NOTICE OF QUALIFIED DEFAULT INVESTMENT

If you do not have an investment election on file, your Savings Plan assets* will be invested in the “qualified default investment alternative” (QDIA), as defined by the Plan. This means that your contributions will automatically be invested in the Lifetime Income Strategy unless you actively choose from the number of different investment options offered by the Plan. You may change your investment elections at any time.

For participants no longer employed by UTC and who are either under age 60 with a Savings Plan balance of less than $30,000, or who are age 60 or above, the QDIA will remain the age-appropriate Target Retirement Fund.

* Excluding any company matching contributions, company automatic contributions (for profit sharing plans), or company contributions (for an Individual Medical Account or COLA).
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What This Opportunity Means for You

This kit explains important features of the Lifetime Income Strategy. This new option helps you confidently prepare for retirement by allowing you to turn your UTC Savings Plan into a secure source of income after you retire. This means that you have:

- A simple way to invest in a single, well-diversified option that automatically adjusts its asset mix and introduces income protection as you get older.

- A flexible way to protect and preserve your retirement income without giving up access and control of your assets.

- A way to secure a steady Income Benefit in retirement that will last for as long as you live and that has the potential for investment growth.

- An effective way to accumulate retirement assets — and protect your retirement income from a market downturn.
A Secure Retirement Option

The UTC Savings Plan has consistently been one of UTC’s most popular, successful and cost-effective benefit programs … and it’s about to get even better. Beginning June 1, 2012, we are introducing an innovative and meaningful investment option: the Lifetime Income Strategy.

This kit explains important features of the Lifetime Income Strategy, which allows you to establish a secure and steady stream of retirement income that will last for the rest of your life.

You will need to decide if it fits your retirement goals, specific situation, and investment preferences. You will also need to compare the cost of participation in the Lifetime Income Strategy to the benefits it provides. Please read this information carefully and share it with those who help you make your financial decisions.

What Is the Lifetime Income Strategy?

The Lifetime Income Strategy is a new option in the UTC Savings Plan, with an insurance component for participants who want to receive a steady stream of secure retirement income … for life. In short, the Lifetime Income Strategy is designed to protect participants from the risk of outliving their money and the impact of market volatility on retirement income, while providing the opportunity for investment growth.

It provides many of the same advantages as our professionally managed Target Retirement Funds and, in addition, has an insurance component that will provide a set income amount — or Income Benefit — that will last throughout your retirement regardless of market or economic conditions, similar to monthly payments you receive through a traditional pension plan but with more flexibility.

This flexibility means that the Lifetime Income Strategy allows you to maintain control of your retirement assets. The Strategy adjusts, depending on your age:

- It starts by investing in a portfolio of stocks and bonds (similar to the UTC Savings Plan’s current Target Retirement Funds).
- When you reach age 48, your initial Income Benefit is calculated, and a portion of your assets are used to secure it. This feature gradually increases over time to include your entire Lifetime Income Strategy balance at age 60, providing an insured and steady stream of income to support you through retirement.

What Is an Income Benefit?

The secure and steady stream of retirement income you are eligible to take each year for the remainder of your life.

See “Activate Your Income Benefit” for more information.

What It’s Not

The Lifetime Income Strategy is…

- Not a guarantee of your account value, which will go up and down with your contributions, withdrawals and investment performance. It does, however, provide a steady stream of secure income to support you through retirement. Additionally, poor investment performance will not reduce your Income Benefit, which means your Income Benefit is protected from falling markets.

- Not a reason to “check out” of retirement planning. It’s important to note that the Lifetime Income Strategy does not mean that you can opt in and then simply forget about your UTC Savings Plan. The responsibility still resides with you — you need to save money and build retirement security. What the Lifetime Income Strategy offers is a simple, secure, flexible way to establish and grow your future retirement income through a professionally managed option.
Why Is UTC Offering the Lifetime Income Strategy?

Over the years, we’ve seen retirement plans shift from traditional employer-funded pension plans to 401(k) savings plans, in which the individual is responsible for making saving and investment decisions and for ensuring there is enough money to last through retirement.

UTC is committed to offering competitively priced benefit programs that offer substantial value to our employees. Part of that commitment includes monitoring new market developments and, when appropriate, enhancing our programs.

The Lifetime Income Strategy is an innovative approach that can help Savings Plan participants establish and preserve retirement income. Though the Lifetime Income Strategy is new to our Plan, its method of securing retirement income has been available in the individual retail market for some time — and is gaining popularity. As an employer-sponsored plan, the UTC Savings Plan is able to offer the Lifetime Income Strategy with lower fees than you may be able to find individually for similar products.

Our goal is to ensure UTC employees have the tools to prepare for retirement, and we believe the Lifetime Income Strategy will be a valuable option for many participants.

The Lifetime Income Strategy is an option available to anyone invested in the UTC Savings Plan, and may be right for you if the Savings Plan will be an important source of retirement income. Participants who do not have a pension, and receive all of their retirement benefits through the Savings Plan, may find the steady stream of income — or Income Benefit — particularly attractive.

Your Gateway is your online resource for all of your UTC sponsored benefits. The “My Wealth” section of the home page will show any current or accrued balances in the UTC Savings Plan or UTC Pension Plan, respectively.

UTC is adding this option specifically to provide the opportunity for monthly income in retirement to participants who receive all of their UTC retirement benefits through the Savings Plan.”

New hires who are eligible for automatic enrollment will be enrolled* in the UTC Savings Plan with a before-tax contribution rate of 6% that is invested in the Lifetime Income Strategy.

