United Technologies

3Q 2017 Earnings Conference Call

October 24, 2017

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,” “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 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, 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 approval of Rockwell Collins’ shareowners 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 its operation of the business 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 potential 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.

2017 OUTLOOK

United Technologies

Adjusted EPS*

$6.58 - $6.63 up from $6.45 - $6.60

+ 8 cents

Increasing mid point of prior outlook

Sales

$59 - $59.5B up from $58.5 - $59.5B

+ $0.25 billion

Increasing mid point of prior outlook

Organic sales*

3% - 4%

Free cash flow*

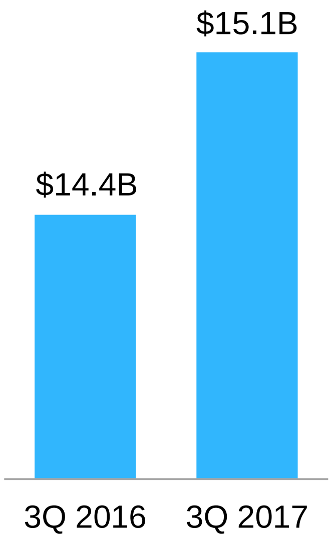
$3.0 - $3.5B

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

3Q 2017

Sales

Up 5%



Organic*	6 pts.
FX	1 pt.
Other	(2) pts.

EPS

GAAP

Down 4%

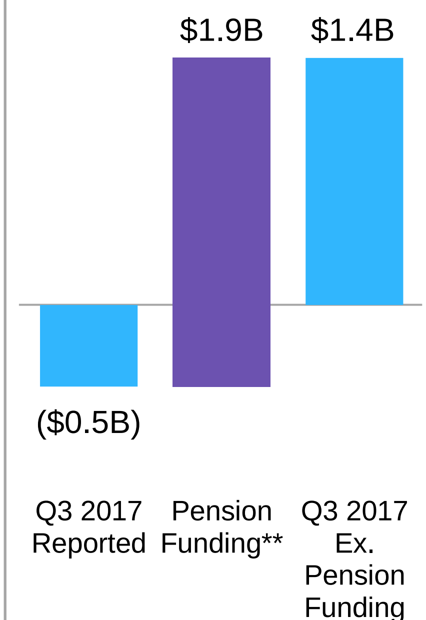
Adjusted*

Down 2%

($0.2)	($0.06)
Restructuring/ Other items gain/(charge)	

Free Cash Flow*

(attributable to common shareowners)

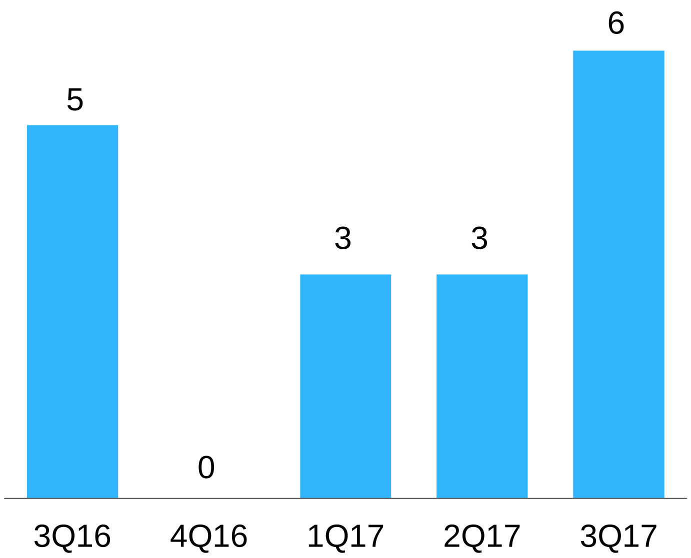


*See appendix for additional information regarding these non-GAAP financial measures.
**Impact of $1.9 billion discretionary contributions to domestic defined benefit pension plans.

