



**United
Technologies**

Greg Hayes

Chairman & Chief Executive Officer

September 16, 2016

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

Cautionary Statement:

This presentation 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," "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 and other measures of financial performance or potential future plans, strategies or transactions. 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 we 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) future levels of indebtedness and capital spending and research and development spending; (4) future availability of credit and factors that may affect such availability, including credit market conditions and our capital structure; (5) delays and disruption in delivery of materials and services from suppliers; (6) customer- and Company- directed cost reduction efforts and restructuring costs and savings and other consequences thereof; (7) the scope, nature, impact or timing of acquisition and divestiture activity, including among other things integration of acquired businesses into our existing businesses and realization of synergies and opportunities for growth and innovation; (8) new business opportunities; (9) our ability to realize the intended benefits of organizational changes; (10) the anticipated benefits of diversification and balance of operations across product lines, regions and industries; (11) the timing and scope of future repurchases of our common stock, which may be suspended at any time due to market conditions and the level of other investing activities and uses of cash; (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 we operate, including, but not limited to the effect of the U.K's pending withdrawal from the EU, on general market conditions and currency exchange rates in the near term and beyond; (16) and the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which we operate. For additional information identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see our reports on Forms 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 we 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.


2016 Expectations

December outlook

Current outlook


Adjusted EPS*

\$6.30 – \$6.60

 \$6.45 – \$6.60

Sales

\$56 – \$58B

 \$57 – \$58B


Organic Sales**

1 – 3%

 1 – 3%

Free cash flow ***

90% – 100%
of net income attributable to
common shareowners

 90% – 100%
of net income attributable to
common shareowners

*Adjusted for restructuring and other significant items – see appendix for further information

**See appendix for definition and reconciliation of organic sales

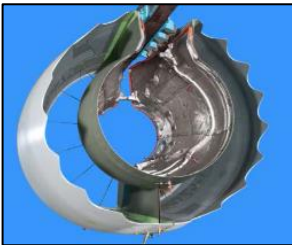
***See free cash flow definition in appendix

Industry Leading, Global Franchises

(\$ 2015)

