United Technologies

4Q 2019 Earnings Conference Call

January 28, 2020

Note: All results and expectations in this presentation reflect continuing operations unless otherwise noted.

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management’s current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “confident,” “on track” and other words of similar meaning. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates, R&D spend, other measures of financial performance, potential future plans, strategies or transactions, credit ratings and net indebtedness, other anticipated benefits of the Rockwell Collins acquisition, the proposed merger with Raytheon Company (“Raytheon”) or the spin-offs by UTC of Otis and Carrier into separate independent companies (the “separation transactions”), including estimated synergies and customer cost savings resulting from the proposed merger with Raytheon, the expected timing of completion of the proposed merger and the separation transactions, estimated costs associated with such transactions and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which UTC and Raytheon operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction and in both the commercial and defense segments of the aerospace industry, levels of air travel, financial condition of commercial airlines, the impact of weather conditions and natural disasters, the financial condition of our customers and suppliers, and the risks associated with U.S. government sales (including changes or shifts in defense spending due to budgetary constraints, spending cuts resulting from sequestration, a government shutdown, or otherwise, and uncertain funding of programs); (2) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits (including our expected returns under customer contracts) of advanced technologies and new products and services; (3) the scope, nature, impact or timing of the proposed merger with Raytheon and the separation transactions and other merger, acquisition and divestiture activity, including among other things the integration of or with other businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs and expenses; (4) future levels of indebtedness, including indebtedness that may be incurred in connection with the proposed merger with Raytheon and the separation transactions, and capital spending and research and development spending; (5) future availability of credit and factors that may affect such availability, including credit market conditions and our capital structure; (6) the timing and scope of future repurchases by the companies of their respective common stock, which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (7) delays and disruption in delivery of materials and services from suppliers; (8) company and customer-directed cost reduction efforts and restructuring costs and savings and other consequences thereof (including the potential termination of U.S. government contracts and performance under undefinitized contract awards and the potential inability to recover termination costs); (9) new business and investment opportunities; (10) the ability to realize the intended benefits of organizational changes; (11) the anticipated benefits of diversification and balance of operations across product lines, regions and industries; (12) the outcome of legal proceedings, investigations and other contingencies; (13) pension plan assumptions and future contributions; (14) the impact of the negotiation of collective bargaining agreements and labor disputes; (15) the effect of changes in political conditions in the U.S. and other countries in which UTC, Raytheon and the businesses of each operate, including the effect of changes in U.S. trade policies or the U.K.’s pending withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (16) the effect of changes in tax (including U.S. tax reform enacted on December 22, 2017, which is commonly referred to as the Tax Cuts and Jobs Act of 2017), environmental, regulatory and other laws and regulations (including, among other things, export and import requirements such as the International Traffic in Arms Regulations and the Export Administration Regulations, anti-bribery and anti-corruption requirements, including the Foreign Corrupt Practices Act, industrial cooperation agreement obligations, and procurement and other regulations) in the U.S. and other countries in which UTC, Raytheon and the businesses of each operate; (17) negative effects of the announcement or pendency of the proposed merger or the separation transactions on the market price of UTC’s and/or Raytheon’s respective common stock and/or on their respective financial performance; (18) the ability of the parties to receive the required regulatory approvals for the proposed merger (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction) and to satisfy the other conditions to the closing of the merger on a timely basis or at all; (19) the occurrence of events that may give rise to a right of UTC or Raytheon or both to terminate the merger agreement; (20) risks relating to the value of the UTC’s shares to be issued in the proposed merger with Raytheon, significant transaction costs and/or unknown liabilities; (21) the possibility that the anticipated benefits from the proposed merger with Raytheon cannot be realized in full or at all or may take longer to realize than expected, including risks associated with third party contracts containing consent and/or other provisions that may be triggered by the proposed transaction; (22) risks associated with transaction-related litigation; (23) the possibility that costs or difficulties related to the integration of UTC’s and Raytheon’s operations will be greater than expected; (24) risks relating to completed merger, acquisition and divestiture activity, including UTC’s integration of Rockwell Collins, including the risk that the integration may be more difficult, time-consuming or costly than expected or may not result in the achievement of estimated synergies within the contemplated time frame or at all; (25) the ability of each of UTC, Raytheon and the companies resulting from the separation transactions and the combined company to retain and hire key personnel; (26) the expected benefits and timing of the separation transactions, and the risk that conditions to the separation transactions will not be satisfied and/or that the separation transactions will not be completed within the expected time frame, on the expected terms or at all; (27) the intended qualification of (i) the merger as a tax-free reorganization and (ii) the separation transactions as tax-free to UTC and UTC’s shareowners, in each case, for U.S. federal income tax purposes; (28) the possibility that any opinions, consents, approvals or rulings required in connection with the separation transactions will not be received or obtained within the expected time frame, on the expected terms or at all; (29) expected financing transactions undertaken in connection with the proposed merger with Raytheon and the separation transactions and risks associated with additional indebtedness; (30) the risk that dissynergy costs, costs of restructuring transactions and other costs incurred in connection with the separation transactions will exceed UTC’s estimates; and (31) the impact of the proposed merger and the separation transactions on the respective businesses of UTC and Raytheon and the risk that the separation transactions may be more difficult, time-consuming or costly than expected, including the impact on UTC’s resources, systems, procedures and controls, diversion of its management’s attention and the impact on relationships with customers, suppliers, employees and other business counterparties. There can be no assurance that the proposed merger, the separation transactions or any other transaction described above will in fact be consummated in the manner described or at all. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the joint proxy statement/prospectus (defined below) and the reports of UTC and Raytheon on Forms 10-K, 10-Q and 8-K filed with or furnished to the Securities and Exchange Commission (the “SEC”) from time to time. Any forward-looking statement speaks only as of the date on which it is made, and UTC assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Overview

	2019 Outlook		
	Jan 2019	Oct 2019	2019 Actual
Adjusted EPS*	$7.70 – $8.00	$8.05 – $8.15	$8.26
Sales	$75.5 – $77.0B	$76.0 – $76.5B	$77.0B
Organic sales growth*	3 – 5%	4 – 5%	5%
Free cash flow*	$4.5 – $5.0B Includes $1.5B of one-time portfolio separation costs	$5.3 – $5.7B Includes $1.0B of one-time portfolio separation costs	$6.6B Includes $0.4B of one-time portfolio separation costs

