

Dear Shareowner

In 2017, United Technologies demonstrated once again that we do the big things the right way.

An innovative spirit propels our company. Our investments in purposeful innovation and our focus on execution, cost reduction and disciplined capital allocation are yielding strong results.



Greg Hayes
Chairman & CEO

We achieved organic growth* of 4 percent, equaling our best growth rate since 2014. Adjusted earnings per share* were \$6.65, which was at the high end of our full-year expectations. We generated \$3.6 billion in free cash flow,* even as we invested \$1.9 billion to fully fund our domestic pension plan. Since 2015, we have returned more than \$20 billion to shareowners through share repurchases and dividends—the latter of which we have paid for 81 consecutive years.

United Technologies' results reflect the strength of our four global businesses: Otis, Pratt & Whitney, UTC Aerospace Systems and UTC Climate, Controls & Security. Each is a thriving industry leader on track to grow and gain share. These businesses form an innovative global technology company that stands to benefit from the world's most significant megatrends—urbanization, digitization, a growing middle class and the expansion of commercial air travel.

Urbanization is driving demand for smart buildings, mass transportation and sustainable technologies that provide comfort, safety, efficiency, and improve quality of life. Otis and UTC Climate, Controls & Security meet these needs in every corner of the world. We are particularly well-positioned in China, India and the Middle East, where urbanization and the middle class are growing most rapidly.

*See page 69 for additional information regarding these non-GAAP financial measures.

Our aerospace businesses will benefit from the extraordinary increase in commercial air travel. Less than 20 percent of the world's population has flown in an airplane—but that is changing. There are approximately 29,000 commercial aircraft in service today. That number is projected to reach 47,000 by 2030. Pratt & Whitney and UTC Aerospace Systems will be leading providers of jet engines and aerospace systems for those aircraft.

Simply stated, in an increasingly connected world, United Technologies enables a better life. Our services and precision-engineered products deliver tangible value for our customers, shareowners and society.

Always inventing

Our company was founded by some of the world's greatest inventors. They created revolutionary technologies, turned them into sustainable businesses and launched new industries. This proud heritage inspires us to strive for the extraordinary every day.

Pratt & Whitney is transforming aviation with the Geared Turbofan engine, one of the cleanest, quietest, most energy-efficient jet engines available today. Delta Air Lines' selection of our GTF engine for its order for 100 firm A321neo aircraft in December 2017 underscores this. United Technologies spent more than \$10 billion over two decades to develop this game-changing engine. These investments will generate revenue for years to come as the GTF aftermarket business grows. Pratt & Whitney's leadership in the commercial,

4%
Organic growth*

\$6.65
Adjusted earnings per share*

\$3.6 billion
Free cash flow*

military, business and private aircraft industry remains strong. In 2017, we celebrated the 100,000th engine produced by our Pratt & Whitney Canada business, which serves the general and business aviation aircraft and civil and military helicopter markets. These engines will drive a steady stream of aftermarket revenues for years to come, and the innovation won't stop here.

Our excellence in supporting military programs is unrivalled, enabling the U.S. Armed Forces and its allies to remain mission-ready. We provide the only fifth-generation fighter engines in service today, the F119 and F135. Further innovations are being developed, including adaptive engine technology, which will provide for unmatched power and efficiency for sixth-generation fighters in the decades to come.

UTC Aerospace Systems is represented on every major aircraft program. In 2017, we supported the first flight of the C919, the first



From left to right:

Robert F. Leduc
President
Pratt & Whitney

Robert J. McDonough
President
UTC Climate, Controls &
Security

Judith F. Marks
President
Otis

David L. Gitlin
President
UTC Aerospace Systems

large commercial jetliner designed and built in China. UTC Aerospace Systems is also growing its aftermarket services with comprehensive digital solutions that maximize operational efficiencies and benefit customers. Notably, we are extending our leadership in aerospace with the largest acquisition in our history. Our proposed \$30 billion acquisition of Rockwell Collins will deliver tremendous value to our customers and shareowners. Rockwell Collins is recognized globally for its leading-edge avionics, flight controls, aircraft interior and data connectivity solutions, as well as its world-class customer service. The combined businesses will become Collins Aerospace Systems, an innovator that will make aircraft more intelligent and integrated.

Otis is pursuing an aggressive digital transformation to redefine its customers' experiences. Through a strategic agreement with Microsoft, we are developing technology that empowers service technicians and sales teams with real-time equipment data to predict, monitor and respond to customer needs. Otis has a legacy of equipping the world's most iconic structures. We continue to bring our innovative products and services to the most prestigious new buildings, including the Lotte World Tower in Seoul, which opened in 2017 and features one of the world's fastest double-deck elevators.

UTC Climate, Controls & Security is also achieving organic growth through innovation. Our commercial businesses are using the

cloud and Internet of Things to design smarter, more sustainable products that improve lives. Carrier created a suite of new digital solutions to monitor and enhance HVAC performance and energy use. Our transport refrigeration business is also utilizing the power of the IoT to monitor food safety as we move perishable items from farm to table. UTC Climate, Controls & Security's mission is to enable modern life by building upon its long history of developing powerful, reliable and energy-efficient products and services that support and sustain the ever more urbanizing world.

Driving growth through data

Data plays an increasingly vital role in our growth opportunities. Our products generate vast amounts of data that can be deployed to benefit our customers and provide competitive advantages in the digital age.

To maximize the value of data, we established a new organization, United Technologies Digital. It reinvents the role of information technology in our company by expanding into software and data analytics. As part of this effort, we built a digital accelerator in Brooklyn, N.Y., where our business and technology talent collaborates to advance digital solutions that create value for customers, improve operations, empower employees, and enhance products and services. Our new digital team complements the well-established United Technologies Research Center. The mission of the Research Center is to use cutting-edge science and technology to solve our most

difficult technical problems, to identify and foster disruptive technology, and to spur the next generation of innovation across our businesses.

The best people

At the heart of United Technologies are our employees—more than 200,000 purpose-driven people united by a high-performance culture. We commit to the highest ethical and quality standards, while taking smart risks to innovate for growth. From our research labs to our factory floors, each of us works to deliver solutions that exceed our customers' expectations and contribute to a safer, cleaner, more productive world. We share common values while embracing our diversity. We represent an array of nationalities, cultures and points of view, and foster an inclusive workplace. That is one of the reasons we joined the Paradigm for Parity coalition—to achieve gender parity in our senior leadership roles by 2030.

United Technologies has a very bright future. To our shareowners, thank you for investing in us. To our employees, thank you for doing the big things the right way, every day.

Gregory J. Hayes
Chairman & Chief Executive Officer