targets likewise remain unchanged.

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Stock Appreciation Rights. SARs have an exercise price equal to market price at date of grant, have a ten-year term, and become exercisable after three years. Value realized upon exercise is settled in shares of UTC Common Stock. The Committee views share price appreciation as a particularly relevant measure of long-term performance since it correlates with shareowner value. The Committee believes prior SAR and stock option awards have provided an important incentive for management s successful execution of productivity, innovation, growth, and business balance objectives aligned with shareowners interests. Despite difficult economic conditions in 2008, UTC s TSR over the ten-year period ending December 31, 2008 was 130%, substantially exceeding the Dow Jones Industrials (18%) and the S&P 500 (-13%).

Other Programs

ELG members participate in separate change-in-control and non-change-in-control severance arrangements. Intended to address different risks and circumstances, the respective arrangements provide different benefits and terms and conditions, as discussed below. Such arrangements are market competitive and therefore aid recruitment and retention. A substantial majority of CPG companies provide severance benefits. While there are variations in types and amounts of benefits, eligibility requirements, and other terms and conditions, the Committee believes that the aggregate potential value of UTC s programs does not differ substantially from other companies. Executives cannot receive both change-in-control and non-change-in-control severance benefits.

Severance Protection. The ELG program provides a potential severance benefit of up to 2.5 times base salary in the event of involuntary termination (other than for misconduct) after three years as an ELG member. Payment of ELG severance requires acceptance of and adherence to protective covenants, including non-compete and non-disclosure obligations. For individuals who joined the ELG before December 2005 (including each of the NEOs), this benefit is payable at retirement and serves as a retention mechanism. For executives appointed to the ELG after December 2005, the payment of a severance benefit at retirement has been replaced with a share-based retention award discussed below.

Retention. Executives who joined the ELG after December 2005 receive a restricted share unit retention grant equal to two times base salary as of the date of grant. These restricted share units may not be sold, pledged, or assigned prior to vesting on retirement at age 62 or later. The restricted share units are forfeited if the executive terminates or retires before age 62. Recipients of this award are not eligible for the ELG severance benefit if retirement occurs on or after age 62.

Executives who joined the ELG before December 2005 do not receive the restricted share unit retention grant, but are eligible for the ELG severance benefit upon retirement after age 62. The Committee believes that the restricted share unit grant has significant retention value and, as with the severance arrangement, imposes restrictive covenants. This restricted share unit grant maintains the Committee s retention strategy while enhancing shareowner alignment by linking value to share price rather than salary.

Change-in-Control Benefits. The current change-in-control benefits, which reflect a reduction in benefits in 2003 to more closely align with market practice, provide for a cash payment equal to 2.99 times base salary and bonus, plus acceleration of long-term incentive awards. For those covered by the program before December 2003, change-in-control payments equal three times base salary and bonus and also include three years of benefits continuation and three years additional credited service for pensions, with each of these elements reduced by 1/36th for each month termination occurs after age 62. These benefits are designed to help assure continuity of management under circumstances that reduce or eliminate job security and might otherwise lead to immediate departures. Unlike the ELG severance benefit, change-in-control benefits are paid in the event the executive voluntarily terminates

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following a change-in-control. In 2008, the Committee moved to a double trigger for all prospective members of the ELG. In addition to the change-in-control event, an executive must be involuntarily terminated or leave the Company for good reason to qualify for benefits. Good reason includes material adverse changes in compensation, responsibilities, authority, reporting relationship or relocation.

The aggregate values of benefits, covenants, and other terms and conditions under each program remain within market norms for a company of UTC s size. The Potential Payments on Termination or Change-in-Control table on page 30 set forth the estimated values and details of the termination benefits under various scenarios for each of the NEOs.

Named Executive Officer Compensation

The executive compensation programs and policies discussed above apply to each of the NEOs. Individual compensation amounts can and do vary from program benchmarks. Material variations from benchmark targets affecting the NEOs compensation in 2008 are discussed in this section.

A number of senior leadership changes occurred in 2008. The following summary provides context for actions described under *Base Salary* , *Annual Bonus* , and *Long-Term Incentive Awards* .

