Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
SUNDSTRAND DE PUERTO RICO PENSION PLAN

1b Three-digit plan number (PN) ▶ 038

1c Effective date of plan 05/09/1992

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
UNITED TECHNOLOGIES CORPORATION

4 FARM SPRINGS ROAD
FARMINGTON, CT 06032

2b Employer Identification Number (EIN) 06-0570975

2c Plan Sponsor's telephone number 860-728-7000

2d Business code (see instructions) 333200

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2017	FRED DAUSSAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

3a	Plan administrator's name and address [X] Same as Plan Sponsor	**3b**	Administrator's EIN
		3c	Administrator's telephone number
4	If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	**4b**	EIN
a	Sponsor's name	**4c**	PN

5	Total number of participants at the beginning of the plan year	**5**	1166
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	887
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	955
b	Retired or separated participants receiving benefits	**6b**	112
c	Other retired or separated participants entitled to future benefits	**6c**	183
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	1250
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	8
f	Total. Add lines **6d** and **6e**.	**6f**	1258
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	18
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

1A 3C 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [X] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] 0 **A** (Insurance Information)
- **(4)** [ ] **C** (Service Provider Information)
- **(5)** [X] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
SUNDSTRAND DE PUERTO RICO PENSION PLAN

B Three-digit plan number (PN) ▶ 038

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
UNITED TECHNOLOGIES CORPORATION

D Employer Identification Number (EIN)
06-0570975

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2016

2 Assets:

a Market value	**2a**	19718616
b Actuarial value	**2b**	20374753

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	110	3217051	3217051
b For terminated vested participants	169	2253258	2253258
c For active participants	887	10034691	10936248
d Total	1166	15505000	16406557

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	
5 Effective interest rate	**5**	6.31 %
6 Target normal cost	**6**	1268209

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary — Date: 09/27/2017

JAY MITCHELL, F.S.A. — Type or print name of actuary

17-05718 — Most recent enrollment number

TOWERS WATSON DELAWARE INC. — Firm name

212-309-3479 — Telephone number (including area code)

335 MADISON AVENUE
NEW YORK, NY 10017-4605

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of -0.32%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		2827025
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.49 %		183474
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		3010499
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14	Funding target attainment percentage	14	124.18%
15	Adjusted funding target attainment percentage	15	124.18%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	114.58%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/30/2016	1000000	0			
			Totals ► 18(b)	1000000	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	940805

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
4.43%	5.91%	6.65%	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	63

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	1268209
b Excess assets, if applicable, but not greater than line 31a	**31b**	1268209

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	940805
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	940805
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	0
43 Excess installment acceleration amount to be carried over to future plan years	**43**	0

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
SUNDSTRAND DE PUERTO RICO PENSION PLAN

B Three-digit plan number (PN) ▶ 038

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
UNITED TECHNOLOGIES CORPORATION

D Employer Identification Number (EIN)
06-0570975

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: UTC MASTER RETIREMENT TRUST

b Name of sponsor of entity listed in (a): UNITED TECHNOLOGIES CORPORATION

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
13-3064404-001	M	22391406

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
SUNDSTRAND DE PUERTO RICO PENSION PLAN

B Three-digit plan number (PN) ▶ 038

C Plan sponsor's name as shown on line 2a of Form 5500
UNITED TECHNOLOGIES CORPORATION

D Employer Identification Number (EIN)
06-0570975

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	19718617	22391406
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	19718617	22391406
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	19718617	22391406

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	1000000	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1000000
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		1892512
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		2892512
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	219723	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		219723
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		219723
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		2672789
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: KPMG LLP **(2)** EIN: 13-5565207

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		90000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i		X	
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	4n			
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☒ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 3995313 . (See instructions.)

Part V Trust Information

6a Name of trust	**6b** Trust's EIN

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
SUNDSTRAND DE PUERTO RICO PENSION PLAN

B Three-digit plan number (PN) ▶ 038

C Plan sponsor's name as shown on line 2a of Form 5500
UNITED TECHNOLOGIES CORPORATION

D Employer Identification Number (EIN)
06-0570975

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): _____ _____

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3** 2

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☒ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☒ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: 25.0 % Investment-Grade Debt: 22.0 % High-Yield Debt: 1.0 % Real Estate: 8.0 % Other: 44.0 %

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No

22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____/____/____ and the serial number _____.

22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____/____/____.

UNITED TECHNOLOGIES CORPORATION
SUNDSTRAND DE PUERTO RICO PENSION PLAN

Financial Statements

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

UNITED TECHNOLOGIES CORPORATION
SUNDSTRAND DE PUERTO RICO PENSION PLAN

Financial Statements

December 31, 2016 and 2015

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Net Assets Available for Plan Benefits as of December 31, 2016 and 2015	3
Statements of Changes in Net Assets Available for Plan Benefits for the years ended December 31, 2016 and 2015	4
Statement of Accumulated Plan Benefits as of December 31, 2015	5
Statement of Changes in Accumulated Plan Benefits for the year ended December 31, 2015	6
Notes to Financial Statements	7

Note: All supplemental schedules specified by the Employment Retirement Income Security Act of 1974 are not applicable and have been omitted.

KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Participants and Administrator
United Technologies Corporation Sundstrand De Puerto Rico Pension Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of United Technologies Corporation Sundstrand De Puerto Rico Pension Plan (the Plan), which comprise the statements of net assets available for plan benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for plan benefits for the years then ended and the statement of accumulated plan benefits as of December 31, 2015, and the related statement of changes in accumulated plan benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 6, which was certified by The Bank of New York Mellon, N.A., the trustee, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2016 and 2015, and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

October 13, 2017

UNITED TECHNOLOGIES CORPORATION
SUNDSTRAND DE PUERTO RICO PENSION PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2016 and 2015

	2016	2015
Assets:		
Investments:		
Plan interest in Master Trust, at fair value, as certified by Trustee (note 6)	$ 22,391,406	19,718,617
Net assets available for plan benefits	$ 22,391,406	19,718,617

See accompanying notes to financial statements.

UNITED TECHNOLOGIES CORPORATION
SUNDSTRAND DE PUERTO RICO PENSION PLAN

Statements of Changes in Net Assets Available for Plan Benefits

Years ended December 31, 2016 and 2015

	2016	2015
Additions:		
Investment income:		
Investment (loss) income – plan interest in net appreciation, investment advisors' and trustee's fees, and investment income of Master Trust, as certified by Trustee (note 6)	$ 2,234,202	(59,673)
Employer contributions	1,000,000	3,162,000
Total additions	3,234,202	3,102,327
Deductions:		
Benefit payments	(341,690)	(299,609)
Administrative expenses	(219,723)	(243,833)
Total deductions	(561,413)	(543,442)
Net increase	2,672,789	2,558,885
Net assets available for plan benefits:		
Beginning of year	19,718,617	17,159,732
End of year	$ 22,391,406	19,718,617

See accompanying notes to financial statements.

UNITED TECHNOLOGIES CORPORATION
SUNDSTRAND DE PUERTO RICO PENSION PLAN

Statement of Accumulated Plan Benefits

December 31, 2015

Actuarial present value of accumulated plan benefits (note 3):		
Vested benefits:		
Participants currently receiving payments	$	3,595,377
Other participants		16,982,320
		20,577,697
Nonvested benefits		1,283,244
Total actuarial present value of accumulated plan benefits	$	21,860,941

See accompanying notes to financial statements.