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

2019 Accomplishments

Record sales, adjusted EPS and free cash flow

GTF and F135 production ramp

Rockwell Collins accretion and synergy capture

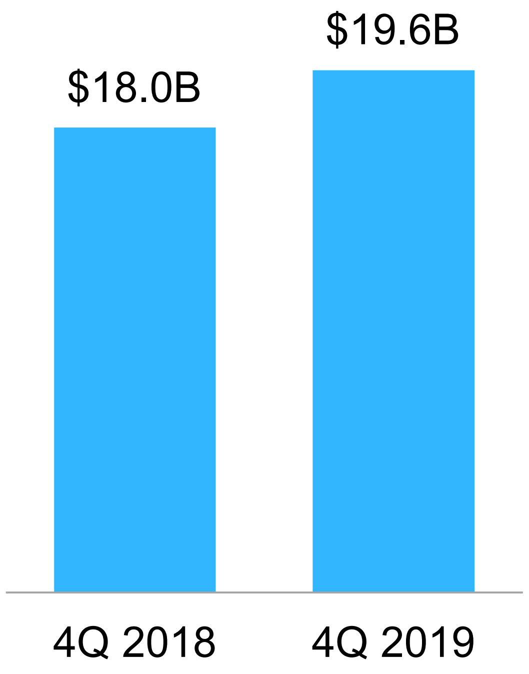
Otis and Carrier operational separation activities substantially complete

Announced transformational merger with Raytheon

4Q 2019

Sales

Up 8%

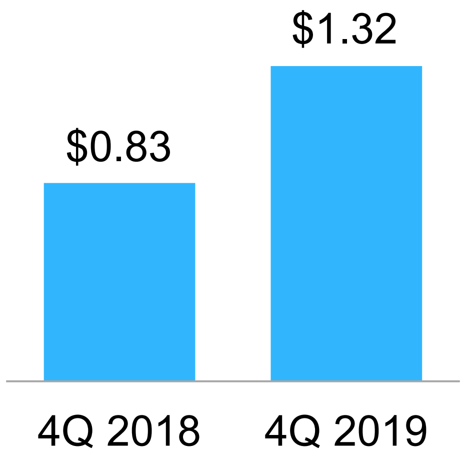


Organic*	1 pt.
FX	(1) pt.
M&A / other	8 pts.

EPS

GAAP

Up 59%



Adjusted*

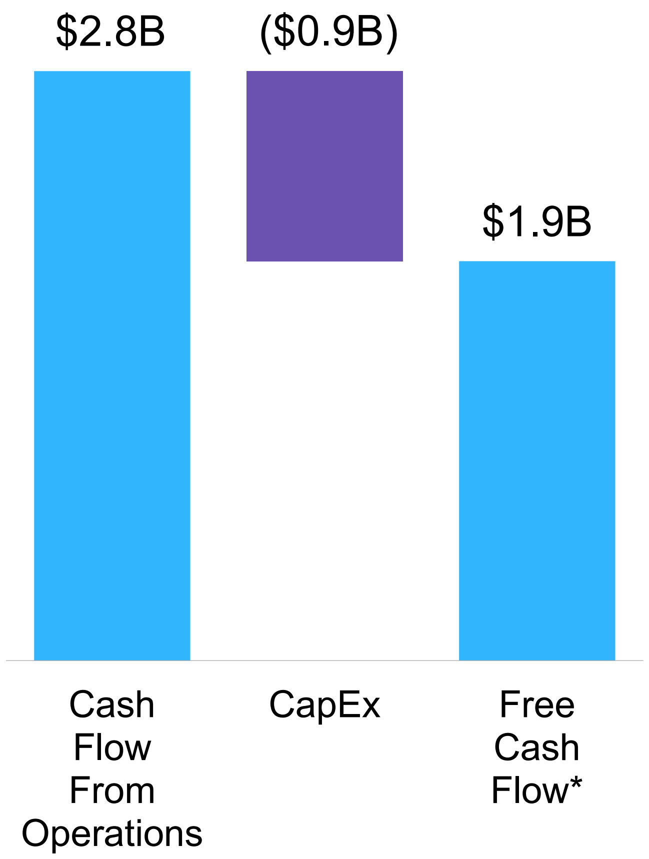
Down 1%

($1.12)	($0.62)

Restructuring/
Other items
gain/(charge)

Cash Flow

(attributable to common shareowners)



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

2019 Segment Highlights

Otis

($ millions)

Q4 2019	Reported	Adjusted*	YOY Var.*
Sales	3,362	3,362	2%
Operating profit	499	521	2%
ROS	14.8%	15.5%	0 pts.

Full Year 2019	Reported	Adjusted*	YOY Var.*
Sales	13,113	13,113	2%
Operating profit	1,948	2,014	1%
ROS	14.9%	15.4%	0 pts.

Q4 2019:
- Organic sales up 4%*
  - Service sales up 5%**
  - New equipment up 1%**
- Adjusted operating profit* up 3%**
  - Higher volumes and favorable pricing
  - Service contribution

Full Year 2019:
- Organic sales up 5%*
- Adjusted operating profit* up 5%**

Otis Americas has been awarded 100 King St W, the tallest commercial building in Canada at 72 stories high. The project consists of cab interior upgrades and Compass installation on 29 double-deck elevators, with a renewed maintenance contract for the next 10 years.

The new custom-made Gen2® glass "mast car" elevator installed by Otis in 2019 now carries visitors to the Empire State Building's reimagined 102nd floor Observatory. The installation capped a yearslong modernization of the New York landmark — among the largest and most complex projects in Otis' history.

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

2019 Segment Highlights

Carrier

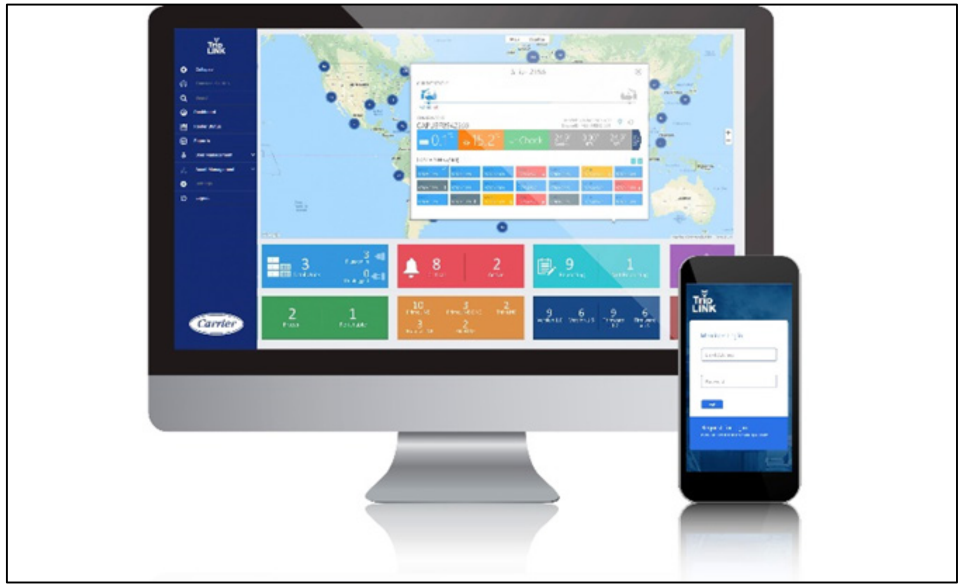
($ millions)

Q4 2019	Reported	Adjusted*	YOY Var.*
Sales	4,501	4,501	(3%)
Operating profit	647	689	(5%)
ROS	14.4%	15.3%	(0.3) pts.