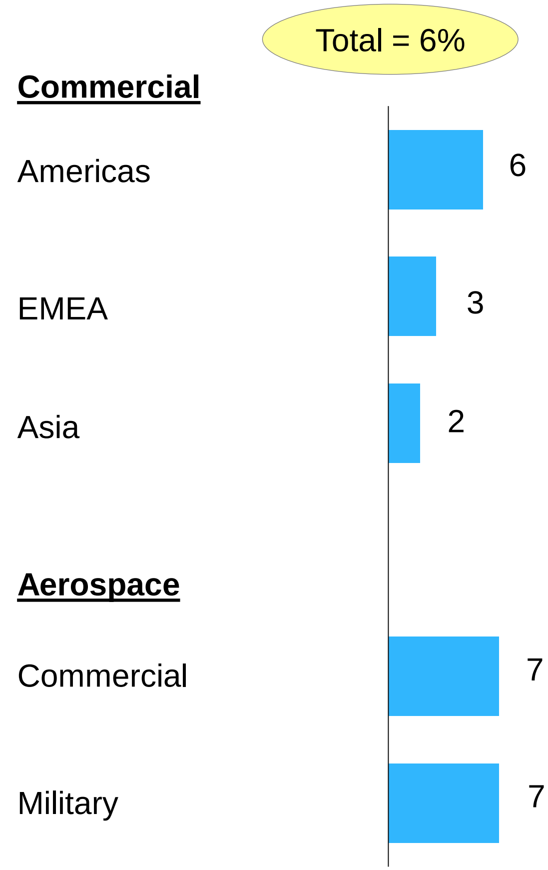
ORGANIC SALES GROWTH

(VPY%)

Quarterly Trend



3Q 2017



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

3Q 2017 SEGMENT HIGHLIGHTS

Otis

($ millions)

	Reported	Adjusted*	YOY Var.*
Sales	3,156	3,156	5%
Operating profit	555	561	(6%)
ROS	17.6%	17.8%	(1.9) pts

Organic sales* up 2%

Service sales up 5%** and new equipment up 2%**

Adjusted operating profit* down 7%**
- China price and mix pressure
- Investments in service and E&D

New equipment orders down 4%**
- Europe up 25%
- China flat
- North America down 24% off tough compares

Otis China will provide 345 units of elevators and escalators for five new projects developed by Jiangsu Jindadi Group. These commercial skyscrapers stand in key cities in East China, including Nanjing, Suzhou, and Yangzhou. Otis SkyRise® and Gen2® elevators will serve these projects.

*See appendix for additional information regarding these non-GAAP financial measures.
**At constant currency

3Q 2017 SEGMENT HIGHLIGHTS

UTC Climate, Controls & Security

($ millions)

	Reported	Adjusted*	YOY Var.*
Sales	4,688	4,688	6%
Operating profit	828	871	5%
ROS	17.7%	18.6%	(0.2) pts

Organic sales* up 4%
- Growth across all major businesses
- NA residential HVAC up mid single digit
- Global commercial HVAC up mid single digit
- Global refrigeration up high single digit

Adjusted operating profit* up 4%**
- Higher volumes
- Restructuring / productivity gains
- Price / mix headwind

Organic* equipment orders up 2%
- Global commercial HVAC up 7%
- NA Residential HVAC down 3%

Carrier has been chosen by Lenovo, one of the world's largest personal computer and mobile internet device providers, to supply air conditioning solutions to its R&D campus in Hefei City, Anhui Province.

*See appendix for additional information regarding these non-GAAP financial measures.
**At constant currency

3Q 2017 SEGMENT HIGHLIGHTS

Pratt & Whitney

($ millions)

	Reported	Adjusted*	YOY Var.*
Sales	3,871	4,256	15%
Operating profit	229	423	2%
ROS	5.9%	9.9%	(1.3) pts

Organic sales* up 15%
- Commercial OE up ~30%
- Military engines up 14%
- Commercial aftermarket up 11%

Adjusted operating profit* up 2%
- Strong aftermarket performance
- Favorable military volume and mix
- FX and pension tailwind
- Negative engine margin headwind from higher GTF shipments

ANA becomes first airline to receive A321neo powered by PurePower® Geared Turbofan™ engines.

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

3Q 2017 SEGMENT HIGHLIGHTS

UTC Aerospace Systems

($ millions)

	Reported	Adjusted*	YOY Var.*
Sales	3,637	3,637	0%
Operating profit	616	633	4%
ROS	16.9%	17.4%	0.6 pts

Organic sales* flat

- Commercial OE down 6%
- Commercial aftermarket up 11%
- Military down slightly

Adjusted operating profit* up 4%

- Higher commercial aftermarket volume
- Continued product cost reduction
- Pension tailwind
- OE volume and mix headwind

UTC Aerospace Systems has been selected by the Italian airline Neos to provide nacelle system support and maintenance for its fleet of Boeing 787 Dreamliner aircraft. As a part of a five year agreement, UTC Aerospace Systems' Aerostructures business will provide the services at its Prestwick Service Center in Scotland.

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

United Technologies

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.