* Eligible employees who have not selected their own investment option or who have not opted out of automatic enrollment will be enrolled 45 days after their hire date. Refer to your Savings Plan Enrollment Kit for eligibility.

Your Gateway

* If you are already receiving your pension payments, your pension will not be reflected on Your Gateway.
The Transition to Lifetime Income Strategy

The QDIA

The Plan’s current qualified default investment alternative (QDIA) is the age-appropriate Target Retirement Fund. Once the Lifetime Income Strategy is added to the Plan, it will become the QDIA for most participants. Participants actively employed by UTC and younger than age 60, who are currently invested in the QDIA because they have never made an investment election, will be mapped to the Lifetime Income Strategy on June 22, 2012.

Balances That Will Be Mapped

If you have never made an investment election, your Target Retirement Fund balance(s) will automatically be mapped to the Lifetime Income Strategy. All other balances in your Savings Plan account will remain in your current investment options unless you transfer all or a part of your balance(s).

If you do not want to be mapped, you must make an active investment election. Look for the “Alert” and “Action Needed” on Your Gateway to update your investment election. (See “Unsure If You Have an Investment Election on File” for more information.)

Balances That Will Not Be Mapped

Target Retirement Fund balance(s) will not be mapped if:

■ You have made an investment election at any time,
■ You are age 60 or older,** or
■ You are no longer employed by UTC and have a Savings Plan balance of less than $30,000.

What You Need to Do

Whether or not you need to take any action will depend on two things:

■ If any portion of your Savings Plan balance is identified for mapping, and
■ If you decide the Lifetime Income Strategy is right for you.

<table>
<thead>
<tr>
<th>If you…</th>
<th>And you…</th>
<th>Then you…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not have an investment election on file</td>
<td>Want to be mapped to the Lifetime Income Strategy</td>
<td>Do not need to take any action — your Target Retirement Fund balance(s)’ will be mapped on June 22, 2012</td>
</tr>
<tr>
<td>Do not have an investment election on file</td>
<td>Do not want to be mapped to the Lifetime Income Strategy</td>
<td>Need to make an active investment election through Your Gateway</td>
</tr>
<tr>
<td>Have an investment election on file</td>
<td>Want to invest in the Lifetime Income Strategy</td>
<td>Need to change your investment election and/or transfer a portion or all of your Savings Plan balance to the Lifetime Income Strategy option</td>
</tr>
<tr>
<td>Have an investment election on file</td>
<td>Do not want to invest in the Lifetime Income Strategy</td>
<td>Do not need to take any action</td>
</tr>
</tbody>
</table>

If you have an investment election on file and want to take advantage of the Lifetime Income Strategy, you will need to change your investment election or transfer an existing balance. From the home page of Your Gateway, select Change Investments from the UTC Savings Plan fly-out menu located in the Savings Plan At-A-Glance box. If you want to change how your future contributions are invested, select Change My Future Investments. If you want to transfer an existing balance into the Lifetime Income Strategy, select Transfer Monies From Fund(s) to Fund(s).

* For participants no longer employed by UTC who are under age 60 with a Savings Plan balance of less than $30,000, or who are age 60 or above, the QDIA will remain the age-appropriate Target Retirement Fund.

** Future contributions of participants actively employed by UTC, who have never made an investment election, will be invested in the Lifetime Income Strategy.

*** You cannot transfer monies out of the Income Fund directly into the Lifetime Income Strategy option or the brokerage window. Balances transferred out (restricted amounts) of the Income Fund must remain invested in a core investment option for 90 calendar days. After 90 calendar days, you may transfer the restricted amount into the Lifetime Income Strategy option or the brokerage window.
Unsure If You Have an Investment Election on File?

In general, if you are invested in any option other than the Target Retirement Funds, ESOP* or Income Fund, you have an investment election on file. However, if you became a part of UTC through an acquisition or merger, you may not have an investment election on file.

If you do not have an investment election on file, you will see an alert on the *Your Gateway* home page.

You can view where your contributions are currently being invested through *Your Gateway*. Select *Retirement Account Summary* from the Savings Plan fly-out menu. Then select *Investment Summary* from the UTC Savings Plan menu. Your “Future Investments” are listed on the right side of the page. If you still have questions, please contact a UTC Benefits Center representative.

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* For some populations, company matching contributions are supplied through the UTC Employee Stock Ownership Plan (ESOP).
How It Works: A Three-Phase Approach to Retirement

The Lifetime Income Strategy has three phases, based on your age, as shown in the graphic below. The following sections outline what happens in each phase.

1. Build Your Retirement Income

The first, and most important, step you should take is to build your retirement income. You are encouraged to contribute as much as you can to your UTC Savings Plan (up to Plan limits) to ensure that you’re maximizing the full value of tax-deferred savings, valuable company matching contributions and compounded earnings.

With the Lifetime Income Strategy, the money in your UTC Savings Plan is invested in a portfolio that includes a diversified mix of stocks and bonds that’s appropriate for your age. The investment mix is based on your date of birth and, similar to the UTC Savings Plan’s current Target Retirement Funds, it assumes a retirement age of 65.

AllianceBernstein, the asset allocation manager, automatically adjusts your portfolio for you, so your investment mix makes sense for your age. This means that as you move closer to retirement, the portfolio allocation adjusts to manage your investment risk.

2. Secure Your Retirement Income through Insurance

An important part of the Lifetime Income Strategy is the insurance component, which provides and protects your Income Benefit — that is, the steady and secure income stream you receive during retirement for the rest of your life. Prior to age 48, there is no insurance protection.