Full Year 2019	Reported	Adjusted*	YOY Var.*
Sales	18,608	18,608	(2%)
Operating profit	2,697	2,978	(3%)
ROS	14.5%	16.0%	(0.2) pts.

Q4 2019:
- Organic sales down 2%*
  - Global Refrigeration down 8%
  - Global HVAC flat
  - Global Fire & Security up 1%
- Organic equipment orders down 4%
  - Transport Refrigeration down 32%
  - Global HVAC up 2%
- Adjusted operating profit* down 4%**

Full Year 2019:
- Organic sales up 1%*
- Adjusted operating profit* down 1%**



Carrier Transicold added to its suite of digital solutions with the introduction of the TripLINK™ digital tool for container shipping, which remotely connects customers with vital shipment information and intelligence to improve visibility and efficiency for both container and cargo. The module can be accessed anywhere via smart phone, PC or tablet.

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

2019 Segment Highlights

Pratt & Whitney

($ millions)

Q4 2019	Reported	Adjusted*	YOY Var.*
Sales	5,642	5,642	2%
Operating profit	340	456	34%
ROS	6.0%	8.1%	2.0 pts.

Full Year 2019	Reported	Adjusted*	YOY Var.*
Sales	20,892	20,892	8%
Operating profit	1,668	1,801	15%
ROS	8.0%	8.6%	0.5 pts.

Q4 2019:
- Organic sales up 2%*
- Sales up 2%
  - Military up 12%
  - Commercial aftermarket flat
  - Commercial OEM down 7% on expected lower V2500 volumes
- Adjusted operating profit* up 34%
  - Military drop through and lower E&D

Full Year 2019:
- Organic sales up 8%*
- Sales up 8%
  - Military up 15%
  - Commercial OEM up 13%
  - Commercial aftermarket up 2%
- Adjusted operating profit* up 15%

Wizz Air selected Pratt & Whitney GTF engines to power an additional 166 Airbus A320neo family aircraft.

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

2019 Segment Highlights

Collins Aerospace

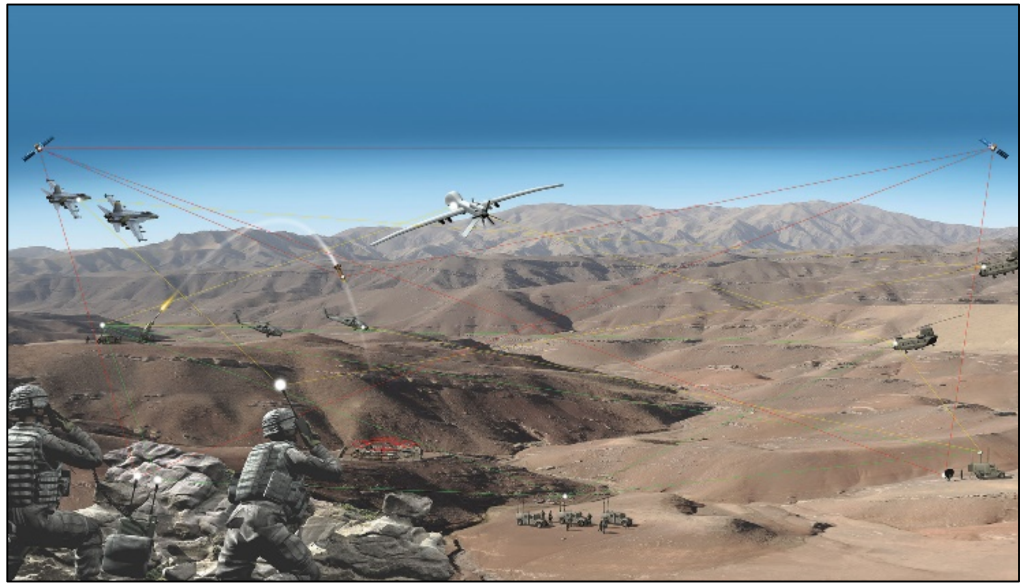
($ millions)

Q4 2019	Reported	Adjusted*	YOY Var.*
Sales	6,444	6,444	32%
Operating profit	905	957	33%
ROS	14.0%	14.9%	0.2 pts.

Full Year 2019	Reported	Adjusted*	YOY Var.*
Sales	26,028	26,028	56%
Operating profit	4,100	4,442	70%
ROS	15.8%	17.1%	1.4 pts

Q4 2019:
- Organic sales up 1%*
- Pro-forma sales up 4%*
  - Commercial aftermarket up 11%; military up 10%; commercial OE down 6%
- Adjusted operating profit* up 33%
  - Contribution from Rockwell Collins and synergy capture
  - Drop through on organic volume

Full Year 2019:
- Organic sales up 6%*
- Pro-forma sales up 7%*
  - Commercial aftermarket up 14%; military up 7%; commercial OE up 2%
- Adjusted operating profit* up 70%
  - Contribution from Rockwell Collins and $300 million synergy capture
  - Drop through on organic volume



In October 2019, Collins Aerospace announced that the company had completed voice checks over the live Mobile User Objective System (MUOS) SATCOM network. This marked the first time a company has successfully performed tests using its own production airborne and ground radios over the live MUOS network, showing true interoperability of MUOS communications from air to ground on the battlefield.

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

2020 Aerospace Headwinds/Tailwinds

RPM growth	+
Military program growth	+
Rockwell Collins acquisition synergies	+
Geopolitical environment	?
737 MAX	–
ADS-B* mandate	–

*Automatic dependent surveillance – broadcast software

2020 Aerospace Segment Outlook

	Organic sales change*	Reported sales change	Adjusted operating profit change*
Pratt & Whitney	up mid single	up mid single	$225 – 275M
Collins Aerospace	down slightly	down low single	($325) – (275M)

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

United Technologies

Appendix

Use and Definitions of Non-GAAP Financial Measures

United Technologies Corporation (“UTC”) reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP").

