

UNITED TECH. NYSE-UTX

RECENT PRICE **77.33** P/E RATIO **14.6** (Trailing: 13.2 Median: 16.0) RELATIVE P/E RATIO **0.96** DIV'D YLD **2.8%** **VALUE LINE**

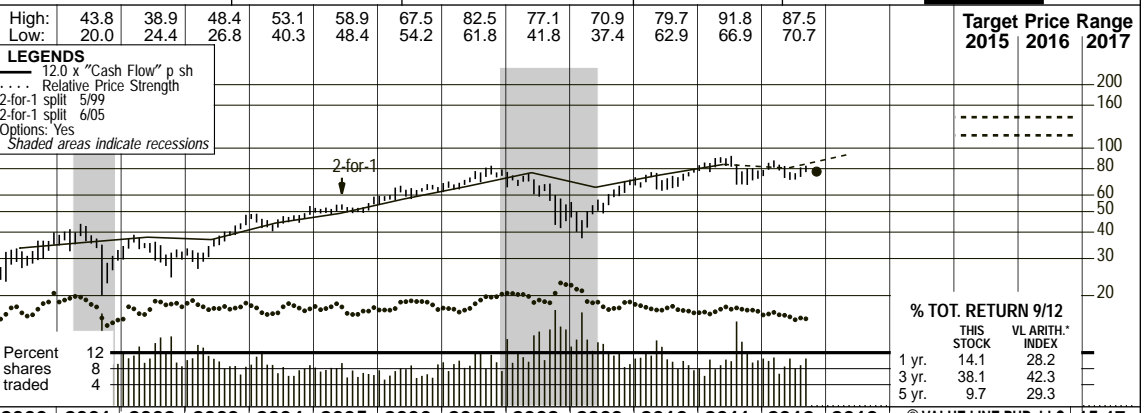
TIMELINESS 3 Lowered 3/5/10
SAFETY 1 Raised 5/9/97
TECHNICAL 3 Raised 2/10/12
BETA 1.00 (1.00 = Market)

LEGENDS
 — 12.0 x "Cash Flow" p sh
 Relative Price Strength
 2-for-1 split 5/99
 2-for-1 split 6/05
 Options: Yes
 Shaded areas indicate recessions

2015-17 PROJECTIONS
 Price Gain Ann'l Total
 High Low (+80%) Return
 140 115 (+50%) 18%
 115 115 (+50%) 13%

Insider Decisions
 N D J F M A M J J
 to Buy 0 0 0 0 0 0 0 0
 Options 0 3 0 5 1 0 1 0
 to Sell 0 4 0 8 0 0 1 0

Institutional Decisions
 4Q2011 10Q2012 20Q2012
 to Buy 541 557 543
 to Sell 527 545 560
 Hlds(000) 736356 751260 633384



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
24.70	26.97	28.57	25.42	28.24	29.54	30.04	30.19	36.63	41.70	48.04	55.79	62.27	56.49	58.97	64.14	63.65	73.50	Revenues per sh	93.70
1.82	2.06	2.34	1.78	2.80	2.98	3.15	3.07	3.68	4.09	4.79	5.50	6.38	5.43	6.22	6.97	6.70	7.85	"Cash Flow" per sh	10.50
.86	1.05	1.26	.83	1.78	1.92	2.21	2.35	2.73	3.05	3.64	4.27	4.90	4.12	4.74	5.49	5.30	6.25	Earnings per sh ^A	8.45
.28	.31	.35	.38	.41	.45	.49	.57	.70	.88	1.02	1.17	1.35	1.54	1.70	1.87	2.03	2.20	Div'ds Decl'd per sh ^B	2.90
.83	.92	.96	.80	1.00	.84	.62	.52	.78	.92	.96	1.17	1.29	.88	.94	1.08	1.15	1.25	Cap'l Spending per sh	1.50
4.04	3.99	4.44	7.12	7.78	8.53	8.90	11.39	13.70	16.76	17.37	21.76	16.89	21.42	23.21	24.12	25.45	28.25	Book Value per sh ^C	38.15
951.90	916.28	900.21	949.09	941.37	944.32	939.24	1028.1	1022.2	1013.9	995.70	981.52	942.29	936.74	921.27	907.22	920.00	910.00	Common Shs Outst'g ^D	875.00
16.6	18.4	17.9	38.2	17.4	18.1	14.8	15.6	16.9	17.0	16.9	16.8	13.1	13.4	15.0	14.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
1.04	1.06	.93	2.18	1.13	.93	.81	.89	.89	.91	.91	.89	.79	.89	.95	.92			Relative P/E Ratio	1.00
1.9%	1.6%	1.5%	1.2%	1.3%	1.3%	1.5%	1.6%	1.5%	1.7%	1.6%	1.6%	2.1%	2.8%	2.4%	2.3%			Avg Ann'l Div'd Yield	2.3%

CAPITAL STRUCTURE as of 6/30/12
 Total Debt \$20.8 bill. Due in 5 Yrs \$3.0 bill.
 LT Debt \$20.5 bill. LT Interest \$1.0 bill.