Leadership Changes in 2008

Name	**Previous position**	**Current position**
Louis Chênevert	President and Chief Operating Officer	President and Chief Executive Officer
George David	Chairman and Chief Executive Officer	Chairman
Gregory Hayes	VP, Accounting and Finance	SVP and Chief Financial Officer
Ari Bousbib	President, Otis Elevator	President, Commercial Companies and EVP, UTC
James Geisler	VP, Finance	VP, Corporate Strategy and Planning

Base Salary. The NEOs received salary increases in 2008, consistent with annual market movement, job scope, and performance. Mr. Chênevert s salary was increased from $1.1 million to $1.4 million upon his election to CEO. This new salary is at approximately the 25th percentile of the CPG which the Committee believes is appropriate based on Mr. Chênevert s status as a new CEO. Mr. David s salary was reduced from $1.9 million to $1.0 million upon his transition from Chairman and Chief Executive Officer to Chairman. Mr. David had been UTC s Chief Executive Officer since 1994, longer than any other Dow Jones Industrials company CEO. His reduced base salary reflects that as Chairman, he is no longer responsible for day-to-day operations of the Corporation. As executive Chairman, his contributions have focused on investor relations and broad, strategic issues facing the Corporation and had corresponding value. To avoid diminishing certain retirement benefits linked to base salary, the Committee froze the value of such benefits as of April 9, 2008, calculated on the basis of his final salary as CEO. Payment of these benefits will include interest at the rate set in UTC s Deferred Compensation Plan (5.69% for 2008) from the date of this calculation until the date of payment following retirement.

Messrs. Geisler and Hayes shared the responsibility of Chief Financial Officer for the majority of 2008. This shared responsibility resulted in each receiving below-median salaries for a CFO position. Based on their new roles, Mr. Hayes salary is at approximately the 25th percentile of the CPG and Mr. Geisler s salary is slightly above the median.

In May 2008, Mr. Bousbib was appointed to his current position, responsible for leading UTC s commercial companies. In this role, he oversees Carrier, Otis Elevator, and UTC Fire & Security. To

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recognize the significant expansion of his responsibilities, his salary was increased from $850,000 to $950,000, consistent with the leadership position for businesses with revenues in the range of $34 billion. As this segment is larger than most Fortune 500 companies, the Committee set Mr. Bousbib s salary at the 75th percentile for internal business sector leaders.

During 2008, Messrs. Darnis and Finger led complex, global business units whose competitors vary widely by size and consist of both stand-alone companies and subsidiaries of larger companies. Mr. Darnis salary is at approximately the 75th percentile and Mr. Finger s salary was above-median but below the 75th percentile of the CPG. This CPG market data only reflects sector heads within large companies. Carrier, led by Mr. Darnis, had revenues of $14.9 billion in 2008 and Pratt & Whitney, led by Mr. Finger, had revenues of $13 billion. Each business, if independent, would rank within the S&P 500. As such, the Committee believes above-median salaries are appropriate for these key positions. Mr. Finger retired on January 15, 2009.

Annual Bonus. Actual bonuses for each of the NEOs are shown in the Summary Compensation Table on page 23. Individual bonuses are based first on business performance and then modified for individual performance. Bonuses for Messrs. Chênevert, David, Bousbib, Hayes and Geisler were based on overall corporate performance, Mr. Finger s bonus was tied to Pratt & Whitney and Mr. Darnis bonus to Carrier.

The Corporation s 2008 earnings per share grew 15% with free cash flow at 105% of net income, resulting in an above-target pool of 120% for the Corporate Office. Pratt & Whitney s earnings growth and cash flow performance resulted in a pool of 102%.

Carrier fell below its earnings growth and free cash flow targets, resulting in below-threshold performance. However, certain segments of Carrier s business delivered results well above target. In spite of the challenging environment in 2008, Carrier maintained its earnings at a level near 2007 and actually increased revenues 2%, significantly outperforming its peers in spite of deteriorated residential markets in both the US and Europe. Recognizing this performance and the adverse market conditions affecting all of Carrier s businesses, the Committee exercised discretion and provided Carrier an award pool at 51% of target.

The determination of actual bonus amounts awarded to Messrs. Hayes, Bousbib, Finger and Geisler, as shown in the Summary Compensation Table on page 23, aligns with the award pool factors described above, with minor adjustments based on the Committee s subjective overall assessment of performance. Mr. Darnis bonus was higher than his calculated award to recognize his ongoing leadership and contribution to managing Carrier s business in a severely challenging environment, as discussed above.

Messrs. Chênevert and David received bonuses above their calculated awards. UTC delivered exceptional financial performance in 2008, achieving 15% EPS growth and 7% revenue growth (5% organic) under extraordinarily difficult business conditions. The Committee determined that the ability to continue double-digit earnings growth in the 2008 environment, in combination with a smooth CEO transition and successful retention of key senior leaders, warranted an upward adjustment of their 2008 annual incentive compensation awards. Mr. Chênevert s award was adjusted from a calculated award of $2.3 million to $3 million. Mr. David s award, taking into account his change in position and corresponding reduction in salary and bonus target resulted in a calculated award of $1.8 million. Based on factors described above, the Committee adjusted his award to $2 million.

