

Information About Your UTC Pension Plan

Required Annual Funding Notice

You are receiving the enclosed communication (called an “Annual Funding Notice”) because you are a participant in a UTC pension plan for the 2014 plan year. This notice includes financial and other information about your UTC pension plan. **You do not have to take any action.**

The Annual Funding Notice is required under the Pension Protection Act of 2006 (“PPA”). PPA is a federal law that requires, among other things, specific information and disclosures concerning the financial status of pension plans.

What the Annual Funding Notice Includes

- Administrative facts about the pension plan;
- A summary of pension plan participants;
- Information about the financial status of the pension plan (referred to as the “funding target attainment percentage”) on various dates, based on guidelines set by the Internal Revenue Service (IRS);
- Information about how UTC funds the pension plan and the way its assets are invested;
- A description of what would happen if the pension plan were terminated or could not meet its financial obligations at some point in the future; and
- An overview of the role of the Pension Benefit Guaranty Corporation (the “PBGC”).
- A Supplement (at the end of the notice) which provides additional details regarding recent legislation that impacts the measurement of the Plan’s financial status and minimum funding requirements.

What Does the Notice Tell Me?

The purpose of the Annual Funding Notice is to report how the value of the investments held by the pension plan Trust (the assets) compares to the value of all of the benefits earned to date by UTC plan participants (the liabilities) at different points in time.

The enclosed notice, as required by law, shows the pension plan’s financial status as of January 1, 2014. The financial status is calculated using actuarial values, which are based on regulatory guidelines that help mitigate the effects of short-term market fluctuations on the plan’s financial status.

This calculation of the financial status, called the “funding target attainment percentage,” is what the IRS uses to determine the overall financial health of the pension plan. The notice, for reference, also shows the plan’s assets and liabilities based on market values as of December 31, 2014. (See the section entitled “Year-End Assets and Liabilities.”)

It is important to understand that *your benefits* payable from the pension plan are determined by the plan’s formula and *are not impacted* by annual changes in the pension plan’s financial status. That’s because UTC makes contributions to fund the pension Trust to keep the plan’s financial status at a level that is at or above the minimum levels required by the IRS.

For More Information

If you have questions about the information in this notice, please contact the UTC Pension Service Center by calling AccessDirect at **1-800-243-8135** and following the Retirement & Investments prompts. Representatives are available from 8:00 a.m. to 5:00 p.m. Eastern Time, Monday through Friday (except holidays).

If you are an active employee, you can access the UTC Pension Center to get an estimate of your accrued and projected benefits under the pension plan, as well as perform other transactions, online or by phone. Here's how:

Online	Log on to www.utcpensioncenter.com , which is available 24 hours a day, 7 days a week. After logging in, select "Calculate" from the right hand navigation and then click on the "Calculate your accrued pension" link located in the center of the page. From there you can print an estimate of your total accrued benefit, as well as other information about your pension benefit. Alternatively, you can gain access from work by clicking on the <i>Your Gateway</i> link found under Pay & Benefits on Employee Self-Service. From the <i>Your Gateway</i> home page, click on the Details link next to Pension Plan and follow the steps above.
By Phone	If you don't have internet access, you can request an estimate of your accrued benefit free of charge by calling the UTC Pension Service Center (see number above).

ANNUAL FUNDING NOTICE
For
The United Technologies Corporation (UTC) Employee Retirement Plan

Introduction

You are receiving this notice because you are a participant in the UTC Employee Retirement Plan for the 2014 plan year. **You do not have to take any action. This notice has been sent to you for informational purposes only and to comply with federal law.**

This notice includes important information about the funding status of the UTC Employee Retirement Plan (“the Pension Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice is required by federal law. This notice is for the plan year beginning January 1, 2014 and ending December 31, 2014 (“Plan Year”). This notice does not mean that the Pension Plan is terminating. The funded status, guaranteed payment, and plan termination information contained in this notice is provided solely to comply with disclosure requirements under the Pension Protection Act (PPA) and it is not an indication as to whether any adverse conditions will ever apply to the Pension Plan.

Effective December 31, 2012, the Goodrich Corporation Employees’ Pension Plan (the “Goodrich Plan”) was merged into the Pension Plan. All participants of the Goodrich Plan became participants of the Pension Plan as of the merger date. The merger of the plans did not change in any way your pension benefit amount, the forms of payment available to you, or any other features. The information shown below includes the combined information for both plans for 2012.

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the “Funding Target Attainment Percentage”. The Plan divides its Net Pension Plan Assets by Pension Plan Liabilities to get this percentage. In general, the higher the percentage, the better funded the plan. The Pension Plan’s Funding Target Attainment Percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also shows you how the percentage was calculated.

Funding Target Attainment Percentage

	2014 Plan Year	2013 Plan Year	2012 Plan Year
1. Valuation Date	1/1/2014	1/1/2013	1/1/2012
2. Pension Plan Assets			
a. Total Pension Plan Assets	\$17,283,522,890	\$16,507,406,641	\$15,463,542,535
b. Funding Standard Carryover Balance	\$1,186,199,129	\$1,445,804,879	\$1,265,753,144
c. Prefunding Balance	\$0	\$0	\$0
d. Net Pension Plan Assets (a) – (b) – (c) = (d)	\$16,097,323,761	\$15,061,601,762	\$14,197,789,391
3. Pension Plan Liabilities	\$15,516,190,861	\$15,389,080,284	\$13,908,631,977
4. Funding Target Attainment Percentage (2d) / (3)	103.74%	97.87%	102.07%
5. Total Pension Plan Assets as a % of Pension Plan Liabilities (2a) / (3)	111.39%	107.26%	111.17%

Pension Plan Assets and Credit Balances

The chart above shows certain “credit balances” called the Funding Standard Carryover Balance and Prefunding Balance. A plan might have a credit balance, for example, if in a prior year an employer contributed money to the plan above the minimum level required by law. Generally, an employer may credit the excess money toward the minimum level of contributions required by law that it must make in future years. Plans must subtract these credit balances from Total Plan Assets to calculate their Funding Target Attainment Percentage.