(47% of Cap'l)
Annual Rentals Leases, uncapped \$5.5 bill.
Pension Assets-12/11 \$23.5 bill.
Oblig. \$27.2 bill.

Preferred Stock None
Common Stock 911,787,235 shares

MARKET CAP: \$71 billion (Large Cap)

CURRENT POSITION	2010	2011	6/30/12
Cash Assets	4083	5960	16666
Receivables	8925	9546	9538
Inventory (Avg Cst)	7766	7797	8502
Other	2736	2445	4436
Current Assets	23510	25758	39142
Accts Payable	5206	5570	5752
Debt Due	279	759	300
Other	12247	12287	13741
Current Liab.	17732	18616	19793

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '09-'11 to '15-'17
Revenues	8.0%	7.5%	8.0%
"Cash Flow"	9.5%	8.0%	9.0%
Earnings	12.5%	9.0%	10.0%
Dividends	15.0%	14.5%	9.5%
Book Value	11.5%	7.5%	9.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	12249	13196	13375	14100	52920
2010	12040	13802	13620	14864	54326
2011	13344	15076	14804	14966	58190
2012	12424	13807	15555	16764	58550
2013	15400	16800	16900	17775	66875

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	.78	1.05	1.14	1.15	4.12
2010	.93	1.20	1.30	1.31	4.74
2011	1.11	1.45	1.47	1.47	5.49
2012	1.31	1.62	1.17	1.20	5.30
2013	1.30	1.60	1.65	1.70	6.25

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.32	.32	.32	.385	1.35
2009	.385	.385	.385	.385	1.54
2010	.425	.425	.425	.425	1.70
2011	.425	.48	.48	.48	1.87
2012	.48	.48	.535		

BUSINESS: United Technologies Corp. operates in six business segments: *Pratt & Whitney* (revenues of \$13.4 billion in '11) makes and services aircraft engines; *Otis* (\$12.4 billion) manufactures and services elevators; *Carrier* (\$12.0 billion) makes heating, ventilating, and air-conditioning (HVAC) equipment; *Sikorsky* (\$7.4 billion) makes helicopters; *UTC Fire & Security* (\$6.9 billion) provides security and fire protection services; *Hamilton Sundstrand* (\$6.2 billion) produces aerospace and industrial products. Directors & officers own less than 1% of common stock (3/12 proxy). Employs about 200,000. Chairman & CEO: Louis R. Chenevert. Incorporated: DE. Address: One Financial Plaza, Hartford, CT 06103. Telephone: 860-728-7000. Internet: www.utc.com.

We now think United Technologies' earnings will contract on an annual basis this year. The current year has been a roller-coaster ride as far as expectations go. Earlier in the campaign, excitement grew for what many thought would be record EPS for UTX. This enthusiasm has now given way to operational concerns, namely at its Otis branch. Exposure to the cooling Chinese economy has also brought down the bar by quite a bit. Most recently, we have learned that the markets for aerospace spares and transportation refrigeration are struggling of late. Accelerated accretion from the Goodrich deal is always a possibility, especially given leadership's acumen at rapidly integrating purchases, but we will have to wait and see what develops on this front in the coming months. For now, we are trimming our share-net call by \$0.20, to \$5.30. **The picture has also gotten frayed for 2013.** We have cut our bottom-line estimate from \$6.70 a share to \$6.25. All the woes mentioned above are likely to carry into next year. Additionally, foreign exchange rates and the situation in Europe have the potential to take turns for the

worse. Moreover, pension expense should rise significantly. United Technologies has always had a high score for Earnings Predictability, and exactly what details management provides at the time of its September-period conference call will go a long way in connecting the dots as far as how 2013 will shape up. **Despite the recent top- and bottom-line reductions, our cash flow estimates remain elevated.** Indeed, we think there is potential upside to 2012's figure, and that next year's number may well be an all-time high. In the case there is a large amount of excess cash on hand, we would expect additional share repurchases to be the primary use of the capital. Such moves, however, are not currently factored into our presentation. **Those investors seeking long-term total return should take a close look at this blue chip.** This Dow component's track record is impeccable, and its Price Growth Persistence is at the top of the charts. A rapidly growing dividend should reward those willing to ride out any rough patches for the pull to 2015-2017.
Erik M. Manning *October 19, 2012*