UTC INVESTOR AND ANALYST MEETING

MARCH 16, 2018

United Technologies

Note: All results and expectations in this presentation reflect continuing operations unless otherwise noted.

Cautionary Statement:

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management's current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "confident" and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates and other measures of financial performance or potential future plans, strategies or transactions of United Technologies or the combined company following United Technologies' proposed acquisition of Rockwell Collins, the anticipated benefits of the proposed acquisition, including estimated synergies, the expected timing of completion of the transaction and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which United Technologies and Rockwell Collins operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction and in both the commercial and defense segments of the aerospace industry, levels of air travel, financial condition of commercial airlines, the impact of weather conditions and natural disasters and the financial condition of our customers and suppliers; (2) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (3) the scope, nature, impact or timing of acquisition and divestiture activity, including among other things integration of acquired businesses, including Rockwell Collins, into United Technologies' existing businesses and realization of synergies and opportunities for growth and innovation; (4) future levels of indebtedness, including indebtedness expected to be incurred by United Technologies in connection with the posed Rockwell Collins merger, and capital spending and research and development spending; (5) future availability of credit and factors that may affect such availability, including credit market conditions and our capital structure; (6) the timing and scope of future repurchases of United Technologies' common stock, which may be suspended at any time due to market conditions and the level of other investing activities and uses of cash, including in connection with the proposed acquisition of Rockwell; (7) delays and disruption in delivery of materials and services from suppliers; (8) company and customer-directed cost reduction efforts and restructuring costs and savings and other consequences thereof; (9) new business or investment opportunities; (10) our ability to realize the intended benefits of organizational changes; (11) the anticipated benefits of diversification and balance of operations across product lines, regions and industries; (12) the outcome of legal proceedings, investigations and other contingencies; (13) pension plan assumptions and future contributions; (14) the impact of the negotiation of collective bargaining agreements and labor disputes; (15) the effect of changes in political conditions in the U.S. and other countries in which United Technologies and Rockwell Collins operate, including the effect of changes in U.S. trade policies or the U.K.'s pending withdrawal from the EU, on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (16) the effect of changes in tax (including the recently enacted Tax Cuts and Jobs Act in the U.S.), environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which United Technologies and Rockwell Collins operate; (17) the ability of United Technologies and Rockwell Collins to receive the required regulatory approvals (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction) and to satisfy the other conditions to the closing of the transaction on a timely basis or at all; (18) the occurrence of events that may give rise to a right of one or both of United Technologies or Rockwell Collins to terminate the merger agreement, including on circumstances that might require Rockwell Collins to pay a termination fee of $695 million to United Technologies or $50 million of expense reimbursement; (19) negative effects of the announcement or the consummation of the transaction on the market price of United Technologies' and/or Rockwell Collins' common stock and/or on their respective financial performance; (20) risks related to Rockwell Collins and United Technologies being restricted in the operation of their businesses while the merger agreement is in effect; (21) risks relating to the value of the United Technologies' shares to be issued in the transaction, significant transaction costs and/or unknown liabilities; (22) risks associated with third party contracts containing consent and/or other provisions that may be triggered by United Technologies' proposed acquisition of Rockwell Collins; (23) risks associated with merger-related litigation or appraisal proceedings; and (24) the ability of United Technologies and Rockwell Collins, or the combined company, to retain and hire key personnel. There can be no assurance that United Technologies' proposed acquisition of Rockwell Collins or any other transaction described above will in fact be consummated in the manner described or at all. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the reports of United Technologies and Rockwell Collins on Forms S-4, 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time. Any forward-looking statement speaks only as of the date on which it is made, and United Technologies and Rockwell Collins assume no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law. In addition, in connection with the proposed Rockwell Collins acquisition, UTC has filed a registration statement, that includes a prospectus from UTC and a proxy statement from Rockwell Collins, which is effective and contains important information about UTC, Rockwell Collins, the transaction and related matters.

Greg Hayes

CHAIRMAN & CEO

United Technologies

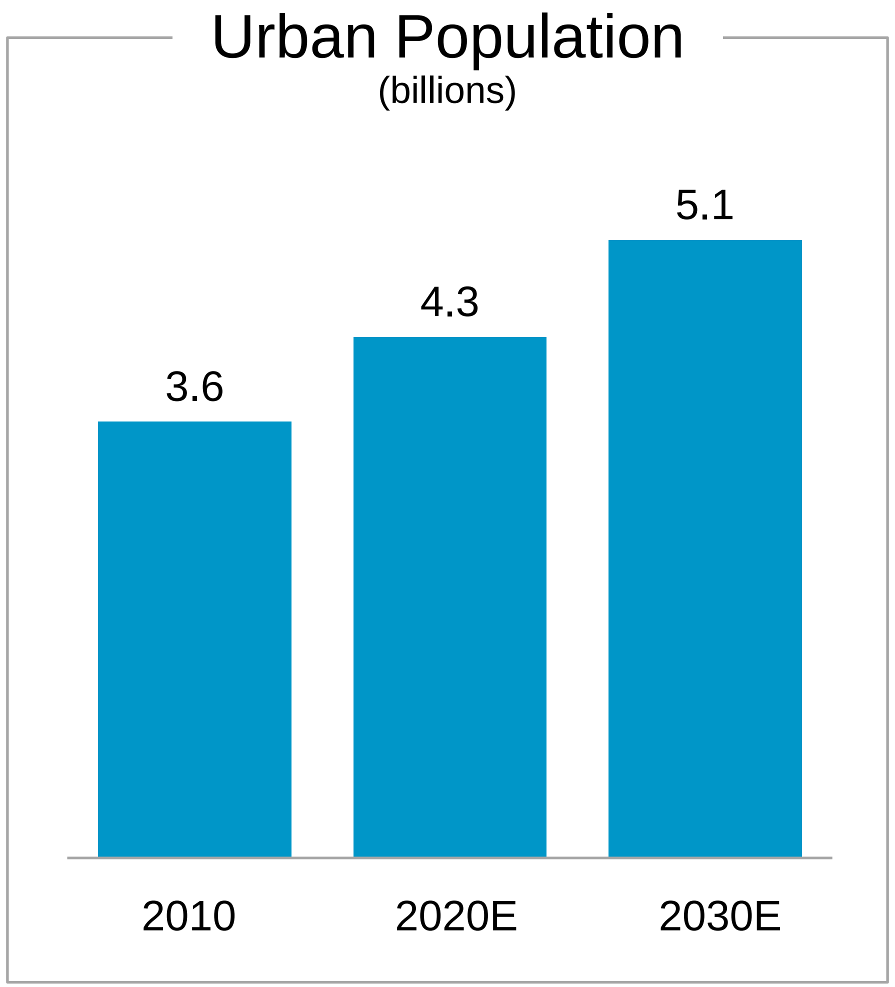
United Technologies

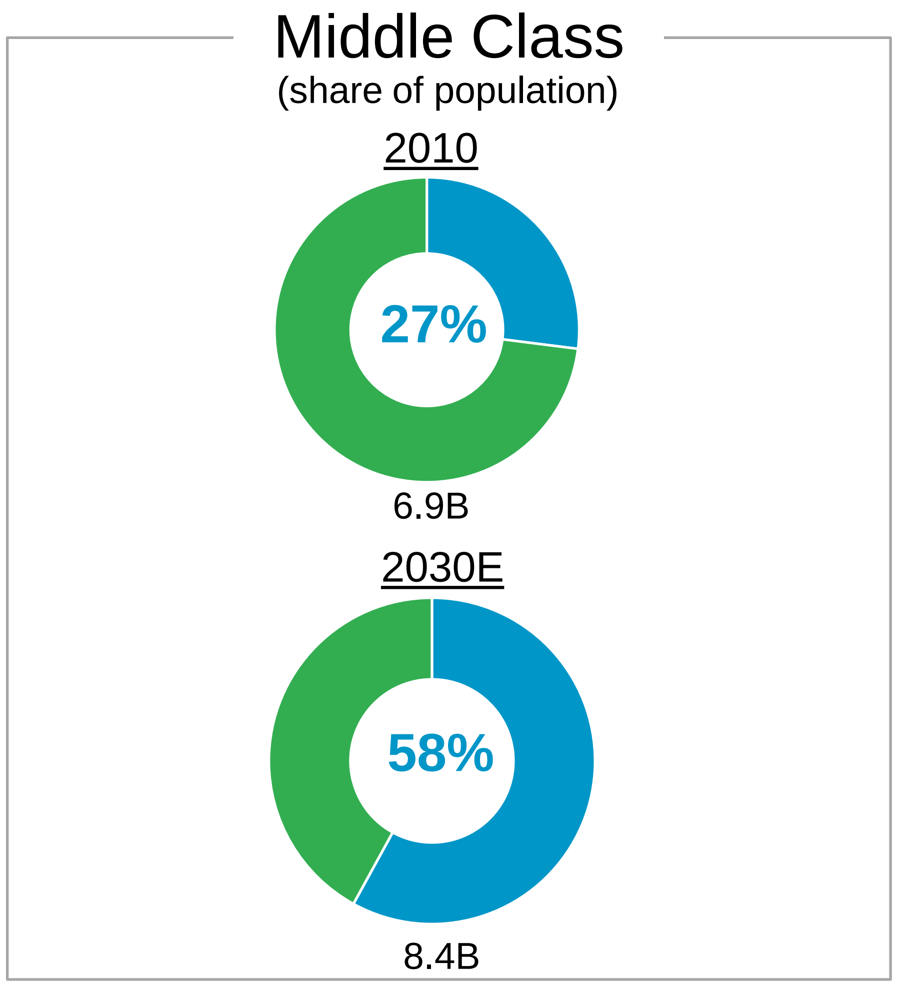
Agenda

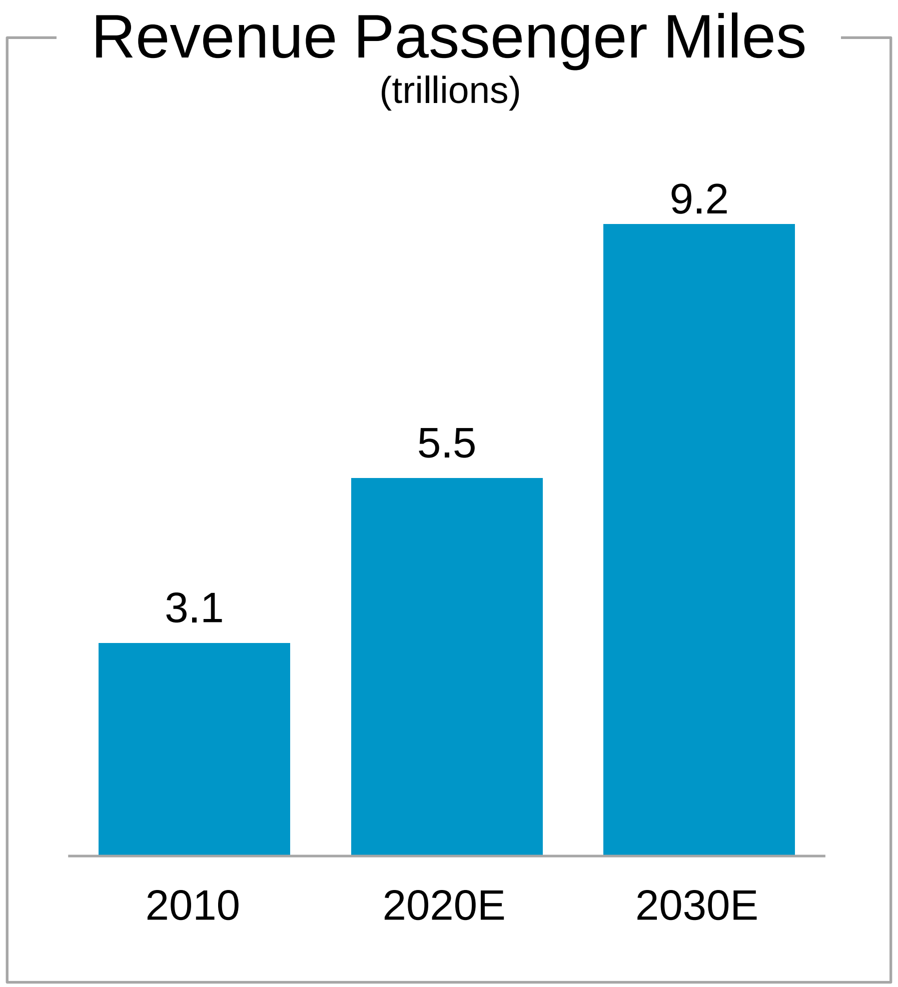
8:00 – 8:10	Opening Remarks	Greg Hayes
8:10 – 8:50	Otis	Judy Marks
8:50 – 9:30	UTC Climate, Controls & Security	Bob McDonough
9:30 – 9:40	Break	
9:40 – 10:20	Aerospace Systems	Dave Gitlin
10:20 – 11:00	Pratt & Whitney	Bob Leduc
11:00 – 11:20	Closing Remarks	Greg Hayes / Akhil Johri
11:20 – 11:30	End of Webcast Event / Break	
11:30 – 1:00	Showroom / Tour	CCS / Otis
1:00 – 1:45	Transportation to Pratt & Whitney	
1:45 – 2:30	Pratt & Whitney Experience	Pratt & Whitney

Positioned for Growth

Mega-trends







Focused portfolio of businesses positioned for accelerating growth based on powerful mega-trends

Sources: United Nations: World Urbanization Prospects, 2014 revision; The Brookings Institution; Airline Monitor, June 2017 revision

Priorities

Focused on execution

Innovation for growth

Structural cost reduction

Disciplined capital allocation

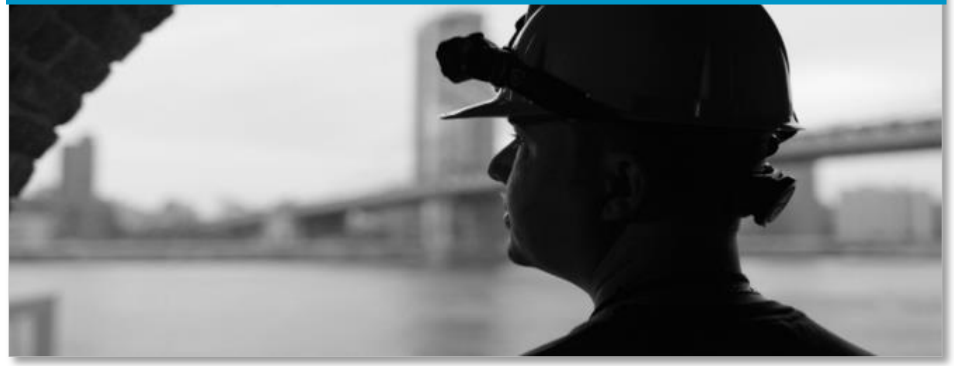
2018 Outlook

Adjusted EPS*	$6.85 – $7.10
Sales	$62.5 – $64B
Organic sales*	4 – 6%
Free cash flow*	$4.5 – $5B

Excludes impact from the proposed acquisition of Rockwell Collins.
*See appendix for additional information regarding these non-GAAP financial measures.

Digital Opportunity Areas

Service Transformation



Service/MRO margin
Contract retention

Customer Experience

Sales capture
New service offerings

Smart Factory

Inventory turns
Labor productivity

Connected Products

Unplanned downtime reduction
Condition based maintenance

Shareowner Value Creation

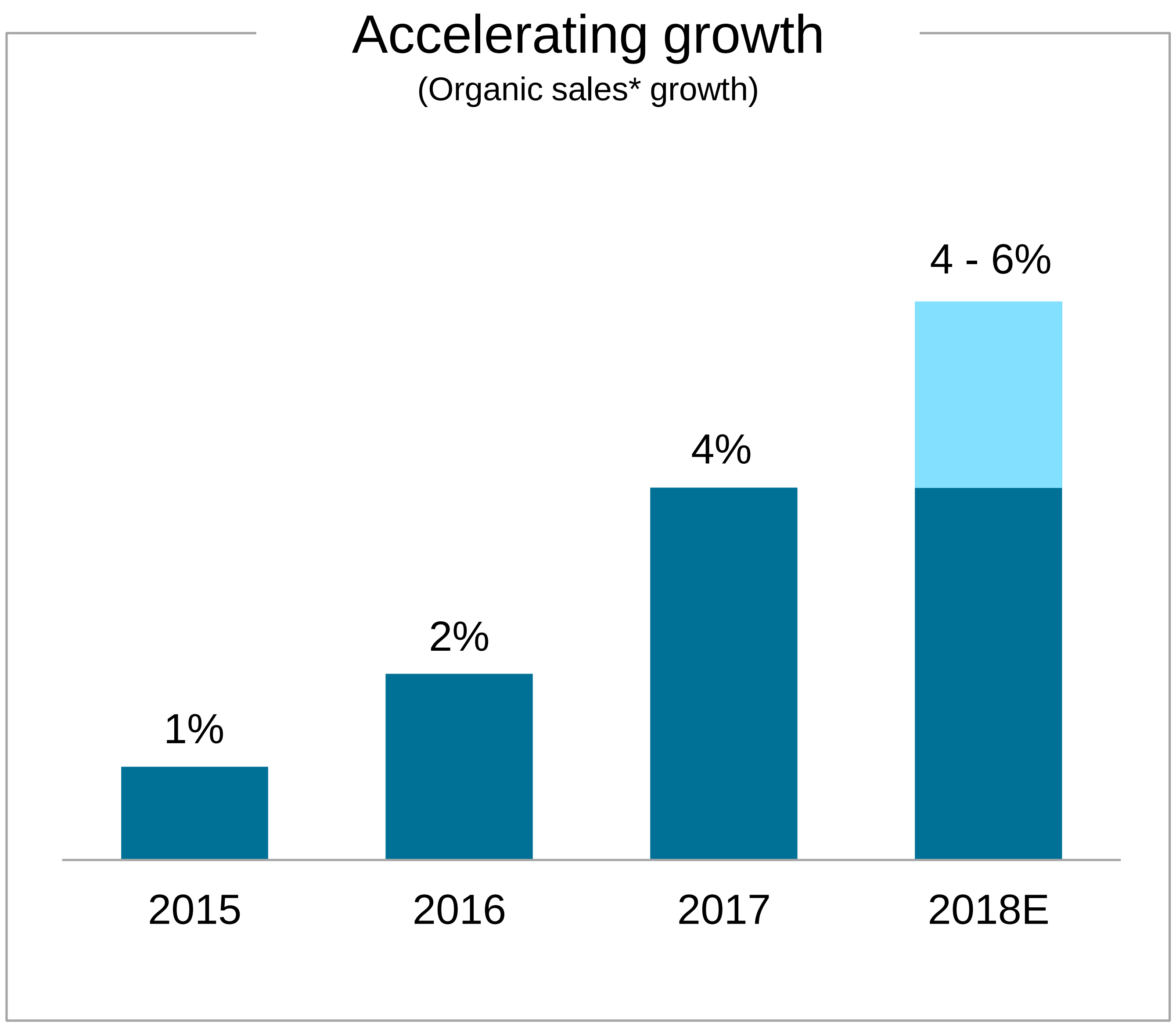
Focused portfolio of global franchises

Innovative products and services

Resilient business model

Strong performance culture

Disciplined capital allocation



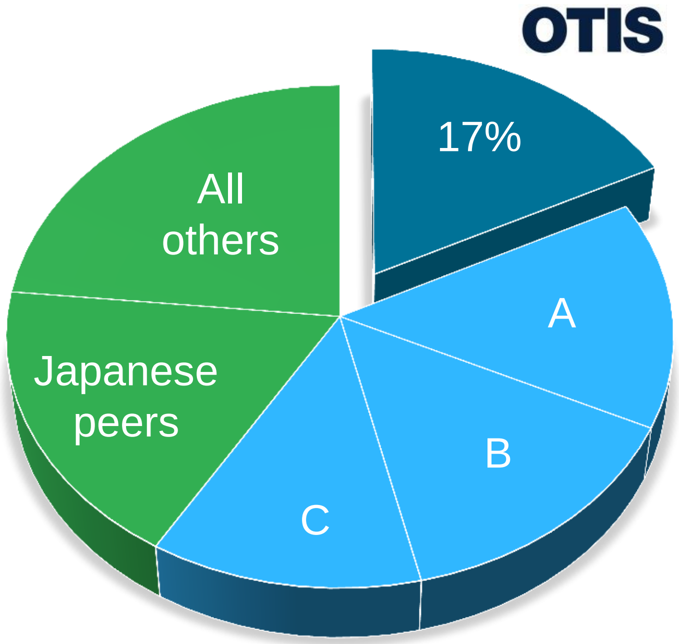
*See appendix for additional information regarding this non-GAAP financial measure.


Judy Marks
PRESIDENT
Otis
A United Technologies Company

Industry Leadership

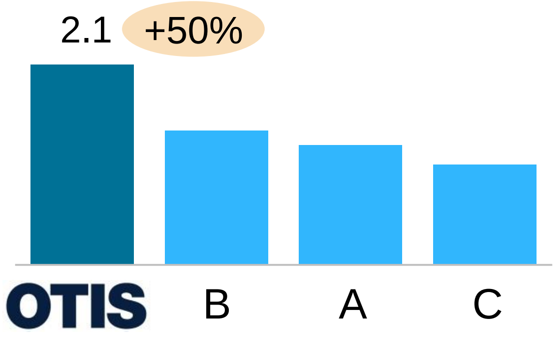
- Attractive growth fundamentals
- Global presence and balance
- Large and growing portfolio
- Productivity runway
- Best-in-class cash flow

2017 industry

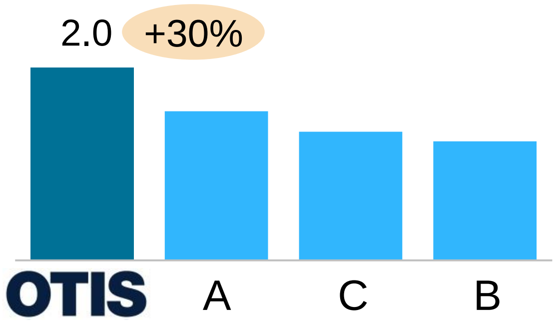


Segment sales: ~$71 billion

Adjusted operating profit*
($ billions)



Service portfolio
(units, millions)



Note: A, B, C represent industry peers
Source: Public company reports, analyst reports, and internal estimates
*See appendix for additional information regarding this non-GAAP financial measure.