We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Adjusted net sales, organic sales, adjusted operating profit, adjusted net income, adjusted earnings per share (“EPS”), and the adjusted effective tax rate are non-GAAP financial measures. Adjusted net sales represents consolidated net sales from continuing operations (a GAAP measure), excluding significant items of a non-recurring and/or nonoperational nature (hereinafter referred to as “other significant items”). Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items. Adjusted operating profit represents income from continuing operations (a GAAP measure), excluding restructuring costs and other significant items. Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs and other significant items. Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), excluding restructuring costs and other significant items. The adjusted effective tax rate represents the effective tax rate (a GAAP measure), excluding restructuring costs and other significant items. For the business segments, when applicable, adjustments of net sales, operating profit and margins similarly reflect continuing operations, excluding restructuring and other significant items. GAAP financial results include the impact of changes in foreign currency exchange rates (AFX). We use the non-GAAP measure “at constant currency” or “CFX” to show changes in our financial results without giving effect to period-to-period currency fluctuations. Under U.S. GAAP, income statement results are translated in U.S. dollars at the average exchange rate for the period presented. Management believes that the non-GAAP measures just mentioned are useful in providing period-to-period comparisons of the results of the Company’s ongoing operational performance.

Free cash flow is a non-GAAP financial measure that represents cash flow from operations (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing UTC's ability to fund its activities, including the financing of acquisitions, debt service, repurchases of UTC's common stock and distribution of earnings to shareholders.

A reconciliation of the non-GAAP measures to the corresponding amounts prepared in accordance with GAAP appears in the tables in this Appendix. The tables provide additional information as to the items and amounts that have been excluded from the adjusted measures.

When we provide our expectation for adjusted EPS, adjusted operating profit, adjusted effective tax rate, organic sales and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected diluted EPS from continuing operations, operating profit, the effective tax rate, sales and expected cash flow from operations) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

Important Information about the Proposed Merger

Additional Information

In connection with the proposed merger, on September 4, 2019, UTC filed with the SEC an amendment to the registration statement on Form S-4 originally filed on July 17, 2019, which includes a joint proxy statement of UTC and Raytheon that also constitutes a prospectus of UTC (the “joint proxy statement/prospectus”). The registration statement was declared effective by the SEC on September 9, 2019, and UTC and Raytheon commenced mailing the joint proxy statement/prospectus to shareowners of UTC and stockholders of Raytheon on or about September 10, 2019. Each party will file other documents regarding the proposed merger with the SEC. In addition, in connection with the separation transactions, subsidiaries of UTC will file registration statements on Form 10 or Form S-1. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR THAT WILL BE FILED WITH THE SEC WHEN THEY BECOME AVAILABLE, BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain copies of the registration statements and the joint proxy statement/prospectus free of charge from the SEC’s website or from UTC or Raytheon. The documents filed by UTC with the SEC may be obtained free of charge at UTC’s website at www.utc.com or at the SEC’s website at www.sec.gov. These documents may also be obtained free of charge from UTC by requesting them by mail at UTC Corporate Secretary, 10 Farm Springs Road, Farmington, CT, 06032, by telephone at 1-860-728-7870 or by email at corpsec@corphq.utc.com. The documents filed by Raytheon with the SEC may be obtained free of charge at Raytheon’s website at www.raytheon.com or at the SEC’s website at www.sec.gov. These documents may also be obtained free of charge from Raytheon by requesting them by mail at Raytheon Company, Investor Relations, 870 Winter Street, Waltham, MA, 02451, by telephone at 1-781-522-5123 or by email at invest@raytheon.com.

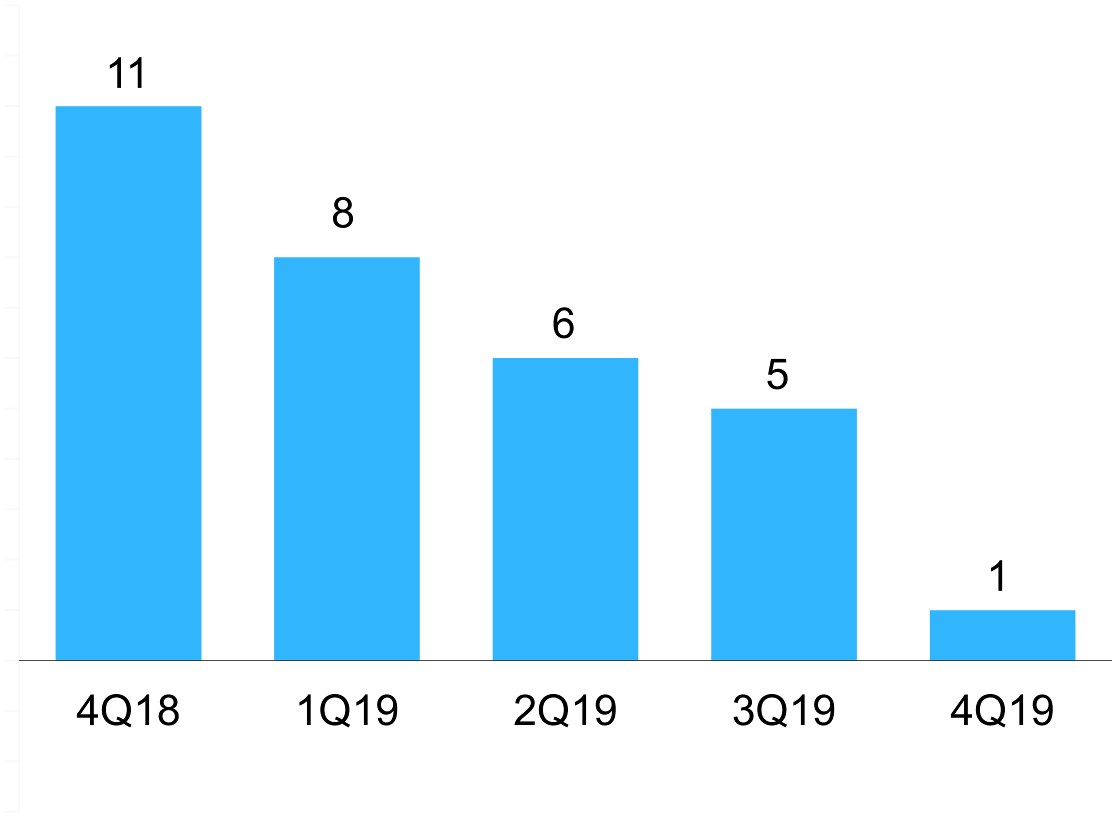
No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

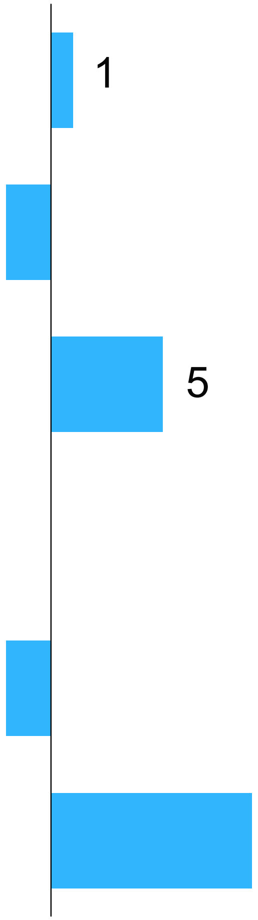
Organic Sales Growth

(VPY%)