Long-Term Incentive Awards. The Grants of Plan-Based Awards table on page 25 shows long-term incentive awards. Awards to each of the NEOs did not differ materially from UTC s stated 65th

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percentile target. In addition to the annual Long-Term Incentive Plan (LTIP) award, each of the NEOs (except Mr. David and Mr. Finger who were both retirement-eligible in 2008) received a special SAR retention grant in connection with Mr. Chênevert becoming CEO. Each of these grants vests 50% after year three and 50% after year four, with no acceleration upon retirement. Mr. Bousbib also received a special SAR grant upon his appointment as President of UTC s commercial companies with the same vesting schedule as the retention grant.

The three-year performance period for PSUs granted in 2006 ended on December 31, 2008. The Committee reviewed performance against target and approved vesting results for the 2006 PSUs at its February 2009 meeting. 2006 PSU performance metrics and targets were identical to the 2008 PSUs discussed under *Performance Share Units* , with 50% of the award vesting on the Corporation attaining 10% cumulative EPS growth and 50% vesting contingent upon UTC s TSR relative to the S&P 500. UTC s EPS growth over the period was 16.2%, resulting in vesting at 200% of target on half of the award. TSR was at the 73.6th percentile relative to the S&P 500, resulting in vesting at 194% of target on the other half. Overall, the 2006 PSUs vested at 197% of target.

Dilution and Deductibility

In 2008, UTC s shareowners approved an amendment to the 2005 Long-Term Incentive Plan, which authorized an additional 33 million shares available for awards under the Plan. The total shares prospectively issuable under PSU and SAR awards in 2008 were approximately 1% of UTC Common Shares outstanding, below the CPG median. The total number of shares potentially issuable under all PSU, SAR, and stock option awards outstanding as of the end of 2008 was equal to approximately 11% of UTC Common Shares outstanding (calculated on a fully diluted basis). This percentage is approximately at the median of the CPG. Diluted earnings per share reflect all such shares, and both percentages are within applicable LTIP limitations.

Annual bonuses and long-term incentive awards are provided pursuant to shareowner approved plans and performance targets. Amounts paid under these programs are intended to qualify for the performance-based compensation exception under Internal Revenue Code Section 162(m) and are therefore not subject to the Section 162(m) $1 million deductibility limitation.

Changes to Accounting Standards

Performance measurement calculations are generally adjusted to eliminate the impact of changes to accounting standards. FASB Statement of Financial Accounting Standards 141(R), effective January 1, 2009, changes the accounting treatment for business combinations and will affect UTC s EPS calculations. Performance calculations for annual and long-term incentives will be adjusted accordingly.

Program Administration

The Committee approves the design and functioning of UTC s executive compensation program as outlined here, specifically including determination of benchmark targets, performance metrics, and the composition and variability of pay by executive level. In determining annual bonuses, the Committee is substantially guided by applicable performance metrics but also retains the authority to exercise its judgment when approving the amount of the bonus pools and individual awards.

UTC s executives do not have employment agreements that guarantee compensation amounts or length of employment. The Committee specifically determines annual bonus, PSU, and SAR total award amounts for business units and the Corporate Office, and determines awards individually for ELG participants each year. As part of the annual compensation process, the Committee reviews all elements of compensation for the NEOs and other ELG participants. The Committee does not adjust, either negatively or positively, current or future compensation opportunities on the basis of accrued or realized gains attributable to prior awards and prior service.

The Committee conducts an overall review annually to ensure that the compensation program meets its intended goals. The Committee s review for 2008 indicated that, as intended, variable and performance-based compensation comprised the substantial majority of actual senior executive compensation. Values realized above the CPG medians are substantially attributable to UTC s earnings and stock price performance in excess of initial and challenging targets and of market indices.

The Committee does not and has not permitted backdating or re-pricing of stock options or SARs. Grant dates are set on or shortly after the date the Committee approves awards. Exercise price equals the closing price for UTC Common Stock on the grant date. UTC s regular cycle awards account for the great majority of total awards and are made on a consistent basis within the first week of each calendar year, coincident with the beginning of the three-year measurement period for performance-based awards. Recruitment, retention, and promotion needs occasionally result in out-of-cycle awards, where the event triggering the award drives the timing. In no circumstances are awards made in anticipation of the disclosure of material non-public information.

Recoupment Policy and Other Protections

In 2008, the Committee expanded the Corporation s policy on recoupment (clawback) of executive compensation. In the event of a financial restatement or recalculation of a financial metric applicable to an award, annual bonus payments paid in connection with the year in question, as well as gains realized from vested LTIP awards, are now subject to recoupment with respect to any executive involved in the restatement. In addition, the Committee may require recoupment of awards from other executives based on its review of the facts and circumstances.