UNITED TECHNOLOGIES CORPORATION
SUNDSTRAND DE PUERTO RICO PENSION PLAN

Statement of Changes in Accumulated Plan Benefits

Year ended December 31, 2015

Actuarial present value of accumulated plan benefits at beginning of year	$	22,796,926
Increase (decrease) during the year attributable to:		
Benefits accumulated		1,780,618
Actuarial losses		(112,322)
Increase for interest due to the decrease in the discount period		952,778
Benefits paid		(297,538)
Change in actuarial assumptions (note 3)		(3,259,521)
Net decrease		(935,985)
Actuarial present value of accumulated plan benefits at end of year	$	21,860,941

See accompanying notes to financial statements.

(1) Description of the Plan

(a) General

The United Technologies Corporation Sundstrand de Puerto Rico Pension Plan (the Plan) is a noncontributory defined benefit pension plan. The Plan covers all Sundstrand de Puerto Rico, Inc. nonexempt employees. Employees are eligible to participate on the first day of service. The Plan is administered by United Technologies Corporation (UTC) (the Plan Administrator) and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The following brief description of the Plan is provided for general information purposes only. More complete information is provided by the Summary Plan Description and Plan Document, which are available from the Plan Administrator.

(b) Vesting and Benefit Provisions

Under terms of the Plan, participants are fully vested after five years of service and are eligible for pension benefits upon retirement. Generally, participants are eligible for retirement at age 65. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity or other actuarially equivalent form of payment. Eligible employees are entitled to monthly pension benefits based on a percentage of compensation (as defined) for each plan year but not less than $96 multiplied by the years of credited service.

At retirement, eligible participants may elect to receive early retirement benefits, reduced in a manner set forth in the plan document, based upon age and service at termination.

If, upon termination, the present value of the pension benefit as of the participant's normal retirement age is equal to or less than $5,000, the vested portion of the benefit will be transferred to an IRA account if the participant does not elect otherwise. The Plan also provides for pre-retirement death benefits.

(2) Summary of Accounting and Reporting Policies

The significant accounting and reporting policies followed by the Plan are summarized below:

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

(b) Payment of Benefits

Benefits are recorded when paid.

(Continued)

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits at the dates of the financial statements, the changes in net assets available for plan benefits during the reporting period, and other amounts reported in the financial statements and accompanying notes. The actuarial present value of accumulated plan benefits and contributions to the Plan are estimates which are based upon the actuarial methods and assumptions selected regarding the return on investments, salary rates, employee termination rates, mortality rates, and other factors. Actual results could differ from those estimates.

(d) Contributions

Contributions are determined on an actuarial basis and are recorded during the plan year to which they pertain.

(e) Administrative Expenses/Related Party and Party-in-Interest Transactions

Expenses incurred in the administration of the Plan including fees paid to third party administrators and other expenses, primarily actuarial fees and Pension Benefit Guaranty Corporation (PBGC) premiums, are paid from the Plan's assets.

Certain plan investments are managed by The Bank of New York Mellon, N.A. (the Trustee). These transactions qualify as party-in-interest transactions. For the years ended December 31, 2016 and 2015, fees paid by the Plan to the Trustee for investment advisory services, trustee and administrative expenses amounted to $61 thousand and $49 thousand, respectively.

(f) Master Trust

The Plan's interest in the UTC Master Trust (Master Trust) is based upon the value of units of participation as certified by the Master Trust Trustee (see note 6). Master Trust investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the Plan's interest in investment income (loss) and realized and unrealized appreciation (depreciation) in the market value of the invested assets of the Master Trust, net of investment advisory and trustee fees, is allocated to the Plan by the Trustee based on the Plan's proportionate interest in the Master Trust.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded as earned. UTC performs ongoing due diligence reviews of the Master Trust's investments and has retained a consultant to provide quarterly reports, including a performance review.

(g) Risks and Uncertainties

The investment managers retained by the Plan Administrator have discretion to invest Master Trust assets in derivative financial instruments to manage risk as well as to enhance yields. These derivatives are primarily in the form of forward foreign exchange contracts, and various equity and interest rate futures. Such derivative instruments are reported at fair value within the Master Trust, and the changes in fair value are reported currently in the net appreciation (depreciation) of the Master Trust and not deferred. The future foreign exchange contracts represent an obligation to receive or disburse the change in the market value of the index. A portion of the Master Trust's assets are invested in international securities. As a result, the Master Trust assets are exposed to risk from fluctuations in foreign exchange rates.

By nature, all financial instruments involve risk, generally market risk, arising from changes in stock and bond prices, interest rates or currency exchange rates, and credit risk, the risk that an issuer or counter party will default on an agreed-upon transaction.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change.

Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(h) Fair Value Measurement

U.S. GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- **Level 1** – The types of instruments classified as Level 1 are valued based on quoted market prices in active markets.
- **Level 2** – The types of instruments classified as Level 2 are valued based on inputs other than quoted prices that are observable for the asset, such as quoted prices for similar instruments in active markets or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.
- **Level 3** – Investments classified as Level 3 have inputs based on unobservable price data. They typically trade infrequently and therefore have little or no price transparency. Fair value pricing is developed based on the best information available which can include the reporting entity's own data.

(Continued)

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan Administrator believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Transfers between levels, if any, are recorded as of the date the transfer occurred.

(3) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump sum distributions, that are attributable under the Plan's provisions to the service employees have rendered as of the actuarial valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries.

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation to determine benefit obligations as of December 31, 2015 were:

	2015
a. Discount rate	4.60% per year
b. Mortality table	RP-2014
c. Retirement age	Decrements averaging at age 61

The present value of accumulated plan benefits as of December 31, 2015 decreased by $3,260 thousand due to changes in actuarial assumptions mainly as a result of the increase in the discount rate assumption from 3.90% at December 31, 2014 to 4.60% at December 31, 2015.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions, and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(4) Funding Policy

UTC's funding policy is to make periodic contributions to the Plan in amounts that will meet or exceed the annual ERISA minimum funding requirement. UTC's contributions for the years ended December 31, 2016 and 2015 have met the minimum funding requirements of ERISA.

(5) Plan Termination

Although UTC has not expressed any intent to terminate the Plan, it may do so at any time. In the event the Plan terminates, the net assets generally will not be available on a pro rata basis to provide for participant's benefits. The maximum amount of PBGC guaranteed benefits for terminations in 2016 at age 65 is $5,011 per month. Whether all plan participants receive their full plan benefits, should the Plan terminate at some future time, would depend on the priority of these benefits and the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the financial condition of the Plan Sponsor and the level of benefits guaranteed by the PBGC. Some benefits may be fully or partially provided for by the existing plan assets and the PBGC guarantee while other benefits may not be provided for at all.

Upon termination, UTC shall give notice to the PBGC and shall comply with its procedures and lawful orders. As soon as it may do so, UTC thereupon shall cause all amounts in the hands of the Trustee to be allocated and distributed in the manner and order set forth in Section 4044 of ERISA to the extent of the sufficiency of the Plan's assets.

