

UNITED TECHNOLOGIES CORP /DE/  
Form 11-K  
June 29, 2015

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Plan fiscal year ended December 31, 2014  
Commission File Number 1-812

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN  
UNITED TECHNOLOGIES CORPORATION  
One Financial Plaza  
Hartford, Connecticut 06103

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UNITED TECHNOLOGIES CORPORATION  
EMPLOYEE SAVINGS PLAN  
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Year Ended December 31, 2014

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Report of Independent Registered Public Accounting Firm

To the Administrator of the United Technologies Corporation Employee Savings Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the United Technologies Corporation Employee Savings Plan (the "Plan") at December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the Schedule of Assets (Held at End of Year) is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ PricewaterhouseCoopers LLP  
Hartford, Connecticut  
June 29, 2015

UNITED TECHNOLOGIES CORPORATION  
EMPLOYEE SAVINGS PLAN  
Statements of Net Assets Available for Benefits  
(Thousands of Dollars)

	December 31, 2014	December 31, 2013
Assets:		
Investment in Master Trust, at fair value	\$20,964,363	\$20,658,223
Notes receivable from participants	163,006	168,651
Net assets available for benefits, at fair value	21,127,369	20,826,874
Adjustment from fair value to contract value for interest in Master Trust relating to fully benefit-responsive investment contracts	(420,408	) (333,847
Net assets available for benefits	\$20,706,961	\$20,493,027
The accompanying notes are an integral part of these financial statements.		

UNITED TECHNOLOGIES CORPORATION  
 EMPLOYEE SAVINGS PLAN  
 Statement of Changes in Net Assets Available for Benefits  
 (Thousands of Dollars)

	Year Ended December 31, 2014
Additions to net assets attributed to:	
Investment gain:	
Plan interest in net appreciation and investment gain of Master Trust	\$889,210
Contributions:	
Participants'	489,884
Employer's	115,605
Interest income on notes receivable from participants	6,377
Total additions	1,501,076
Deductions from net assets attributed to:	
Distributions to participants or beneficiaries	1,259,632
Interest expense	7,877
Administrative expenses	19,911
Total deductions	1,287,420
Net increase prior to transfers	213,656
Plan transfers:	
Assets transferred into Plan - net	278
Net increase	213,934
Net assets available for benefits December 31, 2013	20,493,027
Net assets available for benefits December 31, 2014	\$20,706,961
The accompanying notes are an integral part of these financial statements.	

UNITED TECHNOLOGIES CORPORATION  
EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

NOTE 1 - DESCRIPTION OF THE PLAN

General. The United Technologies Corporation Employee Savings Plan (the "Plan") is a defined contribution savings plan sponsored by United Technologies Corporation ("UTC," the "Corporation," the "Employer," or the "Company"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Generally, non-represented employees of the Corporation and employed by participating business units of UTC are eligible to participate in the Plan immediately upon employment with UTC. Generally, participants are eligible for matching Employer contributions after one year of service, as defined. The following is a brief description of the Plan. For more complete information, reference should be made to the summary plan description as well as the Plan document, which are available from UTC.

Trustee and Recordkeeper. State Street Bank and Trust ("Trustee") is the Plan Trustee. Aon Hewitt is the Plan's administrative recordkeeper.

Contributions and Vesting. The percentages of total compensation that participants may elect to contribute, through payroll deductions, vary depending on the provisions of the Plan specific to a participant's location. Participants direct the investment of their contributions into various investment options offered by the Plan through the United Technologies Employee Savings Plan Master Trust ("Master Trust"). A Roth 401(k) option also allows participants to make after tax contributions. Any earnings on the Roth contributions are tax free when withdrawn, provided the participant meets the Roth distribution requirements.

Through the Master Trust, the Plan offers an equity fund, a small company stock fund, an international equity fund, four commingled index funds, eleven target retirement funds, one stable value fund, a company stock fund and a mutual fund brokerage window as investment options to participants. The Plan also offers the Lifetime Income Strategy ("LIS") as an investment option. The LIS includes an insurance component and is intended to provide participants with a steady stream of secure retirement income. The LIS is the Plan's qualified default investment option. In addition, the Master Trust includes a money market fund that is primarily used for transitioning or merging plans.

Participant contributions, plus actual earnings thereon, are fully vested at all times under the Plan. Generally, new participants are automatically enrolled at a 6% pre-tax deferral rate 45 days from their date of hire. Participants may opt out of automatic enrollment at any point before or after the 45 day window. The contribution rate will automatically increase by 1% each year thereafter until it reaches 10%. Automatic contributions are invested in the Plan's Lifetime Income Strategy fund.

Generally, UTC matches up to 60 percent of a participant's contributions, up to specified limits, in UTC Common Stock ("Common Stock"), with a different match percentage for certain employees. Generally, Employer contributions plus actual earnings thereon become fully vested after two years of Plan participation or three years of continuous service.

UTC has established a leveraged Employee Stock Ownership Plan ("ESOP") to fund the Employer matching contributions to the Plan. The ESOP is primarily invested in UTC Common Stock. Shares allocated to a participant's ESOP account may be re-allocated to other Plan investments without restriction provided that the participant has satisfied the Plan's vesting requirements.