At age 48, if you are a participant in the UTC Savings Plan and have a balance in the Lifetime Income Strategy, a portion of your assets will secure your insured Income Benefit. While this feature starts at age 48 with a portion of your assets, it gradually increases over time to include your entire Lifetime Income Strategy balance at age 60. In this way, your insured Income Benefit grows as you age.

In other words, as long as you do not withdraw assets (see “Withdrawing Funds”), your Income Benefit will grow until you reach age 60 and can continue to grow as you approach retirement, depending on market performance. Any decreases in your Lifetime Income Strategy market value due to investment performance will not reduce your Income Benefit. This way, your future retirement income is protected from falling markets even before you retire.

It will also grow as you add contributions or transfers-in to the Lifetime Income Strategy. (See “Other Ways to Build Your Income Benefit.”)
As with all UTC Savings Plan investment options, there are investment management and administrative fees. In the case of the Lifetime Income Strategy, there are also insurance and administration fees associated with your Income Benefit. The insurance establishes and protects your Income Benefit. Prior to age 48, there are no fees associated with, or protection provided by, the insurance. The following table summarizes the approximate annual total expenses associated with your Income Benefit and highlights the current insurance fees for your Income Benefit as a percentage of your Lifetime Income Strategy account balance, based on your age:

<table>
<thead>
<tr>
<th>Age</th>
<th>47</th>
<th>48</th>
<th>49</th>
<th>50</th>
<th>51</th>
<th>52</th>
<th>53</th>
<th>54</th>
<th>55</th>
<th>56</th>
<th>57</th>
<th>58</th>
<th>59</th>
<th>60+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>0.00</td>
<td>0.07</td>
<td>0.24</td>
<td>0.37</td>
<td>0.48</td>
<td>0.58</td>
<td>0.66</td>
<td>0.73</td>
<td>0.77</td>
<td>0.82</td>
<td>0.87</td>
<td>0.93</td>
<td>0.98</td>
<td>1.00</td>
</tr>
<tr>
<td>Investment Management</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
</tr>
<tr>
<td>Administration &amp; Other</td>
<td>0.07</td>
<td>0.08</td>
<td>0.10</td>
<td>0.11</td>
<td>0.12</td>
<td>0.13</td>
<td>0.14</td>
<td>0.15</td>
<td>0.15</td>
<td>0.16</td>
<td>0.16</td>
<td>0.17</td>
<td>0.17</td>
<td>0.17</td>
</tr>
<tr>
<td>Total</td>
<td>0.13</td>
<td>0.21</td>
<td>0.40</td>
<td>0.54</td>
<td>0.66</td>
<td>0.77</td>
<td>0.86</td>
<td>0.93</td>
<td>0.99</td>
<td>1.04</td>
<td>1.10</td>
<td>1.16</td>
<td>1.22</td>
<td>1.24</td>
</tr>
</tbody>
</table>

These fees compare favorably to the individual market. Refer to the “Expense Ratio” section of the age-based Morningstar Fund Fact Sheets found on Your Gateway for current information about insurance fees, investment management fees and administration fees. Fund Fact Sheets will be posted beginning on June 1, 2012.

### 3. Activate Your Income Benefit

At age 60, your entire Lifetime Income Strategy balance is used to secure your insured Income Benefit. You can continue building your Income Benefit by making contributions and/or transfers-in, which have a direct — and positive — impact on your retirement income stream.

While you can Activate your Income Benefit as early as age 60, it is important to be aware that your Income Benefit has been calculated as an age 65 Single Life Income Benefit. When you Activate your Income Benefit, it will be adjusted to reflect actual age and form of payment you select.

You may choose one of the following forms of payment for your Income Benefit:

- **Single Life:** You are electing to receive payments for the rest of your life.

  Upon your death, payment of your Income Benefit will stop and any remaining Lifetime Income Strategy account balance will pass on to your designated beneficiary(ies) under the UTC Savings Plan.

- **Joint Life:** You are electing to receive payments for both your life and the life of your spouse* — but at a lower amount than if you chose the Single Life Income Benefit. If you or your spouse dies, the remaining individual will continue to receive payments for the rest of his or her life. If you have not started to receive your Income Benefit, your surviving spouse will still be entitled to receive payments for the rest of his or her life. Once you Activate your Income Benefit, your spouse automatically becomes the primary beneficiary for your Lifetime Income Strategy Income Benefit and related balances.

* You are eligible to elect a Joint Life Income Benefit only if your spouse is at least age 45 at the time you Activate your Income Benefit. The election is irrevocable and the spouse you name is — and will remain — the only person eligible to receive survivor payments from the Joint Life Income Benefit. If you divorce and/or re-marry after making this irrevocable election, you will not be able to name a new/future spouse to receive payments from the Joint Life Income Benefit. Additionally, current federal law prohibits the Plan from recognizing same-gender marriages; therefore only opposite gender spouses can be named.

In order to Activate your Income Benefit, you must be at least 60 years old and no longer employed by UTC.

**Activation Process**

First, make your initial request through Your Gateway to take your Income Benefit as a monthly payment or request payments as you want or need the money.

Then, irrevocably elect to Activate your Income Benefit by choosing the form of payment (Single or Joint Life*) for your Income Benefit and submitting completed paperwork with proof of age.

Acceptance of your accurately completed Activation paperwork is generally within 10 business days of receipt.
When you start receiving your Income Benefit, your payments will come from the portion of your Savings Plan account assets invested in the Lifetime Income Strategy, reducing its value. But your Income Benefit stays the same. However, any money withdrawn in excess of your annual Income Benefit (Excess Withdrawal) will immediately reduce your future Income Benefit.