Quarterly Trend



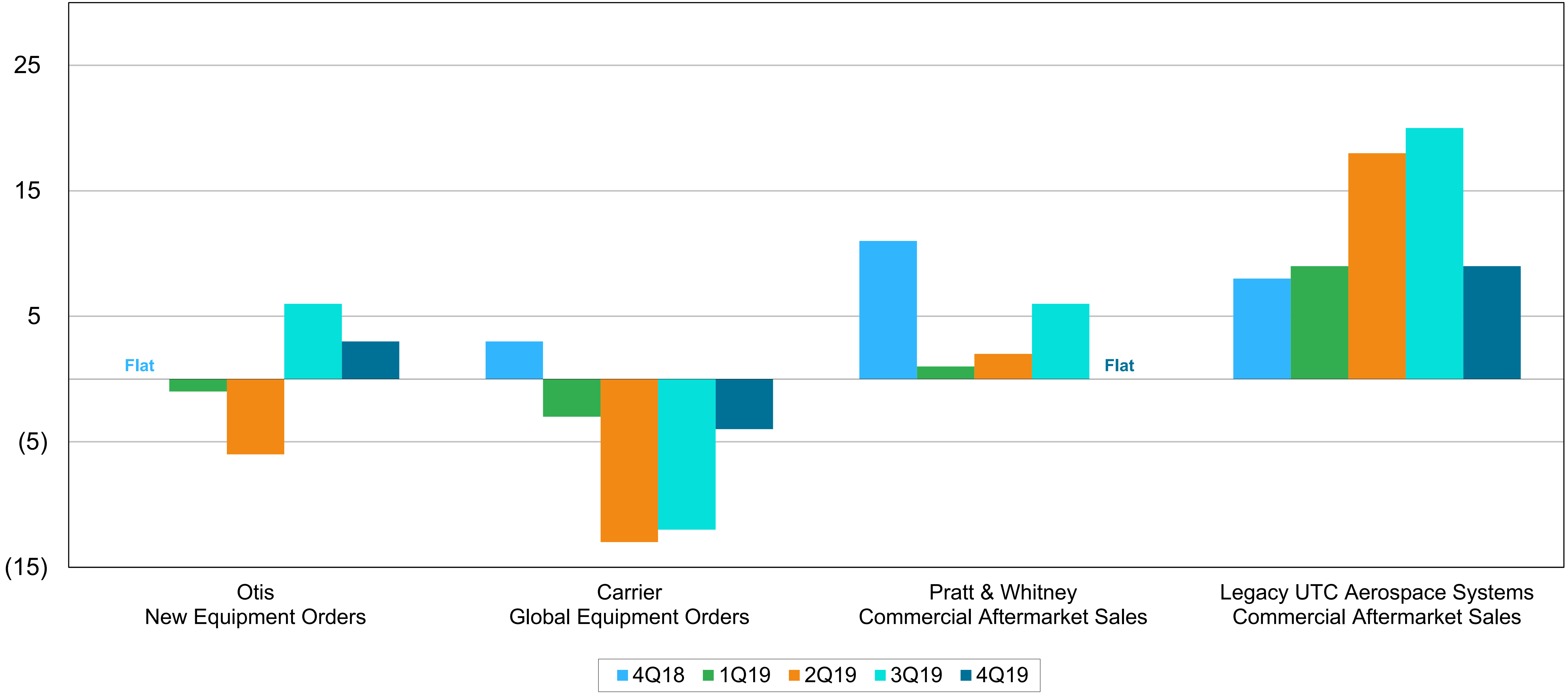
	4Q 2019	FY 2019
	4Q = 1%	FY = 5%
Commercial		
Americas	1	3
EMEA	(2)	(1)
Asia	5	6
Aerospace		
Commercial Aero	(2)	5
Military Aero	9	12



See appendix for definition and reconciliation of organic sales.

Key Market Trends

(VPY %*)



*% VPY for Otis at constant currency and excludes the New Revenue Standard adoption impact in 2018. % VPY for Carrier and Legacy UTC Aerospace Systems are on an organic basis. % VPY for Pratt is on a reported basis.

Otis 12 Month Rolling New Equipment Orders

(VPY %*)

Trailing 12 months as of	4Q 19
Americas	(4%)
EMEA	(1%)
Asia	3%
Total Otis	**0%**

*% VPY for Otis at constant currency.

4Q 2019 Financial Data

(% VPY*)

Commercial Sales

Otis	Americas	EMEA	Asia	Total
New equipment	down low single digit	down mid single digit	up high single digit	up slightly
Service	up high single digit	up mid single digit	up mid single digit	up mid single digit

Carrier	Americas	EMEA	Asia	Total
Residential HVAC	up slightly			up slightly
Commercial HVAC	up low single digit	down mid single digit	up mid single digit	flattish
Fire & security product	up low single digit	up mid single digit	down low single digit	up low single digit
Fire & security field	flattish	down low single digit	up low single digit	down slightly
Transport refrigeration				down low double digits
Commercial refrigeration				flattish

Aerospace Sales

Pratt & Whitney	
Commercial OEM	down high single digit
Commercial aftermarket	flattish
Military	up low double digits

Legacy UTC Aerospace Systems	
Commercial OEM	down low double digits
Commercial aftermarket	up high single digit
Military	up mid single digit

*% VPY for Otis, Carrier and Legacy UTC Aerospace Systems sales are on an organic basis. % VPY for Pratt on a reported basis.

4Q 2019 Sales Reconciliation

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	2%	4%	(2%)	0%	0%
Carrier	(3%)	(2%)	(1%)	0%	0%
Pratt & Whitney	2%	2%	0%	0%	0%
Collins Aerospace	32%	1%	0%	31%	0%
Total UTC*	**8%**	**1%**	**(1%)**	**8%**	**0%**

*Reflects consolidated net sales.

Full Year 2019 Sales Reconciliation

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	2%	5%	(3%)	0%	0%
Carrier	(2%)	1%	(2%)	(1%)	0%
Pratt & Whitney	8%	8%	0%	0%	0%
Collins Aerospace	56%	6%	0%	50%	0%
Total UTC*	**16%**	**5%**	**(1%)**	**12%**	**0%**

*Reflects consolidated net sales.

Selected Metrics

Pratt & Whitney engine shipments to customers

	2018					2019				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Military*	25	43	36	47	151	39	58	53	65	215
Large commercial**	124	210	198	247	779	189	173	165	219	746
Pratt & Whitney Canada*	503	492	546	641	2,182	524	593	607	631	2,355

*Excludes APUs.
**Large commercial excludes industrial engine shipments.