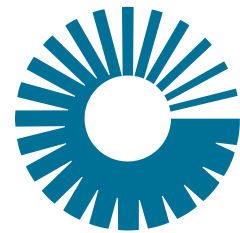
Aerospace Systems

Sales: ~\$14B



Pratt & Whitney

Sales: ~\$14B



United Technologies

Sales: \$56B

Otis

Sales: ~\$12B



Climate, Controls & Security

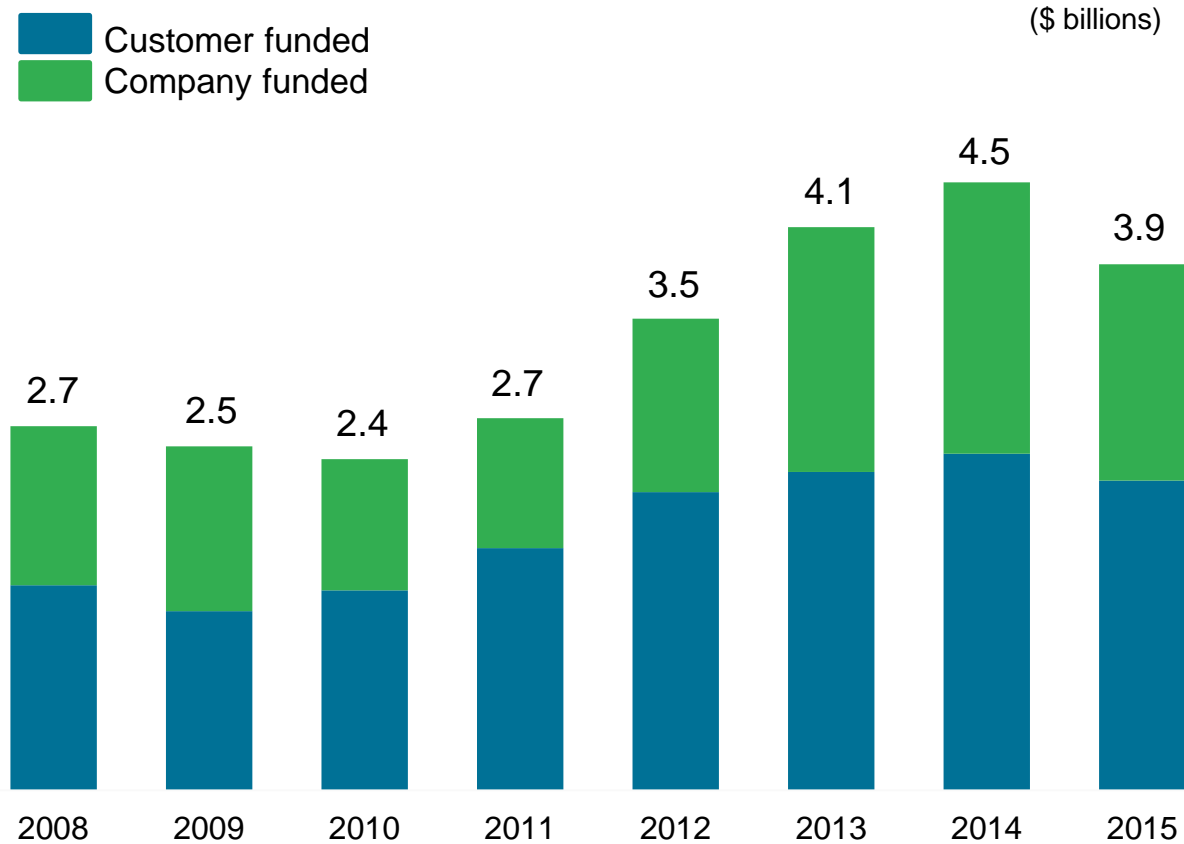
Sales: ~\$17B



Focused on the core – commercial buildings and aerospace systems and technologies

Continued Investment in Technology

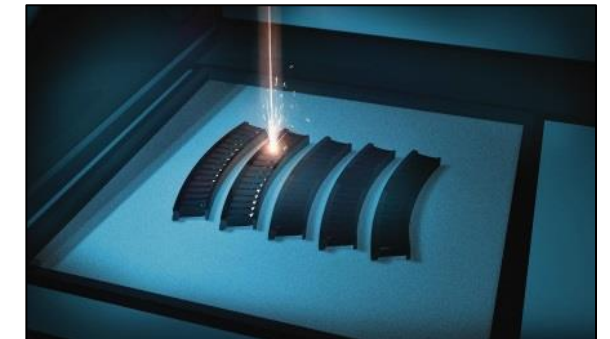
R&D expense



Next generation technology



Geared Turbofan™



Additive manufacturing



PrimeLINE®
with EDGE



Gen2® Switch



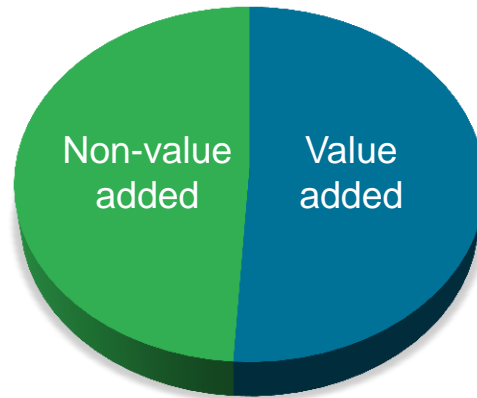
Data analytics and
prognostics

Attracting and retaining customers with differentiated technology

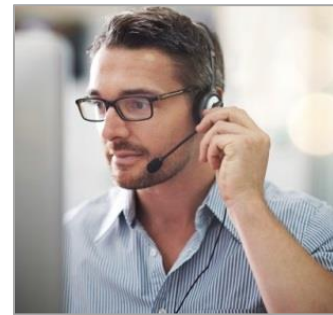
Digital Opportunities

Otis Service

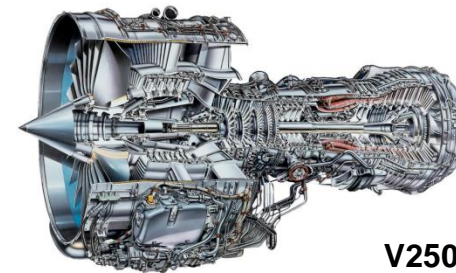
Field productivity
(Mechanic Time)



