

United Technologies

Cowen & Co. 38th Annual Aerospace/Defense Conference

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Executive Vice President, CFO

| OTIS

| PRATT & WHITNEY

| UTC AEROSPACE SYSTEMS

| UTC CLIMATE, CONTROLS & SECURITY

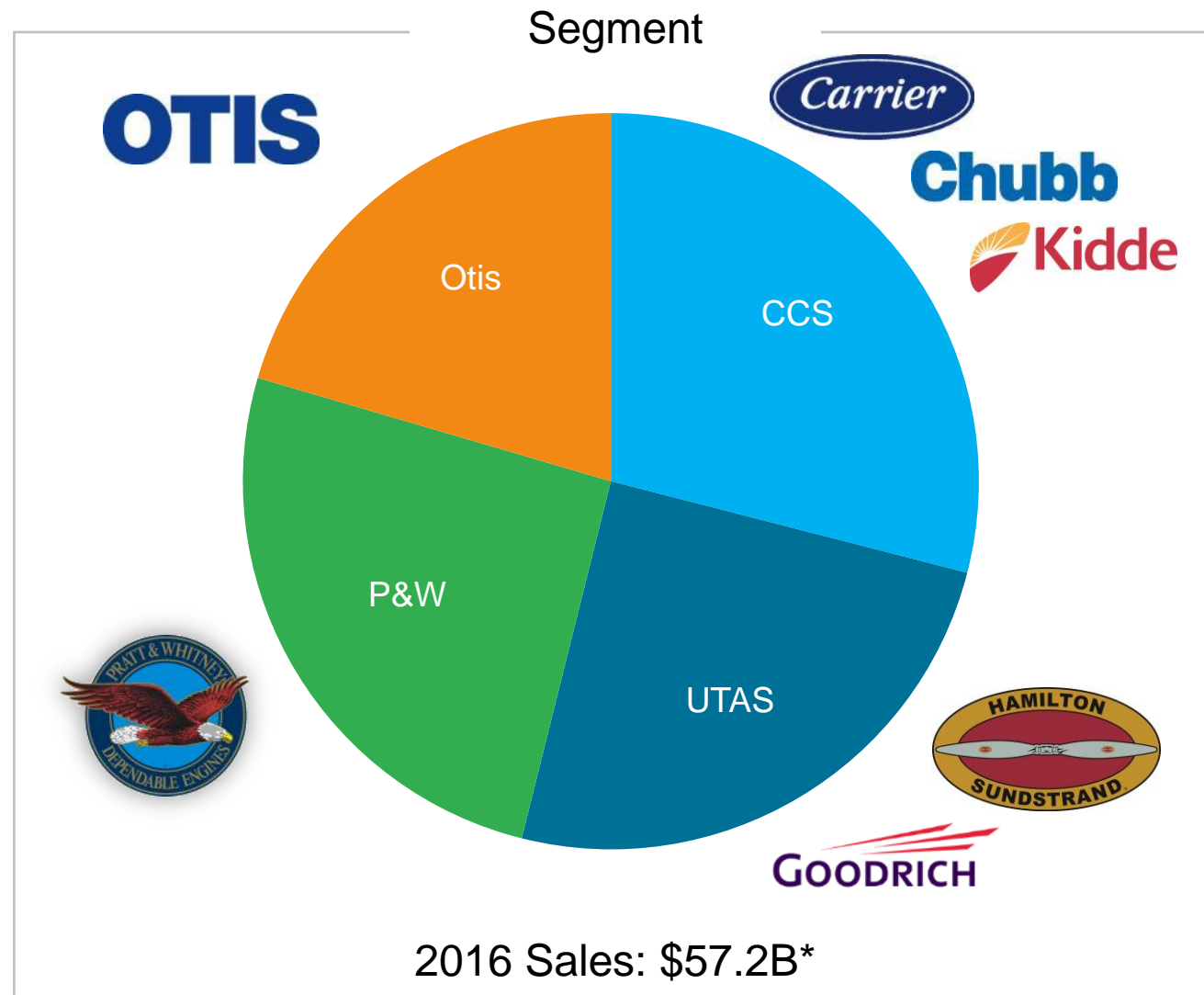
| NYSE: UTX

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) the timing and scope of future repurchases of our common stock, which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (6) delays and disruption in delivery of materials and services from suppliers; (7) company and customer- directed cost reduction efforts and restructuring costs and savings and other consequences thereof; (8) 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; (9) new business 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 we 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; and (16) 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.

Industry Leading, Global Franchises



2016 Results

Adjusted EPS*	\$6.61
Sales	\$57.2B
Organic Sales**	2%
Free cash flow***	93% of net income attributable to common shareowners