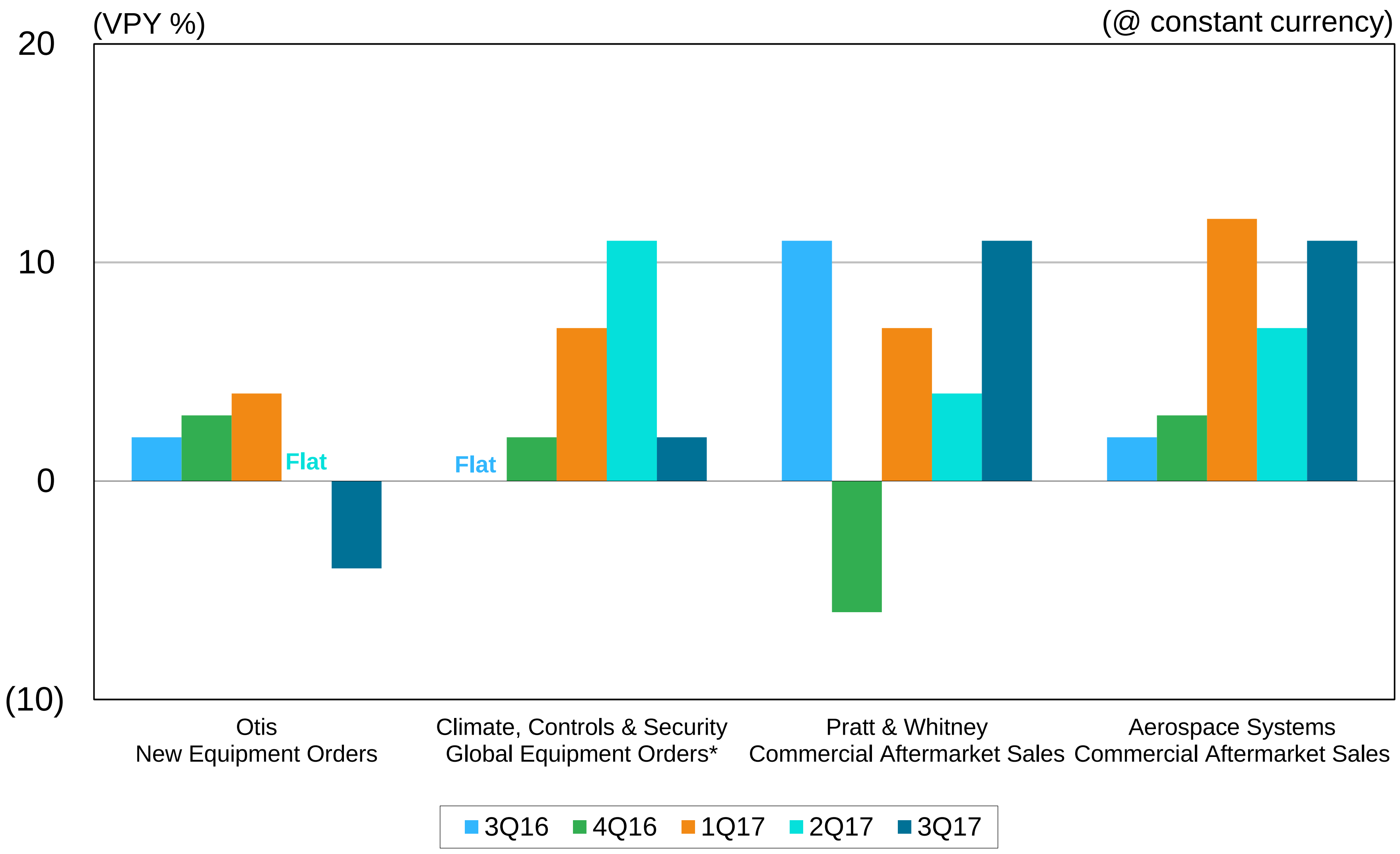
Adjusted net sales, organic sales, adjusted operating profit, adjusted net income and adjusted earnings per share ("EPS") are non-GAAP financial measures. Adjusted net sales represents consolidated net sales from continuing operations (a GAAP measure), excluding significant items of a non-recurring and/or 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, 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, 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.

KEY MARKET TRENDS



*3Q 2016 includes North America Residential HVAC equipment sales as a proxy for orders.