Remember, your Income Benefit will continue for life because it’s insured and secured by your assets in the Lifetime Income Strategy.

**Payment Timing and Frequency**

Another feature of the Lifetime Income Strategy is the flexibility to take your annual Income Benefit as a recurring monthly payment, or to request payments as you want or need the money.

If you choose a monthly Income Benefit (recurring monthly payments), your payments will generally begin on the 1st of the following month after your Activation form has been accepted as complete and irrevocable.

If you prefer to request payments as you want or need money, you will need to call a UTC Benefits Center representative in order to take a portion or your entire annual Income Benefit. You may decide to take your annual Income Benefit as a single lump sum payment or multiple payments.

Keep in mind, if you do not take your full annual Income Benefit* in any given year, this amount cannot be carried forward or directly added to your annual Income Benefit in future years and you may lose substantial economic value that would have otherwise been available to you. Decisions regarding when and how to take your Income Benefit can be changed by calling a UTC Benefit Center representative.

**Other Ways to Build Your Income Benefit**

You can also build your Income Benefit by making contributions and/or transfers-in (including rollovers) to the Lifetime Income Strategy.

You can change your future contributions (investment election) or transfer an existing balance by logging on to **Your Gateway**.

From the home page select *Change Investments* from the UTC Savings Plan fly-out menu located in the Savings Plan At-A-Glance box. If you want to change how your future contributions are invested, select *Change My Future Investments*. If you want to transfer an existing balance into the Lifetime Income Strategy, select *Transfer Monies From Fund(s) to Fund(s)*.

You may roll over distributions from a prior 401(a), 401(k), 403(b) or governmental 457(b) plan, or an Individual Retirement Account (IRA), to the UTC Employee Savings Plan. The Savings Plan will accept after-tax rollovers from qualified defined contribution plans, but not from IRAs. There are two methods for making rollover contributions:

- If the distribution is paid to you, you may transfer it to the Savings Plan within 60 days after you receive it. Federal law requires that 20% of the taxable distribution from your previous plan be withheld for taxes. However, the full amount, including the amount withheld for taxes, must be transferred to this Plan. To avoid being taxed on any part of the distribution, you must write a personal check equal to the amount withheld for taxes so that the full amount distributed from your previous plan will be transferred. The amount withheld from the distribution will be credited against your income tax obligations.

- You can roll over the amount directly from your previous plan to this Plan. A direct rollover is not subject to the 20% withholding.

**You may invest rollover amounts in any available investment fund (except the ESOP). You can transfer these amounts among investment funds even if you have not yet begun to make contributions.**

Remember, you must complete a rollover form and submit it to the UTC Benefits Center in order for your rollover to be processed. Rollover forms are available through **Your Gateway** or by calling AccessDirect.

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*In the context of your annual Income Benefit, annual refers to the one-year period beginning with your birthday.*
Is the Lifetime Income Strategy for You?

Whether you’ve been saving for years or are just getting started, one fact is undeniable: To help make sure you’re able to enjoy the retirement you envision, you not only need to save, you also need a sound investment strategy. While there is no one-size-fits-all solution for everyone, the Lifetime Income Strategy could be a good option if you…

- **Don’t feel comfortable selecting your own investment funds.** Under the Lifetime Income Strategy, your investment mix is professionally managed and customized by your age and how close you are to retirement.

- **Are not confident that you’ll be able to budget a steady income stream from your investments during retirement.** The Lifetime Income Strategy works to provide you a steady and secure income for life.

- **Are concerned that you may outlive your retirement money.** You will continue to receive your insured Income Benefit even if you outlive your retirement savings within the Lifetime Income Strategy.

- **Are worried about how market volatility will affect your UTC Savings Plan balance and the withdrawals you plan to make in retirement.** The Lifetime Income Strategy has a built-in insurance component that secures and protects your Income Benefit. This allows you to take advantage of market potential, but protects your Income Benefit if the market falls.

Examples: People Like Me

To help you think more about whether the Lifetime Income Strategy is right for you, it may be helpful to review representative stories based on personal situations. During the Savings Plan transition in early 2011, you met several characters in the Transition Kit. As the Savings Plan continues to evolve, so have their stories. Let’s check in on them as they evaluate the Lifetime Income Strategy and decide if it is right for them.

Meet Patrick.

Patrick is 27 years old and has been with UTC for just over two years. He’s now married and is talking about starting a family. Although he understands the importance of saving for retirement, it really hasn’t been a priority for him. He’s glad that UTC automatically enrolled him in the Savings Plan when he was first hired and put him into the Plan’s default investment option.

During the Savings Plan transition in 2011, he asked his dad for help. Patrick’s dad agreed that Patrick should let his balance map to the new Target Retirement 2050 Fund. Since then, he’s learned to appreciate the value that the Plan offers him — especially since he doesn’t have a traditional pension plan.

Patrick is very impressed with the Lifetime Income Strategy. It’s not available in his spouse’s plan, and he sees there is a Joint Life Income Benefit available at retirement, very similar to a traditional pension plan. He also sees other features it shares with his parents’ retirement benefits, but likes the additional freedom and control it provides by empowering him to decide when and how much he wants to save, as well as allowing him to take money out if his circumstances change significantly.

Patrick decides the Lifetime Income Strategy is right for him. He knows that the insurance protection doesn’t kick in until he’s 48 and that he won’t pay any insurance fees now. He can always reassess his options, but for now, he is comfortable that his money is in the right place.