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

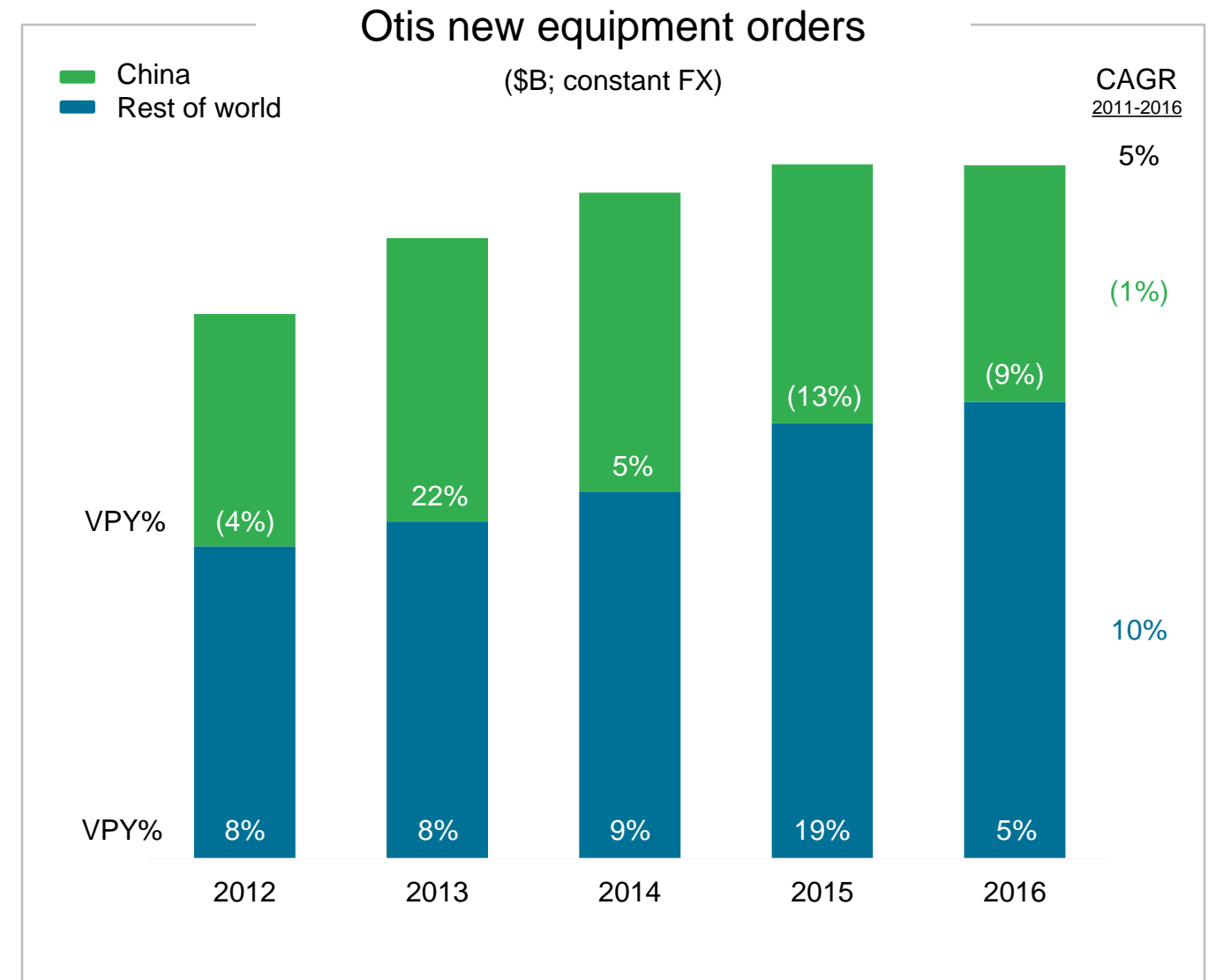
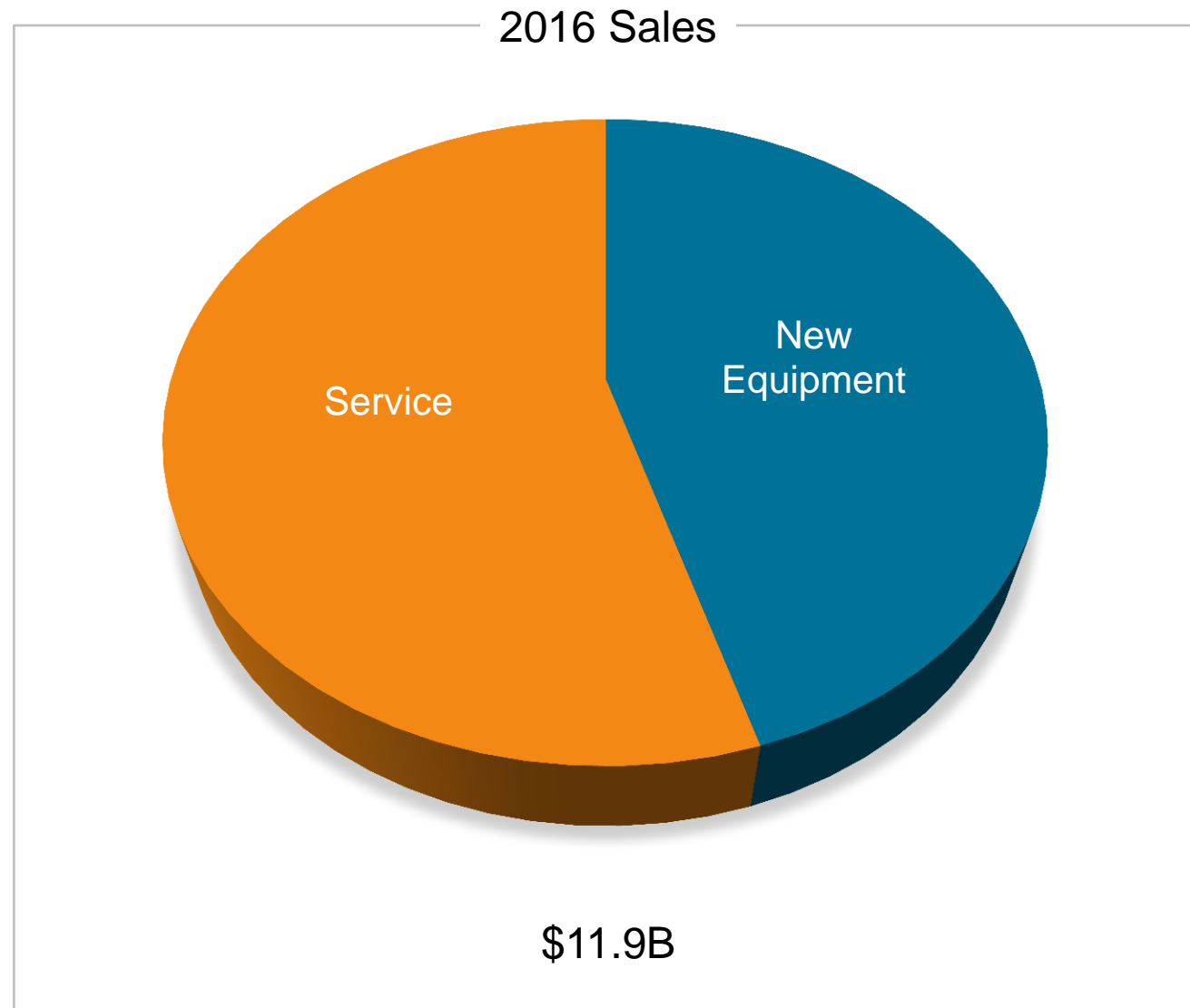
Source: UTC filings, consolidated UTC sales for 2016 of \$57.2B includes eliminations
*Represented breakdowns are based on total segment revenue