Deploying enhanced digital tools

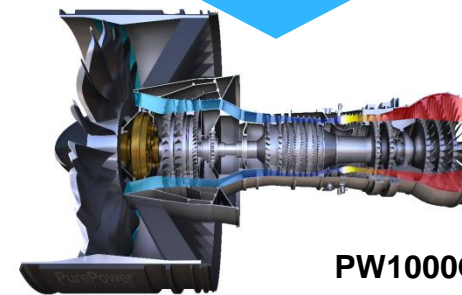


Pratt Engine Analytics (Big Data)



V2500

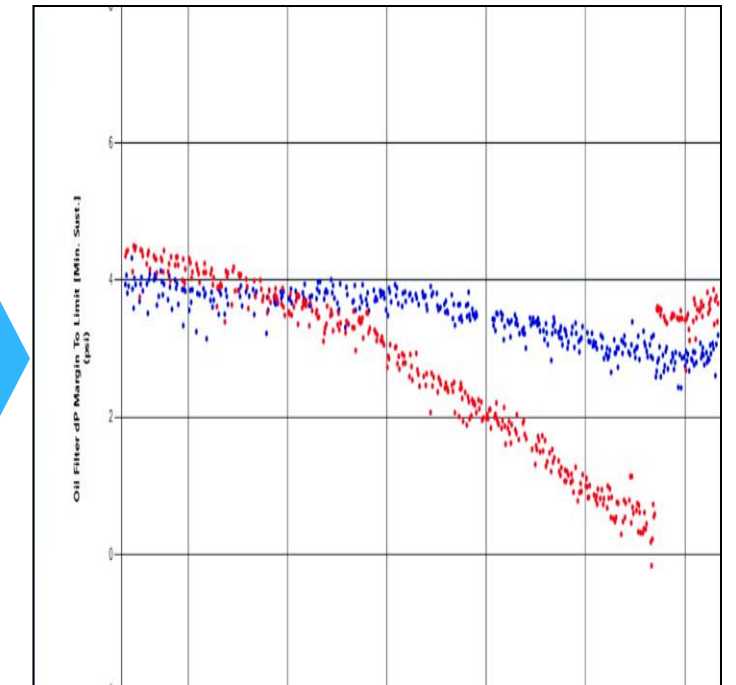
100 data points / flight



PW1000G

4M data points / flight

Advanced modeling
Improved accuracy
Advanced trending
Leading-edge prognostics



Near Term Outlook

Positives

US markets

Comm'l Aero aftermarket

Cost reduction

Share count

Monitoring

Global growth

FX

Challenges

Pension

Comm'l Aero OE mix

GTF deliveries

China

Otis Europe service

Long Term Outlook

Organic Sales Outlook (2016E - 2020E CAGR)



- ~8,200 engine orders* with revolutionary GTF technology



- 30+ systems nose to tail... content per platform up 2x



- World-class brands... strong replacement demand



- Leveraging global scale... with increased innovation spending

Shareholder Value Creation

- Focused portfolio of global franchises
- Resilient business model
- Innovative products and services
- Strong performance culture
- Disciplined capital allocation



Appendix

Use of Non-GAAP Financial Measures

We report financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). However, management believes that certain non-GAAP financial measures used in this presentation – namely, adjusted EPS, organic sales and free cash flow – provide investors with additional useful information. These non-GAAP measures should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define these non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies.

Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), excluding restructuring costs and other significant items of a non-recurring and/or non-operational nature (hereinafter referred to as "other significant items"). Organic sales represent 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. Management believes that these non-GAAP measures are useful in providing period to period comparisons of the results of the Company's ongoing operational performance.

Free cash flow 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 the Company's Common Stock and distribution of earnings to shareowners.

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

When we provide our expectations for adjusted EPS, free cash flow, and/or organic sales on a forward-looking basis, a reconciliation of differences between these non-GAAP expectations and the corresponding GAAP measures (expected diluted EPS from continuing operations, expected cash flow from operations and sales) 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 the impact of other significant items on EPS, cash flow from operations and sales. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

Segment Data – GAAP

SEGMENT DATA - Reported

(\$ Millions except per share amounts)

	2016			2015				
	1st Qtr.	2nd Qtr.	2016 Total YTD	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2015 Total
Otis								
Net Sales	2,715	3,097	5,812	2,745	3,098	3,043	3,094	11,980
Operating Profit (a)	466	581	1,047	527	627	642	542	2,338
Operating Profit %	17.2%	18.8%	18.0%	19.2%	20.2%	21.1%	17.5%	19.5%
UTC Climate, Controls & Security								
Net Sales	3,728	4,459	8,187	3,852	4,454	4,279	4,122	16,707
Operating Profit (a), (b), (e), (n)	606	872	1,478	729	823	771	613	2,936
Operating Profit %	16.3%	19.6%	18.1%	18.9%	18.5%	18.0%	14.9%	17.6%
Pratt & Whitney								
Net Sales (g)	3,588	3,813	7,401	3,332	3,677	3,234	3,839	14,082
Operating Profit (a), (f), (g)	410	386	796	419	487	419	(464)	861
Operating Profit %	11.4%	10.1%	10.8%	12.6%	13.2%	13.0%	-12.1%	6.1%
UTC Aerospace Systems								
Net Sales (h)	3,505	3,716	7,221	3,548	3,632	3,457	3,457	14,094
Operating Profit (a), (h), (i)	538	582	1,120	569	580	572	167	1,888
Operating Profit %	15.3%	15.7%	15.5%	16.0%	16.0%	16.5%	4.8%	13.4%
Total Segments								
Net Sales	13,536	15,085	28,621	13,477	14,861	14,013	14,512	56,863
Operating Profit	2,020	2,421	4,441	2,244	2,517	2,404	858	8,023
Operating Profit %	14.9%	16.0%	15.5%	16.7%	16.9%	17.2%	5.9%	14.1%
Corporate, Eliminations, and Other								
Net Sales:								
Other	(179)	(211)	(390)	(157)	(171)	(225)	(212)	(765)
Operating Profit:								
General corporate expenses (a)	(91)	(97)	(188)	(110)	(120)	(101)	(133)	(464)
Eliminations and other (a), (j), (k)	16	13	29	48	18	(1)	(333)	(268)
Consolidated								
Net Sales	13,357	14,874	28,231	13,320	14,690	13,788	14,300	56,098
Operating Profit	1,945	2,337	4,282	2,182	2,415	2,302	392	7,291
Operating Profit %	14.6%	15.7%	15.2%	16.4%	16.4%	16.7%	2.7%	13.0%
Interest expense, net	(223)	(225)	(448)	(217)	(217)	(184)	(206)	(824)
Income from continuing operations before income taxes	1,722	2,112	3,834	1,965	2,198	2,118	186	6,467
Income tax expense (l), (m)	(461)	(593)	(1,054)	(530)	(626)	(592)	(363)	(2,111)
Income from continuing operations	1,261	1,519	2,780	1,435	1,572	1,526	(177)	4,356
Income (loss) from discontinued operations (c), (d)	11	(47)	(36)	63	80	(65)	3,532	3,610
Net income	1,272	1,472	2,744	1,498	1,652	1,461	3,355	7,966
Less: Noncontrolling interest in subsidiaries' earnings	(81)	(99)	(180)	(72)	(110)	(98)	(78)	(358)
Net income attributable to common shareowners	1,191	1,373	2,564	1,426	1,542	1,363	3,277	7,608
Net income attributable to common shareowners:								
Income from continuing operations	1,180	1,420	2,600	1,364	1,461	1,427	(256)	3,996
Income (loss) from discontinued operations	11	(47)	(36)	62	81	(64)	3,533	3,612
Continuing Operations								
Earnings per share - basic	1.43	1.72	3.15	1.53	1.67	1.63	(0.30)	4.58
Earnings per share - diluted	1.42	1.71	3.13	1.51	1.64	1.61	(0.30)	4.53
Discontinued Operations								
Earnings (loss) per share - basic	0.01	(0.06)	(0.04)	0.07	0.09	(0.07)	4.16	4.14
Earnings (loss) per share - diluted	0.01	(0.06)	(0.04)	0.07	0.09	(0.07)	4.16	4.09
Weighted average number of shares outstanding: (In Millions)								
Basic shares	825.0	825.3	825.1	890.3	877.3	876.4	849.6	872.7
Diluted shares	831.2	832.7	832.0	904.2	889.4	885.0	849.6	883.2
Effective Tax Rate - continuing ops								
	Q1	Q2	Total YTD	Q1	Q2	Q3	Q4	Total YTD
	26.8%	28.1%	27.5%	27.0%	28.5%	28.0%	194.8%	32.6%