3Q 2017 FINANCIAL DATA

(% VPY*)

Commercial Sales

Otis	Americas	EMEA	Asia	Total
New equipment	up high single digit	up low double digits	down mid single digit	up low single
Service	up mid single digit	flat	up low double digits	up mid single digit

Climate, Controls & Security	Americas	EMEA	Asia	Total
Residential HVAC	up mid single digit			up mid single digit
Commercial HVAC	up high single digit	up slightly	down low single digit	up mid single digit
Fire & security product	up low single digit	up low single digit	down mid single digit	up slightly
Fire & security field	up high teens	down low single digit	up high single digit	up low single digit
Transport refrigeration				up high single digit
Commercial refrigeration				up low double digit

Aerospace Sales

Pratt & Whitney	
Commercial aero OEM	up ~30%
Commercial aero aftermarket	up low double digits
Military aero OEM	up ~20%
Military aero aftermarket	up high single digit

UTC Aerospace Systems	
Commercial aero OEM	down mid single digit
Commercial aero aftermarket	up low double digit
Military aero OEM	down low single digit
Military aero aftermarket	up low single digit

*% VPY for Otis at constant currency. % VPY for Climate, Controls & Security and Aerospace Systems sales are on an organic basis. % VPY for Pratt adjusted to exclude other significant items.

3Q 2017 SALES RECONCILIATION

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	5%	2%	1%	1%	1%
CCS	6%	4%	2%	0%	0%
Pratt & Whitney	11%	15%	2%	0%	(6%)
Aerospace Systems	0%	0%	0%	0%	0%
Total UTC*	**5%**	**6%**	**1%**	**0%**	**(2%)**

*Reflects consolidated net sales

SELECTED METRICS

Pratt & Whitney engine shipments to customers

	2016					2017			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
Military*	31	19	30	32	112	23	25	32	80
Large commercial**	148	149	113	128	538	139	139	129	407
Pratt & Whitney Canada***	515	596	524	662	2,297	454	485	476	1,415

*2016 restated for F135 modules
**Large commercial excludes industrial engine shipments
***Excludes APUs

SEGMENT DATA - GAAP

UNITED TECHNOLOGIES CORPORATION
SEGMENT DATA - Reported

($ Millions except per share amounts)	2017 1st Qtr.	2017 2nd Qtr.	2017 3rd Qtr.	2017 Total YTD	2016 1st Qtr.	2016 2nd Qtr.	2016 3rd Qtr.	2016 4th Qtr.	2016 Total
Otis									
Net Sales	2,804	3,131	3,156	9,091	2,715	3,097	3,018	3,063	11,893
Operating Profit **(a)**	452	544	555	1,551	466	581	584	516	2,147
Operating Profit %	16.1%	17.4%	17.6%	17.1%	17.2%	18.8%	19.4%	16.8%	18.1%
UTC Climate, Controls & Security									
Net Sales	3,892	4,712	4,688	13,292	3,728	4,459	4,415	4,249	16,851
Operating Profit **(a), (b), (c), (g), (m)**	963	873	828	2,664	606	872	801	677	2,956
Operating Profit %	24.7%	18.5%	17.7%	20.0%	16.3%	19.6%	18.1%	15.9%	17.5%
Pratt & Whitney									
Net Sales **(d), (o)**	3,758	4,070	3,871	11,699	3,588	3,813	3,501	3,992	14,894
Operating Profit **(a), (d), (o)**	393	402	229	1,024	410	386	340	409	1,545
Operating Profit %	10.5%	9.9%	5.9%	8.8%	11.4%	10.1%	9.7%	10.2%	10.4%
UTC Aerospace Systems									
Net Sales	3,611	3,640	3,637	10,888	3,505	3,716	3,646	3,598	14,465
Operating Profit **(a)**	576	579	616	1,771	538	582	600	578	2,298
Operating Profit %	16.0%	15.9%	16.9%	16.3%	15.3%	15.7%	16.5%	16.1%	15.9%
Total Segments									
Net Sales	14,065	15,553	15,352	44,970	13,536	15,085	14,580	14,902	58,103
Operating Profit	2,384	2,398	2,228	7,010	2,020	2,421	2,325	2,180	8,946
Operating Profit %	16.9%	15.4%	14.5%	15.6%	14.9%	16.0%	15.9%	14.6%	15.4%
Corporate, Eliminations, and Other									
Net Sales:									
Other	(250)	(273)	(290)	(813)	(179)	(211)	(226)	(243)	(859)
Operating Profit:									
General corporate expenses **(a)**	(104)	(106)	(105)	(315)	(91)	(97)	(92)	(126)	(406)
Task/(Contingency)	-	-	-	-	-	-	-	-	-
Eliminations and other **(a), (h), (n),(p),(q)**	(13)	(2)	40	25	16	13	18	(415)	(368)
Consolidated									
Net Sales	13,815	15,280	15,062	44,157	13,357	14,874	14,354	14,659	57,244
Operating Profit	2,267	2,290	2,163	6,720	1,945	2,337	2,251	1,639	8,172
Operating Profit %	16.4%	15.0%	14.4%	15.2%	14.6%	15.7%	15.7%	11.2%	14.3%
Interest expense, net **(e), (i), (j),(r)**	(213)	(226)	(223)	(662)	(223)	(225)	(225)	(366)	(1,039)
Income from continuing operations before income taxes	2,054	2,064	1,940	6,058	1,722	2,112	2,026	1,273	7,133
Income tax expense **(f), (k), (l), (s)**	(586)	(532)	(506)	(1,624)	(469)	(587)	(492)	(149)	(1,697)
Effective Tax Rate	28.5%	25.8%	26.1%	26.8%	27.2%	27.8%	24.3%	11.7%	23.8%
Income from continuing operations	1,468	1,532	1,434	4,434	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	4,434	1,264	1,478	1,571	1,113	5,426
Less: Noncontrolling interest in subsidiaries' earnings	(82)	(93)	(104)	(279)	(81)	(99)	(91)	(100)	(371)
Net income attributable to common shareowners	**1,386**	**1,439**	**1,330**	**4,155**	**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	4,155	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.	2017 Total YTD	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total YTD
Continuing Operations									
Earnings per share - basic	1.75	1.83	1.69	5.26	1.42	1.73	1.76	1.28	6.19
Earnings per share - diluted	1.73	1.80	1.67	5.20	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	5.26	1.43	1.67	1.80	1.26	6.18
Total diluted earnings per share	1.73	1.80	1.67	5.20	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	790.3	825.0	825.3	822.4	802.0	818.2
Diluted shares	802.3	798.2	797.1	799.4	831.3	833.6	831.2	810.3	826.1