*Excludes restructuring and other significant items – see appendix for reconciliation

**See appendix for definition and reconciliation of organic sales

***See appendix for definition and reconciliation of free cash flow

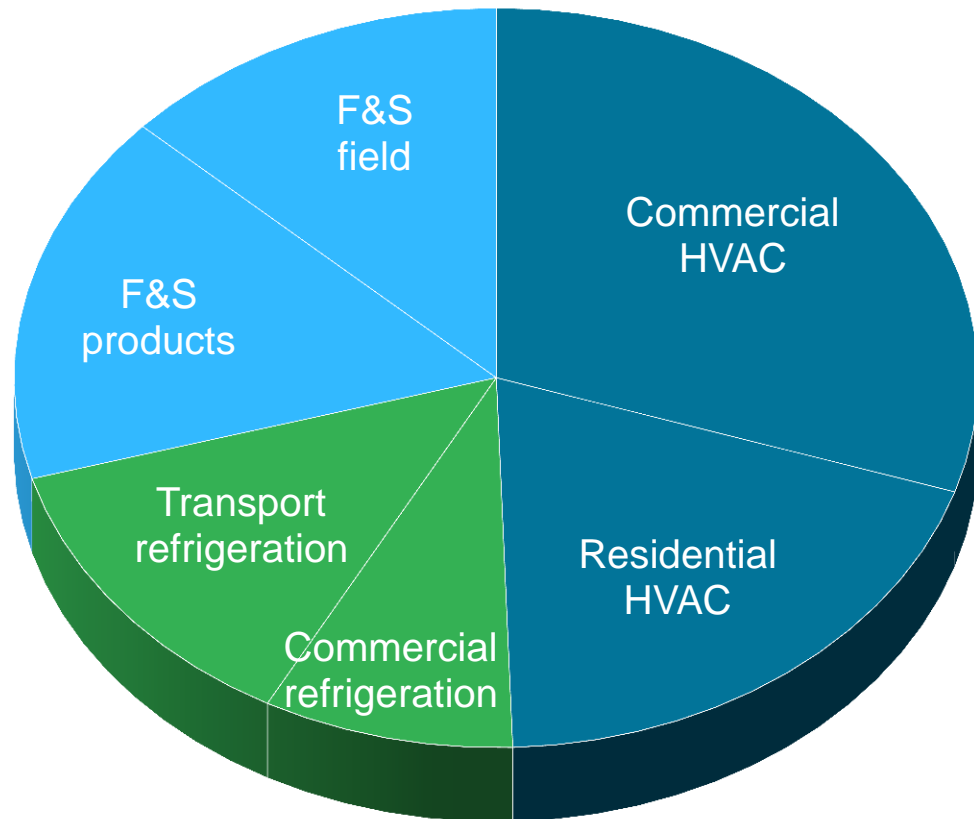
Otis



Industry leader focused on growth, innovation and operational excellence