The newly-adopted recoupment policy supplements existing protections integrated into UTC s executive compensation program, including:

Post-employment covenants. These discourage ELG participants from engaging in activities that are detrimental to UTC by restricting the disclosure of proprietary information, the solicitation of UTC employees, and engaging in competitive activities.

LTIP clawback provisions. In addition to a clawback triggered by a financial restatement, long-term incentive awards are subject to clawback rules for termination for cause and certain other conduct injurious to the Corporation.

Share ownership guidelines. The Committee believes senior executives should have a significant equity position in the Company. Stock ownership guidelines are in place to align the interests of executive officers and other senior leaders with those of shareowners and to encourage a long-term focus in managing the Company. The CEO requirement is five times base salary and the requirement for the rest of the ELG is three times base salary.

Report of the Committee on Compensation and Executive Development

The Committee on Compensation and Executive Development establishes and oversees the design and functioning of UTC s executive compensation program. We have reviewed and discussed the foregoing Compensation Discussion and Analysis with the management of the Company and recommend to the Board of Directors that the Compensation Discussion and Analysis be included in UTC s Proxy Statement for the 2009 Annual Meeting.

Committee on Compensation and Executive Development

Jean-Pierre Garnier, Chair
Jamie S. Gorelick
Edward A. Kangas
Charles R. Lee
Richard D. McCormick
Harold McGraw III
H. Patrick Swygert

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Summary Compensation Table

Name and Principal Position(1)	Year	Salary ($)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compen-sation ($)(5)	Change in Pension Value and Non-qualified Deferred Compen-sation Earnings ($)(6)	All Other Compen-sation ($)(7)	Total ($)
Louis Chênevert	2008	$1,318,974	$3,000,000	$4,376,921	$6,208,773	$1,294,844	$1,543,594	$266,726	$18,009,832
President and Chief	2007	$1,012,500	$2,000,000	$5,533,440	$9,690,531	$858,030	$1,487,702	$246,574	$20,828,777
Executive Officer	2006	$808,333	$1,400,000	$665,184	$3,744,569	$652,894	$336,664	$212,668	$7,820,312
George David	2008	$1,262,500	$2,000,000	$6,048,720	$6,386,140	$4,468,768	$5,412,001	$705,699	$26,283,828
Chairman	2007	$1,883,333	$4,000,000	$11,636,640	$8,144,480	$3,480,455	$8,285,295	$643,023	$38,073,226
	2006	$1,791,667	$3,800,000	$7,675,200	$7,217,233	$3,034,287	$2,733,737	$922,708	$27,174,832
Gregory Hayes Senior Vice President	2008	$501,516	$550,000	$1,156,248	$1,637,621	$228,906	$310,414	$90,586	$4,475,291
and Chief Financial	2007	$429,583	$475,000	$917,532	$1,213,360	$21,282	$253,513	$102,620	$3,412,890
Officer	2006	$391,667	$425,000	$304,876	$932,186	$11,576	$226,837	$112,769	$2,404,911
Ari Bousbib President,	2008	$862,500	$1,200,000	$2,238,988	$3,908,000	$1,073,533	$375,809	$115,994	$9,774,824
Commercial	2007	$749,167	$900,000	$1,880,064	$2,948,333	$689,514	$317,451	$121,534	$7,606,063
Companies and Executive Vice President, UTC	2006	$676,250	$850,000	$665,184	$2,848,458	$545,223	$207,335	$140,117	$5,932,567
Geraud Darnis	2008	$800,000	$550,000	$2,238,988	$3,441,771	$712,178	$521,064	$110,528	$8,374,529
President, Carrier	2007	$749,167	$600,000	$1,880,064	$2,948,333	$266,175	$412,904	$115,100	$6,971,743
Corporation	2006	$676,250	$350,000	$665,184	$2,848,458	$144,460	$362,697	$132,867	$5,179,916
Stephen Finger President, Pratt & Whitney	2008	$638,667	$550,000	$2,045,130	$1,510,815	$467,723	$1,679,068	$128,269	$7,019,672
James Geisler	2008	$475,417	$410,000	$1,156,248	$1,637,621	$261,616	$223,312	$73,653	$4,237,867
Vice President,	2007	$429,583	$475,000	$917,532	$1,213,360	$49,737	$128,696	$72,164	$3,286,072
Corporate Strategy and Planning	2006	$386,667	$425,000	$304,876	$932,186	$37,169	$130,580	$83,002	$2,299,480

(1) Mr. David served as Chief Executive Officer until April 9, 2008, at which time Mr. Chênevert succeeded him in that position. Messrs. Hayes and Geisler shared the position of Chief Financial Officer until September 10, 2008, at which time Mr. Hayes assumed sole responsibility for this position and Mr. Geisler assumed the responsibilities of Vice President, Corporate Strategy and Planning. Mr. Bousbib was named President, Commercial Companies and Executive Vice President, UTC, effective May 12, 2008. Mr. Finger retired on January 15, 2009.