**Patrick has never made an investment election. He allows his Target Retirement 2050 fund balance to be automatically mapped into the Lifetime Income Strategy.**
Shawna is 36 years old. She likes to make active decisions about her UTC Savings Plan investments and she rebalances her portfolio from time to time to keep the allocation she desires.

During the 2011 Savings Plan transition, she opted to keep her equity-based funds since she feels there is enough time before retirement to take more risk — and potentially see more return. She is enjoying the lower expense ratios, which have the potential to help her assets grow over time.

**Shawna is confident about her investment ability and decides that the Lifetime Income Strategy is not the right option for her at this time.**

She knows that equity investments sometimes see large losses and might underperform other investments for long periods, but she prefers to manage that risk outside of the Savings Plan.

Meet Christine.

Christine is 47 years old and plans to retire at age 65. She is very responsible with her finances, watching her expenses and sticking to a budget every month. Like many people, Christine worries she may outlive her retirement income.

Over the last few years, she has been learning more about investing and has realized that her investments weren’t as diversified as she thought. So after researching it, she moved all of her money into the Target Retirement 2030 fund. This professionally managed fund gradually changes its investment mix over time, reducing the percentage held in stocks and increasing the exposure to bonds.

Although this fund helped with the issue of diversification, she learned she also had to worry about market risk (meaning the condition of the overall market) and longevity risk (in other words, outliving her money).

The Lifetime Income Strategy offers her just the security that she’s looking for: a steady stream of secure retirement income — similar to a traditional pension benefit. Because the Lifetime Income Strategy combines a professionally managed Target Retirement portfolio with a built-in insurance component, she decides this is the place for her. She also appreciates its built-in flexibility, which will help her address a financial emergency if necessary.

Christine knows that when she turns age 48, a portion of her Lifetime Income Strategy balance will be used to secure her Income Benefit, and by the time she is 60 her entire Lifetime Income Strategy balance will be used to secure it.

**She opts to move her current balance in the Target Retirement 2030 Fund into the Lifetime Income Strategy.**
Shawna is 36 years old. She likes to make active decisions about her UTC Savings Plan investments and she rebalances her portfolio from time to time to keep the allocation she desires. During the 2011 Savings Plan transition, she opted to keep her equity-based funds since she feels there is enough time before retirement to take more risk—and potentially see more return. She is enjoying the lower expense ratios, which have the potential to help her assets grow over time.

Shawna is confident about her investment ability and decides that the Lifetime Income Strategy is not the right option for her at this time. She knows that equity investments sometimes see large losses and might underperform other investments for long periods, but she prefers to manage that risk outside of the Savings Plan.

Robert is 46 years old and has participated in the UTC Savings Plan for over 20 years. He has a growing UTC Pension Plan benefit and maximizes his Savings Plan contributions so he can reach his goal of retiring from UTC at age 55. Robert realizes this is an optimistic goal, but he has made the effort to study investing closely and contributed a large part of his paycheck to the Savings Plan for a long time. Additionally, Robert doesn’t plan to slow down and is considering taking a staged approach to retirement by working at a part-time job to supplement his pension benefits and withdrawals from the Savings Plan. Currently, he has a quarter of his money invested in the brokerage window and the rest in the core options.

Robert considers the Lifetime Income Strategy and likes the idea of paying a little more for a secure Income Benefit. However, he realizes that he can’t Activate the Income Benefit of the Lifetime Income Strategy until at least age 60, which is five years after he wants to retire. He understands that there may be some tax penalties for taking withdrawals from the Savings Plan prior to age 59½, but he’s going to talk to his financial advisor about what will work best for him.

His pension benefit and large Savings Plan balance give him confidence that he is on track to meet his retirement goals. **Robert decides to continue in his current investments.** However, as he gets closer to age 55, he’ll revisit his options in case things change. Robert knows that, while his investments might not do as well as he expects and waiting has its own risks, he has the option to move his remaining account balance into the Lifetime Income Strategy in case he changes his mind and decides that he wants the benefit of the secure income stream.

Lisa is 51 years old and has two children in college. Despite high tuition expenses, she still contributes enough to the UTC Savings Plan to receive the full company match and makes additional before-tax catch-up contributions. She does this to maximize her Savings Plan, since she knows that her Pension Plan benefit will only cover about 20% of her costs in retirement.

When it comes to retirement savings, Lisa typically relies on the “Plan’s best thinking.” She appreciates the easier-to-understand options and the lower expense ratios that the 2011 Savings Plan transition provided. Lisa feels that the Lifetime Income Strategy is an innovative investment approach and likes that it is the approach UTC stands behind for new hires and other Savings Plan participants without an additional pension benefit. **Lisa opts to move her balance into the Lifetime Income Strategy.** Her fees now are low and though they will increase as she gets older, she knows that they are very competitive and significantly lower than many alternatives she might find on her own, outside of the Savings Plan.
Meet John.

John is 55 years old and became a UTC employee through a 2009 acquisition. Although John has a UTC provided Cash Balance pension, it’s not very substantial because he’s only been a participant for a few years. He has a large Savings Plan balance but is concerned that he will not be able to manage his budget in retirement using annual withdrawals. He is intrigued by the Lifetime Income Strategy and the fact that it offers secure payments like a pension plan, but also lets him access his account if needed, even after he Activates his Income Benefit.

He is considering transferring most, if not all, of his Savings Plan balance to the Lifetime Income Strategy. He understands that given his age, any balance he transfers to the Lifetime Income Strategy will be 75% allocated to the insurance component. This is important because his Income Benefit is calculated using Benefit Rates in effect at the time of each allocation to this component. This means that if he transfers his entire Savings Plan balance at this time, three-quarters of his Income Benefit will be associated with the transfer rate available today.