Segment Data – Notes

We adjust 2016 and 2015 segment results for restructuring costs as well as certain other significant items.

The following items are included in current and prior year results:

(a) Restructuring costs as included in 2016 and 2015 results (\$ Millions):

	2016			2015				
	Restructuring Costs			Restructuring Costs				
	Q1	Q2	Total YTD	Q1	Q2	Q3	Q4	Total YTD
Operating Profit:								
Otis	15	16	31	6	8	18	19	51
UTC Climate, Controls & Security	28	25	53	24	28	15	41	108
Pratt & Whitney	5	66	71	13	2	22	68	105
UTC Aerospace Systems	13	8	21	50	-	14	47	111
Total Segments	61	115	176	93	38	69	175	375
General corporate expenses	-	-	-	-	-	4	5	9
Eliminations and other	1	1	2	-	1	-	11	12
Total within continuing operations	62	116	178	93	39	73	191	396
Total within discontinued operations	-	-	-	-	23	116	-	139
Total UTC	62	116	178	93	62	189	191	535

(b) Q1 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.

(c) Q2 2015: Approximately \$28 million of transaction and separation costs related to the planned sale or spin-off of Sikorsky.

(d) Q3 2015: Approximately \$68 million of tax provision related to the undistributed earnings of Sikorsky's foreign subsidiaries, which will no longer be permanently reinvested as a result of the announced sale of Sikorsky to Lockheed Martin Corp.

(e) Q4 2015: Approximately \$5 million charge related to UTC Climate, Controls & Security acquisitions and integration costs.

(f) Q4 2015: Approximately \$867 million charge related to a Pratt & Whitney research and development support agreement with the Canadian government.

(g) Q4 2015: Approximately \$142 million to record in sales and \$80 million in losses from Pratt & Whitney customer contract renegotiations.

(h) Q4 2015: Approximately \$210 million to record in sales and \$295 million in losses from UTC Aerospace Systems customer contract renegotiations.

(i) Q4 2015: Approximately \$61 million charge to UTC Aerospace Systems for impairment of assets held for sale.

(j) Q4 2015: Approximately \$237 million charge for pending and future asbestos-related claims.

(k) Q4 2015: Approximately \$27 million charge from agreement with a state taxing authority for monetization of tax credits.

(l) Q4 2015: Approximately \$274 million of unfavorable income tax accruals related to the repatriation of foreign earnings.

(m) Q4 2015: Approximately \$69 million of unfavorable income tax accruals related to a change in tax laws.

(n) Q2 2016: Approximately \$12 million of acquisitions and integration costs related to UTC Climate, Controls & Security.