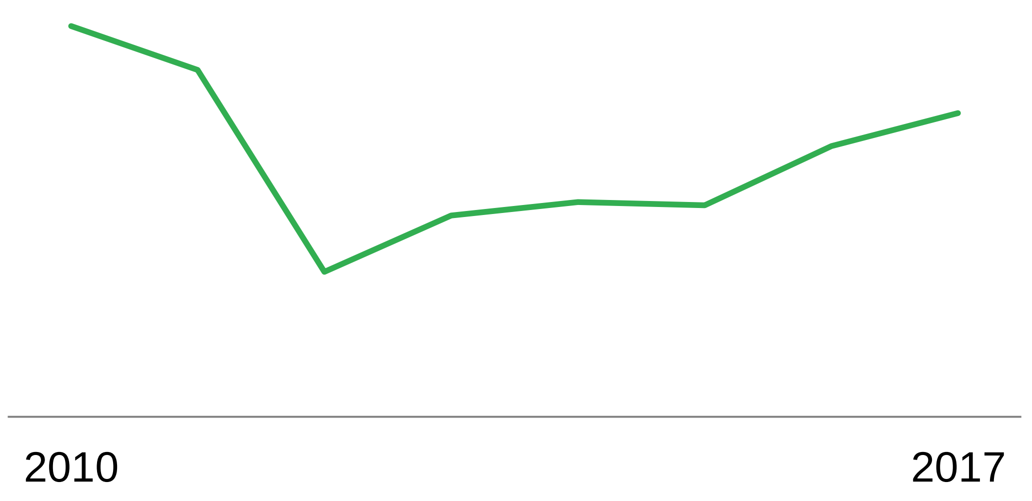
Strategy

Initiatives

- Accelerate innovation
- New equipment growth
- Operations excellence
- Service transformation

Progress

(Otis share of new equipment segment in units, %)



New products
(launches)

6 — 2014
18 — 2017

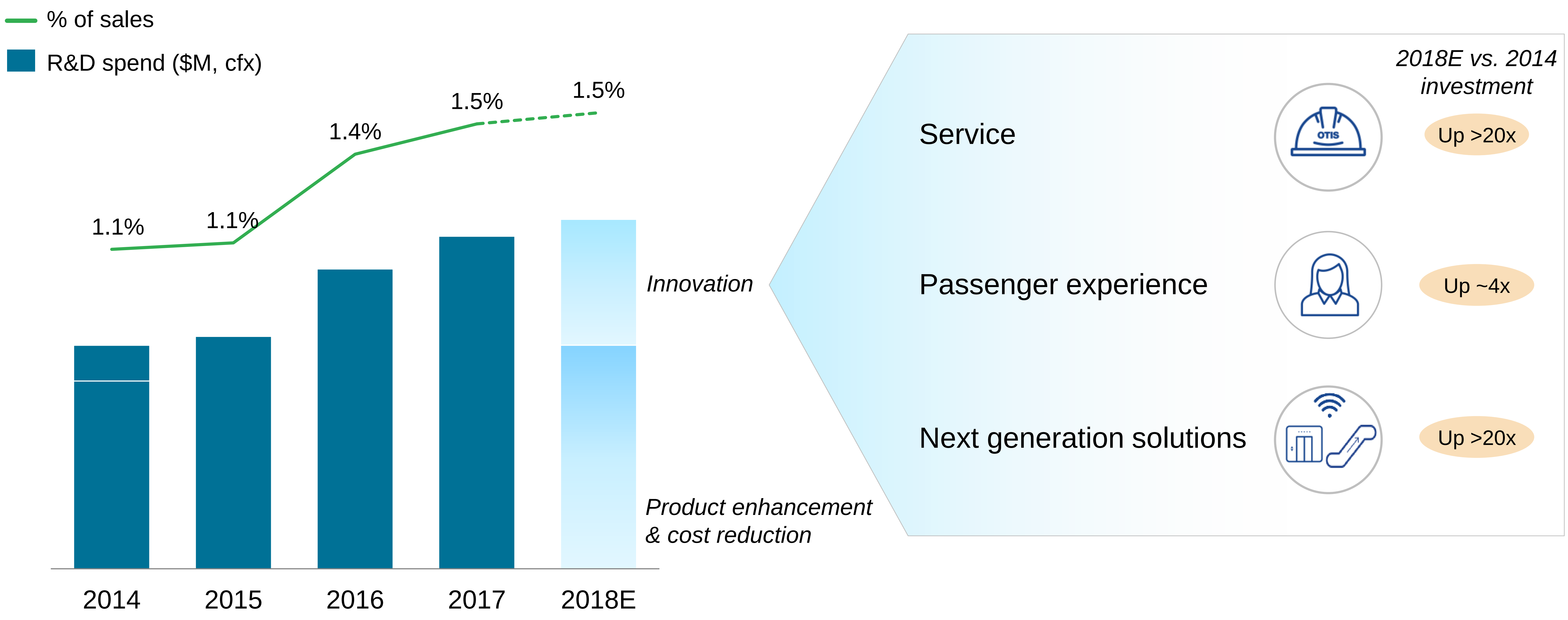
Connected technicians
(devices deployed)

1K — 2016
16K — 2017

Executing on the right strategies

Source: Internal estimates

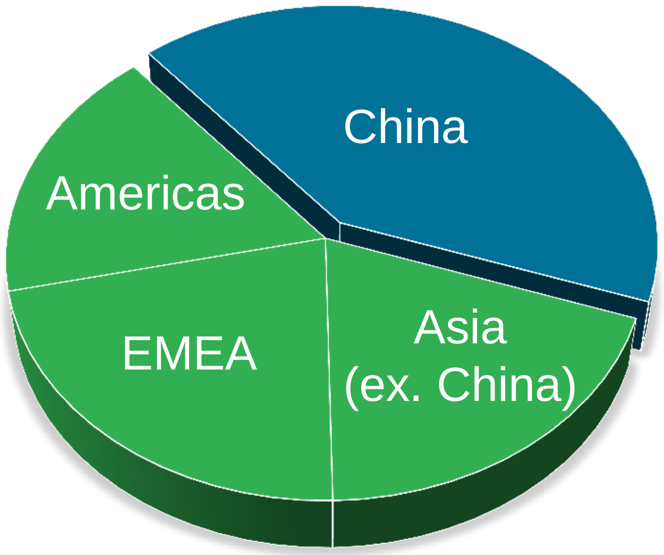
Accelerate Innovation



Digital market demands digital pace

New Equipment Growth

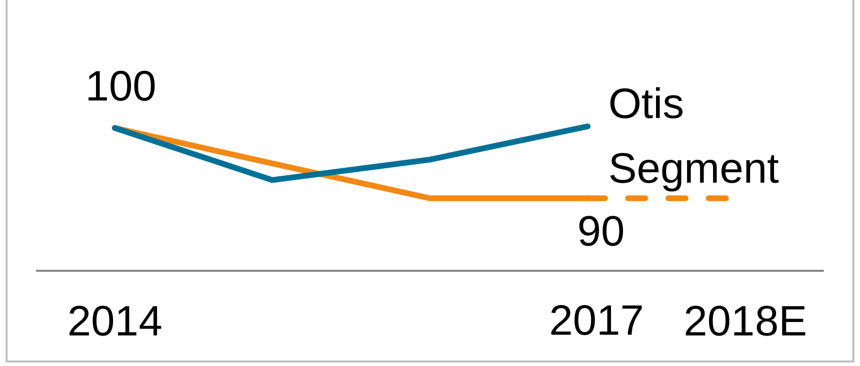
Global segment



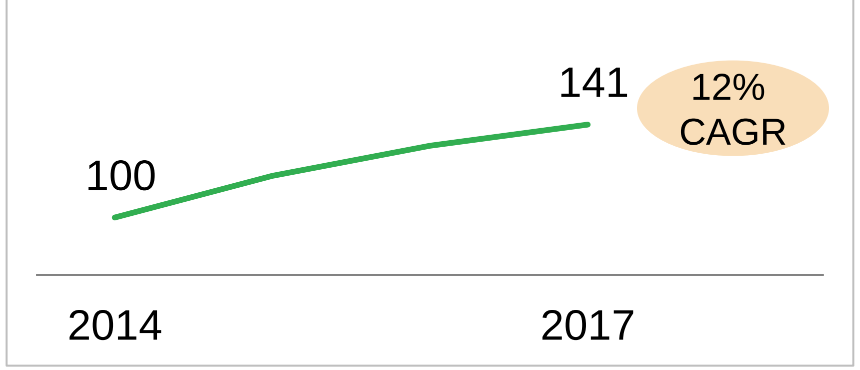
2017 sales: ~$33B

Otis

China
(New equipment units booked, indexed)



Rest of World
(New equipment backlog, indexed @ cfx)



Growth strategy

Optimize operations

Enhance product offering

Improve sales effectiveness

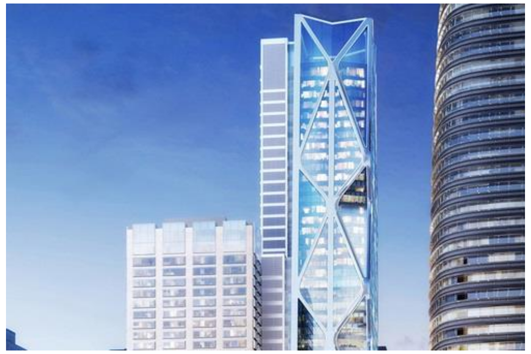
Deliver segmented value propositions

China market stabilization key to near-term outlook

Source: Internal estimates

New Equipment Performance

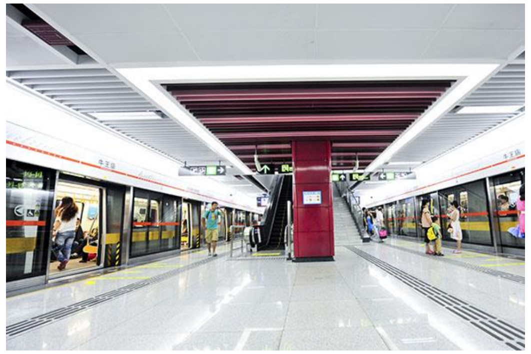
(2017 awards)



Oceanwide Center
San Francisco

EOLE Metro Project
Paris

Chase Center
San Francisco



Metro Line 5 (C & D)
Chengdu

My Home
Hyderabad

Metro Line 3
Nanning

Pudong Airport Phase 3
Shanghai

KINTEX One City
Seoul

Resorts World
Las Vegas

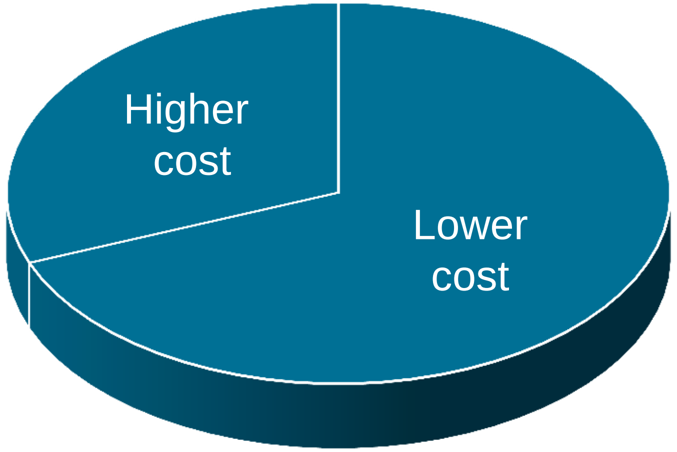
Westside Place
Melbourne

Significant global wins

Operations Excellence

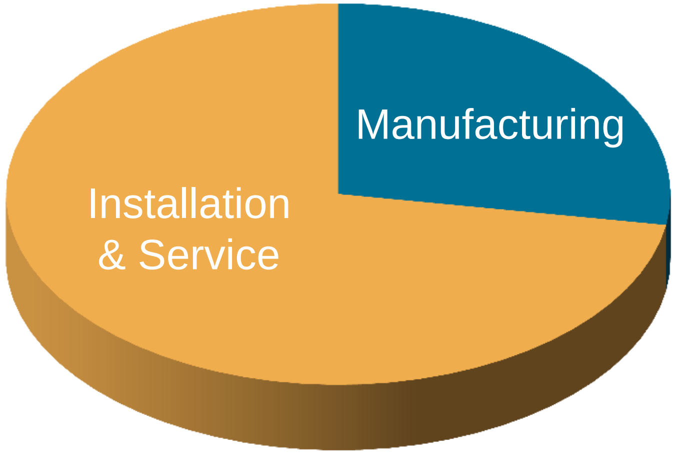
Manufacturing

(2017, global manufacturing sq. ft.)



Operations cost base

(2017)



Priorities

Manufacturing optimization

Sustained quality

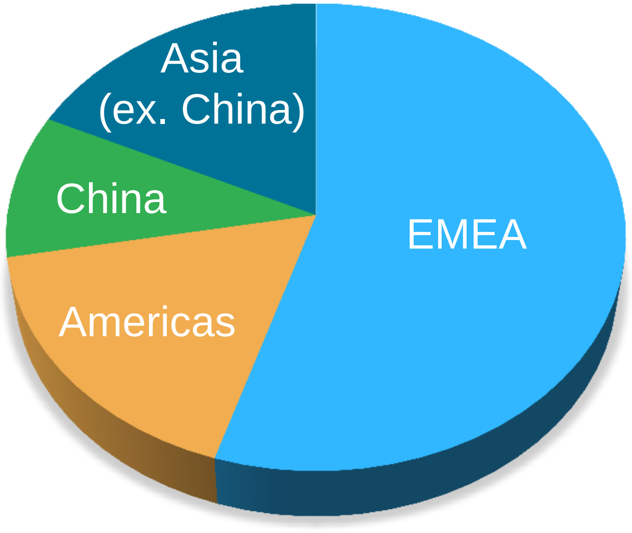
Logistics

Digitalization

Implement next generation operations priorities

Maintenance

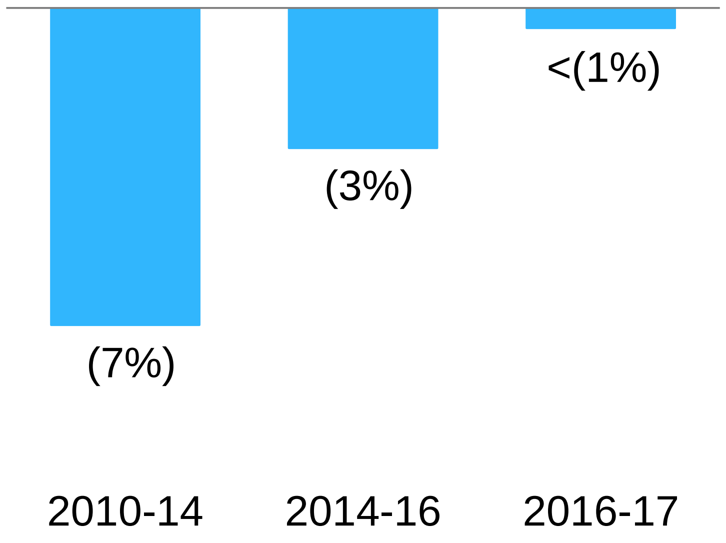
Global portfolio



2017: 2M units

Europe maintenance

(Change in revenue per unit @ cfx)



Europe highlights 2017

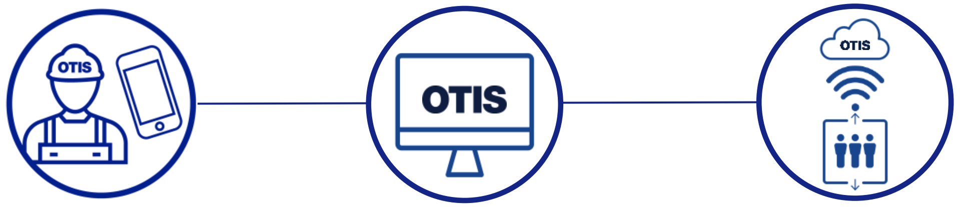
- Cancellations ↓
- Conversions ↑
- Maintenance productivity ↑

Global portfolio growth…encouraging trends seen

Service Transformation

2016 | 2017 | 2018 | 2019+

Mobility & Apps | Service ERP | Remote / IoT



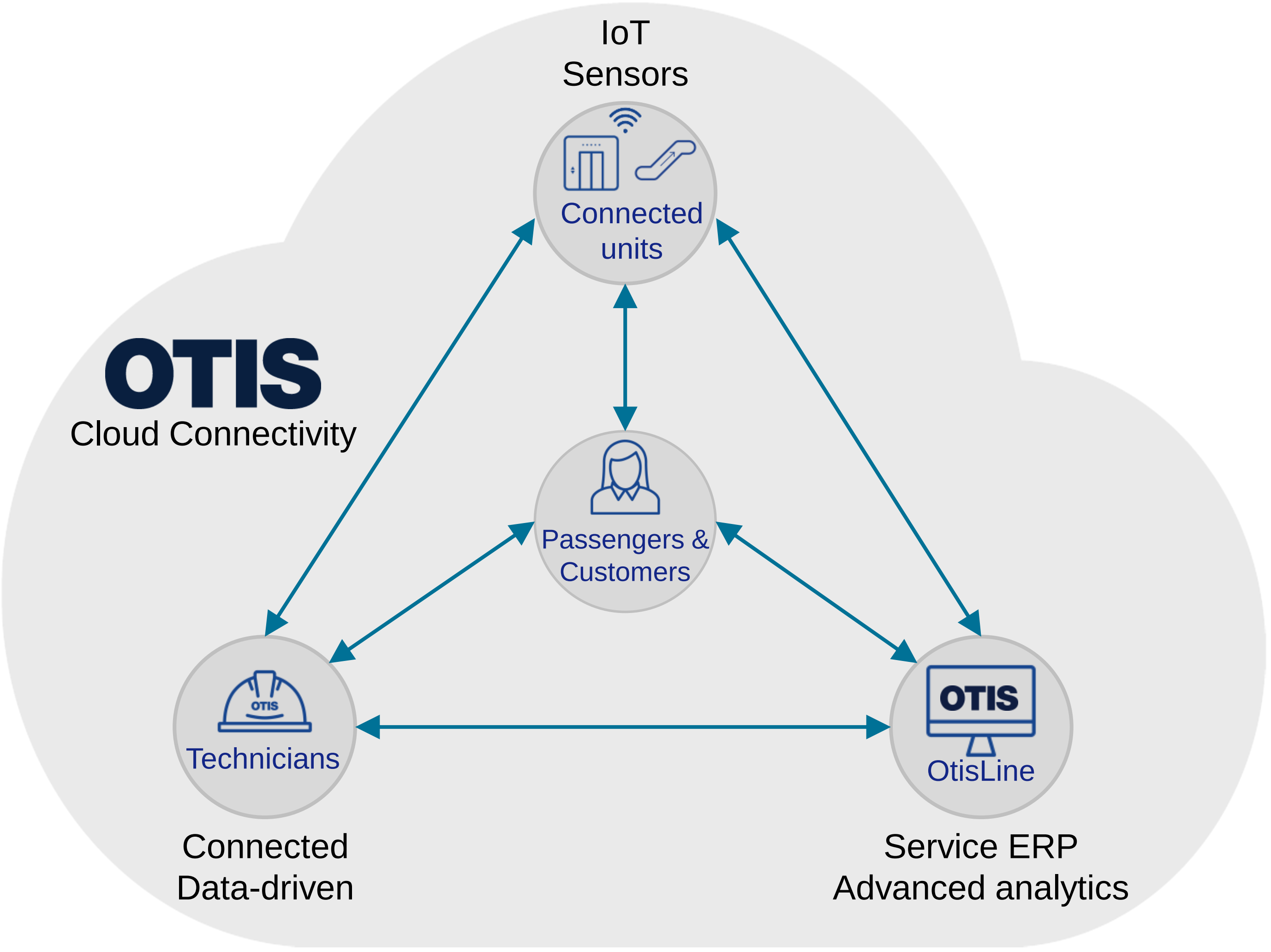
Expected benefits

- Cancellations ↓
- Recaptures ↑
- Callbacks ↓
- Maintenance productivity ↑
- Overhead ↓

Significant change management…incorporating lessons learned

The Future of Otis

Digitally connected



Future

New offerings

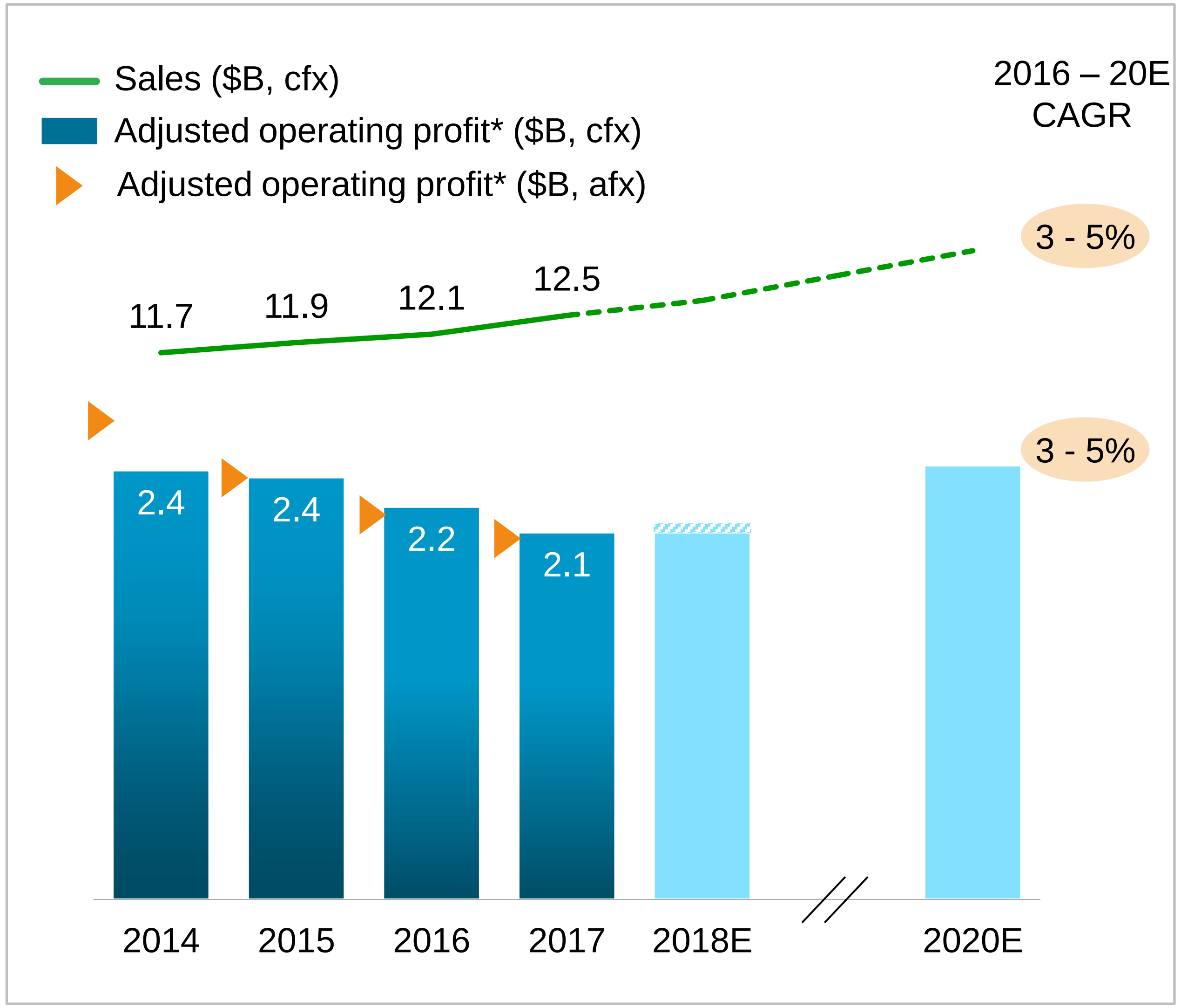
New business models

New partnerships

Self-disruption

Sustained leadership…embracing change

Otis 2020 Outlook



- Accelerate innovation
- New equipment growth
- Operations excellence
- Service transformation

Strong execution and favorable markets

2014 to 2017 adjusted operating profit (afx and cfx) restated for pension accounting change (ASU 2017-07). See appendix for Pro Forma pension accounting change impact.
See appendix for reported sales and adjusted operating profit (afx).
*See appendix for additional information regarding this non-GAAP financial measure.