Additional information concerning the priority order of participants' claims to the assets of the Plan upon termination can be obtained from the Summary Plan Description, which is available from the Plan Administrator.

(6) Investment in Master Trust (Unaudited)

UTC has entered into a Master Trust agreement with The Bank of New York Mellon, N.A. as Trustee. Under this agreement, certain pension plans of UTC and its subsidiaries combine certain of their investments in the Master Trust.

Participating plans receive units of participation in this pool of investments based on their contributions to the Master Trust. The plans redeem units of participation to meet plan requirements to pay pension benefits and administrative expenses.

UTC stock held in the Master Trust had a fair value of $302,057 thousand and $944,912 thousand at December 31, 2016 and 2015, respectively. UTC stock held in the Master Trust represents approximately 1.4% and 4.0% of the Master Trust's Net Assets at December 31, 2016 and 2015, respectively.

(Continued)

The following is a summarization of the unaudited financial information and data for the Master Trust and the portion applicable to the Plan, certified by the Trustee in accordance with Section 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA:

Master Trust Statements of Net Assets

	December 31	
	2016	**2015**
	(In thousands)	
Assets:		
Short-term instruments:		
Cash and equivalents	$ 2,667,717	1,504,928
Equity securities, including $302,057 at 2016 and $944,912 at 2015 of UTC stock	4,555,329	5,840,442
Common collective trusts	1,596,873	1,742,889
Debt securities:		
Corporate debt	7,023,278	6,970,765
U.S. government and related agency obligations	480,191	545,340
Derivatives	(8,348)	32,580
Real estate	1,453,283	1,630,936
Limited partnerships	4,808,918	4,387,227
Other	661,059	762,974
Subtotal	23,238,300	23,418,081
Interest and dividends receivable	92,320	96,996
Other receivables	319,712	603,802
Total assets	23,650,332	24,118,879
Liabilities:		
Other payables	332,287	545,477
Total liabilities	332,287	545,477
Net assets	$ 23,318,045	23,573,402
Net assets of the Master Trust allocable to the Plan	$ 22,391	19,719
Percentage of Plan's interest in the Master Trust	0.10 %	0.08 %

(Continued)

Master Trust Statements of Changes in Net Assets

	Year ended December 31	
	2016	**2015**
	(In thousands)	
Additions:		
Interest income	$ 327,671	320,079
Dividend income	131,232	138,943
Net appreciation (depreciation) in value of invested assets	2,112,174	(423,550)
Other income	93,893	88,767
Total net additions	2,664,970	124,239
Deductions:		
Investment advisors' and trustee's fees	(80,956)	(76,837)
Total deductions	(80,956)	(76,837)
Net increase prior to contributions, distributions, and other nonallocable activity	2,584,014	47,402
Contributions, distributions, and other nonallocable activity, net	(2,839,371)	(1,199,343)
Net decrease in net assets	(255,357)	(1,151,941)
Net assets:		
Beginning of year	23,573,402	24,725,343
End of year	$ 23,318,045	23,573,402
Net increase allocable to the Plan	$ 2,234	(60)
Percentage of Plan's interest in net increase prior to contributions, distributions, and other nonallocable activity	0.09 %	(0.13)%

The Master Trust had contributions of $218,350,000 and $34,089,000, offset by distributions of $3,057,721,000 and $1,540,233,000 for the years ended December 31, 2016, and 2015, respectively.

(Continued)

During the years ended December 31, 2016 and 2015, the Master Trust's investments (including investments bought and sold, as well as investments held during the year) appreciated (depreciated) as follows:

	Net appreciation (depreciation) in fair value	
	2016	**2015**
	(In thousands)	
Equity securities	$ 363,370	(155,399)
Common collective trust	141,419	(62,875)
Debt securities	328,981	(481,523)
Limited partnerships	302,629	11,263
Derivatives	878,169	85,423
Real estate	97,517	146,353
Other	89	33,208
	$ 2,112,174	(423,550)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Quoted market prices are used to value equity and certain actively traded debt investments when available. Investments in securities traded on national and foreign securities exchanges are valued using the pricing services' reported sale prices on the last business day of the year or, if no sales were reported on that date, at the last reported bid prices.

Forward currency contracts, futures and options are valued at the exchange rates and market prices prevailing on the last business day of the year. Both exchange rates and market prices are readily available from published sources. Temporary cash investments are stated at fair value.

The Plan's interest in certain common collective trusts and limited partnerships are reported at the net asset value (NAV) reported by the fund managers. NAV is used to estimate the fair value of the Plan's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of December 31, 2016, the Plan had no specific plans or intentions to sell investments at amounts different than NAV.

For securities that have no quoted market price, including those valued using NAV, many factors are considered in arriving at that fair market value, which include the following:

Common collective trusts invest in other public or private individual assets as determined and managed by the fund. The Plan's interest in the common/collective trust funds are based on the fair values of the underlying investments. Investments in collective trust funds are valued at their NAV value per share/unit on the valuation date. There are no unfunded commitments and investments can be redeemed monthly with 30-120 days notice.

(Continued)

Limited partnerships, valued using NAV per share practical expedient, principally private equity investments, are valued quarterly by the general partner using various valuation methods such as discounted cash flows, earnings multiples and market multiples. Valuation adjustments occur which reflect changes in operating results, financial condition, or prospects of the applicable portfolio company. Since valuation estimates are typically lagged a quarter, a fourth quarter roll-forward valuation process is used for fund level partnerships. This process takes into account latest reported valuation, monthly capital calls, management fees, return of capital, income distributions, and realized gains/losses.

For fixed-income securities, the market approach pricing methodology is primarily used where observable prices are obtained by market transactions involving identical or comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar investments.

Real estate investments are valued on a quarterly basis; principally, rental property subject to long-term leases has been estimated on the basis of future rental receipts and estimated residual values discounted at interest rates commensurate with the risks involved. These valuation estimates are supplemented by third-party appraisals on an annual basis.

Fair value information for investments, net that are measured at fair value on a recurring basis is as follows at December 31, 2016 and 2015 (in thousands):

	Fair value measurements as of December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and equivalents	$ 505,357	2,162,360	—	2,667,717
Equity:				
Aerospace/defense	339,503	—	—	339,503
Automotive	72,203	—	—	72,203
Banks	385,063	—	—	385,063
Food and beverage	213,301	—	—	213,301
Chemicals	103,737	—	—	103,737
Computers	129,653	—	—	129,653
Financial services	138,287	—	—	138,287
Electrical components	202,056	—	—	202,056
Oil and gas	244,454	—	—	244,454
Healthcare	149,447	—	—	149,447
Insurance	216,547	—	—	216,547
Telecommunications	94,987	—	—	94,987
Pharmaceuticals	265,937	—	—	265,937
Retail	223,382	—	—	223,382
Software	164,693	—	—	164,693
Other	1,589,901	22,178	—	1,612,079
Total equity	4,533,151	22,178	—	4,555,329

(Continued)