Pension Plan Liabilities

Pension Plan Liabilities in line 3 of the chart above is an estimate of the amount of assets the Pension Plan needs on the Valuation Date to pay for promised benefits under the plan.

Year-End Assets and Liabilities

The asset values in the chart on the previous page are measured as of the first day of the Plan Year. They also are “actuarial values”. Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock markets or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan’s funded status at a given point and time. As of December 31, 2014, the fair market value of the Pension Plan’s assets was \$18,928,000,000. On this same date, the Plan’s liabilities, determined using market rates, were \$20,342,697,000. These values were estimated using the best information available to UTC as of the date of this notice.

Participant Information

The total number of participants and beneficiaries covered by the Pension Plan on the January 1, 2014 was 170,146. Of this number, 37,101 were current employees, 82,468 were retired and receiving benefits, and 50,577 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay for promised benefits. The funding policy of the Pension Plan is to contribute an amount each year to meet all of the ERISA minimum requirements, including amounts to meet quarterly funding requirements, avoid “at-risk” status and avoid any benefit restrictions. The Company may also contribute additional voluntary amounts each year in order to achieve certain target funding levels in the Pension Plan, with consideration also given to its current and future cash flow and tax positions.

The Pension Plan was established to provide retirement income to eligible employees. The assets of the Pension Plan are held in trust by a trustee who is responsible for the safekeeping and protection of the Trust. The Pension Plan’s fiduciary body is the United Technologies Corporation’s Pension Administration and Investment Committee (the PAIC), which is responsible for the oversight and management of the Pension Plan. Investment managers are employed by the Trust to manage the Pension Plan’s assets. Asset management objectives include maintaining an adequate level of diversification to reduce interest rate and market risk and to provide adequate liquidity to meet intermediate and future benefit payment requirements. Asset classes in which investments are made include global public and private equity, fixed income, and real estate. Investment managers must adhere to the requirements of applicable laws and regulations, including the Employee Retirement Income Security Act of 1974 (ERISA).

The Pension Plan’s assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentages
Stocks	45%
Investment grade debt instruments	34%
High-yield debt instruments	1%
Real estate	6%
Other	14%

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the U.S. Department of Labor. The report is called the “Form 5500”. These reports contain financial and other information. You may obtain an electronic copy of the Pension Plan’s annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the U.S. Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling **202-693-8673**. Or you may obtain a copy of the Pension Plan’s annual report by making a written request to the Pension Plan’s administrator. The Plan’s annual report also may be obtained through the UTC Pension Center website www.utcpensioncenter.com. Annual reports do not contain personal information, such as the amount of your accrued benefits. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under “Where To Get More Information.”

Summary of Rules Governing Termination of Single-Employer Plans

If a plan terminates, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end a plan in a “standard termination” but only after showing the PBGC that such plan has enough money to pay all benefits owed to participants. Under a standard termination, a plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly for life or for a set period of time when you retire) or, if the plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) selected to provide the annuity. The PBGC’s guarantee ends upon the purchase of annuity or payment of the lump-sum. If the plan purchases an annuity for you from an insurance company and that company becomes unable to pay, the applicable state guaranty association guarantees the annuity to the extent authorized by that state’s law.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2015, the maximum guarantee is \$5,011.36 per month, or \$60,136.32 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65 reflecting the fact that younger retirees are expected to receive more monthly pension checks over their lifetimes. Similarly, the maximum guarantee is higher for an individual who starts receiving benefits from PBGC after age 65. The maximum guarantee by age can be found on PBGC's website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which include

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

For additional general information about the PBGC and the pension insurance program guarantees, go to the "General FAQs about PBGC" on PBGC's website at www.pbgc.gov/generalfaqs. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

Where to Get More Information

For more information about this notice, please contact the UTC Pension Service Center by calling AccessDirect at **1-800-243-8135** and following the Retirement & Investments prompts. Representatives are available from 8:00 a.m. to 5:00 p.m. Eastern Time, Monday through Friday (except holidays). Or, you can send correspondence to the UTC Pension Service Center, P.O. Box 199426, Dallas, TX 75219-9426.

For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is "06-0570975."

**SUPPLEMENT TO ANNUAL FUNDING NOTICE
OF THE UTC EMPLOYEE RETIREMENT PLAN FOR
PLAN YEAR BEGINNING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014**

This is a temporary supplement to your annual funding notice. It is required by the Moving Ahead for Progress in the 21st Century Act (MAP-21) and the Highway and Transportation Funding Act of 2014 (HATFA). These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The “Information Table” compares the impact of using interest rates based on the 25-year average (the “adjusted interest rates”) and interest rates based on a two-year average on the Plan’s: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. The funding shortfall is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years. For 2012, results are shown on a combined basis for the UTC Employee Retirement Plan and the Goodrich Corporation Employees’ Pension Plan.

INFORMATION TABLE						
	2014 Plan Year		2013 Plan Year		2012 Plan Year	
	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates
Funding Target Attainment Percentage	103.74%	81.80%	97.87%	83.82%	102.07%	86.64%
Funding Shortfall	\$0	\$3,580,798,091	\$327,478,522	\$2,908,253,145	\$0	\$2,188,530,293
Minimum Required Contribution (MRC)	\$0	\$1,016,280,438	\$374,551,263	\$901,298,322	\$47,363,695	\$765,480,987
MRC after application of available credit balance	\$0	\$0	\$0	\$0	\$0	\$0



**United
Technologies**

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