



**United
Technologies**

4Q 2008 Earnings Conference Call
January 21, 2009

This presentation includes "forward-looking statements" concerning anticipated future financial performance of UTC and its businesses, including expected revenue, earnings, cash flow, acquisitions, restructuring and share repurchase amounts; anticipated benefits of UTC's diversification, cost reduction efforts and business model, and other matters. These statements often contain words such as "expect", "anticipate", "plan", "estimate", "believe", "will", "see", "guidance" and similar terms. These matters are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those anticipated or implied in forward looking statements include further deterioration or extended weakness in global economic conditions; further tightening or extended contraction in credit conditions; the impact of volatility and deterioration in financial markets on overall levels of economic activity; decreases in end market demand in construction and in both the commercial and defense segments of the aerospace industry; fluctuation in commodity prices, interest rates, foreign currency exchange rates, and the impact of weather conditions; and company-specific factors including the impact of financial market volatility and deterioration on the financial strength of customers and suppliers and on levels of air travel; the availability and impact of acquisitions; the rate and ability to effectively integrate these acquired businesses; the ability to achieve cost reductions at planned levels; challenges in the design, development, production and support of advanced technologies and new products and services; delays and disruption in delivery of materials and services from suppliers; labor disputes; and the outcome of legal proceedings. The level of share repurchases may vary depending on the level of other investing activities. For information identifying other important economic, political, regulatory, legal, technological, competitive and other uncertainties, see UTC's SEC filings as submitted from time to time, including but not limited to, the information included in UTC's 10-K and 10-Q Reports under the headings "Business," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Cautionary Note Concerning Factors that May Affect Future Results," as well as the information included in UTC's Current Reports on Form 8-K.

Results are on a reported basis except for segment operating profit and margin, which exclude the impact of restructuring and one-time gains.

UTC

4Q 2008

EPS up 14% to \$1.23

2008 Q4 includes net 6¢ gains over restructuring

2007 Q4 included net 4¢ restructuring and other costs over gains

4% EPS growth, adjusted for restructuring, other costs & one time gains*

Revenues down 1% to \$14.5 billion, up 3% organic

Free cash flow* of \$1.6 billion

Share repurchases of \$690 million

4Q 2008 PERFORMANCE

Non-recurring items

(\$ millions)		\$ per share impact (after-tax)
Gains:		
Contribution of business to new venture (Carrier)	67	
Sale of marketable securities	38	
Completion of Microtecnica divestiture (HS)	<u>25</u>	
Subtotal	130	0.10
Restructuring	<u>(136)</u>	<u>(0.10)</u>
Subtotal	<u>(6)</u>	<u>-</u>
Tax settlement / discrete tax on above items		<u>0.06</u>
Net EPS impact		<u><u>0.06</u></u>

4Q 2008 SEGMENT HIGHLIGHTS

Otis

(\$ millions)

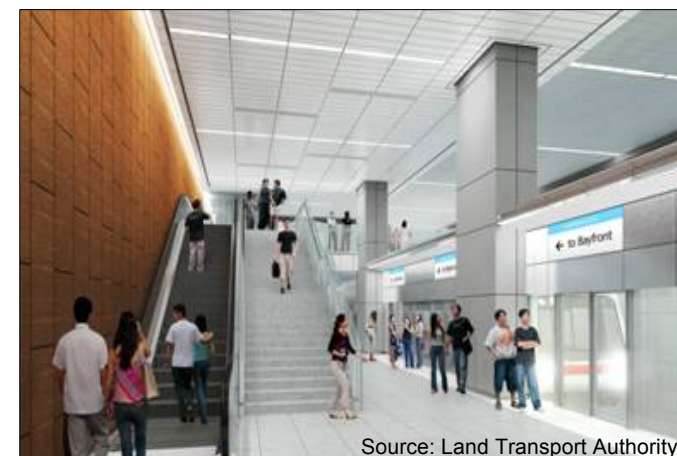
	<u>Reported</u>	<u>Adjusted*</u>	<u>YOY Var.*</u>
Revenue	3,243	3,243	(3%)
Operating profit	578	588	(7%)
ROR	17.8%	18.1%	(0.8) pts

Revenue up 4% at constant currency led by service;
slowing new equipment due to China

New equipment backlog up 9% from December 2007;
up 12% at constant currency

Profit up 5% excluding currency and inventory/other
accounting adjustments in Brazil

New equipment orders down 14% in the quarter;
down 8% at constant currency



Source: Land Transport Authority

Otis will supply and install 108 Gen2® elevators in 34 stations for the Downtown Line, Singapore's new mass rapid transit line.