The Plan provides an automatic non-matched Employer contribution to eligible employees hired after December 31, 2009. Contributions as a percentage of the participant's compensation, as defined in the Plan, will equal 3% for employees younger than age 30; 3.5% for employees between the ages of 30 and 34; 4% for employees between the ages of 35 and 39; 4.5% for employees between the ages of 40 and 44; 5% for employees between the ages of 45 and 49; and 5.5% for employees age 50 and older. Such contributions will be made regardless of an employee's election to participate in the Plan. Automatic Company contributions are generally subject to the same terms and conditions applicable to employer contributions, provided, however that the Company automatic contributions shall not be available for loans or hardship distributions.

**Participant Accounts.** Each participant's account is credited with (a) the participant's contributions, (b) UTC's contributions and (c) Plan earnings and losses reduced by expense allocations. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Forfeited balances of terminated participants' non-vested Employer contribution amounts are used to reduce future UTC contributions and/or to pay Plan expenses. For the year ended December 31, 2014, approximately \$1.7 million of forfeitures were used to fund UTC's contributions.

**Voting Rights.** Common stock held in the UTC Common Stock Fund and ESOP Fund are voted by the Trustee at shareowner meetings of UTC in accordance with the confidential instructions of the participants whose accounts are invested in these funds. All shares of Employer stock in the UTC Common Stock Fund or participants' ESOP accounts for which the Trustee receives voting instructions from participants to whose accounts the shares are allocated are voted in accordance with those

instructions. All Employer stock in the UTC Common Stock Fund for which the Trustee does not receive timely voting instructions are voted by the Trustee in accordance with the timely instructions it receives with respect to a plurality of the shares in the UTC Common Stock Fund. All Employer stock in the ESOP Fund that has been allocated to participants' ESOP accounts but for which the Trustee does not receive timely voting instructions, and all shares in the unallocated ESOP account, are voted by the Trustee in accordance with the timely instructions it receives with respect to a plurality of the shares that are allocated to participants' ESOP accounts.

**Notes Receivable from Participants.** Participants are allowed to borrow up to the lesser of 50 percent of their vested account balances or \$50,000, with a minimum loan amount of \$1,000 (excluding their ESOP Fund restricted account balance). Except as described below, loan amounts range from \$1,000 to \$50,000 and must be repaid within 5 years. The loans are collateralized by the balance in the participant's account and bear interest at the prime rate plus one percent per The Wall Street Journal/Reuters, which stood at 4.25 percent at December 31, 2014 and December 31, 2013. Principal and interest are paid ratably through payroll deductions by active participants or through direct payment by inactive participants.

The Plan's Notes Receivable from Participants at December 31, 2014 and 2013, included the participant loans that transferred from the Goodrich Employees' Savings Plan (the "Goodrich Plan") to the Plan as of December 31, 2012. These loans had original terms ranging from 1-15 years and interest rates based on either the federal short-term rate or the federal long-term rate, depending on the purpose of the loan.

**Payment of Benefits.** Generally, upon termination, benefits may be left in the Plan or paid in a lump sum to a terminating participant. A participant terminating due to retirement, who is invested in funds other than the LIS, may elect to receive benefits in installments over two to twenty years. At the participant's election, the portion of a lump sum distribution attributable to an investment in the UTC Common Stock Fund and ESOP Fund may be paid in shares of UTC Common Stock instead of cash. Distributions in UTC Common Stock for the year ended December 31, 2014 were approximately \$75 million at fair value as of the respective transaction date.

All separated and active participants age 59 1/2 or older are permitted to select a specific fund or funds from which to receive benefits.

Retiring participants invested in the LIS can receive a guaranteed annual Income Benefit, which is calculated based on participants' accumulated balances in the LIS at age 60. The annual Income Benefit is secured with insurance contracts and is guaranteed for life, even if the participants' balance in the LIS becomes exhausted during retirement. Payment can be taken monthly or as-needed, however participants cannot carry forward unused portions of a given year's annual Income Benefit, and amounts withdrawn in excess of a given year's annual Income Benefit will reduce the future Income Benefit amount.

## NOTE 2 - SUMMARY OF ACCOUNTING PRINCIPLES

**Basis of Accounting.** The financial statements of the Plan are prepared under the accrual method of accounting.

**Master Trust.** The Plan's assets are kept in the Master Trust maintained by the Trustee. Under the Master Trust agreement, the assets of certain employee savings plans of UTC are combined. Participating plans purchase units of participation in the underlying investment funds based on their contribution to such funds and the unit value of the applicable investment fund at the end of the trading day in which a transaction occurs. The unit value of each fund is determined at the close of each day by dividing the sum of uninvested cash, accrued income and the current value of investments by the total number of outstanding units in such funds. Income or losses from the funds' investments, other than the UTC Common Stock Fund and ESOP Common Stock Fund, increase or decrease the participating plans' unit values. UTC Common Stock Fund and ESOP Common Stock Fund dividends increase the Plan's units in each fund. Distributions to participants reduce the number of participation units held by the participating plans (see Note 5).