UTC Climate, Controls & Security

2016 Sales



\$16.9B

Iconic brands



New product innovation



AquaEdge® 19DV Centrifugal chiller



Carrier Cōr™ thermostat



AquaForce® 30XV Air-cooled screw chiller



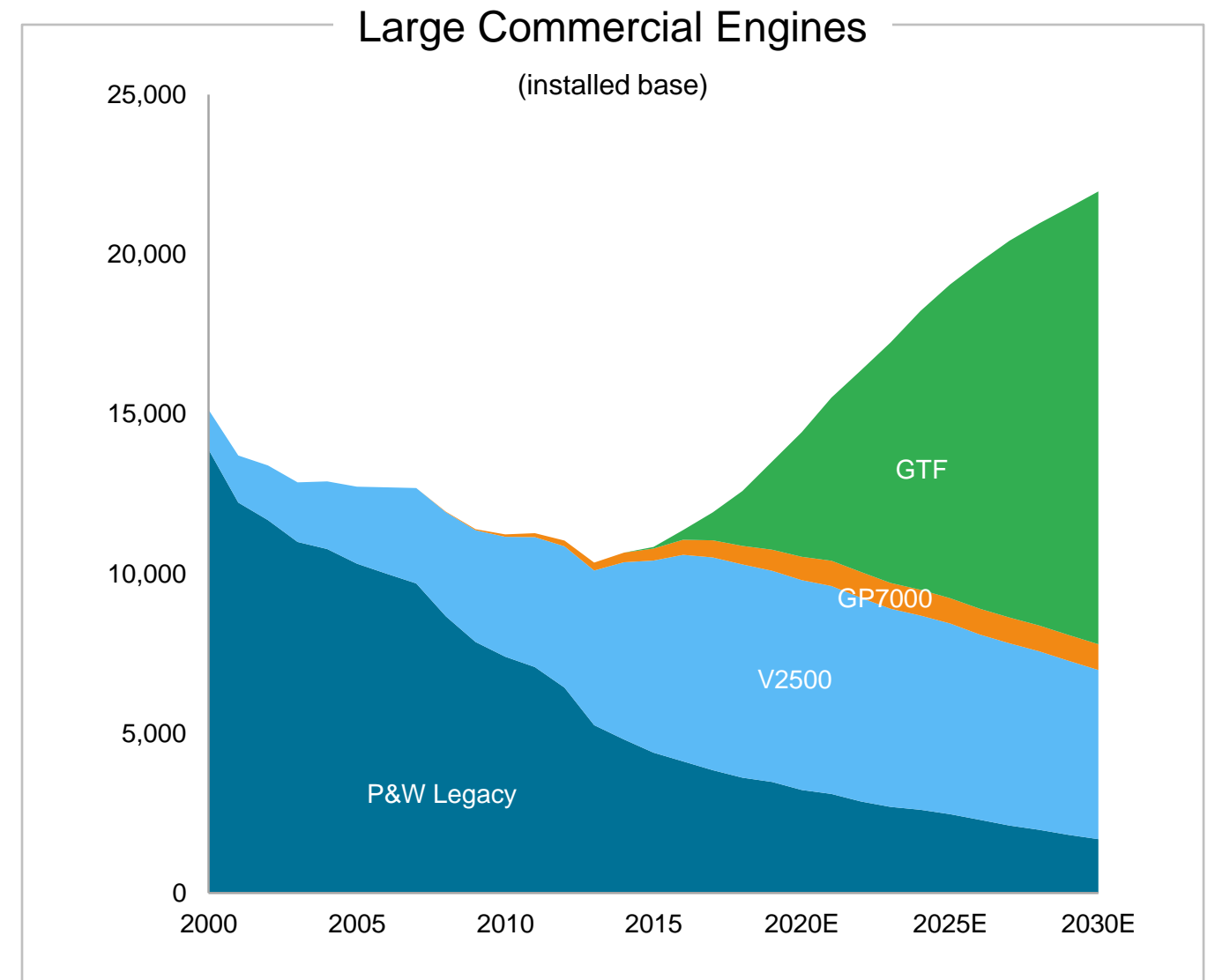
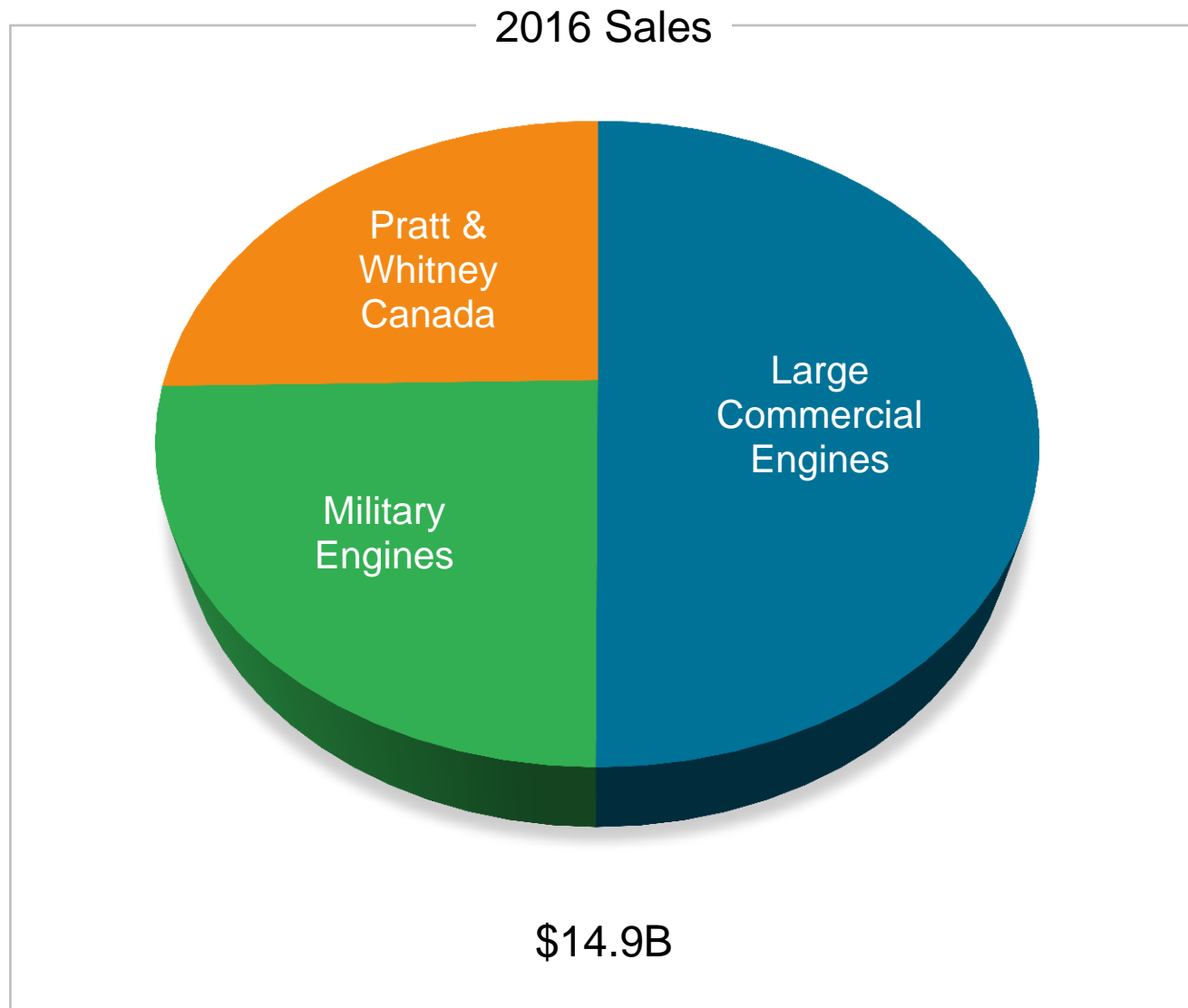
AquaEdge® 19XR7 chiller