Segment Data – GAAP

UNITED TECHNOLOGIES CORPORATION										
SEGMENT DATA - Reported	2019					2018				
($ Millions except per share amounts)	Q1	Q2	Q3	Q4	YTD 2019	Q1	Q2	Q3	Q4	YTD 2018
Otis										
Net Sales	3,096	3,348	3,307	3,362	13,113	3,037	3,344	3,223	3,300	12,904
Operating Profit **(a),(rr),(ss)**	426	515	508	499	1,948	450	488	486	491	1,915
Operating Profit %	13.8%	15.4%	15.4%	14.8%	14.9%	14.8%	14.6%	15.1%	14.9%	14.8%
Carrier										
Net Sales	4,323	4,962	4,822	4,501	18,608	4,376	5,035	4,880	4,631	18,922
Operating Profit **(a),(e),(u),(kk),(oo),(pp),(rr),(ss)**	529	836	685	647	2,697	592	1,645	844	696	3,777
Operating Profit %	12.2%	16.8%	14.2%	14.4%	14.5%	13.5%	32.7%	17.3%	15.0%	20.0%
Pratt & Whitney										
Net Sales **(o)**	4,817	5,150	5,283	5,642	20,892	4,329	4,736	4,789	5,543	19,397
Operating Profit **(a),(l)**	433	424	471	340	1,668	413	397	109	350	1,269
Operating Profit %	9.0%	8.2%	8.9%	6.0%	8.0%	9.5%	8.4%	2.3%	6.3%	6.5%
Collins Aerospace Systems										
Net Sales	6,513	6,576	6,495	6,444	26,028	3,817	3,962	3,955	4,900	16,634
Operating Profit **(a),(f),(o),(y),(z),(qq),(rr),(ss)**	856	1,172	1,167	905	4,100	588	569	610	536	2,303
Operating Profit %	13.1%	17.8%	18.0%	14.0%	15.8%	15.4%	14.4%	15.4%	10.9%	13.8%
Total Segments										
Net Sales	18,749	20,036	19,907	19,949	78,641	15,559	17,077	16,847	18,374	67,857
Operating Profit	2,244	2,947	2,831	2,391	10,413	2,043	3,099	2,049	2,073	9,264
Operating Profit %	12.0%	14.7%	14.2%	12.0%	13.2%	13.1%	18.1%	12.2%	11.3%	13.7%
Corporate, Eliminations, and Other										
Net Sales:										
Other	(384)	(402)	(411)	(398)	(1,595)	(317)	(372)	(337)	(330)	(1,356)
Operating Profit:										
General corporate expenses	(98)	(124)	(113)	(180)	(515)	(104)	(126)	(109)	(136)	(475)
Eliminations and other **(a),(b),(d),(h),(i),(k),(n),(p),(q),(r),(x),(aa),(bb),(cc),(dd),(hh),(ii),(jj),(ss),(tt),(uu),**	(101)	(239)	(232)	(360)	(932)	(11)	(97)	(102)	(26)	(236)
Consolidated										
Net Sales	18,365	19,634	19,496	19,551	77,046	15,242	16,705	16,510	18,044	66,501
Operating Profit	2,045	2,584	2,486	1,851	8,966	1,928	2,876	1,838	1,911	8,553
Operating Profit %	11.1%	13.2%	12.8%	9.5%	11.6%	12.6%	17.2%	11.1%	10.6%	12.9%
Non-service pension (benefit) cost **(kk),(vv)**	(208)	(216)	(303)	(161)	(888)	(191)	(192)	(188)	(194)	(765)
Interest expense, net **(j),(s),(t),(ee),(ll)**	431	360	401	419	1,611	229	234	258	317	1,038
Income from operations before income taxes	1,822	2,440	2,388	1,593	8,243	1,890	2,834	1,768	1,788	8,280
Income tax expense **(c),(g),(m),(u),(v),(ff),(gg),(mm),(nn),(ww),(xx),(yy),(zz)**	(397)	(441)	(1,131)	(326)	(2,295)	(522)	(695)	(419)	(990)	(2,626)
Effective Tax Rate	21.8%	18.1%	47.3%	20.5%	27.8%	27.6%	24.5%	23.7%	55.3%	31.7%
Income from operations	1,425	1,999	1,257	1,267	5,948	1,368	2,139	1,349	798	5,654
Net income	1,425	1,999	1,257	1,267	5,948	1,368	2,139	1,349	798	5,654
Less: Noncontrolling interest in subsidiaries' earnings **(w)**	(79)	(99)	(109)	(124)	(411)	(71)	(91)	(111)	(112)	(385)
Net income attributable to common shareowners	**1,346**	**1,900**	**1,148**	**1,143**	**5,537**	**1,297**	**2,048**	**1,238**	**686**	**5,269**
Net income attributable to common shareowners:										
Income from operations	1,346	1,900	1,148	1,143	5,537	1,297	2,048	1,238	686	5,269

	Q1	Q2	Q3	Q4	YTD 2019	Q1	Q2	Q3	Q4	YTD 2018
Operations										
Earnings per share - basic	1.58	2.22	1.34	1.33	6.48	1.64	2.59	1.56	0.83	6.58
Earnings per share - diluted	1.56	2.20	1.33	1.32	6.41	1.62	2.56	1.54	0.83	6.50
Total EPS attributable to common shareowners										
Total basic earnings per share	1.58	2.22	1.34	1.33	6.48	1.64	2.59	1.56	0.83	6.58
Total diluted earnings per share	1.56	2.20	1.33	1.32	6.41	1.62	2.56	1.54	0.83	6.50
Weighted average number of shares outstanding (millions)										
Basic shares	853.2	854.4	855.1	856.4	854.8	789.9	790.5	791.3	822.7	800.4
Diluted shares	860.7	863.7	864.1	867.0	863.9	800.4	799.6	801.8	831.4	810.1

	Q1	Q2	Q3	Q4	YTD 2019	Q1	Q2	Q3	Q4	YTD 2018
Effective Tax Rate - ops	21.8%	18.1%	47.3%	20.5%	27.8%	27.6%	24.5%	23.7%	55.3%	31.7%

Segment Data – Notes

The earnings release and conference-call discussion adjust 2019 and 2018 segment results for restructuring costs as well as certain significant non-recurring and/or non-operational items.

The following restructuring costs and significant non-recurring and/or non-operational items are included in current and prior year GAAP results and have been excluded from the adjusted results (non-GAAP measures) presented in the earnings release and conference-call discussion.