4Q 2008 SEGMENT HIGHLIGHTS

Carrier

(\$ millions)

	<u>Reported</u>	<u>Adjusted*</u>	<u>YOY Var.*</u>
Revenue	3,262	3,195	(13%)
Operating profit	160	142	(42%)
ROR	4.9%	4.4%	(2.2) pts

Organic revenue decline of 7%

Higher costs from unprecedented currency shifts

Strong profit and margin growth in commercial
HVAC business

FX translation contributed 6 points of revenue and
5 points of profit decline

Transport refrigeration unit orders down over 50%

NORESCO

A leading energy services company
(acquired November 20, 2008)



* Adjusted for restructuring and nonrecurring items - see appendix for additional detail

4Q 2008 SEGMENT HIGHLIGHTS

UTC Fire & Security

(\$ millions)

	<u>Reported</u>	<u>Adjusted*</u>	<u>YOY Var.*</u>
Revenue	1,502	1,502	(11%)
Operating profit	147	177	5%
ROR	9.8%	11.8%	1.8 pts

Organic revenue growth of 3 percent

Operating margin expansion driven by prior restructuring actions and productivity initiatives

FX reduced revenue by 12 points and profit by 16 points



Saudi Kayan project – plastics mfg facility
\$4M fire and gas safety products

4Q 2008 SEGMENT HIGHLIGHTS

Pratt & Whitney

(\$ millions)

	<u>Reported</u>	<u>Adjusted*</u>	<u>YOY Var.*</u>
Revenue	3,316	3,316	3%
Operating profit	520	553	8%
ROR	15.7%	16.7%	0.9 pts

Higher Commercial Engine revenues driven by higher shipments & aftermarket services

Commercial Engine spares down slightly

Pratt & Whitney Canada higher engine shipments offset weaker aftermarket sales

E&D essentially flat

Favorable Commercial Engine program adjustment



P&W and Airbus completed joint flight testing of the **PurePower™ PW1000G** engine

4Q 2008 SEGMENT HIGHLIGHTS

Hamilton Sundstrand

(\$ millions)

	<u>Reported</u>	<u>Adjusted*</u>	<u>YOY Var.*</u>
Revenue	1,564	1,539	3%
Operating profit	304	292	14%
ROR	19.4%	19.0%	1.8 pts

Organic revenue growth of 6%

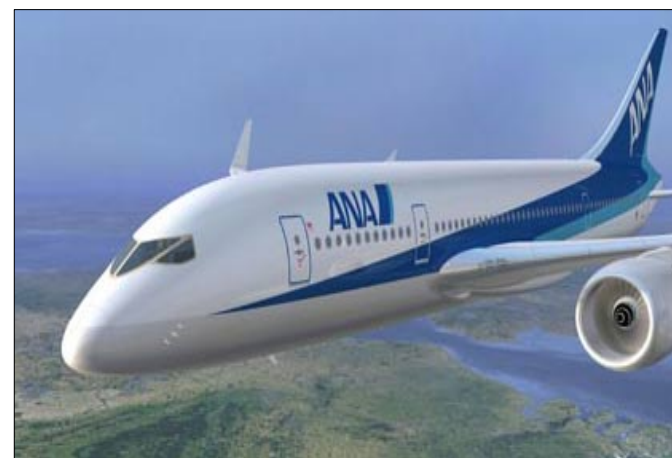
High teens organic revenue growth in Aerospace OEM

Mid single digit organic revenue growth in Industrial

Mid single digit organic revenue decline in

Commercial Spares

Operating profit growth primarily from higher volumes
and favorable mix



First 787 Comprehensive
Maintenance Support Program

4Q 2008 SEGMENT HIGHLIGHTS

Sikorsky

(\$ millions)

	<u>Reported</u>	<u>Adjusted*</u>	<u>YOY Var.*</u>
Revenue	1,600	1,600	25%
Operating profit	152	152	38%
ROR	9.5%	9.5%	0.9 pts

Strong operating profit growth and margin expansion

Large helicopter deliveries:

38 military platforms

26 commercial platforms



CH-148 first flight, November 15, 2008

SUMMARY

Strong 2008...