Onity DirectKey™

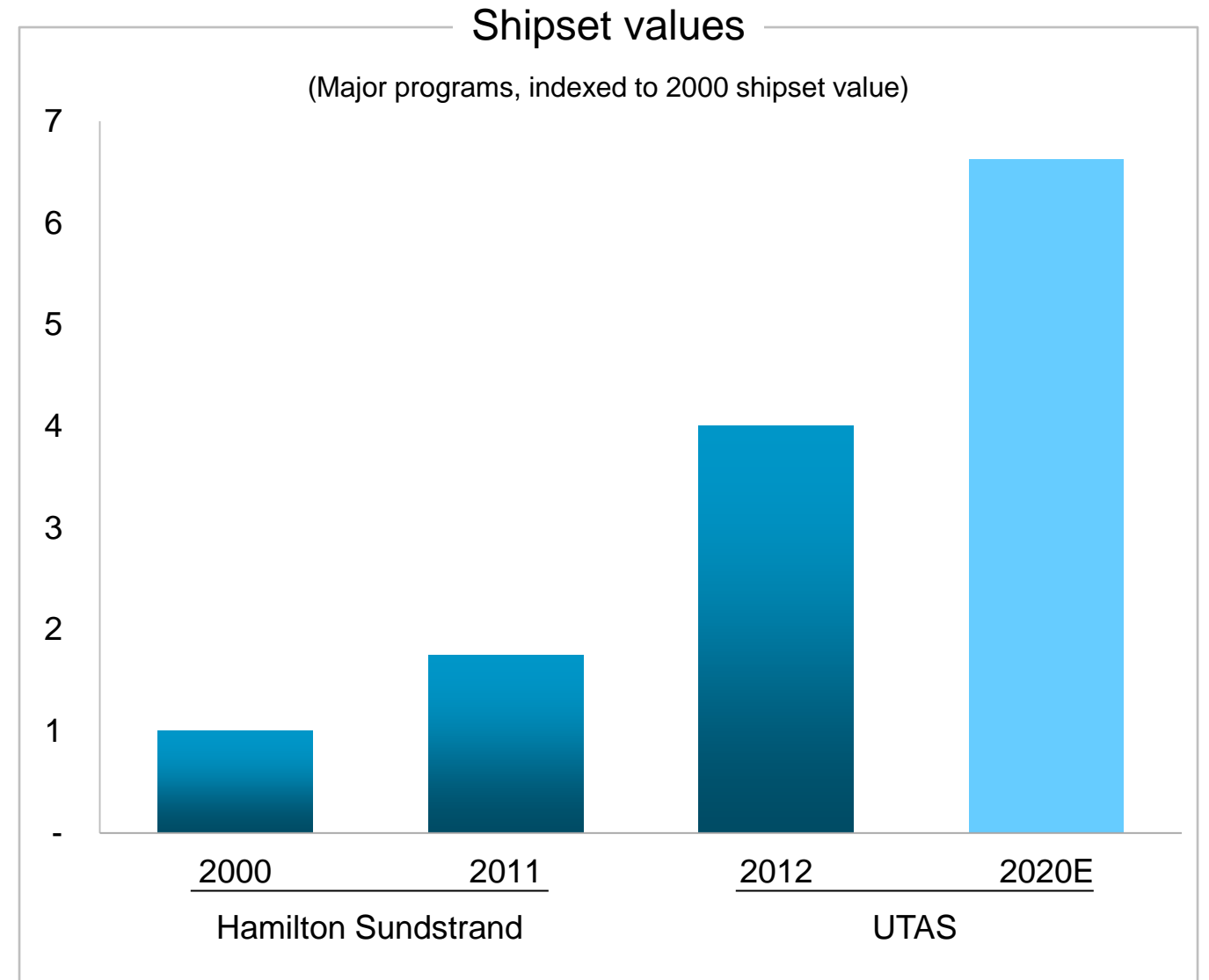
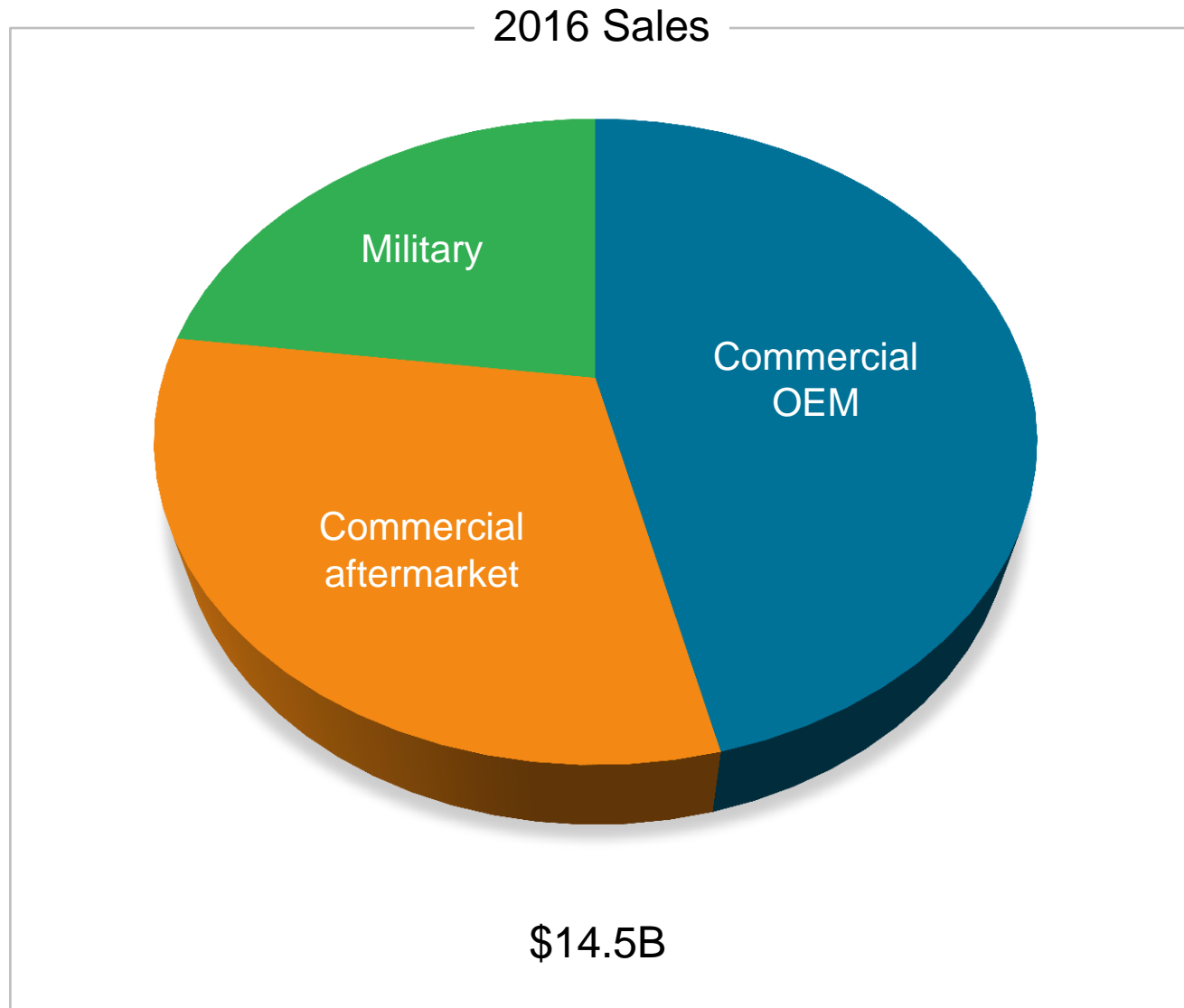
World class brands...innovating in efficiency, sustainability and intelligent systems