Bob McDonough

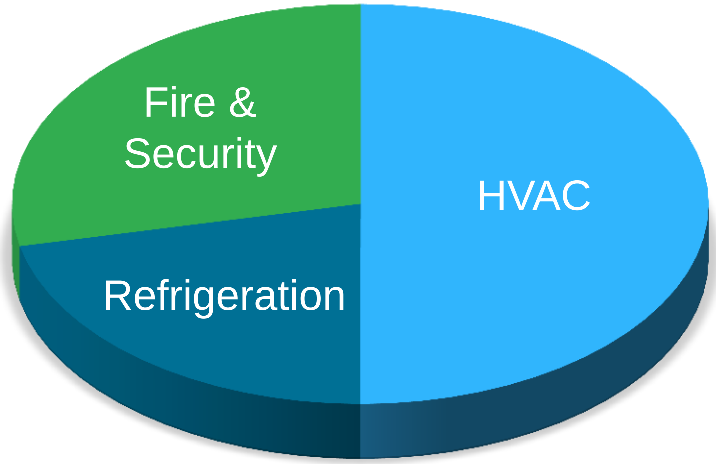
PRESIDENT

United Technologies
Climate | Controls | Security

UTC Climate, Controls & Security

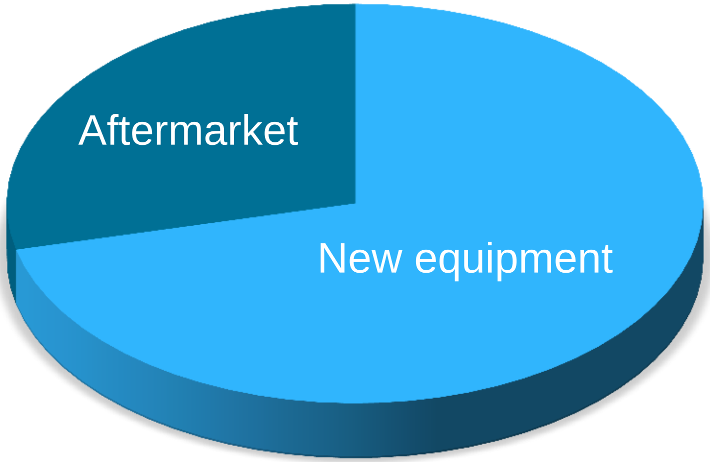
(2017 @ afx)

Segment

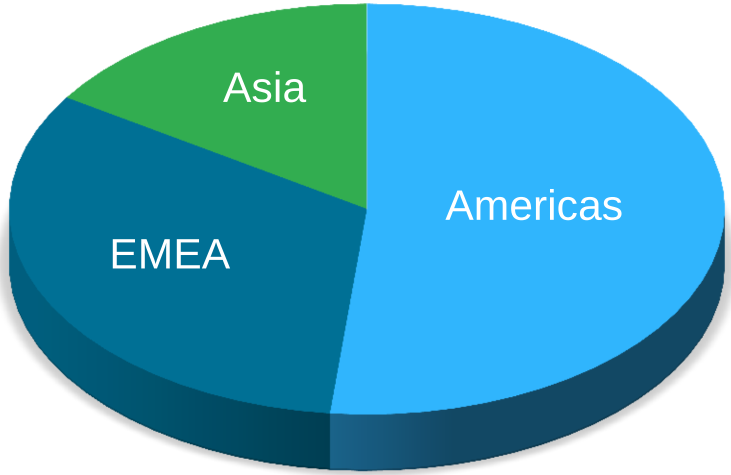


Sales*	$17.8 billion
Adjusted operating profit**	$3.0 billion
Adjusted operating margin	16.8%
Employees	~55,000

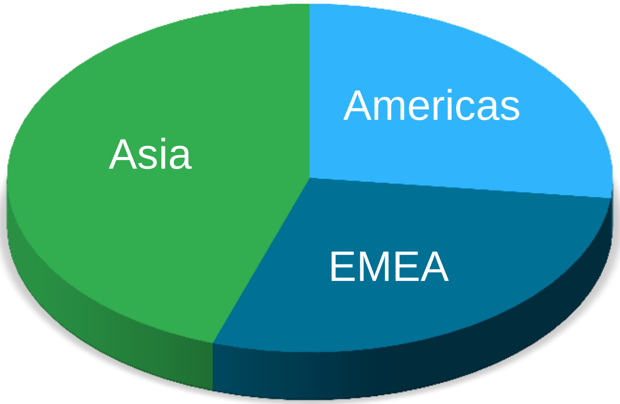
Product Line



Geography



Minority JVs



~$7B

Balanced portfolio

*Excludes unconsolidated JV sales of ~$7B.
**See appendix for additional information regarding this non-GAAP financial measure.

Industry Leadership Positions

(2017 @ afx)

HVAC

$9B

Fire & Security

$5B

Refrigeration

$4B

Carrier United Technologies | Kidde United Technologies | Chubb United Technologies | AutomatedLogic United Technologies | Onity United Technologies | Edwards United Technologies | interlogix United Technologies | Lenel United Technologies | NORESCO United Technologies

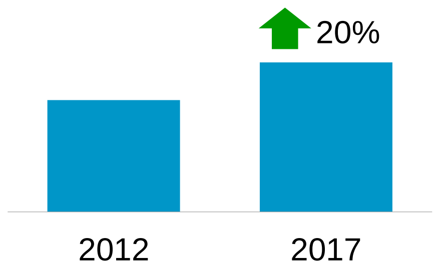
Attractive segments, leading brands

Value Creation

Growth

Carrier United Technologies
Kidde United Technologies
Chubb United Technologies
EDWARDS United Technologies

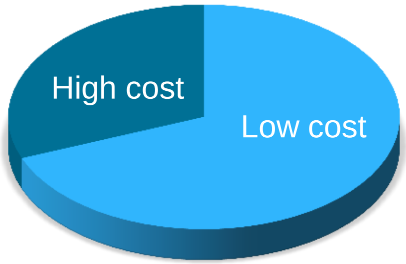
Engineering headcount



Market fundamentals | Brands & channels | Innovation | Solutions

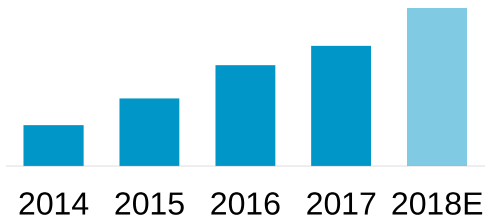
Performance

2017 Manufacturing hours

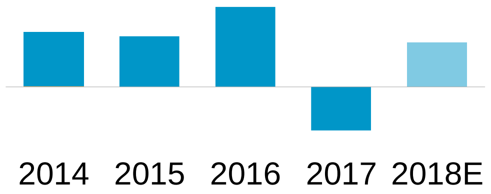


Cumulative restructuring savings

~$450M

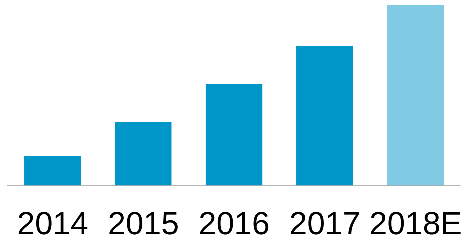


Net price / commodity



Cumulative free cash flow*

~$9B



Cost leadership | Operational excellence | Margin expansion | Cash generation

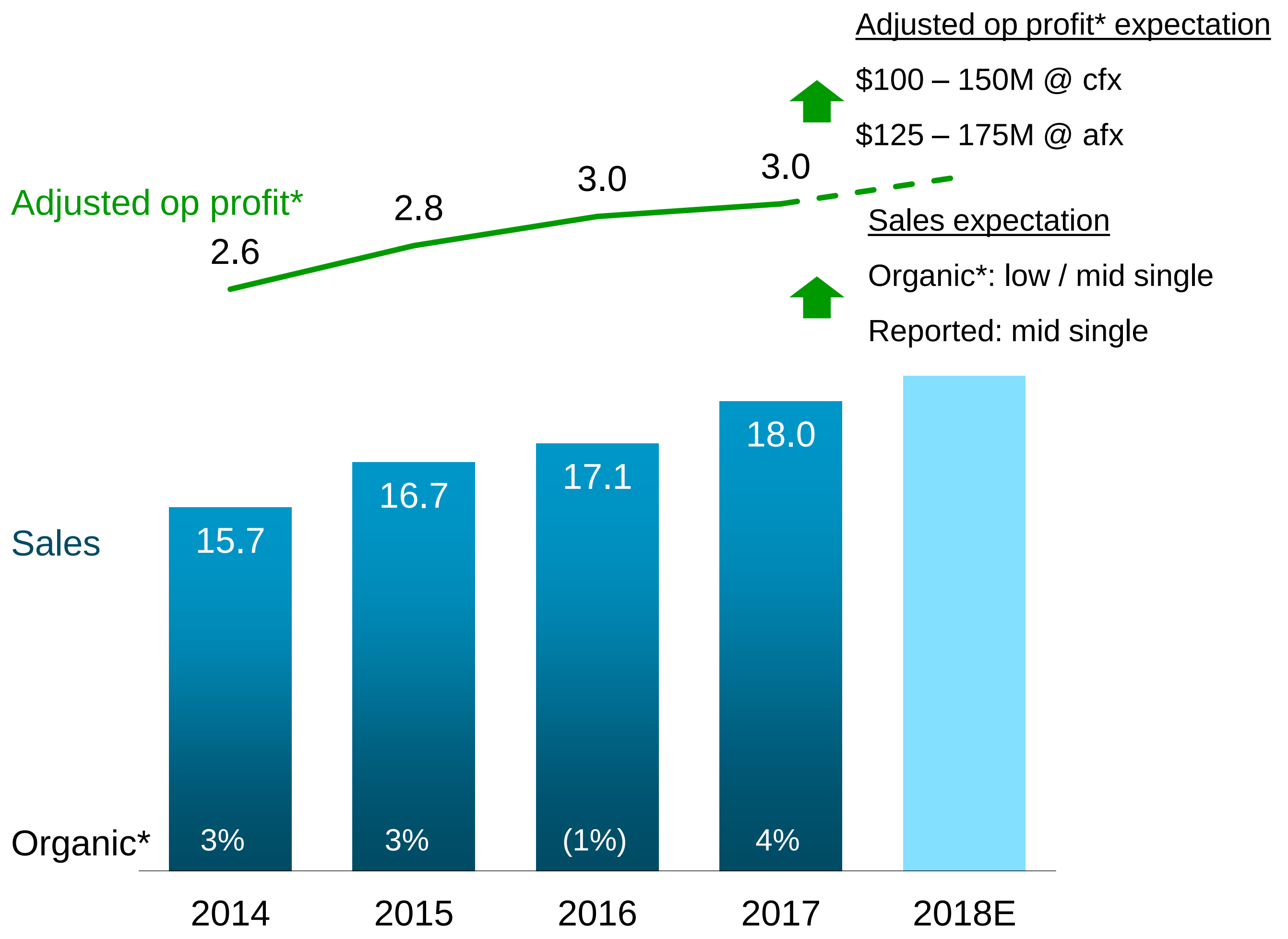
Continuity and evolution

*See appendix for additional information regarding this non-GAAP financial measure.

CCS Priorities

($ billions @ cfx)

Performance



ROS	16.8%	17.1%	17.4%	16.8%

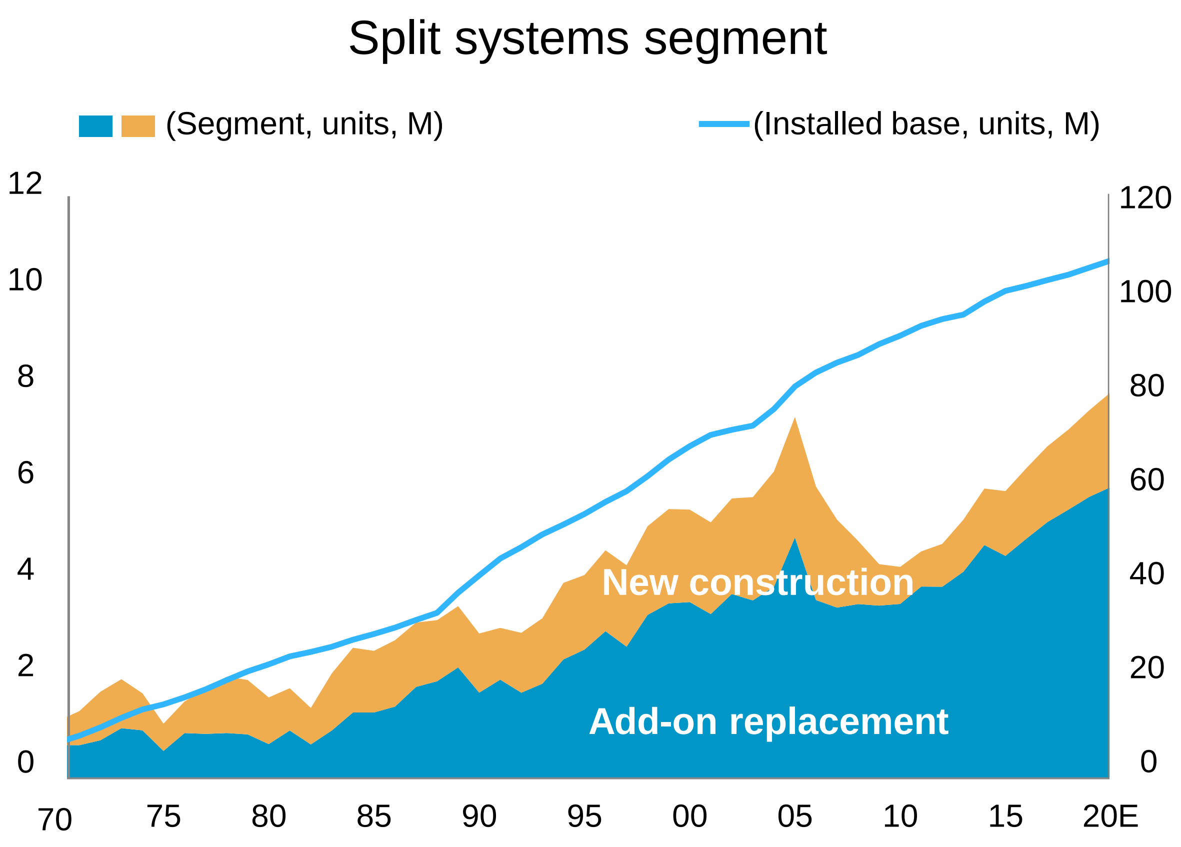
- Customer centricity
- Innovation
- Operational efficiency
- Financial performance

Continued growth

2014 to 2017 adjusted operating profit (cfx) restated for pension accounting change (ASU 2017-07). See appendix for Pro Forma pension accounting change impact.
See appendix for reported sales and adjusted operating profit (afx).
*See appendix for additional information regarding these non-GAAP financial measures.

North America Residential HVAC

Market fundamentals



Growth / Focus areas

Installed base

Products & innovation

Competitive position

Price / cost

42 SEER ductless air conditioner

Greenspeed Intelligence AC

17.5 SEER outdoor air conditioner

Profitable growth

Source: AHRI, US Census Bureau, IHS Markit, & internal estimates

Commercial HVAC

Products

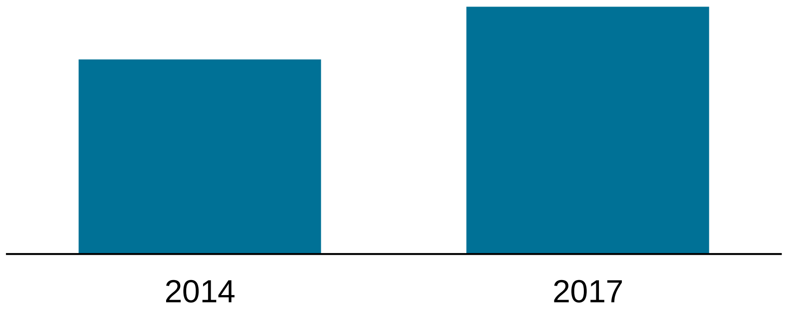
Strengthen & penetrate

Enhanced Air-Cooled	High Efficiency Water-Cooled	VRF
		
30XV	19DV	Toshiba Carrier

Service

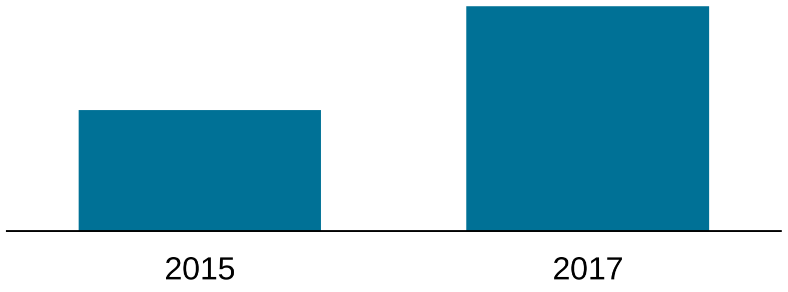
Global service growth
(Sales)

2014 - 2017
+8% CAGR



Energy services backlog
(In dollars)

2015 - 2017
+86%



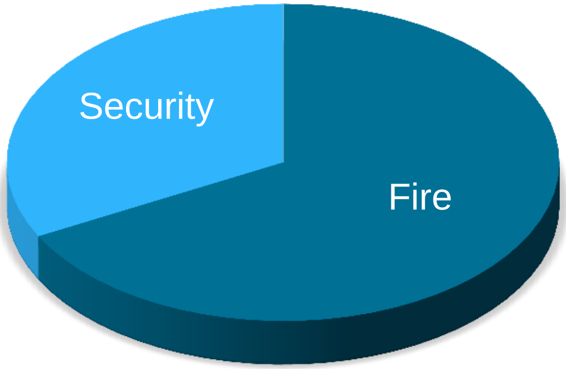
Product innovation / Service growth

Fire & Security

(2017 @ afx)

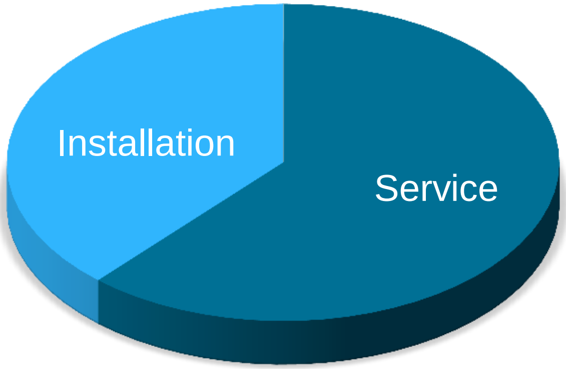
Fire & Security sales

Products



$3B

Field



$2B

Growth / Focus areas

New products & innovations

Regulatory / Code

Digital content

Recurring revenues

Onity DirectKey

Kidde detection & alarm

Chubb security monitoring

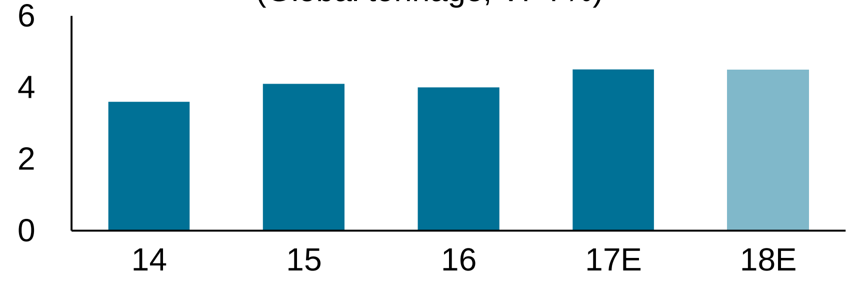
Product excellence / Field investments

Refrigeration

Market fundamentals

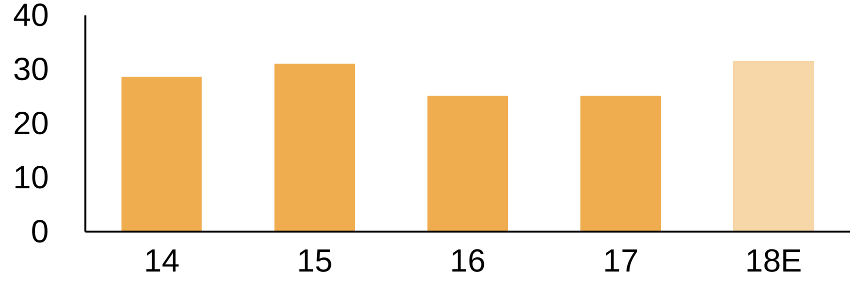
Refrigerated seaborne trade

(Global tonnage, VPY%)