**Fully Benefit-Responsive Investment Contracts.** The Plan is required to report fully benefit-responsive investment contracts at fair value. However, contract value is the relevant measurement attribute for fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through the Master Trust. The Statement of Net Assets Available for Benefits presents the fair value of the investment in the Master Trust as well as the adjustment of the investment in the Master Trust from fair value to contract value relating to these investment



contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis. Investment Valuation and Income Recognition. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Short-term investments represent money market accounts and are valued at the net asset values per share as of the valuation date. The money market accounts that are invested in by the Master Trust are institutional accounts and are commingled. Although not traded on an active market the net asset value per share is observable. Cash is valued at the amounts deposited in the account, plus accrued interest. The money market fund is traded daily without restriction. Commingled funds represent investments held in institutional funds and are valued at the net asset values per share as of the valuation date. The commingled funds are made up of a variety of index funds. The underlying holdings of the commingled funds are primarily marketable equity and fixed income securities. As of both December 31, 2014 and 2013 there were no restrictions in place related to either participant or plan-sponsor directed redemption of these commingled funds.

The Plan offers the LIS as an investment option, which includes an insurance component for participants who want to receive a steady stream of secure retirement income. The LIS includes an equity fund, a bond fund, and a secured income fund. The equity fund and the bond fund are comprised of underlying investments of the Master Trust managed separate accounts and commingled funds. The secure income portfolio represents a collective trust fund with an investment objective of long-term growth of capital. As of December 31, 2014 there were no restrictions in place related to either participant or plan sponsor directed redemption of these funds unless certain criteria are met. The Master Trust invests in managed separate accounts established for the sole benefit of UTC participants. The investment valuation policy of these managed separate accounts is to value investments at fair value, which is generally determined as the amount that could reasonably be expected to be realized from an orderly disposition of securities and other financial instruments over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the valuation in a current sale and may not reflect the actual market price. Investments and other portfolio instruments are generally valued using a market approach. Common stock, preferred stock and interest in real estate investment trusts is stated at fair value determined using the closing sales prices for the investments as of the valuation date. Fixed income investments are valued on the basis of valuations furnished by Trustee-approved independent pricing services. These services determine valuations for normal institutional-size trading units of such securities using models or matrix pricing, which incorporates yield and/or price with respect to bonds that are considered comparable in characteristics such as rating, interest rate and maturity date and quotations from bond dealers to determine current value. If these valuations are deemed to be either not reliable or not readily available, the fair value will be determined in good faith by the Trustee.

The Master Trust invests in a stable value fund that invests in traditional guaranteed investment contracts ("GICs"), managed separate account GICs and synthetic GICs with financial institutions. Traditional GICs are investment contracts invested in insurance company general accounts, wrapped by insurance companies. The Plan participates in the underlying experience of the general account via future periodic rate resets, which once set, are guaranteed by the insurance company. Managed separate account GICs are investment contracts invested in insurance company separate accounts established for the sole benefit of UTC stable value fund participants. The assets are wrapped by an insurance company. The Plan participates in the underlying experience of the separate account via future periodic rate resets, which once set, are guaranteed by the insurance company. Synthetic GICs provide for a variable crediting rate which resets periodically. In each case, the wrap contracts provide assurances that future adjustments to the crediting rate cannot result in a crediting rate of less than zero.

The investment valuation policy of the stable value fund is to value investments at fair value, which is generally determined as the amount that could reasonably be expected to be realized from an orderly disposition of securities and other financial instruments over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the valuation in a current sale and may not reflect the actual market price. Investments and other portfolio instruments are generally valued using a market approach. Fixed income investments are valued on the basis of valuations furnished by Trustee-approved independent pricing services. These services determine valuations for normal institutional-size trading units of such securities using models or matrix pricing, which incorporates yield and/or price with respect to bonds that are considered comparable in characteristics such as rating, interest rate and maturity date and quotations from bond dealers to determine current value. If these valuations are deemed to be either not reliable or not readily available, the fair value will be determined in good faith by the Trustee. As of December 31, 2014 and 2013 the fair value of the wrap contracts for the GICs was determined using a discounted cash flow method,

which considers recent rebids as determined by recognized dealers, discount rate and duration of the underlying portfolio. As of December 31, 2014 and 2013 the fair value of the wrap contracts was \$2.5 million and \$1.6 million, respectively.

As fully benefit-responsive investment contracts, the stable value fund's investments are also stated at contract value (the amount available to pay benefits). Contract value includes contributions plus earnings, less Plan withdrawals and expenses. There are no reserves against contract value for credit risk.

Shares held in mutual funds through the mutual fund brokerage window are valued at net asset value as of the last business day of each period presented. Certain limitations are placed on balances and direct transfers into the mutual fund brokerage

window. Participants may not take a distribution or a loan directly from the mutual fund brokerage window, however, if available, they may be initiated through the other investment options.