Segment Data – Adjusted

<i>(in millions)</i>	2016 (Unaudited)			2015 (Unaudited)				
	Quarter Ended March 31	Quarter Ended June 30	Year to date 2016	Quarter Ended March 31	Quarter Ended June 30	Quarter Ended September 30	Quarter Ended December 31	Year Ended 2015
Adjusted Net Sales								
Otis	\$ 2,715	\$ 3,097	\$ 5,812	\$ 2,745	\$ 3,098	\$ 3,043	\$ 3,094	\$ 11,980
UTC Climate, Controls & Security	3,728	4,459	8,187	3,852	4,454	4,279	4,122	16,707
Pratt & Whitney	3,588	3,813	7,401	3,332	3,677	3,234	3,981	14,224
UTC Aerospace Systems	3,505	3,716	7,221	3,548	3,632	3,457	3,667	14,304
Segment Sales	13,536	15,085	28,621	13,477	14,861	14,013	14,864	57,215
Eliminations and other	(179)	(211)	(390)	(157)	(171)	(225)	(212)	(765)
Consolidated Net Sales	\$ 13,357	\$ 14,874	\$ 28,231	\$ 13,320	\$ 14,690	\$ 13,788	\$ 14,652	\$ 56,450
Adjusted Operating Profit								
Otis	\$ 481	\$ 597	\$ 1,078	\$ 533	\$ 635	\$ 660	\$ 561	\$ 2,389
UTC Climate, Controls & Security	634	909	1,543	627	851	786	659	2,923
Pratt & Whitney	415	452	867	432	489	441	551	1,913
UTC Aerospace Systems	551	590	1,141	619	580	586	570	2,355
Adjusted Segment Operating Profit	2,081	2,548	4,629	2,211	2,555	2,473	2,341	9,580
Eliminations and other	17	14	31	48	19	(1)	(58)	8
General corporate expenses	(91)	(97)	(188)	(110)	(120)	(97)	(128)	(455)
Adjusted Consolidated Operating Profit	\$ 2,007	\$ 2,465	\$ 4,472	\$ 2,149	\$ 2,454	\$ 2,375	\$ 2,155	\$ 9,133
Adjusted Segment Operating Profit Margin								
Otis	17.7%	19.3%	18.5%	19.4%	20.5%	21.7%	18.1%	19.9%
UTC Climate, Controls & Security	17.0%	20.4%	18.8%	16.3%	19.1%	18.4%	16.0%	17.5%
Pratt & Whitney	11.6%	11.9%	11.7%	13.0%	13.3%	13.6%	13.8%	13.4%
UTC Aerospace Systems	15.7%	15.9%	15.8%	17.4%	16.0%	17.0%	15.5%	16.5%
Adjusted Segment Operating Profit Margin	15.4%	16.9%	16.2%	16.4%	17.2%	17.6%	15.7%	16.7%

Q2 2016 YTD Sales Change

	<u>Total</u>	<u>Organic</u>	<u>FX</u>	<u>Net Acquisitions</u>	<u>Other</u>
Otis	(1%)	3%	(4%)	0%	0%
CCS	(1%)	(1%)	(1%)	1%	0%
Pratt & Whitney	6%	6%	0%	0%	0%
Aerospace Systems	<u>1%</u>	<u>1%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Total UTC*	1%	2%	(1%)	0%	0%

*Reflects consolidated net sales

Free Cash Flow Reconciliation

(\$ millions)

	2Q YTD	
	<u>2016</u>	<u>2015</u>
Net income attributable to common shareowners from continuing operations	2,600	2,825
Depreciation & amortization	960	915
Change in working capital	(637)	(723)
Other	<u>(352)</u>	<u>5</u>
Cash flow from operations	2,571	3,022
Capital expenditures	<u>(649)</u>	<u>(654)</u>
Free cash flow	<u>1,922</u>	<u>2,368</u>
Free cash flow as a % of net income attributable to common shareowners from continuing operations	74%	84%