Alternatively, John knows that he can transfer his Savings Plan balance into the Lifetime Income Strategy over time. This may or may not be beneficial, depending upon whether Benefit Rates for transfers are higher or lower at the time he makes those incremental transfers. Additionally, any balance amount not transferred into the Lifetime Income Strategy may be subject to investment gains and losses without the added protection of an Income Benefit.

**John decides to transfer his entire Savings Plan balance into the Lifetime Income Strategy immediately so he can establish his Income Benefit without worrying about the potential impact of investment losses on his ability to generate income in retirement.** He also knows that his Income Benefit can continue to grow through ongoing contributions to, and/or investment gains within, the Lifetime Income Strategy until he decides to leave UTC and Activate his Income Benefit. He decides to maximize contributions to the plan (including catch-up contributions) to take advantage of possible future market conditions.
What If I Need to Take Money Out?

Refer to your UTC Savings Plan SPD located on Your Gateway to better understand the options available. Keep in mind, if you are at least 48 years old and transfer assets out of the Lifetime Income Strategy, you will be forfeiting the very feature of that option — an annual lifetime Income Benefit — for which you have paid higher fees.

Transferring (Exchanging) an Existing Balance

You may elect to change the way your existing investment fund account balances are invested.

- As you build your retirement income, you have the flexibility to transfer money into and out of the Lifetime Income Strategy. Transfer(s) out of the Lifetime Income Strategy will result in a reduction of your Income Benefit.

- Once you Activate your Income Benefit, any money transferred into the Lifetime Income Strategy option will begin to build a second separate and distinct Income Benefit. You can transfer money out of the Lifetime Income Strategy after Activation, but if the transfer is more than your annual Income Benefit, your future Income Benefit will be reduced.

Withdrawing Funds

The Savings Plan is designed to help you save for your retirement and other long-term goals. In certain cases, however, you may make in-service withdrawals from some of your Savings Plan accounts while an active employee. You can choose to withdraw all or a part of your money from the Lifetime Income Strategy with no withdrawal fees or charges. Normal IRS penalties will apply to any funds withdrawn from a retirement account prior to attaining age 59½. (See the UTC Savings Plan SPD for more on withdrawals and important information on the taxation of your benefits.)

- If you take a withdrawal before you Activate your Income Benefit, your Income Benefit will be reduced.

- Once you Activate your Income Benefit, if your withdrawal is more than your annual Income Benefit, your Income Benefit will be reduced.

Required Minimum Distributions

IRS rules generally require that you begin receiving required minimum distributions (RMDs) from the UTC Savings Plan at age 70½. (See the UTC Savings Plan SPD for more on RMDs.) After you Activate your Income Benefit, if your RMD associated with the Lifetime Income Strategy is greater than your Income Benefit, you will automatically receive the higher RMD amount for that year. Your Income Benefit will not decrease because RMDs are not considered Excess Withdrawals. However, your Lifetime Income Strategy balance within your Savings Plan account will decrease by the full amount.

If you do not Activate your Income Benefit prior to the April following the year in which you turn 70½, your RMDs will reduce your future Income Benefit. Because of this, you may want to consider Activating your Income Benefit before turning 70½ to protect yourself against possibly lowering the amount of your future Income Benefit.

Electing to Pass Money on to Your Beneficiaries

If you chose a Joint Life Income Benefit to cover you and your spouse, then upon your death the Income Benefit will continue for as long as your spouse lives. Upon your spouse’s death, any balance left in the Lifetime Income Strategy will go to your spouse’s beneficiary(ies). Your spouse’s beneficiary will not receive an Income Benefit.

*In the context of your annual Income Benefit, annual refers to the one-year period beginning with your birthday.

**You are eligible to elect a Joint Life Income Benefit only if your spouse is at least age 45 at the time you Activate your Income Benefit. The election is irrevocable and the spouse you name is — and will remain — the only person eligible to receive survivor payments from the Joint Life Income Benefit in the event of your death. Even if you divorce and/or re-marry after making this irrevocable election, you will not be able to name a new/future spouse to receive payments from the Joint Life Income Benefit. Additionally, current federal law prohibits the Plan from recognizing same-gender marriages; therefore only opposite gender spouses can be named.
Stay “Checked In” to Your Retirement Goals

Planning, saving and investing for retirement are an ongoing process. Even if you rely on a professional Investment Manager to adjust your investments for you, be sure to revisit your goals and investments, especially if you have a major life event (e.g., you have a child or get married), and make any necessary adjustments to be sure you stay on track.

Managing Your Account

If you choose to invest in the Lifetime Income Strategy, you continue to have the same flexibility to manage your account as you would under the other Savings Plan options. You can access your UTC Savings Plan account online at Your Gateway.

You can access quarterly statements online at Your Gateway. If you do not have access to the internet, you can request to have your quarterly statement mailed to you by calling AccessDirect and following the Retirement & Investments prompts. When you are ready to Activate your lifetime Income Benefit, you can do so by visiting Your Gateway. For more information, refer to “Activate Your Income Benefit.”

Tools and Resources

Your Gateway

Your Gateway is your online resource for all of your UTC provided benefits. You can find information about the Savings Plan and the Lifetime Income Strategy, as well as tools and calculators that can help you reach your financial goals. You can also get more information about the Lifetime Income Strategy on Your Gateway in the FAQs (currently posted) and the UTC Savings Plan SPD and Fund Fact Sheets which will be posted beginning on June 1, 2012.