Pratt & Whitney



Industry-leading technologies...positioned for sustainable long term growth

UTC Aerospace Systems



>90 product lines supporting 1,500 operators on 70,000 aircraft

Shareholder Value Creation

Focused portfolio of global franchises

Innovative products and services

Resilient business model

Strong performance culture

Disciplined capital allocation

2017 Outlook

Adjusted EPS*	\$6.30 – \$6.60
Sales	\$57.5B – \$59B
Organic Sales**	2 – 4%
Free cash flow***	90 – 100% of net income attributable to common shareowners

*Excludes restructuring and other significant items – see appendix for definition

**See appendix for definition of organic sales

***See appendix for definition of free cash flow

Appendix

Use and Definitions of Non-GAAP Financial Measures

We supplement the reporting of our financial information determined under accounting principles generally accepted in the United States ("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 and adjusted diluted 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 diluted 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 and organic sales and/or 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, 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 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.

Segment Data – GAAP

UNITED TECHNOLOGIES CORPORATION SEGMENT DATA - Reported

(\$ Millions except per share amounts)

	2016					2015				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2015 Total
Otis										
Net Sales	2,715	3,097	3,018	3,063	11,893	2,745	3,098	3,043	3,094	11,980
Operating Profit (a)	466	581	584	516	2,147	527	627	642	542	2,338
Operating Profit %	17.2%	18.8%	19.4%	16.8%	18.1%	19.2%	20.2%	21.1%	17.5%	19.5%
UTC Climate, Controls & Security										
Net Sales	3,728	4,459	4,415	4,249	16,851	3,852	4,454	4,279	4,122	16,707
Operating Profit (a), (b), (e), (n), (o), (s)	606	872	801	677	2,956	729	823	771	613	2,936
Operating Profit %	16.3%	19.6%	18.1%	15.9%	17.5%	18.9%	18.5%	18.0%	14.9%	17.6%
Pratt & Whitney										
Net Sales (g), (p)	3,588	3,813	3,501	3,992	14,894	3,332	3,677	3,234	3,839	14,082
Operating Profit (a), (f), (g), (p)	410	386	340	409	1,545	419	487	419	(464)	861
Operating Profit %	11.4%	10.1%	9.7%	10.2%	10.4%	12.6%	13.2%	13.0%	-12.1%	6.1%
UTC Aerospace Systems										
Net Sales (h)	3,505	3,716	3,646	3,598	14,465	3,548	3,632	3,457	3,457	14,094
Operating Profit (a), (h), (i)	538	582	600	578	2,298	569	580	572	167	1,888
Operating Profit %	15.3%	15.7%	16.5%	16.1%	15.9%	16.0%	16.0%	16.5%	4.8%	13.4%
Total Segments										
Net Sales	13,536	15,085	14,580	14,902	58,103	13,477	14,861	14,013	14,512	56,863
Operating Profit	2,020	2,421	2,325	2,180	8,946	2,244	2,517	2,404	858	8,023
Operating Profit %	14.9%	16.0%	15.9%	14.6%	15.4%	16.7%	16.9%	17.2%	5.9%	14.1%
Corporate, Eliminations, and Other										
Net Sales:										
Other	(179)	(211)	(226)	(243)	(859)	(157)	(171)	(225)	(212)	(765)
Operating Profit:										
General corporate expenses (a)	(91)	(97)	(92)	(126)	(406)	(110)	(120)	(101)	(133)	(464)
Eliminations and other (a), (j), (k), (t)	16	13	18	(415)	(368)	48	18	(1)	(333)	(268)
Consolidated										
Net Sales	13,357	14,874	14,354	14,659	57,244	13,320	14,690	13,788	14,300	56,098
Operating Profit	1,945	2,337	2,251	1,639	8,172	2,182	2,415	2,302	392	7,291
Operating Profit %	14.6%	15.7%	15.7%	11.2%	14.3%	16.4%	16.4%	16.7%	2.7%	13.0%
Interest expense, net (q), (u), (v)	(223)	(225)	(225)	(366)	(1,039)	(217)	(217)	(184)	(206)	(824)
Income from continuing operations before income taxes	1,722	2,112	2,026	1,273	7,133	1,965	2,198	2,118	186	6,467
Income tax expense (l), (m), (r), (w), (x)	(469)	(587)	(492)	(149)	(1,697)	(530)	(626)	(592)	(363)	(2,111)
Income from continuing operations	1,253	1,525	1,534	1,124	5,436	1,435	1,572	1,526	(177)	4,356
Income (loss) from discontinued operations (c), (d)	11	(47)	37	(11)	(10)	63	80	(65)	3,532	3,610
Net income	1,264	1,478	1,571	1,113	5,426	1,498	1,652	1,461	3,355	7,966
Less: Noncontrolling interest in subsidiaries' earnings	(81)	(99)	(91)	(100)	(371)	(72)	(110)	(99)	(77)	(358)
Net income attributable to common shareowners	1,183	1,379	1,480	1,013	5,055	1,426	1,542	1,362	3,278	7,608
Net income attributable to common shareowners:										
Income from continuing operations	1,172	1,426	1,443	1,024	5,065	1,364	1,461	1,427	(256)	3,996
Income (loss) from discontinued operations	11	(47)	37	(11)	(10)	62	81	(65)	3,534	3,612
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2015 Total
Continuing Operations										
Earnings per share - basic	1.42	1.73	1.76	1.28	6.19	1.53	1.67	1.63	(0.30)	4.58
Earnings per share - diluted	1.41	1.71	1.74	1.26	6.13	1.51	1.64	1.61	(0.30)	4.53
Discontinued Operations										
Earnings (loss) per share - basic	0.01	(0.06)	0.04	(0.01)	(0.01)	0.07	0.09	(0.07)	4.16	4.14
Earnings (loss) per share - diluted	0.01	(0.06)	0.04	(0.01)	(0.01)	0.07	0.09	(0.07)	4.16	4.09
Total EPS attributable to common shareowners										
Total basic earnings per share	1.43	1.67	1.80	1.26	6.18	1.60	1.76	1.55	3.86	8.72
Total diluted earnings per share	1.42	1.65	1.78	1.25	6.12	1.58	1.73	1.54	3.86	8.61
Weighted average number of shares outstanding (millions)										
Basic shares	825.0	825.3	822.4	802.0	818.2	890.3	877.3	876.4	849.6	872.7
Diluted shares	831.3	833.6	831.2	810.3	826.1	904.2	899.4	885.0	849.6	883.2
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Effective Tax Rate - continuing ops	27.2%	27.8%	24.3%	11.7%	23.8%	27.0%	28.5%	28.0%	194.8%	32.6%