UTC Common Stock is stated at fair value determined using the closing sales price for UTC Common Stock as of the valuation date.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Notes Receivable from Participants. Notes receivable from participants are valued at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon the terms of the Plan.

Plan Expenses. Certain Plan administrative expenses were paid directly by the Employer in 2014. All other administrative, Trustee, investment management fees, recordkeeper fees and other investment expenses were paid from Plan assets during 2014. Investment management fees are included within net appreciation.

Payment of Benefits. Benefit payments to participants or beneficiaries are recorded when paid.

Use of Estimates. The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the dates of the financial statements and changes therein during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the dates of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties. Through the Master Trust, the Plan provides for various investment options in any combination of stocks, bonds, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. These risks can be adversely impacted by shifts in the market's perception of the issuers, changes in interest rates, and global economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits. In addition refer to Note 7 for risks and uncertainties related to derivatives.

Subsequent Events. In preparing the accompanying financial statements, the Plan evaluated events occurring from December 31, 2014 through the date the financial statements were issued.

#### NOTE 3 – NON PARTICIPANT-DIRECTED INVESTMENTS

The following is a summary of the financial information attributable to the Plan for the UTC ESOP Fund investment inside the Master Trust, which is not a participant-directed investment (Note 8):

	December 31, 2014			2013		
(thousands of dollars)	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Assets:						
Short-term investments	\$45,482	\$—	\$45,482	\$44,723	\$—	\$44,723
UTC Common Stock	3,422,905	1,629,268	5,052,173	3,493,042	1,756,949	5,249,991
ESOP receivables	—	77,306	77,306	—	89,578	89,578
Total assets	3,468,387	1,706,574	5,174,961	3,537,765	1,846,527	5,384,292
Liabilities:						
Accrued ESOP interest	—	(386 )	(386 )	—	(457 )	(457 )
Notes payable to UTC	—	(152,000 )	(152,000 )	—	(175,000 )	(175,000 )
Total liabilities	—	(152,386 )	(152,386 )	—	(175,457 )	(175,457 )
Net assets	\$3,468,387	\$1,554,188	\$5,022,575	\$3,537,765	\$1,671,070	\$5,208,835

(thousands of dollars)	Year Ended December 31, 2014		
	Allocated	Unallocated	Total
Additions:			
Net appreciation of ESOP shares	\$32,700	\$—	\$32,700
Interest and dividend income	71,269	34,877	106,146
Contributions	—	40,616	40,616
Allocation of 1,306,000 ESOP shares, at fair value	146,757	—	146,757
Total additions	250,726	75,493	326,219
Deductions:			
Net depreciation of ESOP shares	—	(37,303)	(37,303)
Distribution to participants	(217,180)	—	(217,180)
Interest expense	—	(7,877)	(7,877)
Administrative expenses	—	(438)	(438)
Transfers to participant-directed investments	(102,924)	—	(102,924)
Allocation of 1,306,000 ESOP shares, at fair value	—	(146,757)	(146,757)
Total deductions	(320,104)	(192,375)	(512,479)
Net increase	(69,378)	(116,882)	(186,260)
Net assets:			
Beginning of year	3,537,765	1,671,070	5,208,835
End of year	\$3,468,387	\$1,554,188	\$5,022,575

**NOTE 4 - INVESTMENT CONTRACTS WITH INSURANCE COMPANIES**

Through the Master Trust, the Plan invests in a stable value fund that invests in traditional GICs, managed separate account GICs and synthetic GICs with financial institutions. Under these contracts, each insurance company guarantees repayment in full of the principal amount plus interest credited at a fixed rate for a specified period. Interest is credited to each contract based on an annual interest rate set each year by the individual insurance companies. This rate, which differs among contracts, takes into account any difference between prior year credited interest and the actual amount of investment earnings allocable to the contract in accordance with the established allocation procedures of the insurance company. The crediting rate is primarily based on the current yield-to-maturity of the covered investments, plus or minus amortization of the difference between the market value and contract value of the covered investments over the duration of the covered investments at the time of computation. There are no reserves against contract value for credit risk.

Certain events could limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (i) certain amendments to the Plan documents that adversely impact the stable value fund; (ii) introduction of an investment option that competes with the stable value fund; (iii) certain Plan sponsor events (e.g. a significant divestiture) that cause a significant withdrawal from the Plan; (iv) the failure of the trust to qualify for exemption from federal income taxes; or, (v) material breach of contract provisions. UTC does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable. Certain events enable issuers to terminate their contracts with UTC and settle at an amount other than contract value. Under each contract, the Plan has the option to address and cure any such event within a specified period of time. UTC does not believe that the occurrence of any such event is probable.

The average yield of the GICs based on actual earnings was approximately 4.81% and 1.93% for the years ended December 31, 2014 and 2013, respectively. The average yield of the GICs based on interest rate credited to participants was approximately 3.37% and 3.39% for the years ended December 31, 2014 and 2013, respectively.

**NOTE 5 - INVESTMENT IN MASTER TRUST**

UTC has entered into a Master Trust agreement with the Trustee. Under this agreement, the Plan and the UTC Represented Employee Savings Plan combine their trust fund investments in the Master Trust.