	Fair value measurements as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Common collective trusts:				
Other	$ 206,504	—	—	206,504
Common collective trusts	206,504	—	—	206,504
Debt securities:				
Banking and finance	—	1,068,552	—	1,068,552
Food, beverage, and tobacco	—	261,567	—	261,567
Healthcare	—	776,401	—	776,401
Insurance	—	284,578	—	284,578
Retail	—	377,045	—	377,045
Oil and Gas	—	297,281	—	297,281
Technology	—	527,085	—	527,085
Utilities	—	1,212,768	—	1,212,768
Other	—	2,218,000	—	2,218,000
U.S. government and related agency obligations	473,715	6,476	—	480,191
Total debt	473,715	7,029,753	—	7,503,468
Derivatives	(8,348)	—	—	(8,348)
Real estate	—	—	1,258,838	1,258,838
Limited Partnerships	112	—	148,391	148,503
Other	16,817	—	—	16,817
Total assets at fair value	$ 5,727,308	9,214,291	1,407,229	16,348,828
Common collective trusts				1,390,369
Limited partnerships (a)				4,660,415
Real estate				194,445
Other				644,243
Total assets				$ 23,238,300

(a) Limited partnerships include investment in domestic private equity funds with monthly redemption frequency and 30 days' notice. Certain other limited partnerships include investment in private equity both domestically and internationally. These investments can never be redeemed during the life of the funds. Approximately 48% of the funds have a life up to 5 years and approximately 52% of the funds have a life that ranges from 5 years to 10 years. Unfunded commitments total approximately $454 million. Real estate includes real estate funds with quarterly redemption frequency and 60 days' notice. In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the statement of financial position.

(Continued)

	Fair value measurements as of December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and equivalents	$ 315,036	1,189,892	—	1,504,928
Equity:				
Aerospace/defense	999,875	—	—	999,875
Automotive	122,974	—	—	122,974
Banks	407,539	—		407,539
Food and beverage	253,331	—	—	253,331
Chemicals	108,060	—	—	108,060
Computers	142,724	—	—	142,724
Financial services	189,980	—	—	189,980
Electrical components	235,991	—	—	235,991
Oil and gas	210,601	—	—	210,601
Healthcare	168,660	—	—	168,660
Insurance	279,451	—	—	279,451
Telecommunications	104,466	—	—	104,466
Pharmaceuticals	358,244	—	—	358,244
Retail	245,089	—	—	245,089
Software	205,085	—	—	205,085
Other	1,778,528	29,844	—	1,808,372
Total equity	5,810,598	29,844	—	5,840,442
Common collective trusts:				
Equities	1,428,155	—	—	1,428,155
Other	314,734	—	—	314,734
Common collective trusts	1,742,889	—	—	1,742,889
Debt securities:				
Banking and finance	—	928,974	—	928,974
Food, beverage, and tobacco	—	199,953	—	199,953
Healthcare	—	290,752	—	290,752
Insurance	—	807,147	—	807,147
Retail	—	381,416	—	381,416
Oil and Gas	—	356,968	—	356,968
Technology	—	415,699	—	415,699
Utilities	—	1,183,405	—	1,183,405
Other	—	2,406,451	—	2,406,451
U.S. government and related agency obligations	545,340	—	—	545,340
Total debt	545,340	6,970,765	—	7,516,105

(Continued)

	Fair value measurements as of December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivatives	$ 29,043	3,537	—	32,580
Real estate	—	—	1,346,715	1,346,715
Other	5,941	757,033		762,974
Total assets at fair value	$ 8,448,847	8,951,071	1,346,715	18,746,633
Limited partnerships (c)				4,387,227
Real estate (c)				284,221
Total assets				$ 23,418,081

(a) Limited partnerships include domestic private equity funds with monthly redemption frequency and 30 days' notice. Certain other limited partnerships include investment in private equity both domestically and internationally. These investments can never be redeemed during the life of the funds. Approximately 46% of the funds have a life up to 5 years and approximately 54% of the funds have a life that ranges from 5 years to 10 years. Unfunded commitments total approximately $496 million. Real estate includes real estate funds with quarterly redemption frequency and 60 days notice. In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amount presented in this table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the statement of financial position.

In preparing its fair value disclosures, the Plan has considered the nature of the underlying investments in classifying its investments by type and valuation level. The classification of investments in the Master Trust statement of net assets reflects a classification based on the structure of the investment. As an example, real estate held within a limited partnership structure may be classified differently. The Plan believes the presentation of investments by fair value valuation levels is representative of the required disclosures.

(Continued)

(a) Level 3 Gains and Losses

The following tables set forth a summary of changes in the fair value of the Master Trust's Level 3 assets for the years ended December 31, 2016 and 2015 (in thousands):

	Level 3 assets 2016		
	Limited partnerships	**Real estate**	**Total**
Balance at December 31, 2015	$ —	1,346,715	1,346,715
Realized losses	2	64,067	64,069
Unrealized gains relating to instruments still held at the reporting date	20,905	33,450	54,355
Purchases	157,279	54,504	211,783
Sales	(2)	(239,898)	(239,900)
Transfer between classifications	(29,793)	—	(29,793)
Balance at December 31, 2016	$ 148,391	1,258,838	1,407,229

	Level 3 assets 2015		
	Limited partnerships	**Real estate**	**Total**
Balance at December 31, 2014	$ —	1,119,690	1,119,690
Realized losses	—	(936)	(936)
Unrealized gains relating to instruments still held at the reporting date	—	147,288	147,288
Purchases	—	174,080	174,080
Sales	—	(93,407)	(93,407)
Transfer between classifications	—	—	—
Balance at December 31, 2015	$ —	1,346,715	1,346,715

(Continued)

(b) Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments as of December 31, 2016, and the significant unobservable inputs and the ranges of values for those inputs (in thousands):

Level 3 investment	Fair value	Principal valuation technique	Significant unobservable inputs	Range of significant input values
Real estate	$ 1,258,838	Discounted cash flow analysis	Revenue growth rate	0%–11%
			Discount rate	6.5%–9.5%
			Exit cap rate	5.75%–9%
Limited partnerships	$ 148,391	Market value comparable company analysis	EBITDA multiples	2.8X–20X
		Discounted cash flow analysis	WACC	6%–25%
		Expected returns	Illiquidity discount	0%–37%
		Benchmark pricing	Control premium	0%–30%
		Comparable yields	Lack of control discount	5%–17%
		Recent financing	Tangible book value	0X–0.8X
			Revenue multiple	1X–5X
			Terminal capitalization rate	0%–7.5%
			Yield	0%–22.5%

In estimating fair value of the investments in Level 3, the Plan Administrator may use third-party pricing sources. In substantiating the reasonableness of the pricing data provided by third parties, the Plan Administrator evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

(c) Derivative Financial Instruments

Derivatives in the plan are primarily used to manage risk and gain asset class exposure while still maintaining liquidity. Derivative instruments mainly consist of equity futures, interest rate futures, interest rate swaps and currency forward contracts.

At December 31, 2016 and 2015, the Master Trust had open foreign currency contracts to purchase approximately $13 million and $508 million, respectively, and sell approximately $13 million and $508 million, respectively, of various foreign currencies.