Segment Data – Notes

The earnings release and conference-call discussion adjust 2016 and 2015 segment results for Restructuring costs as well as certain Significant non-recurring and 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 2016 and 2015 results:

	2016					2015				
	Restructuring Costs					Restructuring Costs				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Operating Profit:										
Otis	(15)	(16)	(10)	(18)	(59)	(6)	(8)	(18)	(19)	(51)
UTC Climate, Controls & Security	(28)	(25)	(18)	6	(65)	(24)	(28)	(15)	(41)	(108)
Pratt & Whitney	(5)	(66)	21	(61)	(111)	(13)	(2)	(22)	(68)	(105)
UTC Aerospace Systems	(13)	(8)	(11)	(17)	(49)	(50)	-	(14)	(47)	(111)
Total Segments	(61)	(115)	(18)	(90)	(284)	(93)	(38)	(69)	(175)	(375)
General corporate expenses	-	-	(1)	-	(1)	-	-	(4)	(5)	(9)
Eliminations and other	(1)	(1)	(4)	1	(5)	-	(1)	-	(11)	(12)
Total within continuing operations	(62)	(116)	(23)	(89)	(290)	(93)	(39)	(73)	(191)	(396)
Total within discontinued operations	-	-	-	-	-	-	(23)	(116)	-	(139)
Total UTC	(62)	(116)	(23)	(89)	(290)	(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 acquisition and integration costs related to UTC Climate, Controls & Security.

(o) Q3 2016: Approximately \$11 million of acquisition and integration costs related to UTC Climate, Controls & Security.

(p) Q3 2016: Approximately \$184 million to record in sales and \$95 million in losses from Pratt & Whitney on-going customer contract negotiations.

(q) Q3 2016: Approximately \$2 million of favorable pre-tax interest adjustments related to the IRS conclusion of Goodrich Corporation's 2011-2012 tax years.

(r) Q3 2016: Approximately \$56 million of favorable income tax adjustments related to the IRS conclusion of Goodrich Corporation's 2011-2012 tax years.

(s) Q4 2016: Approximately \$9 million of acquisition and integration costs related to UTC Climate, Controls & Security.

(t) Q4 2016: Approximately \$423 million of pension settlement charges resulting from defined benefit plan derisking actions.

(u) Q4 2016: Approximately \$164 million of net extinguishment loss from early redemption of debt.

(v) Q4 2016: Approximately \$22 million of favorable pre-tax interest adjustments related to the IRS conclusion of 2011-2012 tax years.

(w) Q4 2016: Approximately \$150 million of favorable income tax adjustments related to the IRS conclusion of 2011-2012 tax years.

(x) Q4 2016: Approximately \$25 million of favorable income tax adjustments related to changes in French tax laws.

Segment Data – Adjusted

UNITED TECHNOLOGIES CORPORATION SEGMENT DATA - Adjusted/Non-GAAP (Unaudited)

(\$ Millions except per share amounts)

Otis

	2016					2015				
	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.	2016 FY	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2015 FY
Net Sales	2,715	3,097	3,018	3,063	11,893	2,745	3,098	3,043	3,094	11,980
Operating Profit (a)	481	597	594	534	2,206	533	635	660	561	2,389
Operating Profit %	17.7%	19.3%	19.7%	17.4%	18.5%	19.4%	20.5%	21.7%	18.1%	19.9%

UTC Climate, Controls & Security

Net Sales	3,728	4,459	4,415	4,249	16,851	3,852	4,454	4,279	4,122	16,707
Operating Profit (a), (b), (e), (n), (o), (s)	634	909	830	680	3,053	627	851	786	659	2,923
Operating Profit %	17.0%	20.4%	18.8%	16.0%	18.1%	16.3%	19.1%	18.4%	16.0%	17.5%

Pratt & Whitney

Net Sales (g), (p)	3,588	3,813	3,685	3,992	15,078	3,332	3,677	3,234	3,981	14,224
Operating Profit (a), (f), (g), (p)	415	452	414	470	1,751	432	489	441	551	1,913
Operating Profit %	11.6%	11.9%	11.2%	11.8%	11.6%	13.0%	13.3%	13.6%	13.8%	13.4%

UTC Aerospace Systems

Net Sales (h)	3,505	3,716	3,646	3,598	14,465	3,548	3,632	3,457	3,667	14,304
Operating Profit (a), (h), (i)	551	590	611	595	2,347	619	580	586	570	2,355
Operating Profit %	15.7%	15.9%	16.8%	16.5%	16.2%	17.4%	16.0%	17.0%	15.5%	16.5%

Total Segments

Net Sales	13,536	15,085	14,764	14,902	58,287	13,477	14,861	14,013	14,864	57,215
Operating Profit	2,081	2,548	2,449	2,279	9,357	2,211	2,555	2,473	2,341	9,580
Operating Profit %	15.4%	16.9%	16.6%	15.3%	16.1%	16.4%	17.2%	17.6%	15.7%	16.7%

Corporate, Eliminations, and Other

Net Sales:										
Other	(179)	(211)	(226)	(243)	(859)	(157)	(171)	(225)	(212)	(765)
Operating Profit:										
General corporate expenses (a)	(91)	(97)	(91)	(126)	(405)	(110)	(120)	(97)	(128)	(455)
Eliminations and other (a), (j), (k), (l)	17	14	22	7	60	48	19	(1)	(58)	8
Task/(Contingency)	-	-	-	-	-	-	-	-	-	-

