

# 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.



**LOUIS R. CHÊNEVERT**  
CHAIRMAN &  
CHIEF EXECUTIVE OFFICER

Louis Chênevert is shown here with the main landing gear for the Airbus A380 — the world's largest commercial airliner — at the UTC Aerospace Systems facility in Oakville, Ontario.

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 long-term 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.



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

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01 Cloud Cap HD TASE stabilized camera UTC AEROSPACE SYSTEMS	02 Goldie Srivastava UNITED TECHNOLOGIES New Delhi, India	03 PurePower PW1100G-JM engine PRATT & WHITNEY	04 Haixia Lu OTIS Hangzhou, China
05 Christophe Marty UTC AEROSPACE SYSTEMS Toulouse, France	06 Sikorsky Autonomous Research Aircraft SIKORSKY	07 UT Electronic Controls UTC CLIMATE, CONTROLS & SECURITY	08 Lakesha C. Etienne PRATT & WHITNEY West Palm Beach, Florida
09 Darrin Wong UTC AEROSPACE SYSTEMS Everett, Washington	10 NCE escalator OTIS	11 Stacy Sheard SIKORSKY Coatesville, Pennsylvania	12 Carrier CO <sub>2</sub> OLtec refrigeration system CARRIER
13 UH-60M BLACK HAWK helicopter SIKORSKY	14 Lu Jun CARRIER Hangzhou, China	15 PW127M engine PRATT & WHITNEY CANADA 568F propeller UTC AEROSPACE SYSTEMS	16 Kelvan Waters SIKORSKY West Palm Beach, Florida