To log on to Your Gateway:

- From home (or from any other computer with internet access), go to www.mydirectory.com/utc. You’ll be asked to enter your User ID and Password, which is the same User ID and Password active employees use to enroll in their health and insurance benefits during Annual Enrollment. If you need to reset your User ID and/or Password, follow the online prompts to Register as a New User and select I Forgot My Password or call AccessDirect.

- From work, click on Your Gateway on Employee Self-Service (ESS). Only active employees can access Your Gateway through ESS.

AccessDirect

If you need to speak to someone, call AccessDirect at 1-800-243-8135. The AccessDirect system will verify who you are, ask a few simple questions, and then route you to the appropriate person. It’s that simple.

Receiving Income Benefit Estimates

You can receive Income Benefit estimates (Single or Joint Life) by speaking to a Lifetime Income Strategy Specialist; call AccessDirect and follow the prompts for Retirement & Investments, and then Savings Plan. When you call, you’ll be asked to provide any transfer amount you plan to make in the current calendar month, any planned future annual contributions, and your spouse’s date of birth (if you are married). After your call, a summary of your Income Benefit estimates will be mailed to your home address on file.

AccessDirect is available 24 hours a day. Please note that depending on where you are routing, the hours of operation will vary.
**Lifetime Income Strategy Summary**

**Simple and Secure Retirement Investing**

The Lifetime Income Strategy is an investment option offered under the UTC Savings Plan for participants who want to build a steady stream of secure income for retirement. Its key features include:

- **A simple way to invest** in a single, well-diversified option (similar to the UTC Savings Plan’s Target Retirement Funds) that automatically adjusts its equity and bond asset mix and introduces income protection as you get older.
- **A flexible way** to protect and preserve your retirement income without giving up access to, and control of, your assets.
- **A way to secure a steady Income Benefit** in retirement that will last for as long as you live and that has the potential for investment growth.
- **An effective way to accumulate retirement assets**—and protect your retirement income from a market downturn.

**How the Lifetime Income Strategy Works**

Three key components make up the Lifetime Income Strategy—the Equity sub-fund, Bond sub-fund, and Secure Income Portfolio sub-fund. When you invest in the Lifetime Income Strategy, your assets are automatically allocated into these components in certain percentages based on your age.

After you reach age 48, a portion of your Lifetime Income Strategy assets will be allocated to the Secure Income Portfolio sub-fund, which secures your Income Benefit. These allocations gradually increase until age 60 when 100% of your Lifetime Income Strategy is allocated to the Secure Income Portfolio sub-fund. Multiple insurance companies individually provide the protection to secure your Income Benefit. If the market falls or your Lifetime Income Strategy account balance is depleted for reasons other than Early or Excess Withdrawals, these insurers will provide Income Benefit payments for the rest of your life.

You always have full access to your Lifetime Income Strategy account balance if you need it. However, Early or Excess Withdrawals from the Lifetime Income Strategy will reduce your Income Benefit proportionally. (In the case of a complete withdrawal, your Income Benefit will be eliminated.) Please carefully consider all of your resources before accessing this feature in a financial emergency.

**Professional Investment Management**

Similar to the UTC Savings Plan’s Target Retirement Funds, professional investment managers adjust the mix of your Lifetime Income Strategy assets over time so it makes sense for your age. The objective is to achieve the highest total return over time combined with an appropriate level of risk, which is consistent with the asset mix. The further you are from the retirement target date of age 65, the greater the allocation to stocks. This emphasizes the growth potential you need to build wealth over the long term. As you move closer to age 65, your asset allocation automatically adjusts to a mix of investments and secure income protection.

AllianceBernstein L.P. is the asset allocation provider and manager for the Lifetime Income Strategy. State Street Global Advisors (SSgA) is the manager of the investment components and funds underlying the Lifetime Income Strategy.

**Fees**

In general, your fees for the Lifetime Income Strategy will be similar to what you would pay to invest in the UTC Savings Plan’s Target Retirement Funds. However, you will pay additional fees for the Lifetime Income Strategy’s secure Income Benefit beginning at age 48.

For more details on fees and performance information, please refer to the applicable Lifetime Income Strategy Morningstar Fund Fact Sheet for your age.

<table>
<thead>
<tr>
<th>If you are…</th>
<th>Your Lifetime Income Strategy assets generally will be allocated to the…</th>
<th>Your approximate annual fees will be:</th>
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<tr>
<td>Younger than Age 48</td>
<td><strong>Equity sub-fund and Bond sub-fund</strong></td>
<td>0.13%</td>
</tr>
<tr>
<td>Age 48 to 59</td>
<td><strong>Equity sub-fund and Bond sub-fund and Secure Income Portfolio sub-fund</strong></td>
<td>0.21%–1.22%</td>
</tr>
<tr>
<td>Age 60 or Older</td>
<td><strong>Secure Income Portfolio sub-fund</strong></td>
<td>1.24%</td>
</tr>
</tbody>
</table>

**Key Terms**

**Income Benefit:**

Your Income Benefit is the amount of secure income you’re eligible to receive each year after Activation for the rest of your life. This feature is introduced at age 48 and gradually increases over time to include 100% of your entire Lifetime Income Strategy balance by age 60. With this protection, unless you take Early or Excess Withdrawals from the Lifetime Income Strategy, the amount of your Income Benefit can never decrease—even if your account loses value. Your Income Benefit is calculated by multiplying your Income Base by your Average Benefit Rate.