Consolidated

Net Sales	13,357	14,874	14,538	14,659	57,428	13,320	14,690	13,788	14,652	56,450
Operating Profit	2,007	2,465	2,380	2,160	9,012	2,149	2,454	2,375	2,155	9,133
Operating Profit %	15.0%	16.6%	16.4%	14.7%	15.7%	16.1%	16.7%	17.2%	14.7%	16.2%

Interest expense, net (q), (u), (v)

	(223)	(225)	(227)	(224)	(899)	(217)	(217)	(184)	(206)	(824)
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Income from continuing operations before income taxes

	1,784	2,240	2,153	1,936	8,113	1,932	2,237	2,191	1,949	8,309
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Income tax expense (l), (m), (r), (w), (x)

	(489)	(627)	(600)	(566)	(2,282)	(560)	(641)	(613)	(572)	(2,386)
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Income from continuing operations

	1,295	1,613	1,553	1,370	5,831	1,372	1,596	1,578	1,377	5,923
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Income (loss) from discontinued operations (c), (d)

	11	(47)	37	(11)	(10)	63	80	(65)	3,532	3,610
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Net income

	1,306	1,566	1,590	1,359	5,821	1,435	1,676	1,513	4,909	9,533
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Less: Noncontrolling interest in subsidiaries' earnings

	(81)	(99)	(91)	(100)	(371)	(72)	(110)	(99)	(77)	(358)
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Net income attributable to common shareowners

	1,225	1,467	1,499	1,259	5,450	1,363	1,566	1,414	4,832	9,175
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Net income attributable to common shareowners:

From continuing operations	1,214	1,514	1,462	1,270	5,460	1,301	1,485	1,479	1,298	5,563
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From discontinued operations	11	(47)	37	(11)	(10)	62	81	(65)	3,534	3,612
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2016 Full Year Sales Reconciliation

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

*Reflects consolidated net sales

EPS Reconciliation

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

(dollars in millions except per share amounts)

	2016					2015				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Diluted earnings per share attributable to common shareowners	\$ 1.42	\$ 1.65	\$ 1.78	\$ 1.25	\$ 6.12	\$ 1.58	\$ 1.73	\$ 1.54	\$ 3.86	\$ 8.61
Less: diluted earnings (loss) per share from discontinued operations attributable to common shareowners	0.01	(0.06)	0.04	(0.01)	(0.01)	0.07	0.09	(0.07)	4.16	4.09
Diluted earnings per share - Net income from continuing operations attributable to common shareowners (GAAP)	\$ 1.41	\$ 1.71	\$ 1.74	\$ 1.26	\$ 6.13	\$ 1.51	\$ 1.64	\$ 1.61	\$ (0.30)	\$ 4.53
Net income attributable to common shareowners	\$ 1,183	\$ 1,379	\$ 1,480	\$ 1,013	\$ 5,055	\$ 1,426	\$ 1,542	\$ 1,362	\$ 3,278	\$ 7,608
Less: Income (loss) from discontinued operations attributable to common shareowners	11	(47)	37	(11)	(10)	62	81	(65)	3,534	3,612
Net income from continuing operations attributable to common shareowners	1,172	1,426	1,443	1,024	5,065	1,364	1,461	1,427	(256)	3,996
Adjustments to net income from continuing operations attributable to common shareowners:										
Restructuring costs	(62)	(116)	(23)	(89)	(290)	(93)	(39)	(73)	(191)	(396)
Gain on fair value adjustment on acquisition of controlling interest in a joint venture	-	-	-	-	-	126	-	-	-	126
Acquisition and integration costs related to current period acquisitions	-	(12)	(11)	(9)	(32)	-	-	-	(5)	(5)
Charge related to a research and development support agreement with Canadian government agencies	-	-	-	-	-	-	-	-	(867)	(867)
Charge resulting from customer contract negotiations	-	-	(95)	-	(95)	-	-	-	(375)	(375)
Charge for impairment of assets held for sale	-	-	-	-	-	-	-	-	(61)	(61)
Charge for pending and future asbestos-related claims	-	-	-	-	-	-	-	-	(237)	(237)
Charge from agreement with a state taxing authority for monetization of tax credits	-	-	-	-	-	-	-	-	(27)	(27)
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	-	-	2	22	24	-	-	-	-	-
Income tax benefit on restructuring costs and significant non-recurring and non-operational items	20	40	52	242	354	30	15	21	551	617
Significant non-recurring and non-operational gains (charges) recorded within income tax expense	-	-	56	175	231	-	-	-	(342)	(342)
Total adjustments to net income from continuing operations attributable to common shareowners	(42)	(88)	(19)	(246)	(395)	63	(24)	(52)	(1,554)	(1,567)
Adjusted net income from continuing operations attributable to common shareowners	\$ 1,214	\$ 1,514	\$ 1,462	\$ 1,270	\$ 5,460	\$ 1,301	\$ 1,485	\$ 1,479	\$ 1,298	\$ 5,563
Less: Impact of total adjustments on diluted earnings per share	\$ (0.05)	\$ (0.11)	\$ (0.02)	\$ (0.30)	\$ (0.48)	\$ 0.07	\$ (0.03)	\$ (0.06)	\$ (1.83)	\$ (1.77)
Adjusted diluted earnings per share - Net income from continuing operations attributable to common shareowners (Non-GAAP)	\$ 1.46	\$ 1.82	\$ 1.76	\$ 1.56	\$ 6.61	\$ 1.44	\$ 1.67	\$ 1.67	\$ 1.53	\$ 6.30

Free Cash Flow Reconciliation

(\$ millions)

	<u>FY 16</u>	<u>FY 15</u>
Net income attributable to common shareowners from continuing operations	5,065	3,996
Depreciation & amortization	1,962	1,863
Change in working capital	(1,161)	(769)
Other	<u>546</u>	<u>1,665</u>
Cash flow from operations	6,412	6,755
Capital expenditures	<u>(1,699)</u>	<u>(1,652)</u>
Free cash flow	<u><u>4,713</u></u>	<u><u>5,103</u></u>
Free cash flow as a % of net income attributable to common shareowners from continuing operations	93%	128%