(Continued)

(7) Tax Status of the Plan

The Puerto Rico Department of Treasury ruled on May 25, 1994 that the Plan, as then in effect, qualified under Section 165(a) of the Puerto Rico Tax Act of 1954, as amended (the Act), and that the trust established thereunder was not subject to tax under Puerto Rico income tax law. The Plan has since been amended, however, the Plan Administrator and Plan's legal counsel believe that the Plan is currently designed and operated in compliance with the requirements of Section 1165(a) of the Puerto Rico Internal Revenue Code of 1994, as amended. The assets of the Plan have since been transferred to the Master Trust. Section 1022(i)(1) of ERISA provides that a pension trust is exempt from income tax under Section 501(a) of the Internal Revenue Code if all of the plan's participants are residents of Puerto Rico. Management believes that the Plan and Master Trust are designed and are currently being operated in compliance with applicable tax regulations. Therefore, no provision for income taxes has been included in the Plan's financial statements.

U.S. GAAP requires plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Plan is subject to routine audits by the taxing authorities; however, there are currently no audits in progress for any tax period.

(8) Related Party and Party in Interest Transactions

As described in note 6, certain plan investments are shares of UTC stock. As described in note 2, the Plan paid certain expenses related to plan operations and investment activity to various service providers. These transactions are party in interest transactions under ERISA.

(9) Subsequent Events

The Plan Administrator evaluated subsequent events through October 13, 2017, the date of issuance of its financial statements and determined that there are no items to be disclosed.

United Technologies Corporation
Sunstrand de Puerto Rico Pension Plan
EIN: 06-0570975 PN: 038
Schedule SB, Line 26 - Schedule of Active Participant Data

Sundstrand de Puerto Rico Pension Plan

Attained Age		Total Years of Credited Service									
		0	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	over 39
0 to 24	Count	6	24	0	0	0	0	0	0	0	0
25 to 29	Count	17	87	15	0	0	0	0	0	0	0
30 to 34	Count	7	64	37	2	0	0	0	0	0	0
35 to 39	Count	11	39	61	7	6	0	0	0	0	0
40 to 44	Count	5	24	38	15	23	7	1	0	0	0
45 to 49	Count	6	23	37	9	20	11	6	0	0	0
50 to 54	Count	2	15	37	9	30	11	9	3	0	0
55 to 59	Count	1	9	21	5	15	11	9	2	1	0
60 to 64	Count	0	6	11	2	13	4	2	0	2	0
65 to 69	Count	0	0	4	3	2	0	1	0	0	0
over 69	Count	0	0	0	0	2	1	0	0	0	0

Average Age: 42.3 **Average Service:** 8.8

* Excludes 36 suspended participants (not currently accruing credited service under the plan as of January 1, 2016).

Statement of actuarial assumptions and methods

Economic Assumptions

	Puerto Rico	
Interest rate basis:		
► Applicable month	September 2015	
► Yield curve basis	Segment rates	
Interest rates:	Reflecting Corridor	Not Reflecting Corridor
First segment rate	4.43%	1.34%
Second segment rate	5.91%	4.03%
Third segment rate	6.65%	5.06%
Effective interest rate	6.31%	4.65%
Annual rates of increase		
► Compensation		4.50%
► Future Social Security wage bases		N/A
► Statutory limits on compensation		N/A

Demographic Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.
New or rehired employees	It was assumed there will be no new or rehired employees.
Mortality-Healthy and Disabled	
▸ Funding	Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2031 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2023 using Scale AA).
Termination	Rates varying by age and service See Exhibit A
Disability	Rates varying by age See Exhibit B
Retirement	Rates varying by age See Exhibit C
Benefit commencement dates	Preretirement death benefit: The later of death of the active participant or the date the participant would have attained age 60. Deferred vested benefit: Commencement assumed at age 65. Disability benefit: Upon disablement Retirement benefit: Upon termination of employment
Form of payment (Active retirements)	For Puerto Rico: five year certain and life annuity
Percent married	80% for all Puerto Rico
Spouse age	Females three years younger than males.
Covered pay	For current year hires, the maximum of pay rate and the prior year’s pensionable earnings, annualized and increased by 4.50%. For participants on leave of absence, pay rate. For all other participants, prior year’s pensionable earnings increased by 4.50%.
Administrative expenses	For Puerto Rico: $200,000.
At-risk assumptions	N/A
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month.

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year as required by regulations under IRC §430
Actuarial value of assets	Average of the fair market value of assets on the valuation date and the dates 12 and 24 months before the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2015 plan year.) The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the supplemental Summary of Plan Provisions were valued. Willis Towers Watson has reviewed the plan provisions with UTC and, based on that review, is not aware of any significant benefits required to be valued that were not. The plan pays small benefits (with a present value up to $5,000) in a single lump sum payment. Such lump sums are not explicitly valued as such; rather such participant's benefits are valued using the benefit choice assumptions described above.
Change in assumptions and methods since prior valuation	The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of September 2014 to September 2015. The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements. Retirement and termination rates have been modified for the plan based on the results of a 2015 experience study to better reflect future expected experience. The administrative expense assumption was updated from $150,000 to $200,000.

Exhibit A

Termination Assumptions

Annual Rates per 1,000 Participants

Plan : Puerto Rico

Age	Years of Service 0-1	1-2	2-3	3-4	4 and up
25	109	107	80	60	37
30	107	96	73	55	32
35	100	80	61	50	27
40	90	75	55	48	25
45	85	72	50	44	24
50	85	70	48	42	22
55	85	67	45	40	20
60	85	67	42	40	20
65	85	65	42	40	20
70	0	0	0	0	0

Exhibit B

Disability Assumptions

Annual Rates per 1,000 Participants

Plan: Puerto Rico

Age	
25	1.00
30	1.10
35	1.20
40	1.50
45	2.15
50	3.30
55	5.80
60	11.80
65	23.80

Exhibit C

Retirement Assumptions

Age	Puerto Rico
55	N/A
56	N/A
57	N/A
58	N/A
59	N/A
60	0.10
61	0.10
62	0.20
63	0.20
64	0.30
65	0.60
66	0.60
67	0.60
68	0.60
69	0.60
70	1.00

Assumptions Rationale - Significant Economic Assumptions

Funding discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
Rates of increase in compensation, future Social Security Wage bases, and statutory limits on compensation	Assumed increases were chosen by the plan sponsor and, as required by U.S. GAAP they represent an estimate of future experience. We believe that the selected assumption does not significantly conflict with what would be reasonable.
Administrative expenses	Administrative expenses are estimated based on historical experience and future expectation.

Assumptions Rationale - Significant Demographic Assumptions

Termination / Retirement / Disability	The disability assumptions were selected by UTC based on prior reviews of participant experience data. An experience study prepared in 2015 was the basis for the updated termination and retirement assumptions.
Benefit commencement date for deferred benefits	The assumptions were selected by UTC based on prior reviews of participant experience data combined with expectations for future changes in commencement ages.
Form of payment	The form of payment was set by UTC based on reviews of actual participant elections.
Marital Assumptions	
Percent married	The assumed percentage married was set based on UTC's observations regarding its employee population.
Spouse age	The assumed age difference for spouses is based on general population statistics on the age difference for married individuals of retirement age.