**Income Base:**

Your Income Base is equal to the amount of the initial allocation to the Secure Income Portfolio sub-fund, which secures your Income Benefit. Your Income Base will increase as follows:

- Additional allocations to the Secure Income Portfolio sub-fund increase your Income Base dollar for dollar. (You cannot make contributions or transfers directly to the Secure Income Portfolio sub-fund. Instead you make contributions or transfers to the Lifetime Income Strategy. The Lifetime Income Strategy then allocates a portion or all of that contribution or transfer to the Secure Income Portfolio sub-fund depending upon your age.)

- Your Income Base is increased to the market value in the Secure Income Portfolio sub-fund at Activation and on each of your following birthdays if greater than your current Income Base. This feature is known as a “ratchet” or “step-up.”

**Average Benefit Rate:**

Your Average Benefit Rate represents an average of insurer quoted lifetime benefit rates that are applied to allocations made to the Secure Income Portfolio sub-fund. Benefit Rates quoted from the insurers may change. However, the Benefit Rates for any prior allocations to the Secure Income Portfolio sub-fund are fixed at that time and don’t change.

**Early Withdrawal:**

An Early Withdrawal is any withdrawal taken prior to the Activation of your Income Benefit.

**Excess Withdrawal:**

An Excess Withdrawal is any withdrawal taken after Activation of your Income Benefit that exceeds your annual Income Benefit. (Amounts automatically paid to satisfy required minimum distributions are not considered Excess Withdrawals.)

**Activation:**

The process by which the factors, such as age and form of payment (single life or joint life), for calculating your initial Income Benefit are irrevocably applied.

**Investment Products Offered: Are Not FDIC Insured May Lose Value Are Not Bank Guaranteed**

Investing in the Lifetime Income Strategy does not guarantee sufficient income in retirement.
Lifetime Income Strategy Summary

A Word About Risk

The Lifetime Income Strategy’s three components—the Equity sub-fund, Bond sub-fund, and Secure Income Portfolio sub-fund—allocate their investments among multiple asset classes, which will include US and foreign securities, as well as equity and fixed income securities. Additionally, these asset classes may include different types of securities, such as growth and value stocks, and corporate and US government bonds. The prices of small-cap stocks and mid-cap stocks are generally more volatile than large-cap stocks. International investing involves risks not associated with US investments, including currency fluctuations and political and economic changes. The sub-funds may at times use investment derivatives such as options, futures, forwards and swaps. The use of derivatives involves specific risks and is not suitable for all investors.

Each sub-fund systematically rebalances its allocations in these asset classes to maintain their target weightings. There can be no assurance that rebalancing will achieve its intended result, and the costs of rebalancing may be significant over time. While diversification and shifting to a more conservative investment mix over time help to manage risk, they do not guarantee earnings growth. There is the potential to lose money in any investment program.

Other Important Information

The Lifetime Income Strategy’s components are only available in the UTC Savings Plan and are not offered for sale to the general public. Each component is a separate account that invests in a set of underlying investment components. Separate accounts are not mutual funds and are not required to file a prospectus with the SEC.

Interests in these components are not deposits of AllianceBernstein Trust Company, LLC or any AllianceBernstein affiliate and are not insured by the Federal Deposit Insurance Corporation (FDIC). The Lifetime Income Strategy is exempt from investment company registration under the Investment Company Act of 1940, and purchases and sales of interests in the Lifetime Income Strategy are not subject to registration under the Securities Act of 1933. Management of the Lifetime Income Strategy, however, is generally subject to the fiduciary duty and prohibited transaction requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and the related rules and regulations of the US Department of Labor. AllianceBernstein provides asset allocation advice for the Lifetime Income Strategy.

Any Income Benefit under the Lifetime Income Strategy is secured by the insurance companies—Lincoln National Life Insurance Company, Nationwide Life Insurance Company, and Prudential Retirement Insurance and Annuity Company—and require that all contract provisions are satisfied. (Each insurance company only secures the portion of any Income Benefit allocated to it by UTC.) Any Income Benefit is offered by and based on the financial strength and claims paying ability of these insurance companies.

The return and account value of the Lifetime Income Strategy’s underlying components will fluctuate and may be worth more or less than the original amount contributed, including at your retirement date. However, any decreases in value to the components caused by market performance will not reduce any associated Income Benefit.

Investments in the Lifetime Income Strategy are not guaranteed against loss of principal. Investing in the Lifetime Income Strategy does not guarantee sufficient income in retirement.

Investment Products Offered • Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed

Investing in the Lifetime Income Strategy does not guarantee sufficient income in retirement.
The UTC Savings Plan is intended to be a “Section 404(c) plan” within the meaning of the Employee Retirement Income Security Act of 1974, as amended from time to time (“ERISA”). As a Section 404(c) plan, the Savings Plan provides participants with substantial benefits – but also comes with substantial responsibilities. For example, the Savings Plan offers participants a broad range of investment options, as well as access to sufficient information and tools to help you make informed investment decisions. The Savings Plan also permits you to move your assets between investment options at virtually any time, subject to reasonable “excessive trading” rules. But Savings Plan participation (like participation in any Section 404(c) plan) also comes with important responsibilities. Perhaps most importantly, you are solely responsible for investment decisions and the results of those investment decisions. This means that neither UTC, the Plan, the Plan’s Administrator, nor any fiduciary has any legal liability if you suffer any investment losses as a result of your decision to participate in this Plan. In the event of any conflict between the information in this document and the UTC Employee Savings Plan and UTC Represented Employee Savings Plan documents, the plan documents will govern. Please keep in mind that UTC has the right to terminate the Plan or to change any of its terms, including its benefits formula, at any time.