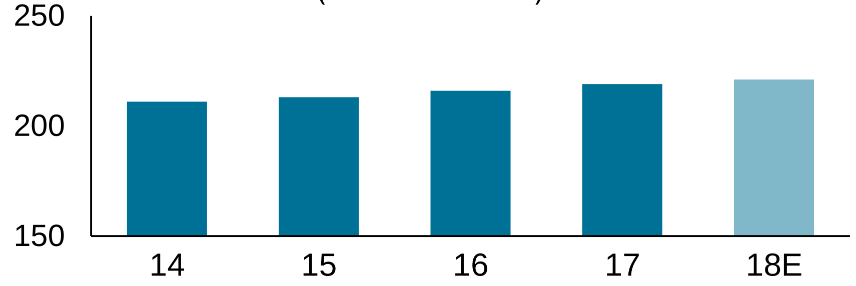
U.S. Class 8 truck shipments

(000's units)



Europe food retail points of sale

(000's of stores)



Growth / Focus areas

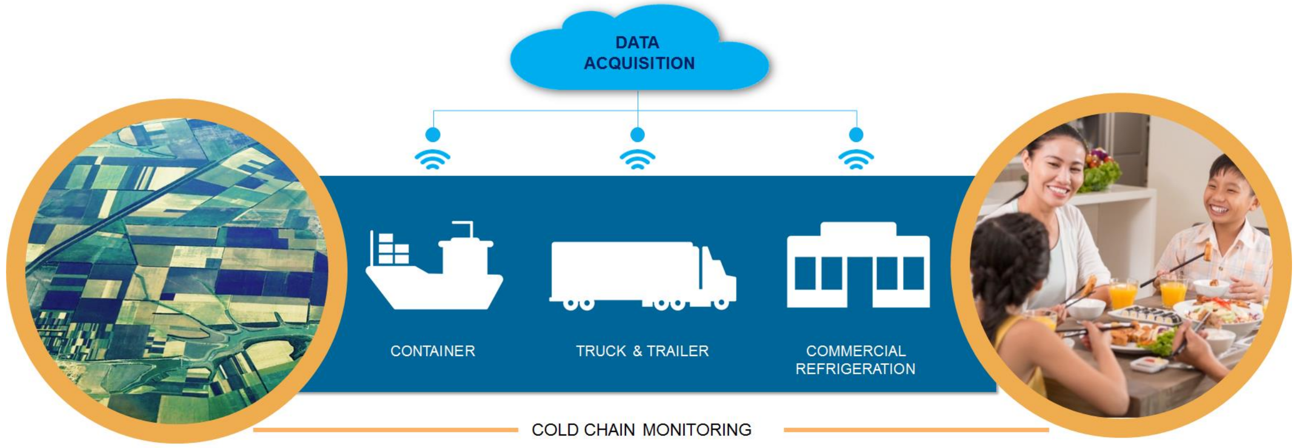
Emerging markets

Adjacencies

Efficiency / Sustainability

Digital products & services

Auxiliary Power Units



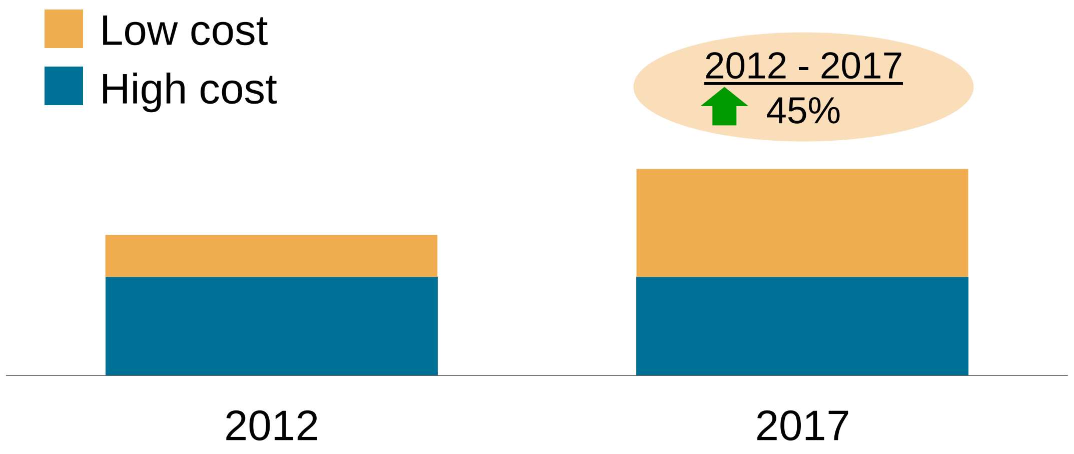
Strong fundamentals / Diversified portfolio

Source: ACT, Drewry, Planet Retail, internal estimates

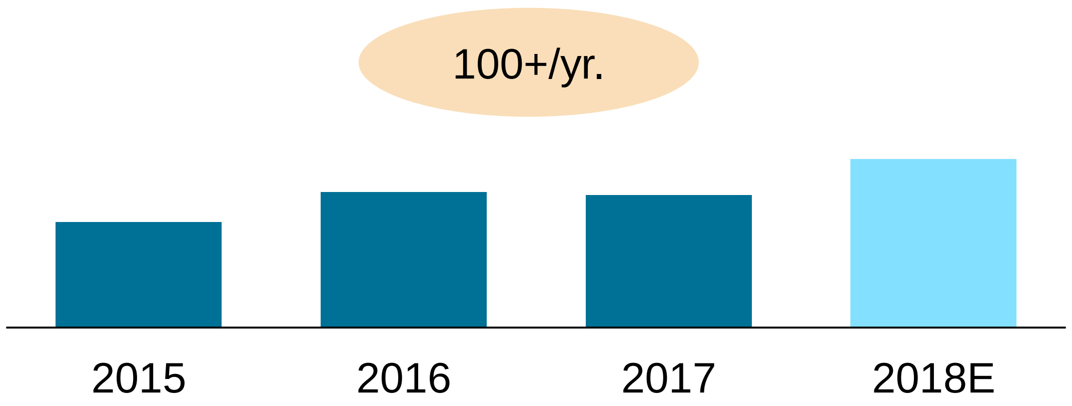
Innovation

Investments

Digital engineering headcount



Product launches



Results

Intelligent products

Efficiency upgrades

Cloud-based offerings

Côr residential thermostat

New diesel truck platform

UltraSync smart home hub

Investments in people and technology for growth

Digital

Opportunity areas

Service transformation

Customer experience

Smart factory

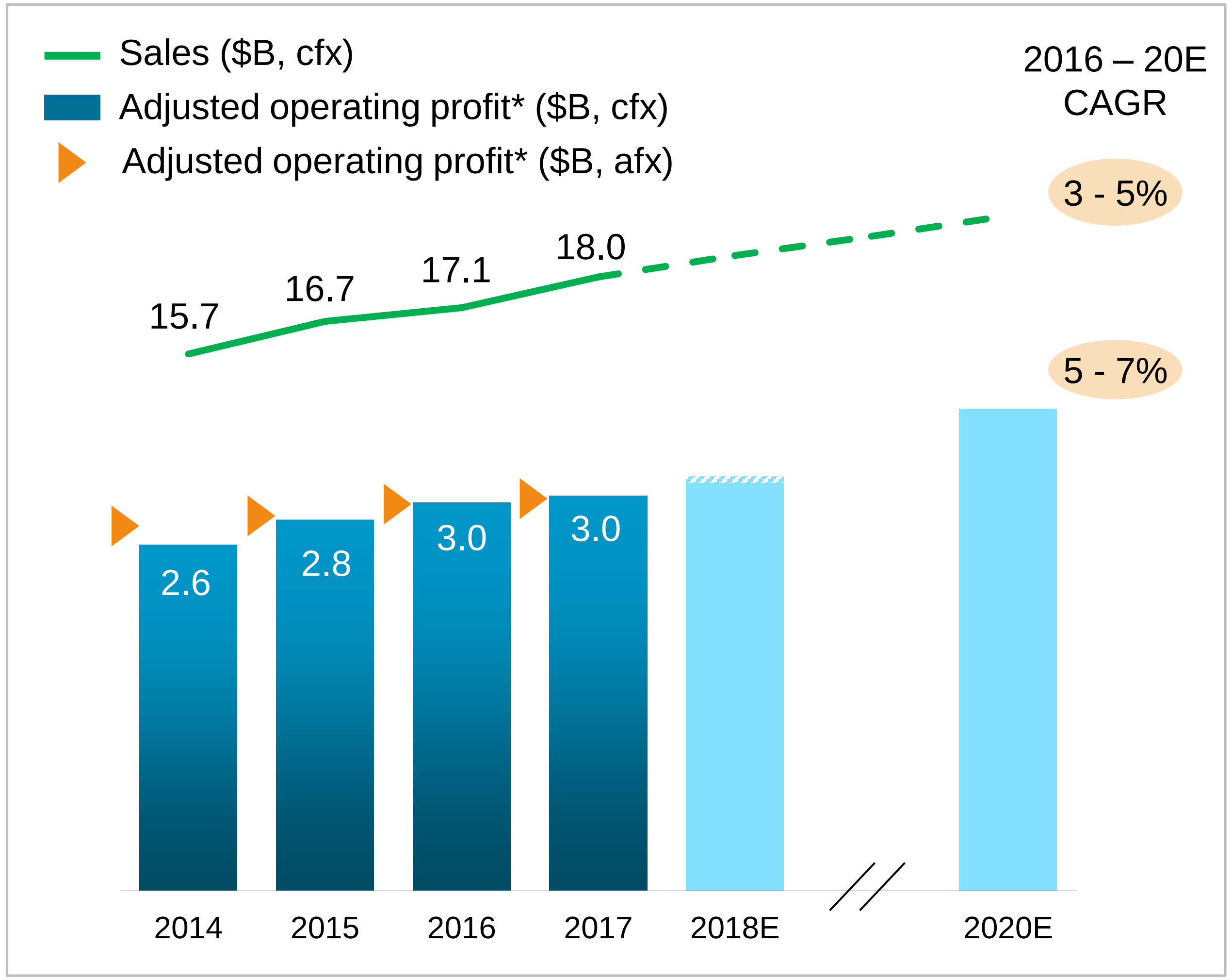
Connected products

Connected

~60K	Rooftop units
~300M	Sq. ft. under management
~900K	Real estate agents
~500K	Hotel rooms
~10M+	Monitored shipments

New revenues / Efficiencies

CCS 2020 Outlook



- Organic growth
- Innovation
- Cost / cash focus
- Portfolio optimization

Sustainable value creation

2014 to 2017 adjusted operating profit (afx and cfx) restated for pension accounting change (ASU 2017-07). See appendix for Pro Forma pension accounting change impact.
See appendix for reported sales and adjusted operating profit (afx).
*See appendix for additional information regarding this non-GAAP financial measure.

Dave Gitlin

PRESIDENT

UTC Aerospace Systems

Key Messages

Delivering on commitments → Solid 2017; 2016-2020E on track

Executing priorities → Cost reduction; Aftermarket; Digital and innovation

Positioning for the future → Creating the industry's premier aerospace company

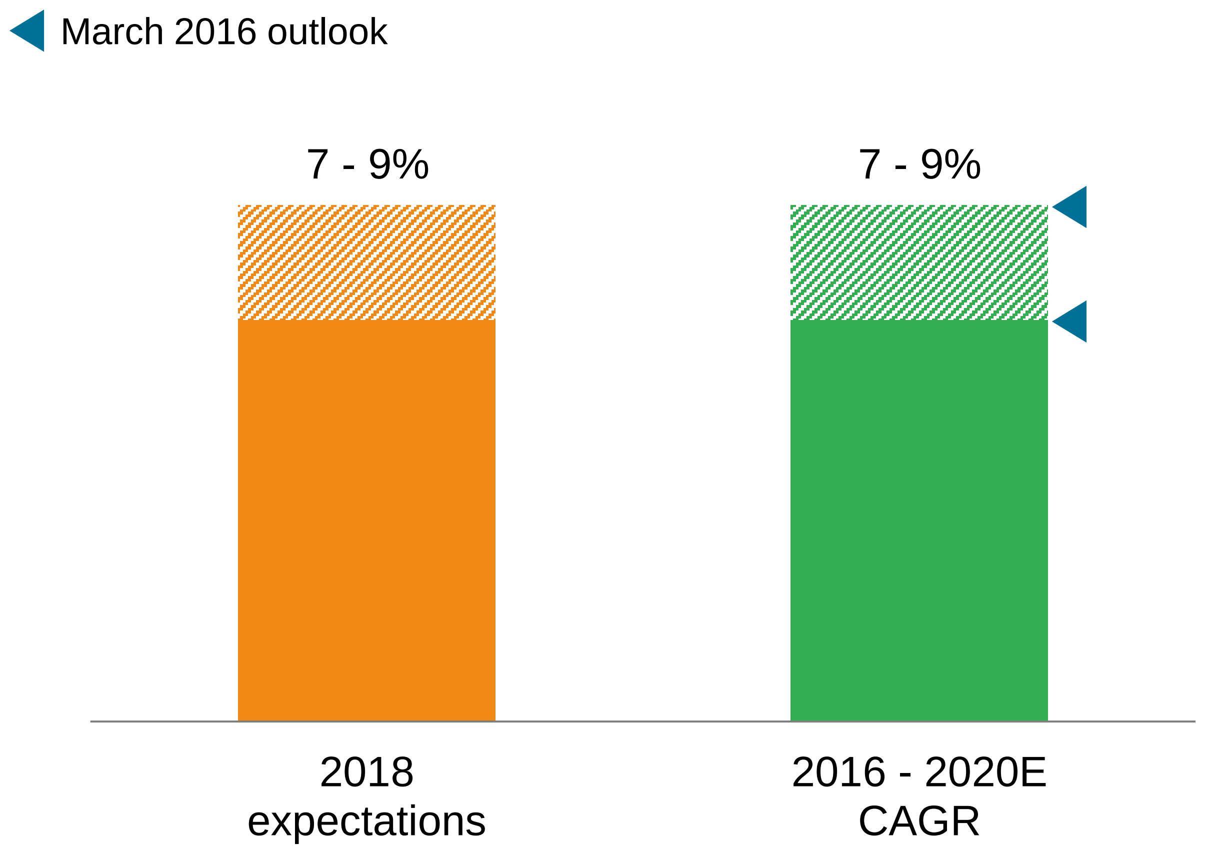
Financial Outlook

(YOY growth)

2018 expectations

Organic sales*	Up low single digit
Commercial OE	Up low single
Commercial AM	Up low-to-mid single
Military	Up low-to-mid single
Adjusted operating profit*	$150 - 200M

2016-2020E adjusted operating profit*



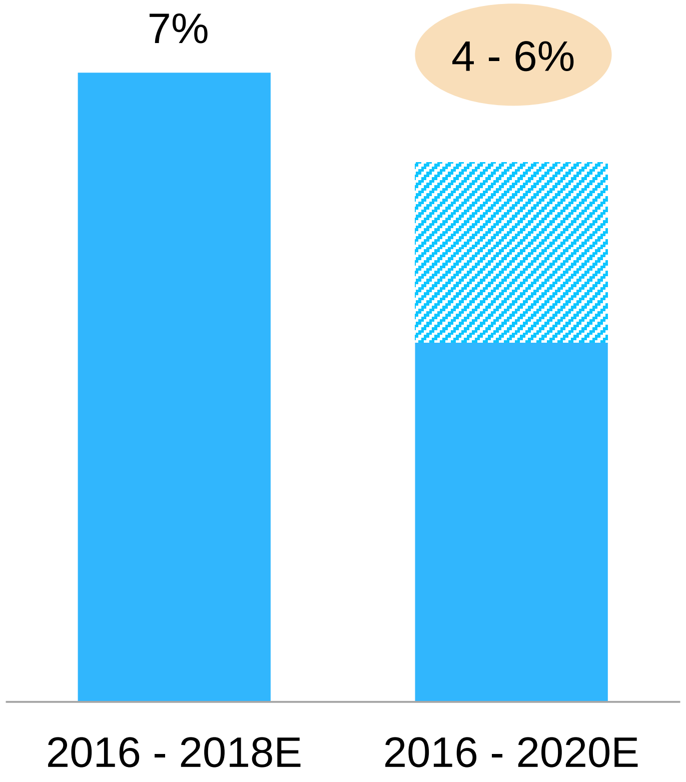
2018 in line with 2020 targets

Excludes impact from the proposed acquisition of Rockwell Collins.
*See appendix for additional information regarding these non-GAAP financial measures.

2020 Key Drivers

Commercial aftermarket

(Organic sales* CAGR)



Growth drivers

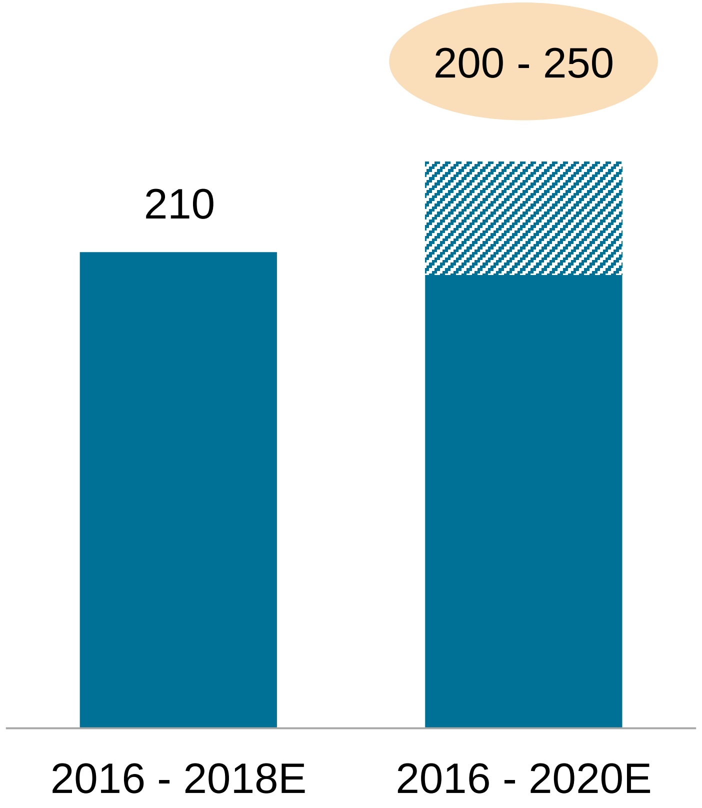
Traffic / utilization

Fleet growth

Upgrades / surplus

Product cost reduction

(Average YOY cost reduction, $M)



Growth drivers

Supply Chain

Productivity

Footprint

Commercial aftermarket and product cost reduction remain on track

Excludes impact from the proposed acquisition of Rockwell Collins.
*See appendix for additional information regarding this non-GAAP financial measure.