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in this attachment, including the method of determining plan assets, are “prescribed methods set by law”, as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
SUNDSTRAND DE PUERTO RICO PENSION PLAN

B Three-digit plan number (PN) ▶ 038

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
UNITED TECHNOLOGIES CORPORATION

D Employer Identification Number (EIN)
06-0570975

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2016

2 Assets:

a Market value	**2a**	19,718,616
b Actuarial value	**2b**	20,374,753

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	110	3,217,051	3,217,051
b For terminated vested participants	169	2,253,258	2,253,258
c For active participants	887	10,034,691	10,936,248
d Total	1,166	15,505,000	16,406,557

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	
5 Effective interest rate	**5**	6.31%
6 Target normal cost	**6**	1,268,209

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Jay Mitchell JM
Signature of actuary

09/27/2017
Date

Jay Mitchell, F.S.A.
Type or print name of actuary

1705718
Most recent enrollment number

Towers Watson Delaware Inc.
Firm name

212-309-3479
Telephone number (including area code)

335 Madison Avenue
New York NY 10017-4605
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of -0.32%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		2,827,025
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.49%		183,474
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		3,010,499
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14	Funding target attainment percentage	14	124.18%
15	Adjusted funding target attainment percentage	15	124.18%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	114.58%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/30/2016	1,000,000	0			
		Totals ► 18(b)	1,000,000	18(c)	0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	940,805

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

	1st segment:	2nd segment:	3rd segment:	
a Segment rates:	4.43 %	5.91 %	6.65 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	63

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	1,268,209
b Excess assets, if applicable, but not greater than line 31a	**31b**	1,268,209

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	940,805
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	940,805
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	0
43 Excess installment acceleration amount to be carried over to future plan years	**43**	0

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	United Technologies Corporation
EIN/PN	06-0570975 / 038
Plan Name	Sundstrand de Puerto Rico Pension Plan
Valuation Date	January 1, 2016
Enrolled Actuary	Jay Mitchell, F.S.A.
Enrollment Number	17-05718

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of the Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Attachment to 2016 Form 5500
Schedule SB, Line 19 - Discounted Employer Contributions

Plan Name Sundstrand de Puerto Rico Pension Plan **EIN:** 06-0570975
Plan Sponsor's Name United Technologies Corporation **PN:** 038

Date of Contribition	Amount	Year Applied	Effective Interest Rate	Interest Adjusted Contribution:
12/30/2016	1,000,000	2016	6.31%	940,805

United Technologies Corporation
Sundstrand de Puerto Rico Pension Plan
EIN: 06-0570975 PN: 038
Schedule SB, Line 22 - Description of Weighted Average Retirement Age

(1)	(2)	(3)	(4)	(5)
Age	Retirement Qx	tPx	Number of Expected Retirements =(2)x(3)	Weighted Retirement Age =(1)x(4)
60	0.100	1.000	0.100	6.000
61	0.100	0.900	0.090	5.490
62	0.200	0.810	0.162	10.044
63	0.200	0.648	0.130	8.165
64	0.300	0.518	0.156	9.953
65	0.600	0.363	0.218	14.152
66	0.600	0.145	0.087	5.748
67	0.600	0.058	0.035	2.334
68	0.600	0.023	0.014	0.948
69	0.600	0.009	0.006	0.385
70	1.000	0.004	0.004	0.260

WEIGHTED AVERAGE RETIREMENT AGE 63.479

United Technologies Corporation
Sunstrand de Puerto Rico Pension Plan
EIN: 06-0570975 PN: 038
Schedule SB, Line 26 - Schedule of Active Participant Data

Sundstrand de Puerto Rico Pension Plan

Attained Age		Total Years of Credited Service									
		0	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	over 39
0 to 24	Count	6	24	0	0	0	0	0	0	0	0
25 to 29	Count	17	87	15	0	0	0	0	0	0	0
30 to 34	Count	7	64	37	2	0	0	0	0	0	0
35 to 39	Count	11	39	61	7	6	0	0	0	0	0
40 to 44	Count	5	24	38	15	23	7	1	0	0	0
45 to 49	Count	6	23	37	9	20	11	6	0	0	0
50 to 54	Count	2	15	37	9	30	11	9	3	0	0
55 to 59	Count	1	9	21	5	15	11	9	2	1	0
60 to 64	Count	0	6	11	2	13	4	2	0	2	0
65 to 69	Count	0	0	4	3	2	0	1	0	0	0
over 69	Count	0	0	0	0	2	1	0	0	0	0

Average Age: 42.3 **Average Service:** 8.8

* Excludes 36 suspended participants (not currently accruing credited service under the plan as of January 1, 2016).

United Technologies Corporation
Sundstrand de Puerto Rico Pension Plan
EIN: 06-0570975 PN: 038
Schedule SB, Line 24 – Change in Actuarial Assumptions

Schedule SB, Line 24

Change in Actuarial Assumptions

The non-prescribed actuarial assumptions were reviewed and modified to reflect the enrolled actuary's best estimate of future plan experience. As a result, the following changes were made:

Type of Assumption	*Old Assumption*	*New Assumption*	*Justification*
Plan-related expenses added to target normal cost	$150,000	$200,000	To account for higher expected expenses to be paid from the trust
Rates of Termination	Representative rates varying by age/service Age <1 yrs <2yrs <3yrs <4yrs ≥4yrs 25 14.2% 8.5% 6.7% 4.9% 3.7% 40 13.5% 7.3% 5.5% 3.7% 1.7% 55 13.0% 6.7% 4.9% 3.1% 1.2%	Representative rates varying by age/service Age <1 yrs <2yrs <3yrs <4yrs ≥4yrs 25 10.9% 10.7% 8.0% 6.0% 3.7% 40 9.0% 7.5% 5.5% 4.8% 2.5% 55 8.5% 6.7% 4.5% 4.0% 2.0%	A new experience study was performed, and as a result this assumption was changed to better reflect anticipated future experience.
Rates of Retirement	Rates varying by age, average age 63 Age Rate 60 15.0% 62 25.0% 64 50.0% 65 100.0%	Rates varying by age, average age 63 Age Rate 60 10.0% 62 20.0% 64 30.0% 65 60.0% 70 100.0%	A new experience study was performed, and as a result this assumption was changed to better reflect anticipated future experience.

Statement of actuarial assumptions and methods

Economic Assumptions

	Puerto Rico	
Interest rate basis:		
► Applicable month	September 2015	
► Yield curve basis	Segment rates	
Interest rates:	Reflecting Corridor	Not Reflecting Corridor
First segment rate	4.43%	1.34%
Second segment rate	5.91%	4.03%
Third segment rate	6.65%	5.06%
Effective interest rate	6.31%	4.65%
Annual rates of increase		
► Compensation		4.50%
► Future Social Security wage bases		N/A
► Statutory limits on compensation		N/A

Demographic Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.
New or rehired employees	It was assumed there will be no new or rehired employees.
Mortality-Healthy and Disabled	
▸ Funding	Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2031 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2023 using Scale AA).
Termination	Rates varying by age and service See Exhibit A
Disability	Rates varying by age See Exhibit B
Retirement	Rates varying by age See Exhibit C
Benefit commencement dates	Preretirement death benefit: The later of death of the active participant or the date the participant would have attained age 60. Deferred vested benefit: Commencement assumed at age 65. Disability benefit: Upon disablement Retirement benefit: Upon termination of employment
Form of payment (Active retirements)	For Puerto Rico: five year certain and life annuity
Percent married	80% for all Puerto Rico
Spouse age	Females three years younger than males.
Covered pay	For current year hires, the maximum of pay rate and the prior year’s pensionable earnings, annualized and increased by 4.50%. For participants on leave of absence, pay rate. For all other participants, prior year’s pensionable earnings increased by 4.50%.
Administrative expenses	For Puerto Rico: $200,000.
At-risk assumptions	N/A
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month.

