UNITED TECHNOLOGIES CORP /DE/
Form 11-K
June 22, 2018

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, 2017
Commission File Number 1-812

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN
UNITED TECHNOLOGIES CORPORATION
10 Farm Springs Road
Farmington, Connecticut 06032

UNITED TECHNOLOGIES CORPORATION
EMPLOYEE SAVINGS PLAN
Index to Financial Statements
Year Ended December 31, 2017

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the United Technologies Corporation Employee Savings Plan (the "Plan") as of December 31, 2017 and 2016 and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental schedule of assets (held at end of year) as of December 31, 2017 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 supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ PricewaterhouseCoopers LLP
Hartford, Connecticut
June 22, 2018

We have served as the Plan's auditor since at least 1993. We have not determined the specific year we began serving as auditor of the Plan.

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

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Assets: | | |
| Investment in Master Trust, at fair value | $ 15,424,324 | $ 13,196,614 |
| Investment in Master Trust, at contract value | 6,719,975 | 6,886,519 |
| Notes receivable from participants | 155,533 | 156,794 |
| Net assets available for benefits | $ 22,299,832 | $ 20,239,927 |

The accompanying notes are an integral part of these financial statements.

4

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

| | Year Ended December 31, 2017 |
|---|---|
| Additions to net assets attributed to: | |
| Investment gain: | |
| Plan interest in net appreciation and investment gain of Master Trust | $2,732,101 |
| Contributions: | |
| Participants' | 504,338 |
| Employer's | 106,048 |
| Interest income on notes receivable from participants | 6,416 |
| Total additions | 3,348,903 |
| Deductions from net assets attributed to: | |
| Distributions to participants or beneficiaries | 1,243,087 |
| ESOP debt payments | 16,250 |
| Administrative expenses | 25,054 |
| Interest expense | 4,607 |
| Total deductions | 1,288,998 |
| Net increase | 2,059,905 |
| Net assets available for benefits December 31, 2016 | 20,239,927 |
| Net assets available for benefits December 31, 2017 | $22,299,832 |

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. Alight Solutions (formerly 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, three commingled index funds, twelve target retirement funds, one multi-market risk parity fund, 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 LIS 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.
Effective January 1, 2017, Employer matching contributions made through the ESOP will be automatically invested in the same manner as participants' elective contributions, to provide an element of automatic diversification to reduce unintended concentration of participants' balances in Company stock. Participants may make an election to continue to receive their Employer matching contributions in the ESOP.
The Plan provides an automatic non-matched Employer contribution to certain 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, 2017, amounts forfeited from non-vested accounts totaled approximately $2.6 million, $2.0 million of which was used to

fund UTC's contributions. As of December 31, 2017 and 2016, the balance of forfeited non-vested accounts was $294,305 and $73,086, respectively.

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. Under the terms of the Plan, participants are allowed to borrow up to the lesser of 50 percent of their vested account balances (excluding company automatic contributions) or $50,000, with a minimum loan amount of $1,000, and must repay their loan within five years. New 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 5.5 percent and 4.75 percent at December 31, 2017 and 2016, respectively. Principal and interest are paid ratably through payroll deductions by active participants or through direct payment by inactive participants. The Plan's balance of Notes receivable from participants as of December 31, 2017 and 2016 includes remaining participant balances from certain other plans previously converted into the Plan.

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, 2017 were approximately $64 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. Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.

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 4 for further discussion.

Fully Benefit-Responsive Investment Contracts. The Plan invests in investment contracts through the Master Trust. Contract value is the amount participants would receive if they were to initiate permitted transactions under the terms

of the Plan. See Notes 3 and 5 for further discussion.
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. As fully benefit-responsive investment contracts, the stable value fund's investments are 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. See Note 3 for further discussion.

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 (NAV) 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 NAV 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 NAV 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, 2017 and 2016 there were no restrictions in place related to either participant or plan-sponsor directed redemption of these commingled funds. If the Plan were to initiate a trade of significant size, either in or out of the commingled funds, the investment adviser reserves the right to request a reasonable period of notice to ensure that trading of securities will be implemented in an orderly business manner.

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 secure 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, 2017 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 are 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.

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 market 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, which becomes taxable to the participant, based upon the terms of the Plan.
Plan Expenses. Certain Plan administrative expenses were paid directly by the Employer in 2017. All other administrative, Trustee, investment management fees, recordkeeper fees and other investment expenses were paid from Plan assets during

2017 and are either presented on the statement of changes in net assets available for benefits or in net appreciation (depreciation).

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. See Note 6 for discussion of risks and uncertainties related to derivatives.

Subsequent Events. In preparing the accompanying financial statements, the Plan evaluated events occurring from December 31, 2017 through the date the financial statements were issued and no subsequent events were noted.

NOTE 3 - 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 interest rate set each quarter by the individual insurance companies. This rate, which differs among contracts, takes into account any difference between prior quarter 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.

Investment contracts held by the Master Trust included the following:

| (thousands of dollars) | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| Traditional GICs | $— | $157,774 |
| Managed Separate Account GICs | 2,363,513 | 2,503,212 |
| Synthetic GICs | 5,661,674 | 5,578,882 |
| Total | $8,025,187 | $8,239,868 |

NOTE 4 - 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 91% and 90% at December 31, 2017 and 2016, respectively.

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, | |
|---|---|---|
| | 2017 | 2016 |
| Assets | | |
| Investments at fair value: | | |
| Cash and short-term investments | $249,414 | $194,589 |
| Mutual funds | 328,928 | 250,197 |
| Common and preferred stock | 6,789,936 | 5,513,618 |
| Interest in real estate investment trusts | 289,834 | 250,367 |
| U.S. Government and agency securities | 4,740 | 6,341 |
| Other securities | 14,157 | 5,753 |
| Commingled index funds | 2,231,638 | 1,825,021 |
| UTC Common Stock | 6,599,639 | 6,110,072 |
| Total investments at fair value | 16,508,286 | 14,155,958 |
| Fully benefit-responsive investment contracts at contract value - Stable value fund | 8,025,187 | 8,239,868 |
| Total investments | 24,533,473 | 22,395,826 |
| Notes receivable from participants | 190,129 | 195,815 |
| ESOP receivables | 12,206 | 18,618 |
| Total assets | 24,735,808 | 22,610,259 |
| Liabilities | | |
| Accrued ESOP interest | (221) | (268) |
| Notes payable to UTC | (96,250) | (112,500) |
| Total liabilities | (96,471) | (112,768) |
| Net assets | $24,639,337 | $22,497,491 |
| Net assets of the Master Trust attributable to the Plan | $22,299,832 | $20,239,927 |

UNITED TECHNOLOGIES CORPORATION EMPLOYEE SAVINGS PLAN MASTER TRUST
Statement of Changes in Net Assets
(Thousands of Dollars)