(2) The calculation of annual bonuses reflects 2008 growth in earnings and free cash flow as a percentage of net income, plus other discretionary factors applied by the Committee in the determination of the actual awards shown in this column.

(3) Amounts in this column reflect the expense recognized by UTC for accounting purposes calculated in accordance with FASB Statement of Financial Accounting Standards No. 123 (revised 2004) (FAS 123R) with respect to PSUs granted in 2008, 2007 and 2006, and restricted shares granted to Mr. Finger in 2006. The assumptions made in the valuation of these awards are set forth in Note 10, Employee Benefit Plans, to the Consolidated Financial Statements in Exhibit 13 to UTC s 2008 Annual Report on Form 10-K (available at www.edocumentview.com/utx). Under FAS 123R, PSUs are amortized over 36 months, except for retirement-eligible executives whose awards are amortized over 12 months. Accordingly, amounts in this column reflect the full value of Mr. Chênevert s, Mr. David s and Mr. Finger s January 2008 PSU awards. PSUs are discussed in the CD&A and in the Grants of Plan-Based Awards table on page 25 of this Proxy Statement. Amounts for Mr. Finger include a portion of his 2006 restricted stock award which vested in September 2008.

(4) Amounts in this column reflect the expense recognized by UTC for accounting purposes calculated in accordance with FAS 123R with respect to SARs granted in 2008, 2007 and 2006. The assumptions made in the valuation of these awards are set forth in Note 10, Employee Benefit Plans, to the Consolidated Financial Statements in Exhibit 13 to UTC s 2008 Annual Report on Form 10-K. Under FAS 123R, regular cycle SAR grants are amortized over 36 months, except for retirement-eligible executives whose awards are amortized over 12 months. Accordingly, amounts in this column reflect the full value of Mr. Chênevert s, Mr. David s and Mr. Finger s January 2008 SAR awards. Vesting of special SARs awarded in April and May 2008 do not accelerate upon retirement. 50% of the value of these awards is

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amortized over 36 months and 50% over 48 months, in accordance with the vesting schedule. SARs are discussed in the CD&A and in the Grants of Plan-Based Awards table.

(5) Amounts in this column reflect 2008 earnings received as a result of achievement of pre-established three-year performance targets under the Continuous Improvement Incentive Program (the CIIP), a prior cash-based long-term incentive program. Under this program, vesting resulted in quarterly payments determined by the number of units vested and the dividend paid on UTC Common Stock. These cash payments continue for a maximum of seven years following vesting. The last awards under the CIIP were made in 2005.

(6) Amounts in this column reflect the increase during 2008 in the actuarial present value of the executive s accumulated benefit under UTC s defined benefit plans. Actuarial value computations are based on FASB Statement No. 87 assumptions discussed in Note 10, Employee Benefit Plans, to the Consolidated Financial Statements in Exhibit 13 to UTC s 2008 Annual Report on Form 10-K. UTC does not provide above-market rates of return under its Deferred Compensation Plan. However, above-market interest is provided under a frozen Sundstrand Corporation deferred compensation plan assumed by UTC upon the acquisition of Sundstrand in 1999. Mr. Hayes accrued $7,253 in above-market earnings under this plan in 2008.

(7) All Other Compensation amounts in the Summary Compensation Table for 2008 consist of the following items:

Name	Year	Personal Use of Corporate Aircraft[(a)]	Leased Vehicle Payments[(b)]	Cash Flexible Perquisite Allowances[(c)]	Insurance Premiums[(d)]	401(k) Company Match	Restricted Stock Dividends[(e)]	Miscel-laneous[(f)]	Total
L. Chênevert	2008	$93,435	$31,899	$34,351	$90,754	$8,280	$0	$8,007	$266,726
G. David	2008	$309,865	$36,948	$26,177	$318,483	$8,280	$0	$5,946	$705,699
G. Hayes	2008	$0	$14,139	$11,049	$51,734	$8,280	$0	$5,384	$90,586
A. Bousbib	2008	$0	$29,049	$14,076	$55,504	$8,280	$0	$9,085	