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 Restructuring Costs				2016 Restructuring Costs				
	Q1	Q2	Q3	Total YTD	Q1	Q2	Q3	Q4	Total
Operating Profit:									
Otis	(5)	(12)	(6)	(23)	(15)	(16)	(10)	(18)	(59)
UTC Climate, Controls & Security	(23)	(18)	(43)	(84)	(28)	(25)	(18)	6	(65)
Pratt & Whitney	-	(6)	2	(4)	(5)	(66)	21	(61)	(111)
UTC Aerospace Systems	(23)	(24)	(17)	(64)	(13)	(8)	(11)	(17)	(49)
Total Segments	(51)	(60)	(64)	(175)	(61)	(115)	(18)	(90)	(284)
General corporate expenses	(1)	-	(1)	(2)	-	-	(1)	-	(1)
Eliminations and other	-	-	-	-	(1)	(1)	(4)	1	(5)
Total within continuing operations	(52)	(60)	(65)	(177)	(62)	(116)	(23)	(89)	(290)
Total within discontinued operations	-	-	-	-	-	-	-	-	-
Total UTC	(52)	(60)	(65)	(177)	(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 ongoing 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.

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.	2017 Total YTD	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2016 Total
Otis									
Net Sales	2,804	3,131	3,156	9,091	2,715	3,097	3,018	3,063	11,893
Operating Profit (a)	457	556	561	1,574	481	597	594	534	2,206
Operating Profit %	16.3%	17.8%	17.8%	17.3%	17.7%	19.3%	19.7%	17.4%	18.5%
UTC Climate, Controls & Security									
Net Sales	3,892	4,712	4,688	13,292	3,728	4,459	4,415	4,249	16,851
Operating Profit (a), (b), (c), (g), (m)	607	891	871	2,369	634	909	830	680	3,053
Operating Profit %	15.6%	18.9%	18.6%	17.8%	17.0%	20.4%	18.8%	16.0%	18.1%
Pratt & Whitney									
Net Sales (d), (o)	3,758	4,070	4,256	12,084	3,588	3,813	3,685	3,992	15,078
Operating Profit (a), (d), (o)	393	408	423	1,224	415	452	414	470	1,751
Operating Profit %	10.5%	10.0%	9.9%	10.1%	11.6%	11.9%	11.2%	11.8%	11.6%
UTC Aerospace Systems									
Net Sales	3,611	3,640	3,637	10,888	3,505	3,716	3,646	3,598	14,465
Operating Profit (a)	599	603	633	1,835	551	590	611	595	2,347
Operating Profit %	16.6%	16.6%	17.4%	16.9%	15.7%	15.9%	16.8%	16.5%	16.2%
Total Segments									
Net Sales	14,065	15,553	15,737	45,355	13,536	15,085	14,764	14,902	58,287
Operating Profit	2,056	2,458	2,488	7,002	2,081	2,548	2,449	2,279	9,357
Operating Profit %	14.6%	15.8%	15.8%	15.4%	15.4%	16.9%	16.6%	15.3%	16.1%
Corporate, Eliminations, and Other									
Net Sales:									
Other	(250)	(273)	(290)	(813)	(179)	(211)	(226)	(243)	(859)
Operating Profit:									
General corporate expenses (a)	(103)	(106)	(104)	(313)	(91)	(97)	(91)	(126)	(405)
Eliminations and other (a), (h), (n),(p),(q)	(14)	(2)	(53)	(69)	17	14	22	7	60
Consolidated									
Net Sales	13,815	15,280	15,447	44,542	13,357	14,874	14,538	14,659	57,428
Operating Profit	1,939	2,350	2,331	6,620	2,007	2,465	2,380	2,160	9,012
Operating Profit %	14.0%	15.4%	15.1%	14.9%	15.0%	16.6%	16.4%	14.7%	15.7%
Interest expense, net (e), (i), (j),(r)	(213)	(226)	(232)	(671)	(223)	(225)	(227)	(224)	(899)