(a) Restructuring costs as included in 2019 and 2018 results:

	2019					2018				
	Restructuring Costs					Restructuring Costs				
	Q1	Q2	Q3	Q4	YTD 2019	Q1	Q2	Q3	Q4	YTD 2018
Operating Profit:										
Otis	(25)	(15)	(4)	(10)	(54)	(26)	(23)	(3)	(19)	(71)
Carrier	(33)	(30)	(34)	(29)	(126)	(14)	(21)	(17)	(28)	(80)
Pratt & Whitney	(14)	(3)	-	(116)	(133)	-	(3)	-	10	7
Collins Aerospace Systems	(39)	(17)	(27)	(19)	(102)	(27)	(33)	(17)	(83)	(160)
Total Segments operating profit	(111)	(65)	(65)	(174)	(415)	(67)	(80)	(37)	(120)	(304)
General corporate expenses	(1)	(1)	(1)	(3)	(6)	(2)	(2)	-	(1)	(5)
Eliminations and other	-	-	-	-	-	-	-	-	-	-
Total consolidated operating profit	(112)	(66)	(66)	(177)	(421)	(69)	(82)	(37)	(121)	(309)
Non-service pension costs	-	-	-	(4)	(4)		2			2
Total UTC Net Income	(112)	(66)	(66)	(181)	(425)	(69)	(80)	(37)	(121)	(307)

(b) Q1 2018: Approximately $30 million of transaction and integration costs related to merger agreement with Rockwell Collins.
(c) Q1 2018: Approximately $44 million of unfavorable income tax adjustments related to the estimated impact of the U.S tax reform legislation, including the effects related to repatriation of undistributed foreign earnings provision and other revaluations of U.S deferred taxes.

(d) Q2 2018: Approximately $20 million of transaction and integration costs related to merger agreement with Rockwell Collins.

(e) Q2 2018 Approximately $795 million of pre-tax gains related to the divestiture of Taylor Co from Carrier.

(f) Q2 2018 Approximately $48 million of unfavorable charges associated with asset impairment at Collins Aerospace Systems.

(g) Q2 2018: Approximately $2 million of unfavorable income tax adjustments related to the estimated impact of the U.S tax reform legislation, including the effects related to repatriation of undistributed foreign earnings provision and other revaluations of U.S deferred taxes.

(h) Q3 2018 Approximately $21 million of transaction and integration costs related to merger agreement with Rockwell Collins.

(i) Q3 2018 Approximately $4 million of pre-tax gains related to the divestiture of Taylor Co from Carrier.

(j) Q3 2018 Approximately $22 million of pre-tax interest charges related to the Rockwell Collins acquisition.

(k) Q3 2018 Approximately $23 million of pre-tax charges associated with the Company's intention to separate its commercial businesses.

(l) Q3 2018 Approximately $300 million of pre-tax charges resulting from customer contract matters.
(m) Q3 2018 Approximately $6 million of unfavorable income tax adjustments related to the estimated impact of the U.S tax reform legislation, including the effects related to repatriation of undistributed foreign earnings provision and other revaluations of U.S deferred taxes.

(n) Q4 2018 Approximately $47 million of transaction and integration costs related to merger agreement with Rockwell Collins.

(o) Q4 2018 Approximately $102 of costs related to amortization of Rockwell Collins inventory fair value adjustment.

(p) Q4 2018 Approximately $4 million of pre-tax charges associated with the Company's intention to separate its commercial businesses.

(q) Q4 2018 Approximately $11 million of pre-tax charges related to transaction expenses associated with a potential disposition.

(r) Q4 2018 Approximately $21 million of pre-tax gains related to agreement with a state taxing authority for monetization of tax credits.

(s) Q4 2018 Approximately $24 million of pre-tax interest adjustment related to the Rockwell Collins acquisition.

(t) Q4 2018 Approximately $4 million of favorable pre-tax interest adjustment related to agreement with a state taxing authority for monetization of tax credits.

(u) Q4 2018 Approximately $692 million of unfavorable income tax adjustments related to repatriation of undistributed foreign earnings which is now accessible as a result of tax reform.

(v) Q4 2018 Approximately $29 million of unfavorable income tax adjustments resulting from the Company's announcement of its intention to separate its commercial businesses.

(w) Q4 2018 Approximately $7 million of favorable Noncontrolling interest resulting from the Company's announcement of its intention to separate its commercial businesses.

(x) Q1 2019 Approximately $9 million of transaction and integration costs related to merger agreement with Rockwell Collins.

(y) Q1 2019 Approximately $181 of costs related to amortization of Rockwell Collins inventory fair value adjustment.

(z) Q1 2019 Approximately $25 million of unfavorable charges associated with the loss on the sale of a business at Collins Aerospace Systems.

(aa) Q1 2019 Approximately $55 million of pre-tax charges associated with the Company's intention to separate its commercial businesses.

(bb) Q2 2019 Approximately $10 million of transaction and integration costs related to merger agreement with Rockwell Collins.

(cc) Q2 2019 Approximately $26 million of transaction costs related to merger agreement with Raytheon.

(dd) Q2 2019 Approximately $154 million of pre-tax charges associated with the Company's intention to separate its commercial businesses.

(ee) Q2 2019 Approximately $58 million of favorable pre-tax interest related to tax settlements.

(ff) Q2 2019 Approximately $264 million of favorable income tax adjustments related to several tax settlements.

(gg) Q2 2019 Approximately $100 million of unfavorable income tax expenses related to separation of commercial businesses.

(hh) Q3 2019 Approximately $11 million of transaction and integration costs related to merger agreement with Rockwell Collins.

(ii) Q3 2019 Approximately $25 million of transaction costs related to merger agreement with Raytheon.

(jj) Q3 2019 Approximately $132 million of pre-tax charges associated with the Company's intention to separate its commercial businesses.

(kk) Q3 2019 Approximately $98 million of pre-tax charges associated with pension curtailment.

(ll) Q3 2019 Approximately $5 million of favorable pre-tax interest related to tax settlements.

(mm) Q3 2019 Approximately $8 million of favorable income tax adjustments related to several tax settlements.

(nn) Q3 2019 Approximately $517 million of unfavorable income tax expenses related to separation of commercial businesses.

(oo) Q3 2019 Approximately $108 million of charges related to an investment impairment at Carrier.

(pp) Q3 2019 Approximately $34 million of charges related to a consultant contract termination at Carrier.

(qq) Q3 2019 Approximately $1 million of pre-tax charges associated with the Company's intention to separate its commercial businesses.

(rr) Q4 2019 Approximately $43 million of pre-tax charges for costs associated with pension plan amendment.

(ss)Q4 2019 Approximately $265 million of pre-tax charges associated with the Company's intention to separate its commercial businesses.

(tt) Approximately $10 million of transaction and integration costs related to merger agreement with Rockwell Collins.

(uu) Q4 2019 Approximately $32 million of transaction costs related to merger agreement with Raytheon.

(vv) Q4 2019 Approximately $25 million of pre-tax charges associated with pension curtailment

(ww) Q4 2019 Approximately $6 million of favorable income tax adjustments related to several tax settlements.

(xx) Q4 2019 Approximately $141 million of unfavorable income tax expenses related to separation of commercial businesses.