Digital and Innovation

Digital

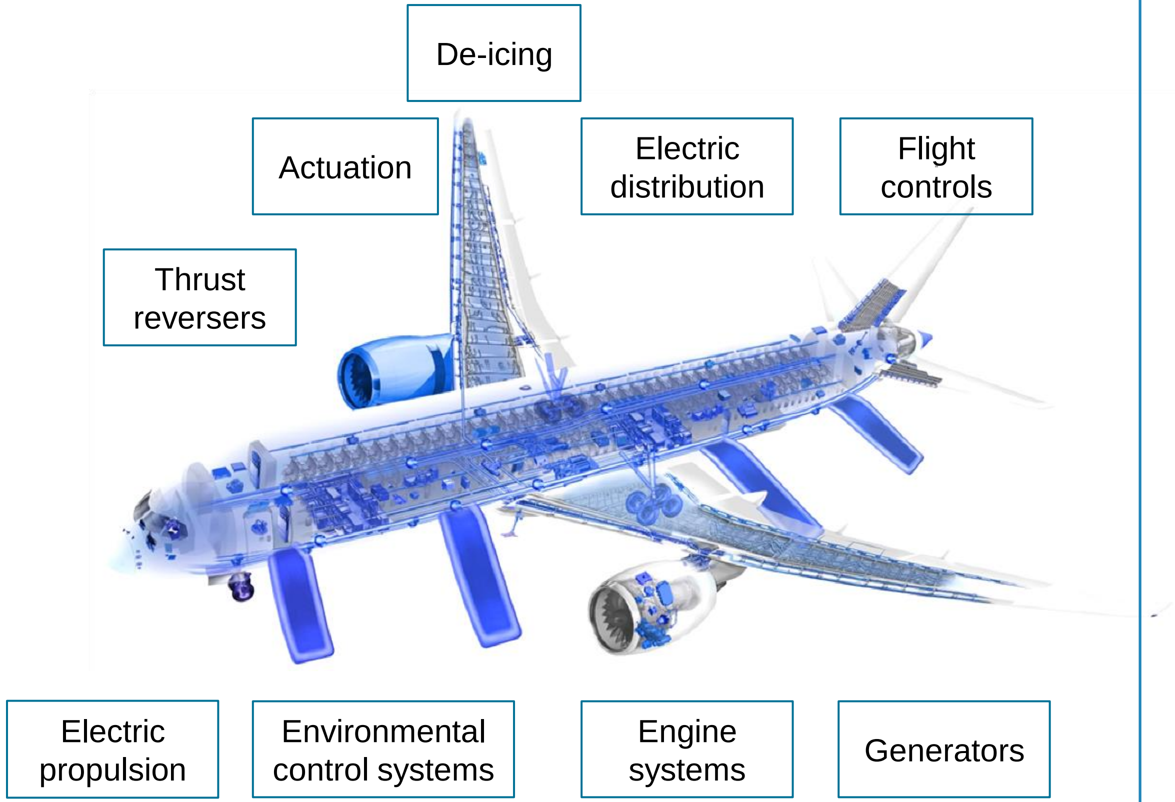
Service transformation

Customer experience

Smart factory

Connected products

More electric aircraft



Making key advancements in digital and innovation

Rockwell Collins Acquisition

Cost synergies

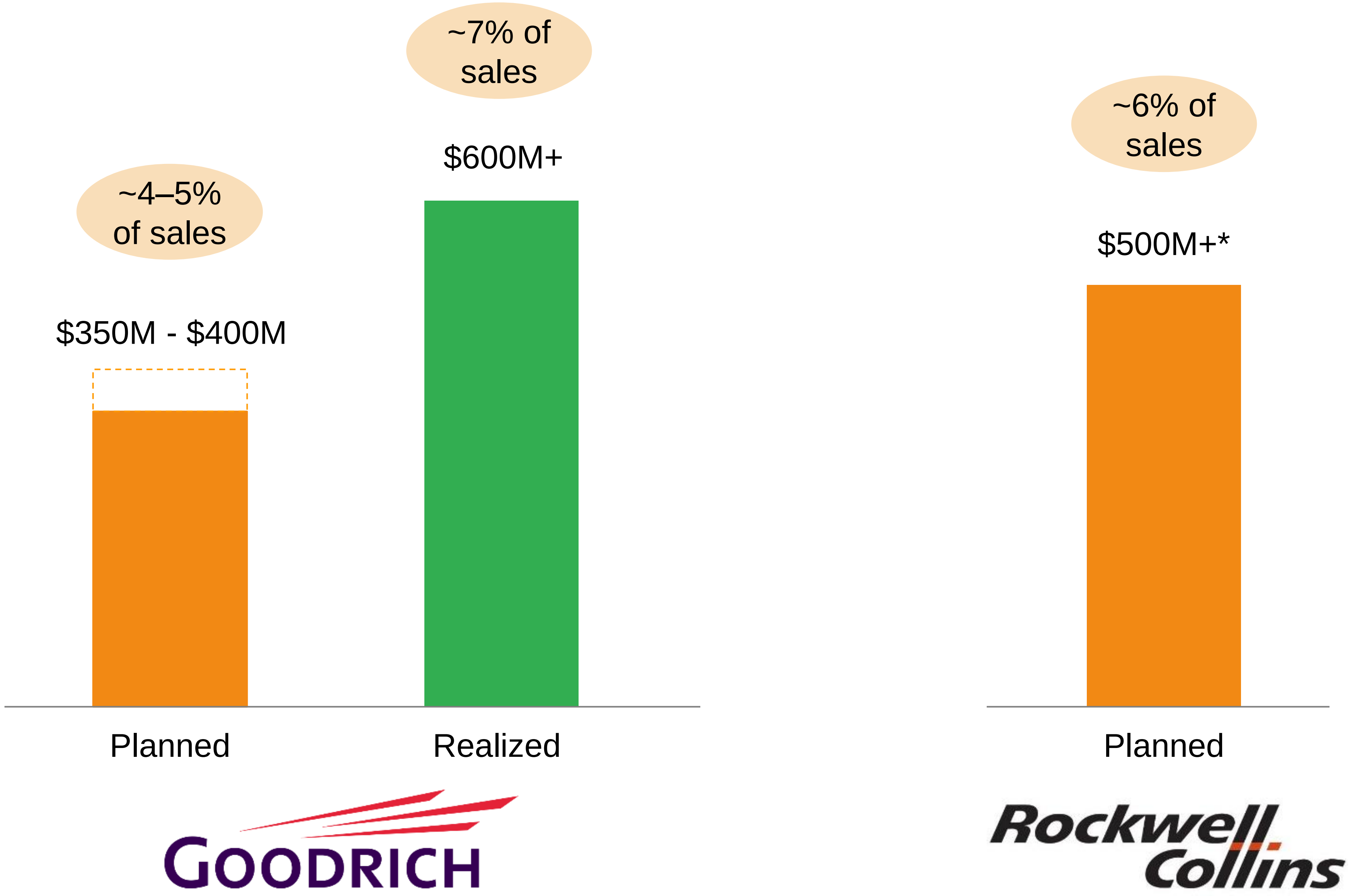
Key aircraft content

Expanded customer channels

Revenue synergies

A transformative combination

Projected Cost Synergies



Public company costs / SG&A

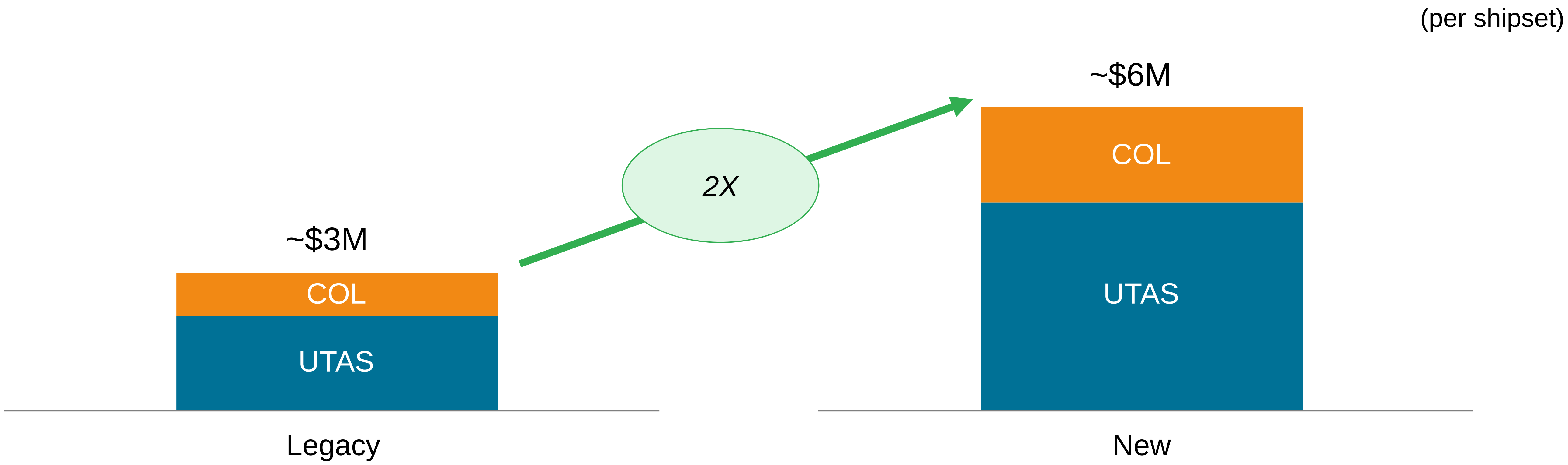
Procurement

Productivity / footprint

Applying lessons learned from the Goodrich acquisition

*$650M one-time costs to achieve synergies

New Content Will Drive Growth




A320ceo

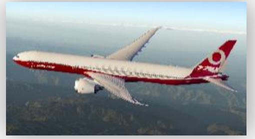

B737


B777


CRJ


A320neo


B737 MAX


B777X


CSeries


B787


E1


Global 5000


G550


F-15/F-16


E2


Global 7000


G650


F-35


A350

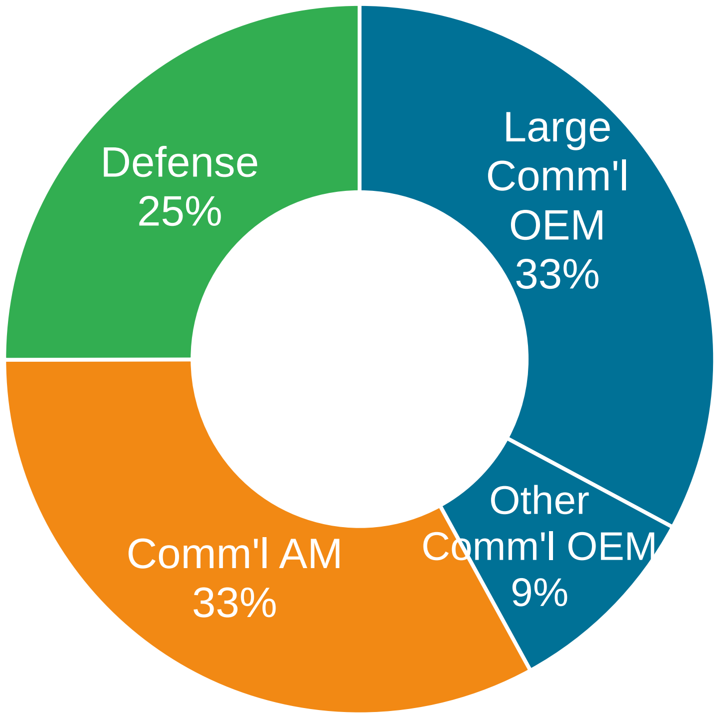
Key content on the right platforms

Projected Customer Channel Expansion

(2017 pro forma)

Sales mix

UTAS + COL

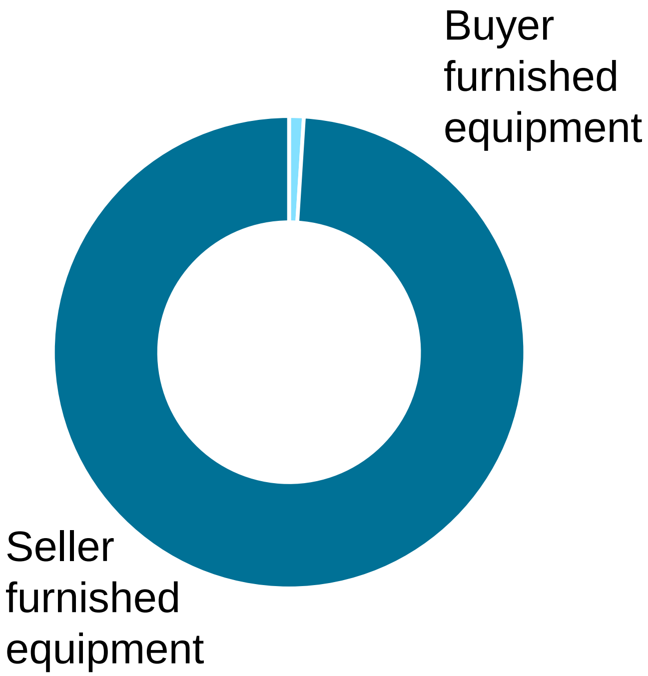


Total Sales = ~$23B

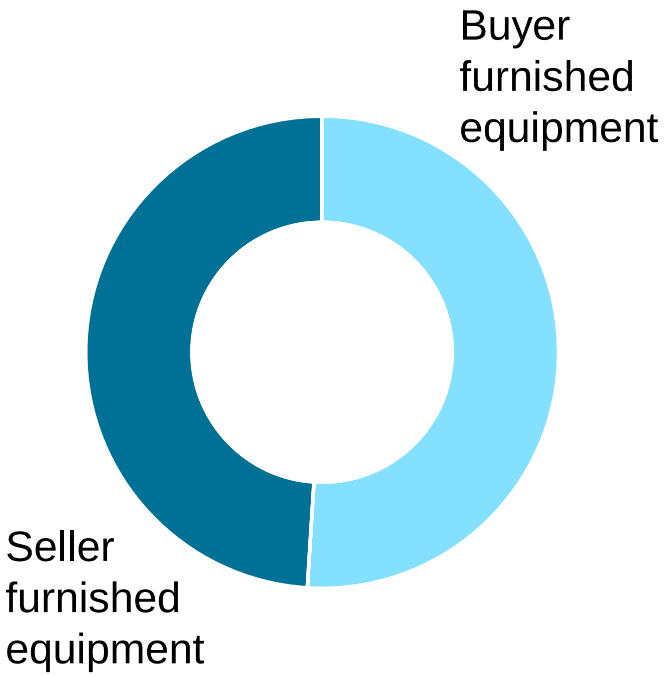
Direct sales opportunities

(Commercial OE)

UTAS



COL



Balanced portfolio with more growth opportunities with our airline customers

Projected Revenue Synergies

Intelligent aircraft

Prognostics and health management

Integrated and optimized aircraft products

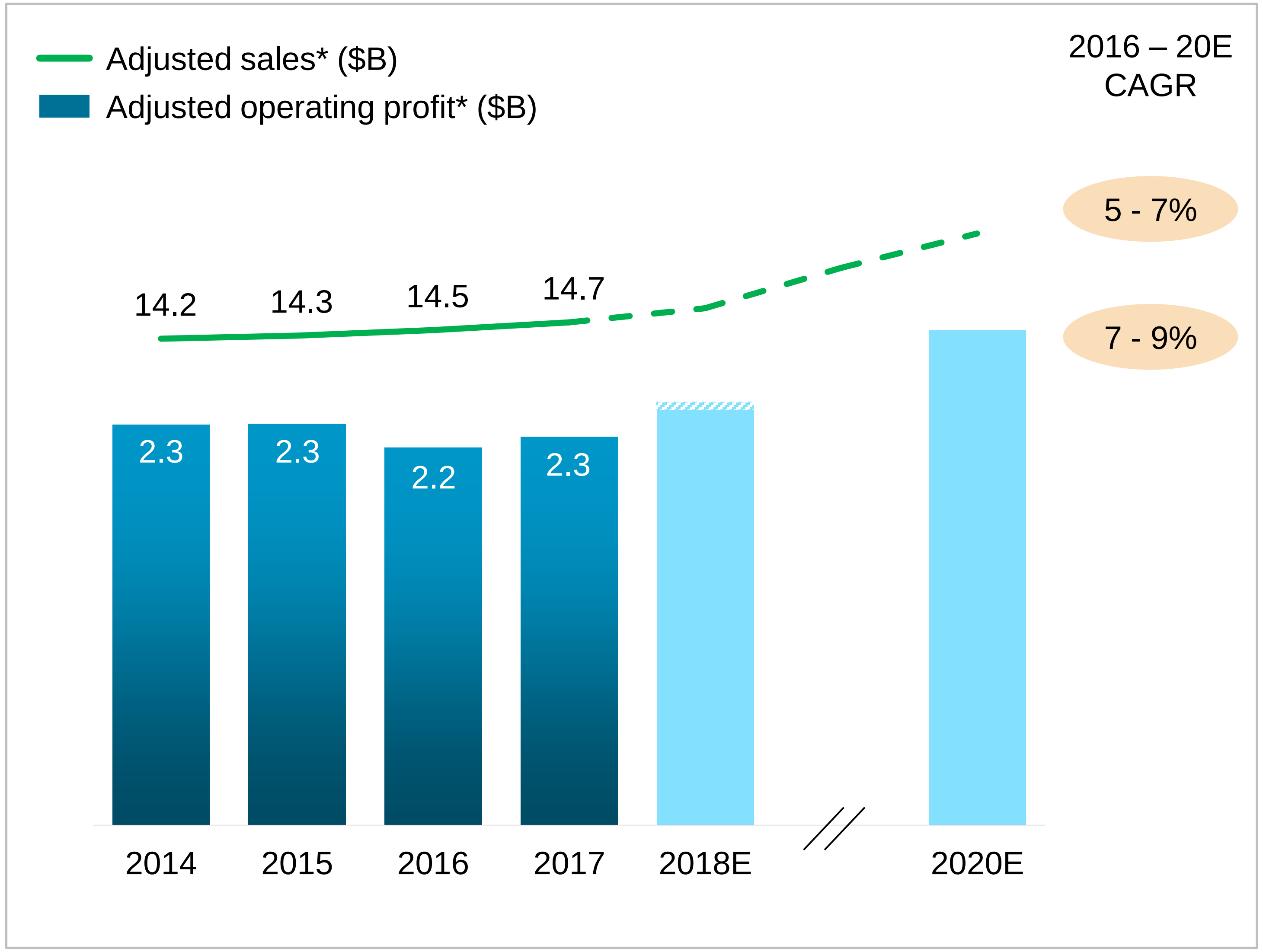
Autonomy

Advanced defense systems

Connected battlefield

Differentiated solutions for our customers

UTC Aerospace Systems 2020 Outlook



Delivering on commitments

Executing priorities

Rockwell Collins: a game-changing combination

Excludes impact from the proposed acquisition of Rockwell Collins.
2014 to 2017 adjusted operating profit restated for pension accounting change (ASU 2017-07). See appendix for Pro Forma pension accounting change impact.
*See appendix for additional information regarding these non-GAAP financial measures.

Bob Leduc

PRESIDENT

Pratt & Whitney
A United Technologies Company

Pratt & Whitney 2018 Expectations

($ millions)

Sales	
up low teens	
Organic – up low-teens*	
Commercial OE**	up ~20%
Commercial AM**	up ~10%
Military OE	up ~25%
Military AM	up ~10%

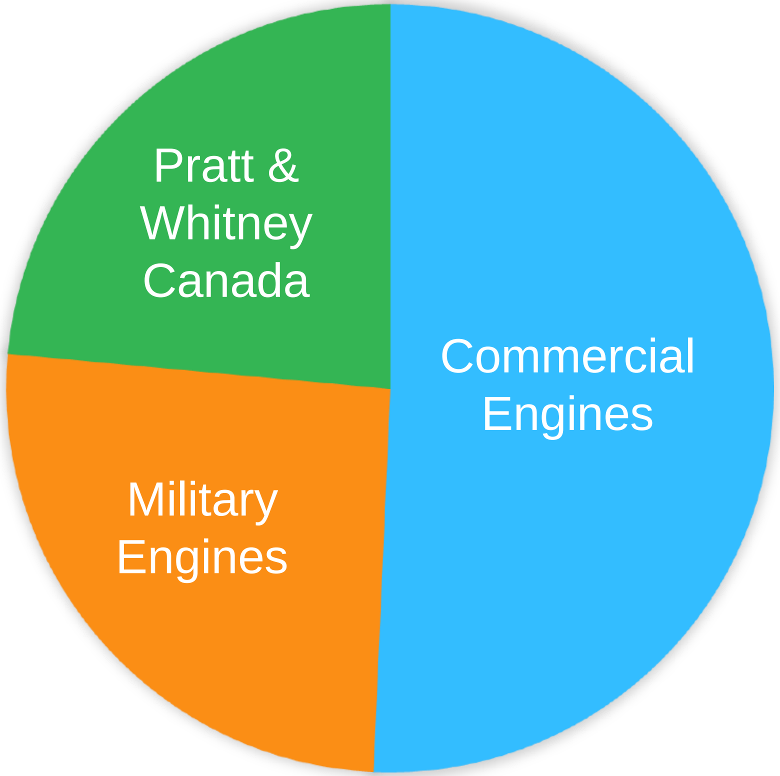
Adjusted Operating Profit*		
up $25 – 75M		
Commercial OE mix	–	~350
Commercial aftermarket	+	250 – 300
Military	+	~125
2018 expectations (Excluding FX)		$25 – 75M
FX	+	~0M
2018 expectations (Including FX)		$25 – 75M

*See appendix for additional information regarding these non-GAAP finance measures.
**Includes large commercial and P&W Canada.

Pratt & Whitney

Strong Positioning

2017



$16.5B adjusted sales* (up 9% organically)

Balanced portfolio

Positioned for growth

Focused on our core


Photo: Lockheed Martin

*See appendix for additional information regarding this non-GAAP financial measure.