Participating plans purchase units of participation in the investment funds based on their contribution to such funds in addition to income or loss the investment funds may earn or sustain, less distributions made to the plans' participants and plan expenses. The Plan's interest in the net assets of the Master Trust was approximately 90% at both December

31, 2014 and 2013.

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The following is a summary of the financial information and data for the Master Trust and the portion attributable to the Plan:

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN MASTER TRUST

Statements of Net Assets

(Thousands of Dollars)

	December 31, 2014			2013		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Assets:						
Short-term investments	\$ 176,648	\$—	\$ 176,648	\$ 208,131	\$—	\$ 208,131
Investments:						
Mutual funds	244,735	—	244,735	201,239	—	201,239
Common and preferred stock	5,475,880	—	5,475,880	5,243,091	—	5,243,091
Interest in real estate investment trusts	224,644	—	224,644	184,206	—	184,206
U.S. Government and agency securities	5,475	—	5,475	5,325	—	5,325
Other securities	12,021	—	12,021	16,713	—	16,713
Commingled index funds	1,640,395	—	1,640,395	1,308,822	—	1,308,822
UTC Common Stock	5,571,743	1,629,268	7,201,011	5,591,634	1,756,949	7,348,583
Stable value fund	8,429,324	—	8,429,324	8,524,204	—	8,524,204
investment contracts						
Subtotal	21,780,865	1,629,268	23,410,133	21,283,365	1,756,949	23,040,314
Notes receivable from participants	212,753	—	212,753	216,976	—	216,976
ESOP receivables	—	77,306	77,306	—	89,578	89,578
Total assets	21,993,618	1,706,574	23,700,192	21,500,341	1,846,527	23,346,868
Liabilities:						
Accrued ESOP interest	—	(386 )	(386 )	—	(457 )	(457 )
Notes payable to UTC	—	(152,000 )	(152,000 )	—	(175,000 )	(175,000 )
Total liabilities	—	(152,386 )	(152,386 )	—	(175,457 )	(175,457 )
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(505,261 )	—	(505,261 )	(399,472 )	—	(399,472 )
Net assets	\$ 21,488,357	\$ 1,554,188	\$ 23,042,545	\$ 21,100,869	\$ 1,671,070	\$ 22,771,939
Net assets of the Master Trust attributable to the Plan	\$ 19,152,773	\$ 1,554,188	\$ 20,706,961	\$ 18,821,957	\$ 1,671,070	\$ 20,493,027

## UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN MASTER TRUST

## Statement of Changes in Net Assets

(Thousands of Dollars)

	Year Ended December 31, 2014		
	Allocated	Unallocated	Total
Additions:			
Net appreciation on fair value of investments	\$485,431	\$—	\$485,431
Interest and dividend income	511,101	34,877	545,978
Transfers in from participating plans for purchase of units	674,738	40,616	715,354
Allocation of 1,306,000 ESOP shares, at fair value	146,757	—	146,757
Interest income on notes receivable from participants	8,247	—	8,247
Total additions	1,826,274	75,493	1,901,767
Deductions:			
Net depreciation on fair value of investments	—	(37,303)	(37,303)
Transfers out on behalf of participating plans for distributions	(1,417,361)	—	(1,417,361)
Allocation of 1,306,000 ESOP shares, at fair value	—	(146,757)	(146,757)
Master Trust administrative and interest expense	(21,720)	(8,315)	(30,035)
Total deductions	(1,439,081)	(192,375)	(1,631,456)
Net increase prior to transfers	387,193	(116,882)	270,311
Transfers:			
Plan Transfers - net	295	—	295
Increase in net assets	387,488	(116,882)	270,606
Net assets:			
Beginning of year	21,100,869	1,671,070	22,771,939
End of year	\$21,488,357	\$1,554,188	\$23,042,545
During 2014, the Master Trust investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:			
(thousands of dollars)			
ESOP Fund		\$ (4,603)	)
UTC Common Stock		35,087	
Commingled index funds		29,935	
Common and preferred stock		328,146	
Interest in real estate investment trusts		35,317	
Mutual funds		10,646	
Other		13,600	
		\$448,128	
(thousands of dollars)		2014	
Amounts pertaining to Plan:			
Plan interest in net appreciation and investment gain of Master Trust		\$889,210	
Interest income on notes receivable from participants		\$6,377	
Contributions received (cash basis)		\$605,489	
Net assets transferred into Plan		\$278	
Distribution to participants or beneficiaries		\$(1,259,632)	)
Plan interest in administrative and interest expense		\$(27,788)	)



## NOTE 6 - FAIR VALUE OF INVESTMENTS IN THE MASTER TRUST

The Fair Value Measurements and Disclosure Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly;

Level 3 – unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

The following tables provide the investments carried at fair value measured on a recurring basis as of December 31, 2014 and 2013:

	December 31, 2014			
(thousands of dollars)	Level 1	Level 2	Level 3	Total
Short-term investments	\$—	\$103,098	\$—	\$103,098
Mutual funds	244,735	—	—	244,735
Separate accounts:				
Short-term investments	—	57,100	+ —	57,100
Common and preferred stock	5,475,880	+ —	—	5,475,880
Interest in real estate investment trusts	224,644	+ —	—	224,644
U.S. Government and agency securities	—	5,475	+ —	5,475
Other securities	12,021	+ —	—	12,021
Commingled index funds:				
Emerging markets	—	303,827	+ —	303,827
Government/credit bonds	—	643,607	+ —	643,607
Short-term government bonds	—	125,747	+ —	125,747
Secure income	—	342,002	+ —	342,002
Treasury inflation protected bonds	—	30,064	+ —	30,064
Multi-market risk parity fund	—	9,603	+ —	9,603
Inflation sensitive assets fund	—	185,590	+ —	185,590
UTC Common Stock	7,201,011	—	—	7,201,011
Stable value fund investment contracts:				
Synthetic GIC - equities	138,889	+ 334,752	+ —	473,641
Synthetic GIC - fixed income:				
U.S. Government and agency securities	—	1,589,797	+ —	1,589,797
U.S. municipal securities	—	62,126	+ —	62,126
Corporate debt securities	—	1,760,887	+ —	1,760,887
Other debt securities	(6,067)	+ 1,665,679	+ —	1,659,612
Traditional (separate account) GIC	—	2,889,007	+ —	2,889,007
Wrap contracts	—	—	2,524	2,524
Total investment contracts	132,822	8,302,248	2,524	8,437,594
Total	\$13,291,113	\$10,108,361	\$2,524	\$23,401,998

+ These amounts do not include receivables due to or payables due from the fund.

	December 31, 2013			
(thousands of dollars)	Level 1	Level 2	Level 3	Total
Short-term investments	\$—	\$97,184	\$—	\$97,184
Mutual funds	201,239	—	—	201,239
Separate accounts:				
Short-term investments	—	101,643	+ —	101,643
Common and preferred stock	5,243,091	+ —	—	5,243,091
Interest in real estate investment trusts	184,206	+ —	—	184,206
U.S. Government and agency securities	—	5,325	+ —	5,325
Other securities	16,713	+ —	—	16,713
Commingled index funds:				
Emerging markets	—	317,337	+ —	317,337
Government/credit bonds	—	548,783	+ —	548,783
Short-term government bonds	—	110,935	+ —	110,935
Secure income	—	304,393	+ —	304,393
Treasury inflation protected bonds	—	27,395	+ —	27,395
UTC Common Stock	7,348,583	—	—	7,348,583
Stable value fund investment contracts:				
Synthetic GIC - equities	171,723	+ 388,846	+ —	560,569
Synthetic GIC - fixed income:				
U.S. Government and agency securities	—	1,870,932	+ —	1,870,932
U.S. municipal securities	—	55,461	+ —	55,461
Foreign debt securities	—	51,300	+ —	51,300
Corporate debt securities	—	1,681,285	+ —	1,681,285
Other debt securities	6,114	+ 1,356,936	+ —	1,363,050
Traditional (separate account) GIC	—	2,929,856	+ —	2,929,856
Wrap contracts	—	—	1,604	1,604
Total investment contracts	177,837	8,334,616	1,604	8,514,057
Total	\$13,171,669	\$9,847,611	\$1,604	\$23,020,884

+ These amounts do not include receivables due to or payables due from the fund.

As of December 31, 2014 there were no significant transfers in and out of Level 1 and Level 2.

The changes in the balances of the Level 3 investments for the year ended December 31, 2014 were as follows:

(thousands of dollars)	Wrap Contracts
Balance, beginning of year	\$1,604
Unrealized gain	920
Balance, end of year	\$2,524
The amount of total gains for the period attributable to the change in unrealized gains relating to assets still held at the reporting date	\$920

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Wrap contracts	\$2,524	Discounted cash flow	US Treasury Yield Rates Projected wrap fees	17.1 basis points 0.18% - 0.25%

#### NOTE 7 – DERIVATIVES

The investment managers retained by UTC have discretion to invest Master Trust assets in derivative financial instruments to manage risk and achieve trading and cost efficiency. These derivatives are primarily in the form of interest rate futures and swaps. Such derivative instruments are reported at fair value within the Master Trust within "Other debt securities" of the stable value fund investment contracts and the changes in fair value are reported currently in the net appreciation on fair value of investments of the Master Trust and are not deferred.

The following is a summary of the significant accounting policies associated with the Master Trust's use of derivatives.

**Futures Contracts.** The Master Trust uses fixed income and equity index futures contracts to manage exposure to the market. Buying futures tends to increase the Master Trust's exposure to the underlying instrument. Selling futures tends to decrease the Master Trust's exposure to the underlying instrument held or offset the fair value of other fund investments. Futures contracts are valued at the last settlement price at the end of each day on the exchange upon which they are traded.