EPS up 15% to \$4.90

Revenue up 7% to \$58.7 billion, including 5% organic growth

Free cash flow** of 105% of net income

ACE silver and gold sites at 49%, exceeding target

Outlook for 2009...

EPS range* of \$4.65 – 5.15

Revenues of approximately \$57 billion

Free cash flow** \geq net income

Appendix

2009 GUIDANCE

	<i>Revenue change</i>	<i>Operating profit change</i>	<i>Operating margin change</i>
Otis	down low single digit	\$(75M)	up slightly
Carrier	down high teens	\$(225M)-(175M)	up ~30bps
Fire & Security	down mid teens	\$0	up 120+bps
Pratt & Whitney	up mid single digit	\$100M-150M	up slightly
Hamilton Sundstrand	up mid single digit	\$50M-75M	up slightly
Sikorsky	up high teens	\$125M	up ~50bps

2009 Guidance

EPS estimate range* of \$4.65 – 5.15
 Revenues of approximately \$57 billion
 Free cash flow** ≥ net income

* Excludes impact of acquisition related costs (SFAS 141(R))

** See appendix for reconciliation

SELECTED METRICS

	2007					2008				
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>
<u>Pratt & Whitney engine shipments:</u>										
Military	32	44	46	40	162	41	34	36	36	147
Large commercial	79	98	94	111	382	109	122	99	132	462
Pratt & Whitney Canada	607	728	731	922	2,988	878	1,057	1,015	1,050	4,000
<u>Sikorsky helicopter shipments*:</u>										
Military platforms	19	29	25	22	95	14	37	37	38	126
Commercial platforms	17	20	18	24	79	16	16	20	26	78

* Excludes Schweizer light helicopter deliveries

SEGMENT DATA

UNITED TECHNOLOGIES CORPORATION SEGMENT DATA - Reported

(\$ Millions except per share amounts)