Income from continuing operations before income taxes	1,726	2,124	2,099	5,949	1,784	2,240	2,153	1,936	8,113
Income tax expense (f), (k), (l), (s)	(462)	(552)	(615)	(1,629)	(489)	(627)	(600)	(566)	(2,282)
Effective Tax Rate	26.8%	26.0%	29.3%	27.4%	27.4%	28.0%	27.9%	29.2%	28.1%
Income from continuing operations	1,264	1,572	1,484	4,320	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	4,320	1,306	1,566	1,590	1,359	5,821
Less: Noncontrolling interest in subsidiaries' earnings	(82)	(93)	(104)	(279)	(81)	(99)	(91)	(100)	(371)
Net income attributable to common shareowners	1,182	1,479	1,380	4,041	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	4,041	1,214	1,514	1,462	1,270	5,460
From discontinued operations	-	-	-	-	11	(47)	37	(11)	(10)

EPS RECONCILIATION

United Technologies

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

(dollars in millions except per share amounts)

	2017				2016				
	Q1	Q2	Q3	Q3 YTD	Q1	Q2	Q3	Q4	Total
Diluted earnings per share attributable to common shareowners	$ 1.73	$ 1.80	$ 1.67	$ 5.20	$ 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	$ 5.20	$ 1.41	$ 1.71	$ 1.74	$ 1.26	$ 6.13
Net income attributable to common shareowners	$ 1,386	$ 1,439	$ 1,330	$ 4,155	$ 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	4,155	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)	(177)	(62)	(116)	(23)	(89)	(290)
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	9	-	-	2	22	24
Income tax benefit on restructuring costs and significant non-recurring and non-operational items	(124)	20	54	(50)	20	40	52	242	354
Significant non-recurring and non-operational gains (charges) recorded within income tax expense	-	-	55	55	-	-	56	175	231
Total adjustments to net income from continuing operations attributable to common shareowners	204	(40)	(50)	114	(42)	(88)	(19)	(246)	(395)
Adjusted net income from continuing operations attributable to common shareowners	$ 1,182	$ 1,479	$ 1,380	$ 4,041	$ 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)	$ 0.14	$ (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	$ 5.06	$ 1.46	$ 1.82	$ 1.76	$ 1.56	$ 6.61

KEY DATA

($ millions)

	3Q 17	3Q 16
Free cash flow	(472)	1,567
Debt/capital*	46%	45%
Net debt/capital*	37%	36%
Capital expenditures	443	394
Share repurchase	60	492
Acquisitions**	27	(3)

*Adjusted to reflect the accounting for noncontrolling interests
**Includes debt assumed

FREE CASH FLOW RECONCILIATION

($ millions)

	3Q 17	3Q 16
Net income attributable to common shareowners from continuing operations	1,330	1,443
Depreciation & amortization	543	496
Change in working capital	196	(103)
Other	(2,098)	125
Cash flow from operations	(29)	1,961
Capital expenditures	(443)	(394)
Free cash flow	(472)	1,567
Free cash flow as a % of net income attributable to common shareowners from continuing operations	(35%)	109%