Upon entering into a futures contract, the Master Trust is required to deposit either in cash or securities an amount ("initial margin") equal to a certain percentage of the nominal value of the contract. Pursuant to the futures contract, the Master Trust agrees to receive from or pay to the Futures Commission Merchant ("FCM") an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin" which are generally settled daily and are included in the net appreciation on fair value of investments. The Master Trust will record a variation margin receivable or payable in the Master Trust net assets for variation margins which have not yet been paid at the end of the year.

Futures contracts involve, to varying degrees, credit and market risks. The Master Trust enters into futures contracts on exchanges where the exchange acts as the counterparty to the transaction. Thus, credit risk on such transactions is limited to the failure of the exchange. Futures orders are executed on behalf of the Master Trust by FCM firms which determine margin requirements consistent with industry standards and the various rules and regulations of the exchanges on which trades occur. Initial and maintenance margin rates used in determining margin requirements may vary, but are established at levels no lower than those prescribed by U.S. Commodity Futures Trading Commission regulations. FCM relationships and operations (including treatment of customer capital and capital requirements) are overseen by both the investment managers and UTC. The daily settlement on the futures contracts serves to greatly reduce credit risk. Losses in value may arise from changes in the value of the underlying instruments or if there is an illiquid secondary market for the contracts. In addition, there is the risk that there may not be an exact correlation between a futures contract and the underlying index or security. As of December 31, 2014 and 2013, the unrealized gain/(loss) of futures contracts represented less than 1% of total investments, respectively.

**Interest Rate Swaps.** The Master Trust from time to time enters into interest rate swap agreements to manage interest rate exposure.

The following table presents the values of the derivative assets and liabilities carried on the Statements of Net Assets of the Master Trust as of December 31, 2014 and December 31, 2013:

(thousands of dollars)	2014	2013
Interest rate derivative		
Assets:		
Unrealized gain on futures contracts	\$1,141	\$7,523
Unrealized gain on open swap contracts	184	147
	\$1,325	\$7,670
Liabilities:		
Unrealized loss on futures contracts	\$(7,209)	\$(1,523)
Unrealized loss on open swap contracts	(6,174)	(2,827)
	\$(13,383)	\$(4,350)

The following table presents the effect of derivative instruments on the Statement of Changes in Net Assets of the Master Trust for the year ended December 31, 2014:

(thousands of dollars)	
Futures contracts	\$(31,157)
Swap contracts	(4,311)
	\$(35,468)

During the year ended December 31, 2014, the average notional value of futures contracts was approximately \$3 million. The average value of futures contracts sold and purchased was approximately \$32 million and \$63 million, respectively. The average notional value of interest rate swap contracts was approximately \$67 million and \$37 million for contracts where the Master Trust receives and pays a fixed rate, respectively.

#### NOTE 8 - EMPLOYEE STOCK OWNERSHIP PLAN

The ESOP was established on June 30, 1989. The ESOP purchased approximately 14.5 million shares of \$1.00 par value Series A ESOP Convertible Preferred Stock ("ESOP Shares"), with a \$4.80 per share annual dividend from UTC. The ESOP financed the ESOP Share purchases with interest bearing promissory notes in 1990, which were repaid in full during 2009. The Trustee executed a series of additional promissory notes ("ESOP debt"), which replaced a portion of the original promissory notes with internal financing arrangements designed to align the value of shares released from the reserve account with plan matching contribution obligations. (See Note 9 for details on the portions of ESOP debt currently outstanding).

On November 6, 2003, UTC and the Trustee effected the conversion of all 10.6 million outstanding shares of ESOP Preferred Stock into 85 million shares of Common Stock (split adjusted). At the time of the conversion, each ESOP Share was convertible into four shares of Common Stock and had a value of \$65.

Shares of Common Stock are allocated to participant accounts of the Plan as participants earn UTC's matching contributions. Shares of Common Stock are released for allocation to participants as principal and interest payments are made on the ESOP debt. Cash dividends on Common Stock shares held by the ESOP and additional contributions from UTC are used to repay ESOP debt principal and interest. ESOP debt may be pre-paid or re-amortized to either increase or decrease the number of shares released so that the value of released shares equals the value of the plan benefit. The Corporation may also, at its option, contribute additional Common Stock or cash to the ESOP. UTC has provided certain guarantees related to the matching contribution formula and certain other commitments in connection with the ESOP debt. For the year ended December 31, 2014, participants were credited with matching contributions of approximately \$147 million representing approximately 1,306,000 shares. Additionally, in lieu of receiving cash, participants' dividends are paid by allocating additional shares to participant accounts. Participants may elect to receive cash dividends. During 2014, participants earned dividends of approximately \$71 million representing approximately 617,000 shares of Common Stock.

Shares allocated to a participant generally may not be distributed until the participant's termination, disability, retirement, or death. Upon distribution, a participant may elect to receive either cash or shares of Common Stock.