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year as required by regulations under IRC §430
Actuarial value of assets	Average of the fair market value of assets on the valuation date and the dates 12 and 24 months before the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2015 plan year.) The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the supplemental Summary of Plan Provisions were valued. Willis Towers Watson has reviewed the plan provisions with UTC and, based on that review, is not aware of any significant benefits required to be valued that were not. The plan pays small benefits (with a present value up to $5,000) in a single lump sum payment. Such lump sums are not explicitly valued as such; rather such participant's benefits are valued using the benefit choice assumptions described above.
Change in assumptions and methods since prior valuation	The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of September 2014 to September 2015. The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements. Retirement and termination rates have been modified for the plan based on the results of a 2015 experience study to better reflect future expected experience. The administrative expense assumption was updated from $150,000 to $200,000.

Exhibit A

Termination Assumptions

Annual Rates per 1,000 Participants

Plan : Puerto Rico

Age	Years of Service 0-1	1-2	2-3	3-4	4 and up
25	109	107	80	60	37
30	107	96	73	55	32
35	100	80	61	50	27
40	90	75	55	48	25
45	85	72	50	44	24
50	85	70	48	42	22
55	85	67	45	40	20
60	85	67	42	40	20
65	85	65	42	40	20
70	0	0	0	0	0

Exhibit B

Disability Assumptions

Annual Rates per 1,000 Participants

Plan: Puerto Rico

Age	
25	1.00
30	1.10
35	1.20
40	1.50
45	2.15
50	3.30
55	5.80
60	11.80
65	23.80

Exhibit C

Retirement Assumptions

Age	Puerto Rico
55	N/A
56	N/A
57	N/A
58	N/A
59	N/A
60	0.10
61	0.10
62	0.20
63	0.20
64	0.30
65	0.60
66	0.60
67	0.60
68	0.60
69	0.60
70	1.00

Assumptions Rationale - Significant Economic Assumptions

Funding discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
Rates of increase in compensation, future Social Security Wage bases, and statutory limits on compensation	Assumed increases were chosen by the plan sponsor and, as required by U.S. GAAP they represent an estimate of future experience. We believe that the selected assumption does not significantly conflict with what would be reasonable.
Administrative expenses	Administrative expenses are estimated based on historical experience and future expectation.

Assumptions Rationale - Significant Demographic Assumptions

Termination / Retirement / Disability	The disability assumptions were selected by UTC based on prior reviews of participant experience data. An experience study prepared in 2015 was the basis for the updated termination and retirement assumptions.
Benefit commencement date for deferred benefits	The assumptions were selected by UTC based on prior reviews of participant experience data combined with expectations for future changes in commencement ages.
Form of payment	The form of payment was set by UTC based on reviews of actual participant elections.
Marital Assumptions	
Percent married	The assumed percentage married was set based on UTC's observations regarding its employee population.
Spouse age	The assumed age difference for spouses is based on general population statistics on the age difference for married individuals of retirement age.

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in this attachment, including the method of determining plan assets, are “prescribed methods set by law”, as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

United Technologies Corporation
Sundstrand de Puerto Rico Pension Plan

1. Eligibility

a. Eligible Employees: All Sundstrand de Puerto Rico, Inc. non-exempt employees.

b. Participation Requirements: Eligible Employees become participants on the later of:

- date of employment
- May 9, 1992

2. Accrued Benefit

a. Formula: The sum of (i) and (ii), but not less than (iii):

(i) 1.2% of Annual Earnings for each plan year after December 31, 1991

(ii) The benefit accrued as of May 8, 1992, if any, under the prior Westinghouse Pension Plan for Operations in Puerto Rico

(iii) $96 x Credited Service

b. Definitions

(i) Annual Earnings: Total compensation including pre-tax contributions to the savings plan and pre-tax contributions to a cafeteria plan, but excluding awards and reimbursements. Base pay rate in the first and last partial year of participation is annualized.

(ii) Credited Service: Elapsed time, with fractional years prorated based on 365 days.

(iii) Continuous Service (service): Assumed to be the same as Credited Service.

3. Normal Retirement

a. Date: First of the month following the date on which a participant attains age 65 and completes 5 years of service.

b. Benefit: The accrued benefit at retirement payable monthly.

4. Early Retirement

a. Date: First of the month following retirement after the attainment of age 60 and the completion of 10 years of service, but before the Normal Retirement Date.

b. Benefit: The accrued benefit at retirement payable monthly reduced 4.0% per year for each year the benefit commencement date precedes age 65.

c. Supplemental Allowance: Available to anyone early retirement eligible and payable to age 62. The amount is the greater of (i) or (ii):

(i) $48 x Credited Service

(ii) $600 plus $12 multiplied by Credited Service in excess of 10 years.

5. Postponed Retirement

a. Date: First of the month following retirement after the Normal Retirement Date.

b. Benefit: The accrued benefit at retirement payable monthly.

6. Vested Termination

a. Eligibility: Termination of employment after completing five years of service, but before becoming eligible for early, normal or postponed retirement.

b. Benefit: The accrued benefit at termination payable monthly commencing on the Normal Retirement Date. A participant can commence payment of the benefit on the first day of any month following the attainment of age 60 and the completion of 10 years of service, with the benefit reduced 6% per year for each year the benefit commencement date precedes the Normal Retirement Date.

7. Pre-retirement Death Benefits

a. Eligibility: If a vested participant (or former participant) dies before receiving a retirement benefit, the following survivor benefits are payable:

b. Benefit:

(i) If the participant dies after completing 10 years of service, a 55% contingent annuity benefit is payable and payment commences immediately, reduced as described in 4.b. above, or if the contingent annuitant is the spouse, as late as when the participant would have attained age 65.

(ii) If the participant dies after becoming vested and is married, but does not meet the requirements of (i) above, a 55% spouse's benefit is payable, and payment commences when the participant would have attained age 60, reduced as described in 6.b. above, or age 65.

8. Form of Payment

a. Normal Form:

(i) Life annuity with 60 monthly payments guaranteed for unmarried participants

(ii) An actuarially reduced 55% joint and survivor annuity for married participants

b. Optional Forms:

(i) 5 year certain and continuous annuity

(ii) 100% contingent annuity with 60 monthly payments guaranteed

(iii) 75% contingent annuity with 60 monthly payments guaranteed

(iv) 55% contingent annuity with 60 monthly payments guaranteed

(v) 50% contingent annuity with 60 monthly payments guaranteed

The normal form of payment is converted to an optional form using 6% interest rate and GAR-94 Mortality (unisex).

c. Automatic Lump Sum Payment: for participants whose benefit has a lump sum value of $5,000 or less under 417(e) government mandated basis.