	2008					2007				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2008 Reported	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2007 Year
Otis										
Revenues (e), (h)	3,057	3,404	3,245	3,243	12,949	2,728	2,858	2,936	3,363	11,885
Operating Profit (a), (e), (h)	580	671	648	578	2,477	574	532	567	648	2,321
Operating Profit %	19.0%	19.7%	20.0%	17.8%	19.1%	21.0%	18.6%	19.3%	19.3%	19.5%
Carrier										
Revenues (i), (j), (m)	3,409	4,356	3,917	3,262	14,944	3,130	4,055	3,738	3,721	14,644
Operating Profit (a), (i), (j), (m)	248	487	421	160	1,316	213	489	420	259	1,381
Operating Profit %	7.3%	11.2%	10.7%	4.9%	8.8%	6.8%	12.1%	11.2%	7.0%	9.4%
UTC Fire & Security										
Revenues	1,598	1,738	1,624	1,502	6,462	1,246	1,349	1,471	1,688	5,754
Operating Profit (a)	115	126	154	147	542	86	101	119	137	443
Operating Profit %	7.2%	7.2%	9.5%	9.8%	8.4%	6.9%	7.5%	8.1%	8.1%	7.7%
Pratt & Whitney										
Revenues (d), (l)	3,207	3,292	3,150	3,316	12,965	2,767	3,108	3,036	3,218	12,129
Operating Profit (a), (d), (l)	526	546	530	520	2,122	490	522	503	496	2,011
Operating Profit %	16.4%	16.6%	16.8%	15.7%	16.4%	17.7%	16.8%	16.6%	15.4%	16.6%
Hamilton Sundstrand										
Revenues (n)	1,461	1,650	1,532	1,564	6,207	1,313	1,404	1,427	1,492	5,636
Operating Profit (a), (n)	229	280	286	304	1,099	218	246	249	254	967
Operating Profit %	15.7%	17.0%	18.7%	19.4%	17.7%	16.6%	17.5%	17.4%	17.0%	17.2%
Sikorsky										
Revenues	1,023	1,307	1,438	1,600	5,368	1,006	1,198	1,307	1,278	4,789
Operating Profit (a)	82	111	133	152	478	73	87	103	110	373
Operating Profit %	8.0%	8.5%	9.2%	9.5%	8.9%	7.3%	7.3%	7.9%	8.6%	7.8%
Total Segments										
Revenues	13,755	15,747	14,906	14,487	58,895	12,190	13,972	13,915	14,760	54,837
Operating Profit	1,780	2,221	2,172	1,861	8,034	1,654	1,977	1,961	1,904	7,496
Operating Profit %	12.9%	14.1%	14.6%	12.8%	13.6%	13.6%	14.1%	14.1%	12.9%	13.7%
Corporate, Elimination's, and Other										
Revenues										
Other (f), (p)	(54)	(80)	(92)	12	(214)	88	(68)	(52)	(46)	(78)
Operating Profit										
Corporate expense	(97)	(109)	(90)	(112)	(408)	(87)	(92)	(84)	(123)	(386)
Elimination's and other (a), (b), (c), (f), (o), (p)	(9)	(13)	(33)	54	(1)	(63)	(20)	11	12	(60)
Consolidated										
Revenues	13,701	15,667	14,814	14,499	58,681	12,278	13,904	13,863	14,714	54,759
Operating Profit	1,674	2,099	2,049	1,803	7,625	1,504	1,865	1,888	1,793	7,050
Operating Profit %	12.2%	13.4%	13.8%	12.4%	13.0%	12.2%	13.4%	13.6%	12.2%	12.9%
Interest expense	(165)	(176)	(177)	(171)	(689)	(150)	(163)	(179)	(174)	(666)
Income before income taxes and minority interests	1,509	1,923	1,872	1,632	6,936	1,354	1,702	1,709	1,619	6,384
Income taxes (g), (k), (q)	(430)	(548)	(502)	(403)	(1,883)	(442)	(479)	(434)	(481)	(1,836)
Minority interests	(79)	(100)	(101)	(84)	(364)	(93)	(75)	(78)	(78)	(324)
Net Income	1,000	1,275	1,269	1,145	4,689	819	1,148	1,197	1,060	4,224
Net Earnings per share of Common Stock:										
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year
Basic	\$ 1.05	\$ 1.35	\$ 1.36	\$ 1.24	\$ 5.00	\$ 0.85	\$ 1.19	\$ 1.24	\$ 1.11	\$ 4.38
Diluted	\$ 1.03	\$ 1.32	\$ 1.33	\$ 1.23	\$ 4.90	\$ 0.82	\$ 1.16	\$ 1.21	\$ 1.08	\$ 4.27
Average Shares: (In Millions)										
Basic	952	944	933	922	938	968	966	963	959	964
Diluted	975	966	951	933	956	993	990	989	984	989
	Q1 08	Q2 08	Q3 08	Q4 08	FY 2008	Q1 07	Q2 07	Q3 07	Q4 07	FY 2007
	28.5%	28.5%	26.8%	24.7%	27.1%	32.6%	28.1%	25.4%	29.7%	28.8%



SEGMENT DATA - NOTES

The earnings release and conference-call discussion adjust 2008 and 2007 segment results for restructuring and related charges, since these costs were offset outside of the segment results, as noted below.