The ESOP Fund's investment in Common Stock shares at December 31, 2014 and 2013 is as follows:

	2014		2013	
(thousands of dollars, except shares)	Allocated	Total	Allocated	Total
Number of Shares	29,764,393	43,931,943	30,694,573	46,133,490
Market Value	\$3,422,905	\$5,052,173	\$3,493,042	\$5,249,991

The market value per share of the Common Stock was \$115.00 and \$113.80, at December 31, 2014 and 2013, respectively. The net assets available for benefits in the ESOP Fund at December 31, 2014 and 2013 include unrealized appreciation of approximately \$4.7 billion and \$4.9 billion, of which approximately \$1.5 billion and \$1.6 billion relates to unallocated shares, respectively.

#### NOTE 9 - ESOP DEBT

The following table represents the current ESOP debt owed by the Master Trust to UTC.

Date Issued	Principal (000's)	Rate of Interest	Due
December 10, 2005	17,000	5.28	% December 10, 2035
December 10, 2006	24,000	5.05	% December 10, 2036
December 10, 2007	46,000	4.90	% December 10, 2037
December 10, 2008	32,000	2.68	% December 10, 2038
December 10, 2009	33,000	4.25	% December 10, 2039
	\$152,000		

#### NOTE 10 - RELATED-PARTY TRANSACTIONS

The Trustee manages certain Plan investment options. These transactions qualify as exempt party-in-interest transactions.

The Master Trust holds common shares of UTC, the Plan sponsor, and these qualify as exempt party-in-interest transactions.

The Plan invests in the UTC Common Stock Fund (the "Fund"), which is comprised of a short-term investment fund component and shares of common stock of UTC. The unit values of the Fund are recorded and maintained by the Trustee. During the year ended December 31, 2014, the Plan purchased units of the Fund in the approximate amount of \$875 million including dividends and interest of approximately \$38 million, sold units of the Fund in the approximate amount of \$860 million, and had net appreciation on the Fund in the approximate amount of \$29 million. The total value of the Plan's interest in the Fund was approximately \$1,831 million and \$1,787 million at December 31, 2014 and 2013, respectively.

The Plan invests in the ESOP, which is comprised of a short-term investment fund component and shares of common stock of UTC. The total value of the Plan's interest in the ESOP was approximately \$5.0 billion and \$5.2 billion at December 31, 2014 and 2013, respectively (see Notes 1, 3, 8 and 9). In connection with the note payable financing (see Note 9) the Plan has an ESOP receivable of approximately \$77 million from UTC.

#### NOTE 11 – PLAN TERMINATION

Although it has not expressed any intent to do so, UTC has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA and certain Plan provisions that limit this right when certain ESOP loans remain outstanding. In the event of Plan termination, participants will become 100 percent vested in their accounts.

## NOTE 12 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following are reconciliations of net assets available for benefits and benefits paid from the financial statements to the Form 5500:

(thousands of dollars)	December 31, 2014	2013
Net assets available for benefits per the financial statements	\$20,706,961	\$20,493,027
Amounts allocated to participant withdrawals	(2,256	) (2,249
Adjustment from contract to fair value for interest in Master Trust relating to fully benefit-responsive investment contracts	420,408	333,847
Net assets available for benefits per Form 5500	\$21,125,113	\$20,824,625

(thousands of dollars)	Year Ended December 31, 2014
Distribution to participants or beneficiaries per the financial statements	\$1,259,632
Add: Amounts allocated to participant withdrawals at December 31, 2014	2,256
Less: Amounts allocated to participant withdrawals at December 31, 2013	(2,249
Distribution to participants or beneficiaries per Form 5500	\$1,259,639

Amounts allocated to participant withdrawals are recorded on Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date. Additionally, fully benefit-responsive GICs are recorded on the Form 5500 at fair value while in the Plan's financial statements these investments are presented at contract value.

## NOTE 13 – TAX STATUS

The Internal Revenue Service has determined and informed UTC by letter dated April 24, 2014 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code ("IRC").

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2011.

## NOTE 14 – ACCOUNTING PRONOUNCEMENTS

In May 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or Its Equivalent)". This ASU removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under ASC 820. The ASU is effective for annual reporting periods beginning after December 15, 2015. Management is currently evaluating the implications of the ASU.

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN  
SUPPLEMENTAL SCHEDULE

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2014

(b) Identity of issuer, (a) borrower, lessor or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost value	(e) Current value
United Technologies * Corporation Employee Savings Plan Master Trust	Interest in Master Trust investment accounts	\$—	\$20,964,363,332
* Plan Participants	Notes receivable from participants collateralized by participant balances, interest ranging from 2.41 percent to 11 percent, terms ranging from 1 year to 15 years	—  \$—	163,005,738  \$21,127,369,070

\* Indicates an identified person known to be a party-in-interest to the Plan.



SIGNATURE

The Plan (or persons who administer the employee benefit plan), pursuant to the requirements of the Securities Exchange Act of 1934, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED TECHNOLOGIES CORPORATION  
EMPLOYEE SAVINGS PLAN

Dated: June 29, 2015

By: /s/ NATALIE MORRIS  
Natalie Morris  
Director, Employee Benefits and Human Resources Systems  
United Technologies Corporation

EXHIBIT INDEX

(23) Consent of Independent Registered Public Accounting Firm \*

\* Submitted electronically herewith.

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