Note: For Pre-retirement Death Benefits, “spouse” also includes a domestic partner.

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	United Technologies Corporation
EIN/PN	06-0570975 / 038
Plan Name	Sundstrand de Puerto Rico Pension Plan
Valuation Date	January 1, 2016
Enrolled Actuary	Jay Mitchell, F.S.A.
Enrollment Number	17-05718

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of the Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Attachment to 2016 Form 5500
Schedule SB, Line 19 - Discounted Employer Contributions

Plan Name Sundstrand de Puerto Rico Pension Plan **EIN:** 06-0570975
Plan Sponsor's Name United Technologies Corporation **PN:** 038

Date of Contribition	Amount	Year Applied	Effective Interest Rate	Interest Adjusted Contribution:
12/30/2016	1,000,000	2016	6.31%	940,805

United Technologies Corporation
Sundstrand de Puerto Rico Pension Plan
EIN: 06-0570975 PN: 038
Schedule SB, Line 22 - Description of Weighted Average Retirement Age

(1)	(2)	(3)	(4)	(5)
Age	Retirement Qx	tPx	Number of Expected Retirements =(2)x(3)	Weighted Retirement Age =(1)x(4)
60	0.100	1.000	0.100	6.000
61	0.100	0.900	0.090	5.490
62	0.200	0.810	0.162	10.044
63	0.200	0.648	0.130	8.165
64	0.300	0.518	0.156	9.953
65	0.600	0.363	0.218	14.152
66	0.600	0.145	0.087	5.748
67	0.600	0.058	0.035	2.334
68	0.600	0.023	0.014	0.948
69	0.600	0.009	0.006	0.385
70	1.000	0.004	0.004	0.260

WEIGHTED AVERAGE RETIREMENT AGE 63.479

United Technologies Corporation
Sundstrand de Puerto Rico Pension Plan

1. Eligibility

a. Eligible Employees: All Sundstrand de Puerto Rico, Inc. non-exempt employees.

b. Participation Requirements: Eligible Employees become participants on the later of:

- date of employment
- May 9, 1992

2. Accrued Benefit

a. Formula: The sum of (i) and (ii), but not less than (iii):

(i) 1.2% of Annual Earnings for each plan year after December 31, 1991

(ii) The benefit accrued as of May 8, 1992, if any, under the prior Westinghouse Pension Plan for Operations in Puerto Rico

(iii) $96 x Credited Service

b. Definitions

(i) Annual Earnings: Total compensation including pre-tax contributions to the savings plan and pre-tax contributions to a cafeteria plan, but excluding awards and reimbursements. Base pay rate in the first and last partial year of participation is annualized.

(ii) Credited Service: Elapsed time, with fractional years prorated based on 365 days.

(iii) Continuous Service (service): Assumed to be the same as Credited Service.

3. Normal Retirement

a. Date: First of the month following the date on which a participant attains age 65 and completes 5 years of service.

b. Benefit: The accrued benefit at retirement payable monthly.

4. Early Retirement

a. Date: First of the month following retirement after the attainment of age 60 and the completion of 10 years of service, but before the Normal Retirement Date.

b. Benefit: The accrued benefit at retirement payable monthly reduced 4.0% per year for each year the benefit commencement date precedes age 65.

c. Supplemental Allowance: Available to anyone early retirement eligible and payable to age 62. The amount is the greater of (i) or (ii):

(i) $48 x Credited Service

(ii) $600 plus $12 multiplied by Credited Service in excess of 10 years.

5. Postponed Retirement

a. Date: First of the month following retirement after the Normal Retirement Date.

b. Benefit: The accrued benefit at retirement payable monthly.

6. Vested Termination

a. Eligibility: Termination of employment after completing five years of service, but before becoming eligible for early, normal or postponed retirement.

b. Benefit: The accrued benefit at termination payable monthly commencing on the Normal Retirement Date. A participant can commence payment of the benefit on the first day of any month following the attainment of age 60 and the completion of 10 years of service, with the benefit reduced 6% per year for each year the benefit commencement date precedes the Normal Retirement Date.

7. Pre-retirement Death Benefits

a. Eligibility: If a vested participant (or former participant) dies before receiving a retirement benefit, the following survivor benefits are payable:

b. Benefit:

(i) If the participant dies after completing 10 years of service, a 55% contingent annuity benefit is payable and payment commences immediately, reduced as described in 4.b. above, or if the contingent annuitant is the spouse, as late as when the participant would have attained age 65.

(ii) If the participant dies after becoming vested and is married, but does not meet the requirements of (i) above, a 55% spouse's benefit is payable, and payment commences when the participant would have attained age 60, reduced as described in 6.b. above, or age 65.

8. Form of Payment

a. Normal Form:

(i) Life annuity with 60 monthly payments guaranteed for unmarried participants

(ii) An actuarially reduced 55% joint and survivor annuity for married participants

b. Optional Forms:

(i) 5 year certain and continuous annuity

(ii) 100% contingent annuity with 60 monthly payments guaranteed

(iii) 75% contingent annuity with 60 monthly payments guaranteed

(iv) 55% contingent annuity with 60 monthly payments guaranteed

(v) 50% contingent annuity with 60 monthly payments guaranteed

The normal form of payment is converted to an optional form using 6% interest rate and GAR-94 Mortality (unisex).

c. Automatic Lump Sum Payment: for participants whose benefit has a lump sum value of $5,000 or less under 417(e) government mandated basis.

Note: For Pre-retirement Death Benefits, “spouse” also includes a domestic partner.

United Technologies Corporation
Sundstrand de Puerto Rico Pension Plan
EIN: 06-0570975 PN: 038
Schedule SB, Line 24 – Change in Actuarial Assumptions

Schedule SB, Line 24

Change in Actuarial Assumptions

The non-prescribed actuarial assumptions were reviewed and modified to reflect the enrolled actuary's best estimate of future plan experience. As a result, the following changes were made:

Type of Assumption	*Old Assumption*	*New Assumption*	*Justification*
Plan-related expenses added to target normal cost	$150,000	$200,000	To account for higher expected expenses to be paid from the trust
Rates of Termination	Representative rates varying by age/service Age <1 yrs <2yrs <3yrs <4yrs ≥4yrs 25 14.2% 8.5% 6.7% 4.9% 3.7% 40 13.5% 7.3% 5.5% 3.7% 1.7% 55 13.0% 6.7% 4.9% 3.1% 1.2%	Representative rates varying by age/service Age <1 yrs <2yrs <3yrs <4yrs ≥4yrs 25 10.9% 10.7% 8.0% 6.0% 3.7% 40 9.0% 7.5% 5.5% 4.8% 2.5% 55 8.5% 6.7% 4.5% 4.0% 2.0%	A new experience study was performed, and as a result this assumption was changed to better reflect anticipated future experience.
Rates of Retirement	Rates varying by age, average age 63 Age Rate 60 15.0% 62 25.0% 64 50.0% 65 100.0%	Rates varying by age, average age 63 Age Rate 60 10.0% 62 20.0% 64 30.0% 65 60.0% 70 100.0%	A new experience study was performed, and as a result this assumption was changed to better reflect anticipated future experience.