Strategic Priorities

Priorities

Execute delivery and cost plans

Continued innovation

Investment discipline

2017 Achievements

374 GTF engines delivered

GTF upgrades

Manufacturing automation & digitization

Aftermarket investment

2018 Focus

Successful ramp and continued cost reduction

Execute digital strategy

Investment allocation to new programs and technologies

On track to achieve 2020 goals

Pratt & Whitney Canada

Recent wins

DASSAULT AVIATION

Cessna TEXTRON AVIATION

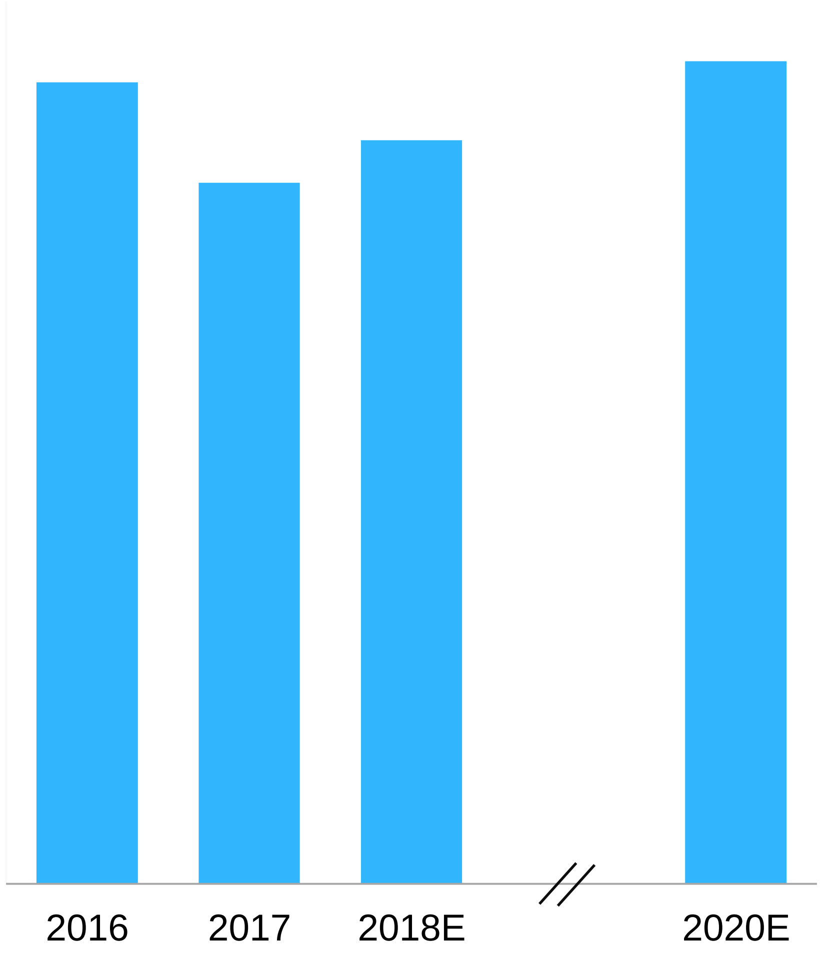
FedEx Express

ATR PROPELLING THE NEXT CONNECTION

IndiGo

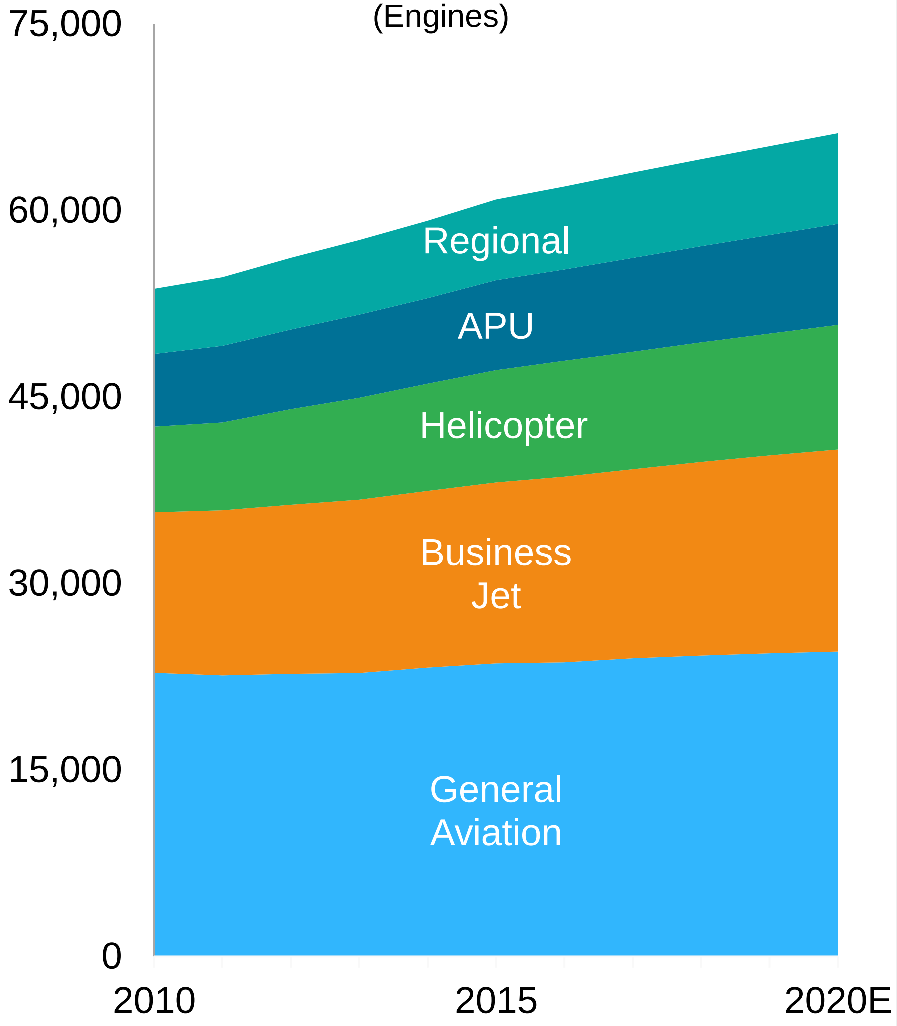
Engine shipments

(Engines)



Installed base

(Engines)



Franchise positioned for continued industry leadership

Military Engines

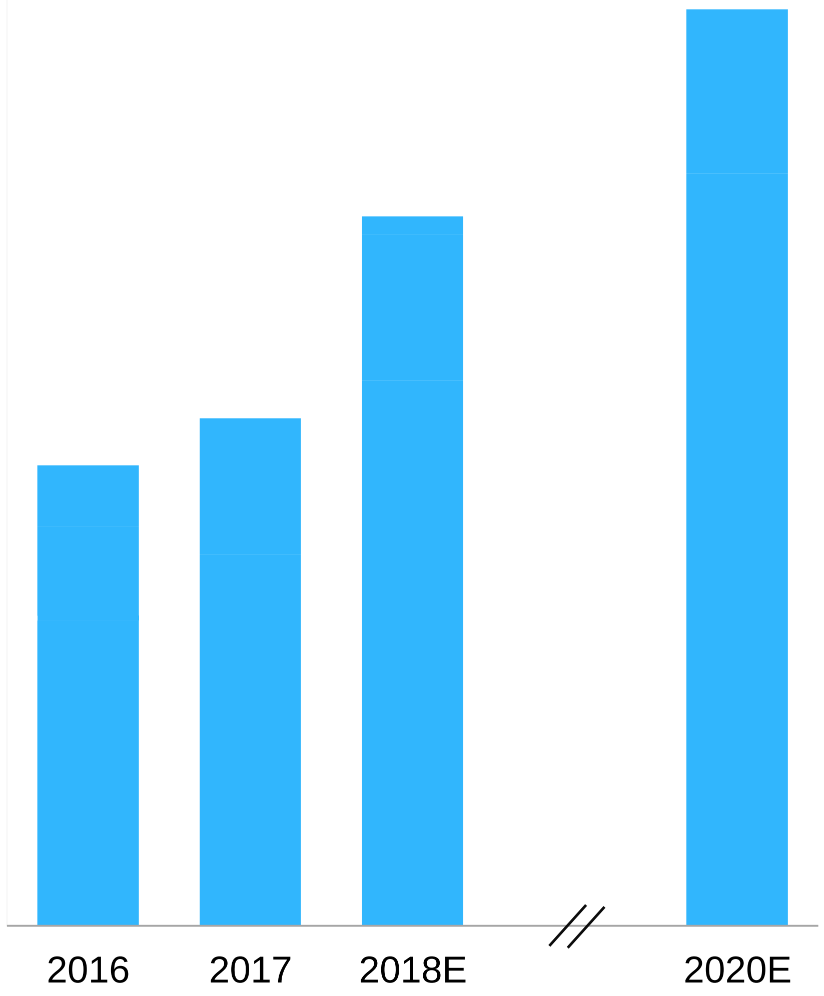
F-35 JSF

KC-46A Tanker

B-21 Bomber

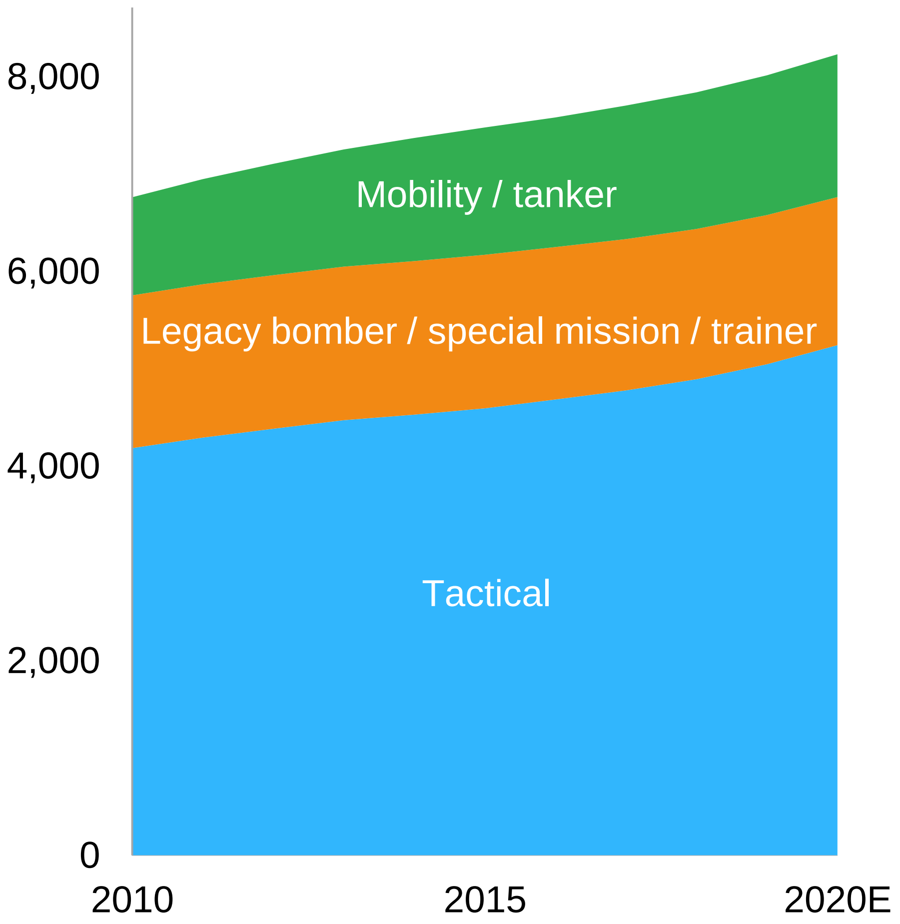
Engine shipments

(Engines*)



Installed base

(Engines*)



Military engine portfolio well positioned for the future

*Excludes 8,880 APUs in 2010 estimated to grow to 15,500 in 2020

Large Commercial Engines

Recent major GTF wins

DELTA

SWISS

AVIATION CAPITAL GROUP
A Pacific Life Company

AIR CHINA
中国国际航空公司

BOC AVIATION

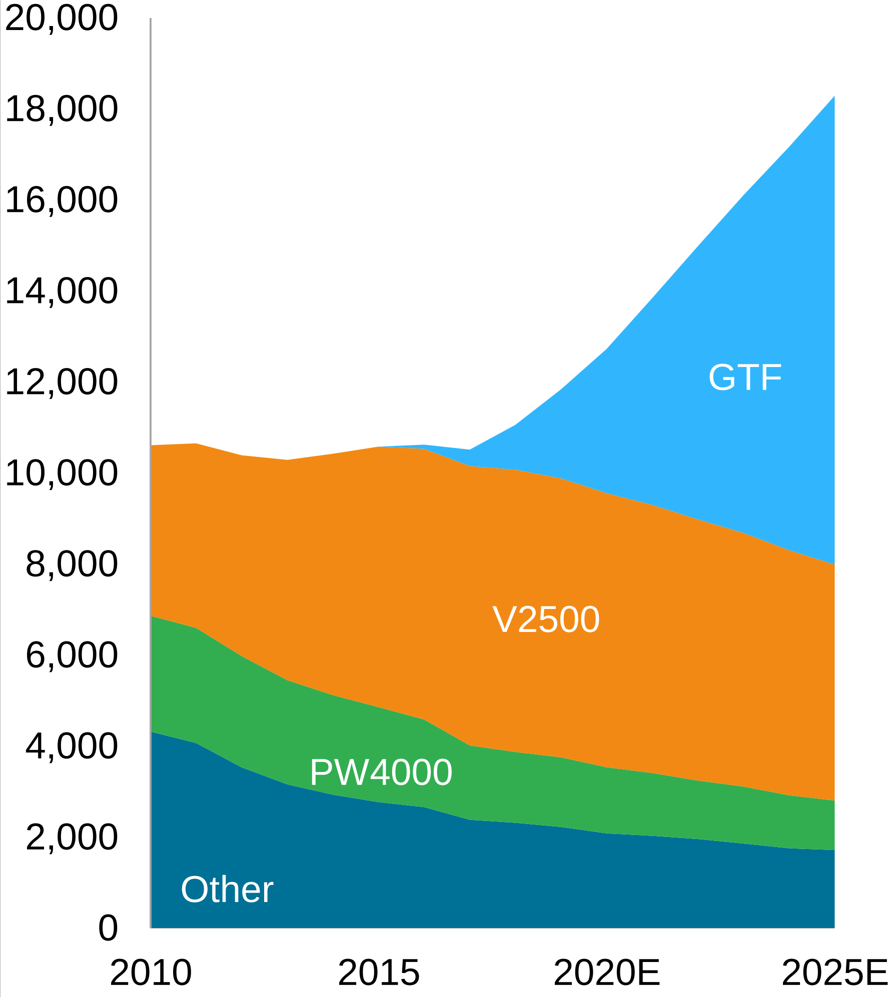
2018 Entry Into Service

E190-E2 EIS Q2

KC-390 EIS Q3

Installed base

(Engines*)

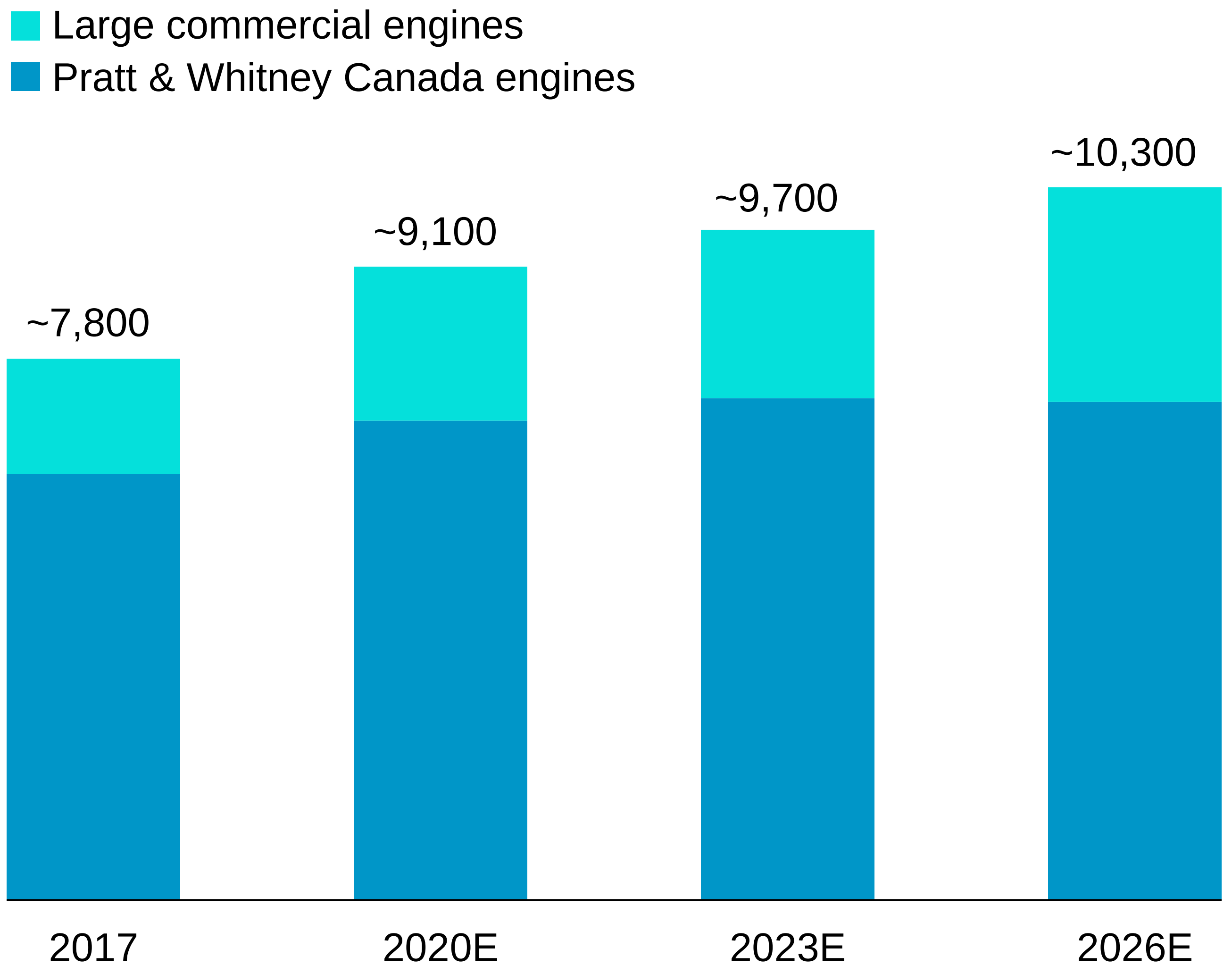


Strong backlog positions business for long-term growth

*Includes announced and unannounced firm & option orders.

Commercial Aftermarket

Shop visits



Enablers for growth

Repair development and TAT

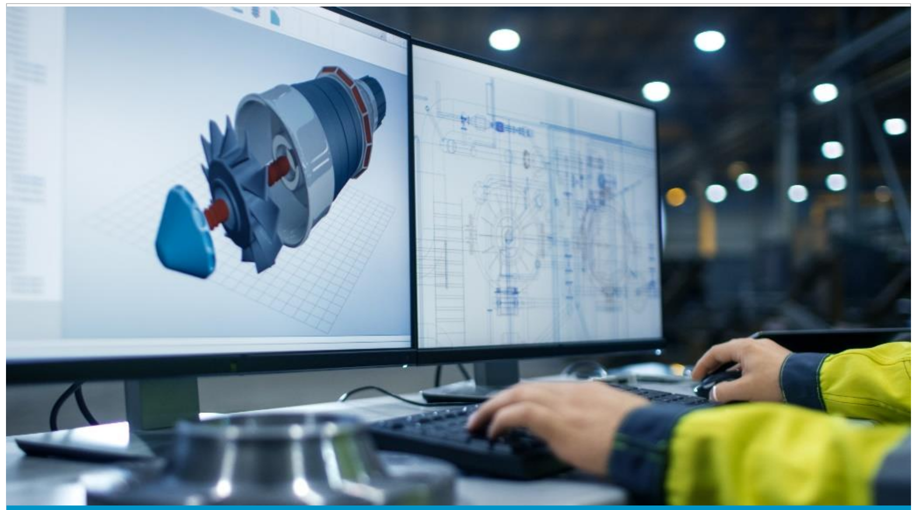
Customer e-Commerce Portal

Overhaul center operations

Digital engine monitoring

Commercial aftermarket poised to deliver returns for years to come

Digital



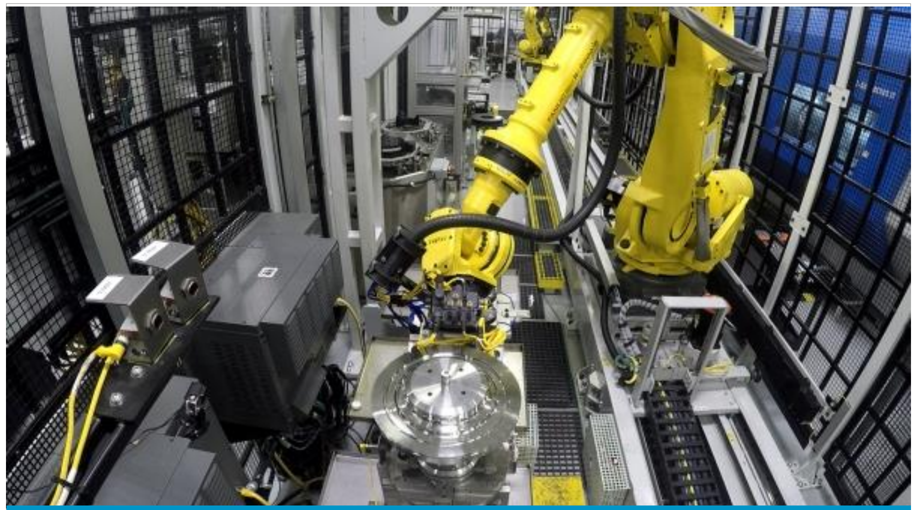
Digital design

Design optimization

100x – 1,000x faster data search/aggregation

3x faster simulation turn time

Reduced program risk and rework



Smart factory

Automated demand forecasting and planning

100% visibility into part production process

Reduced WIP and labor costs

Increased productivity

Connected products

Full-flight engine data and predictive analytics

Improved technical investigation speed/accuracy

Enhanced customer performance monitoring

Fewer disruptions/unscheduled removals

Leveraging digital throughout the value stream

Productivity and Quality

Fan blade automation

40% reduction in lead time

20% increase in yield

30% reduction in cost

Module assembly automation

50% reduction in lead time

40% increase in yield

20% reduction in cost

Neo turbine disc automation

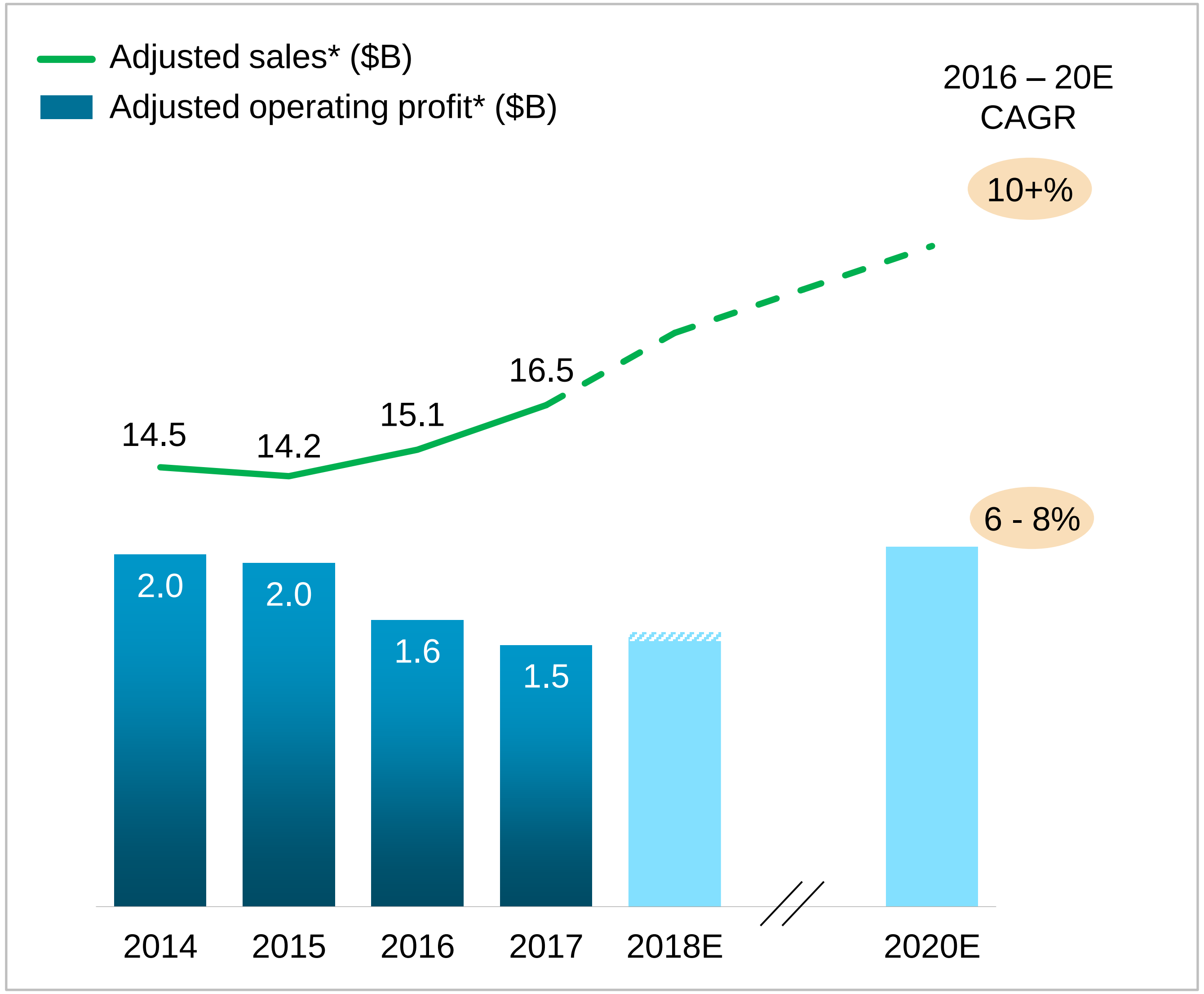
50% reduction in lead time

40% reduction in quality flags

16% reduction in cost

Initiatives are achieving productivity and quality objectives

Pratt & Whitney 2020 Outlook



Pratt & Whitney
A United Technologies Company

Commercial aftermarket growth

Commercial OEM cost reduction

Military program execution

2014 to 2017 adjusted operating profit restated for pension accounting change (ASU 2017-07). See appendix for Pro Forma pension accounting change impact.
*See appendix for additional information regarding these non-GAAP financial measures.