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

(a) Restructuring and other charges as included in 2008 and 2007 segment results:

	2008					2007				
	Restructuring & Related Charges					Restructuring & Related Charges				
	Q1	Q2	Q3	Q4	Total YTD	Q1	Q2	Q3	Q4	Total YTD
Operating Profit:										
Otis	2	4	5	10	21	(2)	7	6	10	21
Carrier	11	46	34	49	140	12	1	15	5	33
UTC Fire & Security	6	27	-	30	63	2	4	2	31	39
Pratt & Whitney	14	17	52	33	116	20	7	12	14	53
Hamilton Sundstrand	1	-	2	13	16	6	6	8	3	23
Sikorsky	-	-	-	-	-	(3)	-	-	-	(3)
Total Segment	34	94	93	135	356	35	25	43	63	166
Corporate expense	-	-	-	-	-	-	-	-	-	-
Eliminations & Other	-	-	-	1	1	-	-	-	-	-
Total UTC	34	94	93	136	357	35	25	43	63	166

(b) Q1 2007: Includes approximately \$151 million pretax gain from the sale of marketable securities.

(c) Q1 2007: Includes approximately \$216 million charge for a civil fine assessed by the European Union for violation of competition rules.

(d) Q1 2007: Includes approximately \$40 million gain from a contract termination.

(e) Q1 2007: Includes approximately \$84 million gain from the sale of a manufacturing facility in Madrid, Spain.

(f) Q3 2007: Includes approximately \$28 million pretax interest income related to the completion of the Internal Revenue Service (IRS) examination of tax years 2000 through 2003

(g) Q3 2007: Favorable income tax adjustment of approximately \$50 million, related primarily to adjustments for foreign income inclusions and related foreign tax credits, export income exclusions, and research and development credits.

(h) Q4 2007: Includes a \$26 million gain from the sale of a non-core business.

(i) Q4 2007: Includes a \$57 million gain from the sale of a non-core business.

(j) Q4 2007 includes a \$36 million charge on the settlement of litigation related to a furnace warranty matter, of which approximately \$15 million is recorded within other expenses, which is a component of revenues.

(k) Q4 2007 includes charges for income tax adjustments of \$49 million associated with foreign tax matters including a change in Non- U.S. tax laws.

(l) Q3 2008: Includes an approximately \$37 million non-cash gain on a partial sale of an investment.

(m) Q4 2008: Includes an approximately \$67 million gain from the contribution of a business into a new venture operating in the Middle East and the Commonwealth of Independent States.

(n) Q4 2008: Includes an approximately \$25 million gain on the completion of a divestiture of a business.

(o) Q4 2008: Includes an approximately \$38 million gain from the sale of marketable securities.

(p) Q4 2008: Includes an approximately \$12 million favorable pretax interest adjustment related to the settlement of disputed adjustments from the 2000 through 2003 examination with the Appeals Division of the Internal Revenue Service (IRS).

(q) Q4 2008: Favorable income tax adjustment of approximately \$62 million related to settlement of disputed adjustments from the 2000 through 2003 examination with the Appeals Division of the Internal Revenue Service (IRS).

KEY DATA

(\$ millions)

	<u>4Q 08</u>	<u>4Q 07</u>
Free cash flow*	1,614	1,589
Debt/capital	42%	30%
Net debt/capital	31%	23%
Capital expenditures	406	456
Share repurchase	690	501
Acquisitions**	725	403

4Q 2008 PERFORMANCE

Organic growth

Otis	4%
Carrier	(7%)
UTC Fire & Security	3%
Pratt & Whitney	3%
Hamilton Sundstrand	6%
<u>Sikorsky</u>	<u>25%</u>
Total UTC	3%

FREE CASH FLOW RECONCILIATION

(\$ millions)

	<u>4Q 08</u>	<u>4Q 07</u>
Net Income	1,145	1,060
Depreciation & amortization	350	310
Change in working capital	460	605
Other	<u>65</u>	<u>70</u>
Cash flow from operations	2,020	2,045
Capital expenditures	<u>(406)</u>	<u>(456)</u>
Free cash flow	1,614	1,589

Free cash flow, which represents cash flow from operations less capital expenditures, is the principal cash performance measure used by the company. Management believes free cash flow provides a relevant measure of liquidity and a useful basis for assessing the Corporation's ability to fund its activities, including the financing of acquisitions, debt service, repurchases of the Corporation's Common Stock and distribution of earnings to shareholders. Others that use the term free cash flow may calculate it differently. The reconciliation of net cash flow provided by operating activities prepared in accordance with Generally Accepted Accounting Principles to free cash flow is above.