Pratt & Whitney

Most diversified
small-engine portfolio

15 new applications
in last 5 years

Best-positioned
military engine portfolio

Fighter, tanker, bomber, APU
and future opportunities

GTF engine is architecture
of choice

7-year backlog*

100,000 engines in service by 2020

*Includes announced and unannounced firm & option orders.

Appendix

Use and Definitions of Non-GAAP Financial Measures

United Technologies Corporation reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP").

We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Adjusted net sales, organic sales, adjusted operating profit, adjusted net income and adjusted earnings per share (“EPS”) are non-GAAP financial measures. Adjusted net sales represents consolidated net sales from continuing operations (a GAAP measure), excluding significant items of a non-recurring and/or nonoperational nature (hereinafter referred to as “other significant items”). Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items. Adjusted operating profit represents income from continuing operations (a GAAP measure), excluding restructuring costs and other significant items. Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs and other significant items. Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), excluding restructuring costs and other significant items. For the business segments, when applicable, adjustments of net sales, operating profit and margins similarly reflect continuing operations, excluding restructuring and other significant items. Management believes that the non-GAAP measures just mentioned are useful in providing period-to-period comparisons of the results of the Company’s ongoing operational performance.

Free cash flow is a non-GAAP financial measure that represents cash flow from operations (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing UTC's ability to fund its activities, including the financing of acquisitions, debt service, repurchases of UTC's common stock and distribution of earnings to shareholders.

A reconciliation of the non-GAAP measures to the corresponding amounts prepared in accordance with GAAP appears in the tables in this Appendix. The tables provide additional information as to the items and amounts that have been excluded from the adjusted measures.

When we provide our expectation for adjusted EPS, adjusted operating profit, organic sales and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected diluted EPS from continuing operations, operating profit, sales and expected cash flow from operations) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

2017 Full Year Sales Reconciliation

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	4%	2%	0%	1%	1%
CCS	6%	4%	1%	1%	0%
Pratt & Whitney	9%	9%	1%	0%	(1%)
Aerospace Systems	2%	2%	0%	0%	0%
Total UTC*	**5%**	**4%**	**0%**	**1%**	**0%**

*Reflects consolidated net sales.

Segment Data – GAAP

UNITED TECHNOLOGIES CORPORATION
SEGMENT DATA - Reported

($ Millions except per share amounts)	2017 1st Qtr.	2017 2nd Qtr.	2017 3rd Qtr.	2017 4th Qtr.	2017 Total	2016 1st Qtr.	2016 2nd Qtr.	2016 3rd Qtr.	2016 4th Qtr.	2016 Total
Otis										
Net Sales	2,804	3,131	3,156	3,250	12,341	2,715	3,097	3,018	3,063	11,893
Operating Profit **(a)**	452	544	555	470	2,021	466	581	584	516	2,147
Operating Profit %	16.1%	17.4%	17.6%	14.5%	16.4%	17.2%	18.8%	19.4%	16.8%	18.1%
UTC Climate, Controls & Security										
Net Sales	3,892	4,712	4,688	4,520	17,812	3,728	4,459	4,415	4,249	16,851
Operating Profit **(a), (b), (c), (g), (m),(t)**	963	873	828	636	3,300	606	872	801	677	2,956
Operating Profit %	24.7%	18.5%	17.7%	14.1%	18.5%	16.3%	19.6%	18.1%	15.9%	17.5%
Pratt & Whitney										
Net Sales **(d), (o)**	3,758	4,070	3,871	4,461	16,160	3,588	3,813	3,501	3,992	14,894
Operating Profit **(a), (d), (o)**	393	402	229	436	1,460	410	386	340	409	1,545
Operating Profit %	10.5%	9.9%	5.9%	9.8%	9.0%	11.4%	10.1%	9.7%	10.2%	10.4%
UTC Aerospace Systems										
Net Sales	3,611	3,640	3,637	3,803	14,691	3,505	3,716	3,646	3,598	14,465
Operating Profit **(a)**	576	579	616	599	2,370	538	582	600	578	2,298
Operating Profit %	16.0%	15.9%	16.9%	15.8%	16.1%	15.3%	15.7%	16.5%	16.1%	15.9%
Total Segments										
Net Sales	14,065	15,553	15,352	16,034	61,004	13,536	15,085	14,580	14,902	58,103
Operating Profit	2,384	2,398	2,228	2,141	9,151	2,020	2,421	2,325	2,180	8,946
Operating Profit %	16.9%	15.4%	14.5%	13.4%	15.0%	14.9%	16.0%	15.9%	14.6%	15.4%
Corporate, Eliminations, and Other										
Net Sales:										
Other	(250)	(273)	(290)	(354)	(1,167)	(179)	(211)	(226)	(243)	(859)
Operating Profit:										
General corporate expenses **(a)**	(104)	(106)	(105)	(126)	(441)	(91)	(97)	(92)	(126)	(406)
Eliminations and other **(a), (h), (n),(p),(q), (u)**	(13)	(2)	40	(63)	(38)	16	13	18	(415)	(368)
Consolidated										
Net Sales	13,815	15,280	15,062	15,680	59,837	13,357	14,874	14,354	14,659	57,244
Operating Profit	2,267	2,290	2,163	1,952	8,672	1,945	2,337	2,251	1,639	8,172
Operating Profit %	16.4%	15.0%	14.4%	12.4%	14.5%	14.6%	15.7%	15.7%	11.2%	14.3%
Interest expense, net **(e), (i), (j),(r)**	(213)	(226)	(223)	(247)	(909)	(223)	(225)	(225)	(366)	(1,039)
Income from continuing operations before income taxes	2,054	2,064	1,940	1,705	7,763	1,722	2,112	2,026	1,273	7,133
Income tax expense **(f), (k), (l), (s), (v),(w),(x)**	(586)	(532)	(506)	(1,219)	(2,843)	(469)	(587)	(492)	(149)	(1,697)
Effective Tax Rate	28.5%	25.8%	26.1%	71.5%	36.6%	27.2%	27.8%	24.3%	11.7%	23.8%
Income from continuing operations	1,468	1,532	1,434	486	4,920	1,253	1,525	1,534	1,124	5,436
Income (loss) from discontinued operations	-	-	-	-	-	11	(47)	37	(11)	(10)
Net income	1,468	1,532	1,434	486	4,920	1,264	1,478	1,571	1,113	5,426
Less: Noncontrolling interest in subsidiaries' earnings	(82)	(93)	(104)	(89)	(368)	(81)	(99)	(91)	(100)	(371)
Net income attributable to common shareowners	**1,386**	**1,439**	**1,330**	**397**	**4,552**	**1,183**	**1,379**	**1,480**	**1,013**	**5,055**
Net income attributable to common shareowners:										
Income from continuing operations	1,386	1,439	1,330	397	4,552	1,172	1,426	1,443	1,024	5,065
Income (loss) from discontinued operations	-	-	-	-	-	11	(47)	37	(11)	(10)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2017 Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total
Continuing Operations										
Earnings per share - basic	1.75	1.83	1.69	0.49	5.75	1.42	1.73	1.76	1.28	6.19
Earnings per share - diluted	1.73	1.80	1.67	0.50	5.70	1.41	1.71	1.74	1.26	6.13
Discontinued Operations										
Earnings (loss) per share - basic	-	-	-	-	-	0.01	(0.06)	0.04	(0.01)	(0.01)
Earnings (loss) per share - diluted	-	-	-	-	-	0.01	(0.06)	0.04	(0.01)	(0.01)
Total EPS attributable to common shareowners										
Total basic earnings per share	1.75	1.82	1.69	0.49	5.76	1.43	1.67	1.80	1.26	6.18
Total diluted earnings per share	1.73	1.80	1.67	0.50	5.70	1.42	1.65	1.78	1.25	6.12
Weighted average number of shares outstanding (millions)										
Basic shares	793.5	788.7	788.3	788.8	790.0	825.0	825.3	822.4	802.0	818.2
Diluted shares	802.3	798.2	797.1	798.0	799.1	831.3	833.6	831.2	810.3	826.1

	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Effective Tax Rate - continuing ops	28.5%	25.8%	26.1%	71.5%	36.6%	27.2%	27.8%	24.3%	11.7%	23.8%

Segment Data – Notes

The earnings release and conference-call discussion adjust 2017 and 2016 segment results for restructuring costs as well as certain significant non-recurring and/or non-operational items.

The following restructuring costs and significant non-recurring and/or non-operational items are included in current and prior year GAAP results and have been excluded from the adjusted results (non-GAAP measures) presented in the earnings release and conference-call discussion.

(a) Restructuring costs as included in 2017 and 2016 results:

	2017					2016				
	Restructuring Costs					Restructuring Costs				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Operating Profit:										
Otis	(5)	(12)	(6)	(27)	(50)	(15)	(16)	(10)	(18)	(59)
UTC Climate, Controls & Security	(23)	(18)	(43)	(27)	(111)	(28)	(25)	(18)	6	(65)
Pratt & Whitney	-	(6)	2	(1)	(5)	(5)	(66)	21	(61)	(111)
UTC Aerospace Systems	(23)	(24)	(17)	(16)	(80)	(13)	(8)	(11)	(17)	(49)
Total Segments	(51)	(60)	(64)	(71)	(246)	(61)	(115)	(18)	(90)	(284)
General corporate expenses	(1)	-	(1)	(2)	(4)	-	-	(1)	-	(1)
Eliminations and other	-	-	-	(3)	(3)	(1)	(1)	(4)	1	(5)
Total within continuing operations	(52)	(60)	(65)	(76)	(253)	(62)	(116)	(23)	(89)	(290)
Total within discontinued operations	-	-	-	-	-	-	-	-	-	-
Total UTC	(52)	(60)	(65)	(76)	(253)	(62)	(116)	(23)	(89)	(290)

(b) Q2 2016: Approximately $12 million of acquisition and integration costs related to UTC Climate, Controls & Security.
(c) Q3 2016: Approximately $11 million of acquisition and integration costs related to UTC Climate, Controls & Security.
(d) Q3 2016: Approximately $184 million to record in sales and $95 million in losses from Pratt & Whitney on-going customer contract negotiations.
(e) Q3 2016: Approximately $2 million of favorable pre-tax interest adjustments related to the IRS conclusion of Goodrich Corporation's 2011-2012 tax years.
(f) Q3 2016: Approximately $56 million of favorable income tax adjustments related to the IRS conclusion of Goodrich Corporation's 2011-2012 tax years.
(g) Q4 2016: Approximately $9 million of acquisition and integration costs related to UTC Climate, Controls & Security.
(h) Q4 2016: Approximately $423 million of pension settlement charges resulting from defined benefit plan derisking actions.
(i) Q4 2016: Approximately $164 million of net extinguishment loss from early redemption of debt.
(j) Q4 2016: Approximately $22 million of favorable pre-tax interest adjustments related to the IRS conclusion of 2011-2012 tax years.
(k) Q4 2016: Approximately $150 million of favorable income tax adjustments related to the IRS conclusion of 2011-2012 tax years.
(l) Q4 2016: Approximately $25 million of favorable income tax adjustments related to changes in French tax laws.
(m) Q1 2017: Approximately $379 million of pre-tax gains related to sale of available-for-sales securities at UTC Climate, Controls & Security.
(n) Q1 2017: Approximately $1 million of pre-tax gains related to sale of available-for-sales securities.
(o) Q3 2017: Approximately $385 million to record in sales and $196 million in losses from Pratt & Whitney customer contract matters.
(p) Q3 2017: Approximately $120 million of pre-tax gains related to sale of available-for-sales securities.
(q) Q3 2017: Approximately $27 million of transaction costs related to merger agreement with Rockwell Collins.
(r) Q3 2017: Approximately $9 million of favorable pre-tax interest adjustments related to expiration of tax statute of limitations for 2013 tax year.
(s) Q3 2017: Approximately $55 million of favorable income tax adjustments related to expiration of tax statute of limitations for 2013 tax year.
(t) Q4 2017: Approximately $96 million of pre-tax charges related to product recall program initiated at UTC Climate, Controls & Security.
(u) Q4 2017: Approximately $38 million of transaction and integration costs related to merger agreement with Rockwell Collins.
(v) Q4 2017: Approximately $690 million of unfavorable income tax adjustments related to the estimated impact of the U.S tax reform legislation enacted on December 22, 2017, including the effects related to repatriation of undistributed foreign earnings provision and other revaluations of U.S deferred taxes.
(w) Q4 2017: Approximately $6 million of pre-tax interest charges related to tax law changes in Canada.
(x) Q4 2017: Approximately $32 million of net unfavorable tax adjustments related to tax law changes in Canada & France.

Segment Data – Adjusted

UNITED TECHNOLOGIES CORPORATION
SEGMENT DATA - Adjusted (Unaudited)
($ Millions except per share amounts)

	2017					2016				
	Ex Rest & Significant non-recurring and non-operational items					Ex Rest & Significant non-recurring and non-operational items				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2017 Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total
Otis										
Net Sales	2,804	3,131	3,156	3,250	12,341	2,715	3,097	3,018	3,063	11,893
Operating Profit (a)	457	556	561	497	2,071	481	597	594	534	2,206
Operating Profit %	16.3%	17.8%	17.8%	15.3%	16.8%	17.7%	19.3%	19.7%	17.4%	18.5%
UTC Climate, Controls & Security										
Net Sales	3,892	4,712	4,688	4,520	17,812	3,728	4,459	4,415	4,249	16,851
Operating Profit (a), (b), (c), (g), (m),(t)	607	891	871	759	3,128	634	909	830	680	3,053
Operating Profit %	15.6%	18.9%	18.6%	16.8%	17.6%	17.0%	20.4%	18.8%	16.0%	18.1%
Pratt & Whitney										
Net Sales (d), (o)	3,758	4,070	4,256	4,461	16,545	3,588	3,813	3,685	3,992	15,078
Operating Profit (a), (d), (o)	393	408	423	437	1,661	415	452	414	470	1,751
Operating Profit %	10.5%	10.0%	9.9%	9.8%	10.0%	11.6%	11.9%	11.2%	11.8%	11.6%
UTC Aerospace Systems										
Net Sales	3,611	3,640	3,637	3,803	14,691	3,505	3,716	3,646	3,598	14,465
Operating Profit (a)	599	603	633	615	2,450	551	590	611	595	2,347
Operating Profit %	16.6%	16.6%	17.4%	16.2%	16.7%	15.7%	15.9%	16.8%	16.5%	16.2%
Total Segments										
Net Sales	14,065	15,553	15,737	16,034	61,389	13,536	15,085	14,764	14,902	58,287
Operating Profit	2,056	2,458	2,488	2,308	9,310	2,081	2,548	2,449	2,279	9,357
Operating Profit %	14.6%	15.8%	15.8%	14.4%	15.2%	15.4%	16.9%	16.6%	15.3%	16.1%
Corporate, Eliminations, and Other										
Net Sales:										
Other	(250)	(273)	(290)	(354)	(1,167)	(179)	(211)	(226)	(243)	(859)
Operating Profit:										
General corporate expenses (a)	(103)	(106)	(104)	(124)	(437)	(91)	(97)	(91)	(126)	(405)
Eliminations and other (a), (h), (n),(p),(q), (u)	(14)	(2)	(53)	(22)	(91)	17	14	22	7	60
Consolidated										
Net Sales	13,815	15,280	15,447	15,680	60,222	13,357	14,874	14,538	14,659	57,428
Operating Profit	1,939	2,350	2,331	2,162	8,782	2,007	2,465	2,380	2,160	9,012
Operating Profit %	14.0%	15.4%	15.1%	13.8%	14.6%	15.0%	16.6%	16.4%	14.7%	15.7%
Interest expense, net (e), (i), (j),(r)	(213)	(226)	(232)	(241)	(912)	(223)	(225)	(227)	(224)	(899)
Income from continuing operations before income taxes	1,726	2,124	2,099	1,921	7,870	1,784	2,240	2,153	1,936	8,113
Income tax expense (f), (k), (l), (s), (v),(w),(x)	(462)	(552)	(615)	(558)	(2,187)	(489)	(627)	(600)	(566)	(2,282)
Effective Tax Rate	26.8%	26.0%	29.3%	29.0%	27.8%	27.4%	28.0%	27.9%	29.2%	28.1%
Income from continuing operations	1,264	1,572	1,484	1,363	5,683	1,295	1,613	1,553	1,370	5,831
Income (loss) from discontinued operations	-	-	-	-	-	11	(47)	37	(11)	(10)
Net income	1,264	1,572	1,484	1,363	5,683	1,306	1,566	1,590	1,359	5,821
Less: Noncontrolling interest in subsidiaries' earnings	(82)	(93)	(104)	(89)	(368)	(81)	(99)	(91)	(100)	(371)
Net income attributable to common shareowners	1,182	1,479	1,380	1,274	5,315	1,225	1,467	1,499	1,259	5,450
Net income attributable to common shareowners:										
From continuing operations	1,182	1,479	1,380	1,274	5,315	1,214	1,514	1,462	1,270	5,460
From discontinued operations	-	-	-	-	-	11	(47)	37	(11)	(10)

EPS Reconciliation

Reconciliation of Diluted Earnings per Share to Adjusted Diluted Earnings per Share

(dollars in millions except per share amounts)

	2017					2016				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Diluted earnings per share attributable to common shareowners	$ 1.73	$ 1.80	$ 1.67	$ 0.50	$ 5.70	$ 1.42	$ 1.65	$ 1.78	$ 1.25	$ 6.12
Less: diluted earnings (loss) per share from discontinued operations attributable to common shareowners	-	-	-	-	-	0.01	(0.06)	0.04	(0.01)	(0.01)
Diluted earnings per share - Net income from continuing operations attributable to common shareowners (GAAP)	$ 1.73	$ 1.80	$ 1.67	$ 0.50	$ 5.70	$ 1.41	$ 1.71	$ 1.74	$ 1.26	$ 6.13
Net income attributable to common shareowners	$ 1,386	$ 1,439	$ 1,330	$ 397	$ 4,552	$ 1,183	$ 1,379	$ 1,480	$ 1,013	$ 5,055
Less: Income (loss) from discontinued operations attributable to common shareowners	-	-	-	-	-	11	(47)	37	(11)	(10)
Net income from continuing operations attributable to common shareowners	1,386	1,439	1,330	397	4,552	1,172	1,426	1,443	1,024	5,065
Adjustments to net income from continuing operations attributable to common shareowners:										
Restructuring costs	(52)	(60)	(65)	(76)	(253)	(62)	(116)	(23)	(89)	(290)
Charge resulting from product recall program	-	-	-	(96)	(96)	-	-	-	-	-
Collins Integration & transaction Costs	-	-	-	(38)	(38)	-	-	-	-	-
Pre-tax gains related to sale of available-for-sales securities	380	-	120	-	500	-	-	-	-	-
Acquisition and integration costs	-	-	(27)	-	(27)	-	(12)	(11)	(9)	(32)
Charge resulting from customer contract matters	-	-	(196)	-	(196)	-	-	(95)	-	(95)
Pension settlement charge resulting from defined benefit plan de-risking actions	-	-	-	-	-	-	-	-	(423)	(423)
Net extinguishment loss from early redemption of debt, included in interest expense, net	-	-	-	-	-	-	-	-	(164)	(164)
Other significant non-recurring and non-operational items included in interest expense, net	-	-	9	(6)	3	-	-	2	22	24
Income tax benefit on restructuring costs and significant non-recurring and non-operational items	(124)	20	54	61	11	20	40	52	242	354
U.S Tax Reform Legislation	-	-	-	(690)	(690)	-	-	-	-	-
Other significant non-recurring and non-operational gains (charges) recorded within income tax expense	-	-	55	(32)	23	-	-	56	175	231
Total adjustments to net income from continuing operations attributable to common shareowners	204	(40)	(50)	(877)	(763)	(42)	(88)	(19)	(246)	(395)
Adjusted net income from continuing operations attributable to common shareowners	$ 1,182	$ 1,479	$ 1,380	$ 1,274	$ 5,315	$ 1,214	$ 1,514	$ 1,462	$ 1,270	$ 5,460
Less: Impact of total adjustments on diluted earnings per share	$ 0.25	$ (0.05)	$ (0.06)	$ (1.10)	$ (0.95)	$ (0.05)	$ (0.11)	$ (0.02)	$ (0.30)	$ (0.48)
Adjusted diluted earnings per share - Net income from continuing operations attributable to common shareowners (Non-GAAP)	$ 1.48	$ 1.85	$ 1.73	$ 1.60	$ 6.65	$ 1.46	$ 1.82	$ 1.76	$ 1.56	$ 6.61

Free Cash Flow Reconciliation

($ millions)

	Full Year	
	2017	2016
Net income attributable to common shareowners from continuing operations	4,552	5,065
Depreciation & amortization	2,140	1,962
Change in working capital	(52)	(1,161)
Other	(1,009)	546
Cash flow from operations	5,631	6,412
Capital expenditures	(2,014)	(1,699)
Free cash flow	3,617	4,713
Free cash flow as a % of net income attributable to common shareowners from continuing operations	79%	93%

Pension Accounting Change Impact

2017 Pro Forma

UNITED TECHNOLOGIES CORPORATION
SEGMENT DATA - Adjusted (Unaudited)
($ Millions except per share amounts)

	2017 As Reported					2017 Ex Rest & Significant non-recurring and non-operational items					Pro Forma Restatement for Pension Accounting Change (ASU 2017-07) 2017 Ex Rest & Significant non-recurring and non-operational items				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2017 Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2017 Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2017 Total
Otis															
Net Sales	2,804	3,131	3,156	3,250	12,341	2,804	3,131	3,156	3,250	12,341	2,804	3,131	3,156	3,250	12,341
Operating Profit (a)	452	544	555	470	2,021	457	556	561	497	2,071	452	551	556	491	2,050
Operating Profit %	16.1%	17.4%	17.6%	14.5%	16.4%	16.3%	17.8%	17.8%	15.3%	16.8%	16.1%	17.6%	17.6%	15.1%	16.6%
UTC Climate, Controls & Security															
Net Sales	3,892	4,712	4,688	4,520	17,812	3,892	4,712	4,688	4,520	17,812	3,892	4,712	4,688	4,520	17,812
Operating Profit (a), (b), (c), (g), (m),(t)	963	873	828	636	3,300	607	891	871	759	3,128	575	855	838	725	2,993
Operating Profit %	24.7%	18.5%	17.7%	14.1%	18.5%	15.6%	18.9%	18.6%	16.8%	17.6%	14.8%	18.1%	17.9%	16.0%	16.8%
Pratt & Whitney															
Net Sales (d), (o)	3,758	4,070	3,871	4,461	16,160	3,758	4,070	4,256	4,461	16,545	3,758	4,070	4,256	4,461	16,545
Operating Profit (a), (d), (o)	393	402	229	436	1,460	393	408	423	437	1,661	356	369	383	394	1,502
Operating Profit %	10.5%	9.9%	5.9%	9.8%	9.0%	10.5%	10.0%	9.9%	9.8%	10.0%	9.5%	9.1%	9.0%	8.8%	9.1%
UTC Aerospace Systems															
Net Sales	3,611	3,640	3,637	3,803	14,691	3,611	3,640	3,637	3,803	14,691	3,611	3,640	3,637	3,803	14,691
Operating Profit (a)	576	579	616	599	2,370	599	603	633	615	2,450	554	557	586	570	2,267
Operating Profit %	16.0%	15.9%	16.9%	15.8%	16.1%	16.6%	16.6%	17.4%	16.2%	16.7%	15.3%	15.3%	16.1%	15.0%	15.4%
Total Segments															
Net Sales	14,065	15,553	15,352	16,034	61,004	14,065	15,553	15,737	16,034	61,389	14,065	15,553	15,737	16,034	61,389
Operating Profit	2,384	2,398	2,228	2,141	9,151	2,056	2,458	2,488	2,308	9,310	1,937	2,332	2,363	2,180	8,812
Operating Profit %	16.9%	15.4%	14.5%	13.4%	15.0%	14.6%	15.8%	15.8%	14.4%	15.2%	13.8%	15.0%	15.0%	13.6%	14.4%
Corporate, Eliminations, and Other															
Net Sales:															
Other	(250)	(273)	(290)	(354)	(1,167)	(250)	(273)	(290)	(354)	(1,167)	(250)	(273)	(290)	(354)	(1,167)
Operating Profit:															
General corporate expenses (a)	(104)	(106)	(105)	(126)	(441)	(103)	(106)	(104)	(124)	(437)	(102)	(105)	(103)	(124)	(434)
Eliminations and other (a), (h), (n),(p),(q), (u)	(13)	(2)	40	(63)	(38)	(14)	(2)	(53)	(22)	(91)	(15)	(5)	(65)	(52)	(137)
Consolidated															
Net Sales	13,815	15,280	15,062	15,680	59,837	13,815	15,280	15,447	15,680	60,222	13,815	15,280	15,447	15,680	60,222
Operating Profit	2,267	2,290	2,163	1,952	8,672	1,939	2,350	2,331	2,162	8,782	1,820	2,222	2,195	2,004	8,241
Operating Profit %	16.4%	15.0%	14.4%	12.4%	14.5%	14.0%	15.4%	15.1%	13.8%	14.6%	13.2%	14.5%	14.2%	12.8%	13.7%
Non-service related pension costs	-	-	-	-	-	-	-	-	-	-	119	128	136	158	541
Interest expense, net (e), (i), (j),(r)	(213)	(226)	(223)	(247)	(909)	(213)	(226)	(232)	(241)	(912)	(213)	(226)	(232)	(241)	(912)
Income from continuing operations before income taxes	2,054	2,064	1,940	1,705	7,763	1,726	2,124	2,099	1,921	7,870	1,726	2,124	2,099	1,921	7,870

Pension Accounting Change Impact

2016 Pro Forma

UNITED TECHNOLOGIES CORPORATION
SEGMENT DATA - Adjusted (Unaudited)
($ Millions except per share amounts)

	2016 As Reported					2016 Ex Rest & Significant non-recurring and non-operational items					Pro Forma Restatement for Pension Accounting Change (ASU 2017-07) 2016 Ex Rest & Significant non-recurring and non-operational items				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total
Otis															
Net Sales	2,715	3,097	3,018	3,063	11,893	2,715	3,097	3,018	3,063	11,893	2,715	3,097	3,018	3,063	11,893
Operating Profit (a)	466	581	584	516	2,147	481	597	594	534	2,206	475	591	588	529	2,183
Operating Profit %	17.2%	18.8%	19.4%	16.8%	18.1%	17.7%	19.3%	19.7%	17.4%	18.5%	17.5%	19.1%	19.5%	17.3%	18.4%
UTC Climate, Controls & Security															
Net Sales	3,728	4,459	4,415	4,249	16,851	3,728	4,459	4,415	4,249	16,851	3,728	4,459	4,415	4,249	16,851
Operating Profit (a), (b), (c), (g), (m),(t)	606	872	801	677	2,956	634	909	830	680	3,053	606	881	804	655	2,946
Operating Profit %	16.3%	19.6%	18.1%	15.9%	17.5%	17.0%	20.4%	18.8%	16.0%	18.1%	16.3%	19.8%	18.2%	15.4%	17.5%
Pratt & Whitney															
Net Sales (d), (o)	3,588	3,813	3,501	3,992	14,894	3,588	3,813	3,685	3,992	15,078	3,588	3,813	3,685	3,992	15,078
Operating Profit (a), (d), (o)	410	386	340	409	1,545	415	452	414	470	1,751	389	426	387	442	1,644
Operating Profit %	11.4%	10.1%	9.7%	10.2%	10.4%	11.6%	11.9%	11.2%	11.8%	11.6%	10.8%	11.2%	10.5%	11.1%	10.9%
UTC Aerospace Systems															
Net Sales	3,505	3,716	3,646	3,598	14,465	3,505	3,716	3,646	3,598	14,465	3,505	3,716	3,646	3,598	14,465
Operating Profit (a)	538	582	600	578	2,298	551	590	611	595	2,347	515	556	577	561	2,209
Operating Profit %	15.3%	15.7%	16.5%	16.1%	15.9%	15.7%	15.9%	16.8%	16.5%	16.2%	14.7%	15.0%	15.8%	15.6%	15.3%
Total Segments															
Net Sales	13,536	15,085	14,580	14,902	58,103	13,536	15,085	14,764	14,902	58,287	13,536	15,085	14,764	14,902	58,287
Operating Profit	2,020	2,421	2,325	2,180	8,946	2,081	2,548	2,449	2,279	9,357	1,985	2,454	2,356	2,187	8,982
Operating Profit %	14.9%	16.0%	15.9%	14.6%	15.4%	15.4%	16.9%	16.6%	15.3%	16.1%	14.7%	16.3%	16.0%	14.7%	15.4%
Corporate, Eliminations, and Other															
Net Sales:															
Other	(179)	(211)	(226)	(243)	(859)	(179)	(211)	(226)	(243)	(859)	(179)	(211)	(226)	(243)	(859)
Operating Profit:															
General corporate expenses (a)	(91)	(97)	(92)	(126)	(406)	(91)	(97)	(91)	(126)	(405)	(90)	(96)	(90)	(125)	(401)
Eliminations and other (a), (h), (n),(p),(q), (u)	16	13	18	(415)	(368)	17	14	22	7	60	(6)	(10)	(3)	6	(13)
Consolidated															
Net Sales	13,357	14,874	14,354	14,659	57,244	13,357	14,874	14,538	14,659	57,428	13,357	14,874	14,538	14,659	57,428
Operating Profit	1,945	2,337	2,251	1,639	8,172	2,007	2,465	2,380	2,160	9,012	1,889	2,348	2,263	2,068	8,568
Operating Profit %	14.6%	15.7%	15.7%	11.2%	14.3%	15.0%	16.6%	16.4%	14.7%	15.7%	14.1%	15.8%	15.6%	14.1%	14.9%
Non-service related pension costs											118	117	117	92	444
Interest expense, net (e), (i), (j),(r)	(223)	(225)	(225)	(366)	(1,039)	(223)	(225)	(227)	(224)	(899)	(223)	(225)	(227)	(224)	(899)
Income from continuing operations before income taxes	1,722	2,112	2,026	1,273	7,133	1,784	2,240	2,153	1,936	8,113	1,784	2,240	2,153	1,936	8,113

UTC Segment Operating Results Reconciliation

($ millions)

	2014	2015	2016	2017
Segment Sales	58,528	56,863	58,103	61,004
Other significant items of a non-recurring/non-operational nature [1]	-	352	184	385
Segment sales - adjusted	58,528	57,215	58,287	61,389
Segment operating profit	9,777	8,023	8,946	9,151
Other significant items of a non-recurring/non-operational nature [1]	(31)	1,182	127	(87)
Restructuring	349	375	284	246
Segment operating profit - adjusted	10,095	9,580	9,357	9,310
Pro Forma restatement for Pension Accounting Change (ASU 2017-07)	(219)	(0)	(375)	(498)
Segment Op. Profit - adjusted - Pro Forma with Pension Restatement	9,876	9,580	8,982	8,812
Segment operating margin	16.7%	14.1%	15.4%	15.0%
Segment operating margin - adjusted	17.2%	16.7%	16.1%	15.2%
Segment Op. margin adjusted - Pro Forma with Pension Restatement	16.9%	16.7%	15.4%	14.4%

[1] Details of other significant items of a non-recurring/non-operational nature

See Segment operating results reconciliation slides for additional information.

Otis Operating Results Reconciliation

($ millions)

	2014	2015	2016	2017
Segment Sales	12,982	11,980	11,893	12,341
Other significant items of a non-recurring/non-operational nature	-	-	-	-
Segment sales - adjusted	12,982	11,980	11,893	12,341
Segment operating profit	2,640	2,338	2,147	2,021
Other significant items of a non-recurring/non-operational nature	-	-	-	-
Restructuring	87	51	59	50
Segment operating profit - adjusted	2,727	2,389	2,206	2,071
Pro Forma restatement for Pension Accounting Change (ASU 2017-07)	(10)	4	(23)	(21)
Segment Op. Profit - adjusted - Pro Forma with Pension Restatement	2,717	2,393	2,183	2,050
Segment operating margin	20.3%	19.5%	18.1%	16.4%
Segment operating margin - adjusted	21.0%	19.9%	18.5%	16.8%
Segment Op. margin adjusted - Pro Forma with Pension Restatement	20.9%	20.0%	18.4%	16.6%

Otis Financials

($ billions)

Otis Sales & Operating Profit

	2014	2015	2016	2017
Reported Sales (afx)	13.0	12.0	11.9	12.3
Operating Profit - adjusted - Pro Forma with Pension Restatement (afx)	2.7	2.4	2.2	2.1
Sales @ Constant FX (cfx)	11.7	11.9	12.1	12.5
Operating Profit - adjusted - Pro Forma with Pension Restatement @ Constant FX (cfx)	2.4	2.4	2.2	2.1

CCS Operating Results Reconciliation

($ millions)

	2014	2015	2016	2017
Segment Sales	16,823	16,707	16,851	17,812
Other significant items of a non-recurring/non-operational nature [1]	-	-	-	-
Segment sales - adjusted	16,823	16,707	16,851	17,812
Segment operating profit	2,782	2,936	2,956	3,300
Other significant items of a non-recurring/non-operational nature [1]	(30)	(121)	32	(283)
Restructuring	116	108	65	111
Segment operating profit - adjusted	2,868	2,923	3,053	3,128
Pro Forma restatement for Pension Accounting Change (ASU 2017-07)	(70)	(52)	(107)	(135)
Segment Op. Profit - adjusted - Pro Forma with Pension Restatement	2,798	2,871	2,946	2,993
Segment operating margin	16.5%	17.6%	17.5%	18.5%
Segment operating margin - adjusted	17.0%	17.5%	18.1%	17.6%
Segment Op. margin adjusted - Pro Forma with Pension Restatement	16.6%	17.2%	17.5%	16.8%

[1] Details of other significant items of a non-recurring/non-operational nature

2014: Approximately $30 million net gain from UTC Climate, Controls & Security's ongoing portfolio transformation, primarily due to a gain on the sale of an interest in a joint venture in North America.

2015: Approximately $126 million gain as a result of a fair value adjustment related to the acquisition of a controlling interest in a UTC Climate, Controls & Security joint venture investment.
Approximately $5 million charge related to UTC Climate, Controls & Security acquisitions and integration costs.

2016: Approximately $12 million of acquisition and integration costs related to UTC Climate, Controls & Security.
Approximately $11 million of acquisition and integration costs related to UTC Climate, Controls & Security.
Approximately $9 million of acquisition and integration costs related to UTC Climate, Controls & Security.

2017: Approximately $379 million of pre-tax gains related to sale of available-for-sales securities at UTC Climate, Controls & Security.
Approximately $96 million of pre-tax charges related to product recall program initiated at UTC Climate, Controls & Security.

CCS Financials

($ billions)

CCS Sales & Operating Profit

	2014	2015	2016	2017
Reported Sales (afx)	16.8	16.7	16.9	17.8
Operating Profit - adjusted - Pro Forma with Pension Restatement (afx)	2.8	2.9	2.9	3.0
Sales @ Constant FX (cfx)	15.7	16.7	17.1	18.0
Operating Profit - adjusted - Pro Forma with Pension Restatement @ Constant FX (cfx)	2.6	2.8	3.0	3.0

Pratt & Whitney Operating Results Reconciliation

($ millions)

	2014	2015	2016	2017
Segment Sales	14,508	14,082	14,894	16,160
Other significant items of a non-recurring/non-operational nature [1]	-	142	184	385
Segment sales - adjusted	14,508	14,224	15,078	16,545
Segment operating profit	2,000	861	1,545	1,460
Other significant items of a non-recurring/non-operational nature [1]	(1)	947	95	196
Restructuring	64	105	111	5
Segment operating profit - adjusted	2,063	1,913	1,751	1,661
Pro Forma restatement for Pension Accounting Change (ASU 2017-07)	(43)	58	(107)	(159)
Segment Op. Profit - adjusted - Pro Forma with Pension Restatement	2,020	1,971	1,644	1,502
Segment operating margin	13.8%	6.1%	10.4%	9.0%
Segment operating margin - adjusted	14.2%	13.4%	11.6%	10.0%
Segment Op. margin adjusted - Pro Forma with Pension Restatement	13.9%	13.9%	10.9%	9.1%

[1] Details of other significant items of a non-recurring/non-operational nature

2014: Approximately $83 million net gain, primarily as a result of fair value adjustments related to a business acquisition.
Approximately $60 million charge to adjust the fair value of a Pratt & Whitney joint venture investment.
Approximately $22 million charge for impairment of assets related to a joint venture.

2015: Approximately $142 million to record in sales and $80 million in losses from Pratt & Whitney customer contract renegotiations.
Approximately $867 million charge related to a Pratt & Whitney research and development support agreements with Canadian government agencies.

2016: Approximately $184 million to record in sales and $95 million in losses from Pratt & Whitney on-going customer contract negotiations.

2017: Approximately $385 million to record in sales and $196 million in losses from Pratt & Whitney customer contract matters.

Aerospace Systems Operating Results Reconciliation

($ millions)

	2014	2015	2016	2017
Segment Sales	14,215	14,094	14,465	14,691
Other significant items of a non-recurring/non-operational nature [1]	-	210	-	-
Segment sales - adjusted	14,215	14,304	14,465	14,691
Segment operating profit	2,355	1,888	2,298	2,370
Other significant items of a non-recurring/non-operational nature [1]	-	356	-	-
Restructuring	82	111	49	80
Segment operating profit - adjusted	2,437	2,355	2,347	2,450
Pro Forma restatement for Pension Accounting Change (ASU 2017-07)	(96)	(10)	(138)	(183)
Segment Op. Profit - adjusted - Pro Forma with Pension Restatement	2,341	2,345	2,209	2,267
Segment operating margin	16.6%	13.4%	15.9%	16.1%
Segment operating margin - adjusted	17.1%	16.5%	16.2%	16.7%
Segment Op. margin adjusted - Pro Forma with Pension Restatement	16.5%	16.4%	15.3%	15.4%

[1] Details of other significant items of a non-recurring/non-operational nature

2015: Approximately $210 million to record in sales and $295 million in losses from UTC Aerospace Systems customer contract renegotiations.
Approximately $61 million charge to UTC Aerospace Systems for impairment of assets held for sale.

2018 Expectations

Commercial sales

(% organic sales change)

Otis	Americas	EMEA	Asia	Total
Elevator new equipment	Up mid single digit	Up mid to high single digit	Flat	Up low single digit
Elevator service	Up mid single digit	Up slightly	Up high single digit	Up mid single digit
Total Otis	**Up mid single digit**	**Up low single digit**	**Up low single digit**	**Up low single digit**

CCS	Americas	EMEA	Asia	Total
Residential HVAC	Up mid single digit			Up mid single digit
Commercial HVAC	Up low to mid single digit	Up low to mid single digit	Up mid single digit	Up low to mid single digit
Fire & security product	Up low to mid single digit	Up low to mid single digit	Up low to mid single digit	Up low to mid single digit
Fire & security field		Up low single digit	Up low single digit	Up low single digit
Transport refrigeration				Up low to mid single digit
Commercial refrigeration				Up low single digit
Total CCS	**Up low to mid single digit**	**Up low single digit**	**Up low to mid single digit**	**Up low to mid single digit**

Otis 2018 Expectations

($ millions)

Sales	
Reported	up low / mid single
Organic*	up low single

Adjusted Operating Profit*	
Excluding FX	+ $0 – 50M
Including FX	+ $25 – 75M

Adjusted Operating Profit* Drivers		
Volume	+	100 – 125
Net productivity / (commodities)	+	~50
Price / mix	–	100 – 75
Strategic Investments / other	–	~50
2018 expectations (Excluding FX)		$0 – 50M
FX	+	~25M
2018 expectations (Including FX)		$25 – 75M

*See this appendix for additional information regarding these non-GAAP financial measures.

CCS 2018 Expectations

($ millions)

Sales

Reported	up mid single
Organic*	up low / mid single

Adjusted Operating Profit*

Excluding FX	+ $100 – 150M
Including FX	+ $125 – 175M

Adjusted Operating Profit* Drivers

Volume / mix	+	75 – 125
Net productivity / restructuring	+	~100
Price / (commodities)	+	~50
Investment / E&D	–	~75
One timers / other	–	~50
2018 expectations (Excluding FX)		$100 – 150M
FX	+	~25M
2018 expectations (Including FX)		$125 – 175M

*See this appendix for additional information regarding these non-GAAP financial measures.

Pratt & Whitney 2018 Expectations

($ millions)

Total Sales

Reported	up low teens
Organic*	up low teens

Sales Detail

Commercial OE**	up ~20%
Commercial AM**	up ~10%
Military OE	up ~25%
Military AM	up ~10%

Adjusted Operating Profit* Drivers

Commercial OE mix	–	~350
Commercial aftermarket	+	250 – 300
Military	+	~125
2018 expectations (Excluding FX)		$25 – 75M
FX	+	~0M
2018 expectations (Including FX)		$25 – 75M

*See this appendix for additional information regarding these non-GAAP financial measures.
**Includes large commercial and P&W Canada.

Aerospace Systems 2018 Expectations

($ millions)

Total Sales	
Reported	up low single
Organic*	up low single

Sales Detail	
Commercial OE	up low single
Commercial AM	up low / mid single
Military OE	up mid single
Military AM	up low single

Adjusted Operating Profit* Drivers		
Commercial OE mix	–	25 – 0
Commercial AM / Military	+	100 – 125
E&D / Other	+	~75
2018 expectations (Excluding FX)		$150 – 200M
FX	+	~0M
2018 expectations (Including FX)		$150 – 200M

*See this appendix for additional information regarding these non-GAAP financial measures.