(yy) Q4 2019 Approximately $21 million of favorable income tax adjustments related to the 2018 U.S Tax Reform Legislation

(zz) Q4 2019 Approximately $29 million of favorable income tax adjustment resulting from the Company's announcement of its intention to separate its commercial businesses.

Segment Data – Adjusted

UNITED TECHNOLOGIES CORPORATION	Ex Rest & Significant non-recurring and non-operational items					Ex Rest & Significant non-recurring and non-operational items				
SEGMENT DATA - Adjusted (Unaudited)	**2019**					**2018**				
($ Millions except per share amounts)	Q1	Q2	Q3	Q4	YTD 2019	Q1	Q2	Q3	Q4	YTD 2018
Otis										
Net Sales	3,096	3,348	3,307	3,362	13,113	3,037	3,344	3,223	3,300	12,904
Operating Profit **(a),(rr),(ss)**	451	530	512	521	2,014	476	511	489	510	1,986
Operating Profit %	14.6%	15.8%	15.5%	15.5%	15.4%	15.7%	15.3%	15.2%	15.5%	15.4%
Carrier										
Net Sales	4,323	4,962	4,822	4,501	18,608	4,376	5,035	4,880	4,631	18,922
Operating Profit **(a),(e),(u),(kk),(oo),(pp),(rr),(ss)**	562	866	861	689	2,978	606	871	857	724	3,058
Operating Profit %	13.0%	17.5%	17.9%	15.3%	16.0%	13.8%	17.3%	17.6%	15.6%	16.2%
Pratt & Whitney										
Net Sales **(o)**	4,817	5,150	5,283	5,642	20,892	4,329	4,736	4,789	5,543	19,397
Operating Profit **(a),(l)**	447	427	471	456	1,801	413	400	409	340	1,562
Operating Profit %	9.3%	8.3%	8.9%	8.1%	8.6%	9.5%	8.4%	8.5%	6.1%	8.1%
Collins Aerospace Systems										
Net Sales	6,513	6,576	6,495	6,444	26,028	3,817	3,962	3,955	4,900	16,634
Operating Profit **(a),(f),(o),(y),(z),(qq),(rr),(ss)**	1,101	1,189	1,195	957	4,442	615	650	627	721	2,613
Operating Profit %	16.9%	18.1%	18.4%	14.9%	17.1%	16.1%	16.4%	15.9%	14.7%	15.7%
Total Segments										
Net Sales	18,749	20,036	19,907	19,949	78,641	15,559	17,077	16,847	18,374	67,857
Operating Profit	2,561	3,012	3,039	2,623	11,235	2,110	2,432	2,382	2,295	9,219
Operating Profit %	13.7%	15.0%	15.3%	13.1%	14.3%	13.6%	14.2%	14.1%	12.5%	13.6%
Corporate, Eliminations, and Other										
Net Sales:										
Other	(384)	(402)	(411)	(398)	(1,595)	(317)	(372)	(337)	(330)	(1,356)
Operating Profit:										
General corporate expenses **(a)**	(97)	(123)	(112)	(177)	(509)	(102)	(124)	(109)	(135)	(470)
Eliminations and other **(a),(b),(d),(h),(i),(k),(n),(p),(q),(r),(x),(aa),(bb),(cc),(dd),(hh),(ii),(jj),(ss),(tt),(uu),**	(37)	(49)	(64)	(68)	(218)	19	(77)	(58)	15	(101)
Consolidated										
Net Sales	18,365	19,634	19,496	19,551	77,046	15,242	16,705	16,510	18,044	66,501
Operating Profit	2,427	2,840	2,863	2,378	10,508	2,027	2,231	2,215	2,175	8,648
Operating Profit %	13.2%	14.5%	14.7%	12.2%	13.6%	13.3%	13.4%	13.4%	12.1%	13.0%
Non-service pension (benefit) cost **(kk),(vv)**	(208)	(216)	(205)	(190)	(819)	(191)	(190)	(188)	(194)	(763)
Interest expense, net **(j),(s),(t),(ee),(ll)**	431	418	406	419	1,674	229	234	236	297	996
Income from operations before income taxes	2,204	2,638	2,662	2,149	9,653	1,989	2,187	2,167	2,072	8,415
Income tax expense **(c),(g),(m),(u),(v),(ff),(gg),(mm),(nn),(ww),(xx),(yy),(zz)**	(478)	(641)	(645)	(349)	(2,113)	(497)	(520)	(509)	(332)	(1,858)
Effective Tax Rate	21.7%	24.3%	24.2%	16.3%	21.9%	25.0%	23.8%	23.5%	15.9%	22.1%
Income from operations	1,726	1,997	2,017	1,800	7,540	1,492	1,667	1,658	1,740	6,557
Net income	1,726	1,997	2,017	1,800	7,540	1,492	1,667	1,658	1,740	6,557
Less: Noncontrolling interest in subsidiaries' earnings **(w)**	(79)	(99)	(109)	(117)	(404)	(71)	(91)	(111)	(119)	(392)
Net income attributable to common shareowners	**1,647**	**1,898**	**1,908**	**1,683**	**7,136**	**1,421**	**1,576**	**1,547**	**1,621**	**6,165**
Net income attributable to common shareowners:										
Income from operations	1,647	1,898	1,908	1,683	7,136	1,421	1,576	1,547	1,621	6,165

	Q1	Q2	Q3	Q4	YTD 2019	Q1	Q2	Q3	Q4	YTD 2018
Total EPS Impact of Restructuring & Significant non-recurring and non-operational items	(0.35)	0.00	(0.88)	(0.62)	(1.85)	(0.15)	0.59	(0.39)	(1.12)	(1.11)
Operations										
Earnings per share - basic	1.93	2.22	2.23	1.96	8.35	1.79	2.00	1.95	1.95	7.69
Earnings per share - diluted	1.91	2.20	2.21	1.94	8.26	1.77	1.97	1.93	1.95	7.61
Total EPS attributable to common shareowners										
Total basic earnings per share	1.93	2.22	2.23	1.97	8.35	1.79	2.00	1.95	1.95	7.69
Total diluted earnings per share	1.91	2.20	2.21	1.94	8.26	1.77	1.97	1.93	1.95	7.61
Weighted average number of shares outstanding (millions)										
Basic shares	853.2	854.4	855.1	856.4	854.8	789.9	790.5	791.3	822.7	800.4
Diluted shares	860.7	863.7	864.1	867.0	863.9	800.4	799.6	801.8	831.4	810.1

Effective Tax Rate - ops	Q1	Q2	Q3	Q4	YTD 2019	Q1	Q2	Q3	Q4	YTD 2018
	21.7%	24.3%	24.2%	16.3%	21.9%	25.0%	23.8%	23.5%	15.9%	22.1%

Segment Adjusted Operating Profit Reconciliation

United Technologies Corporation
Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP) Results
Adjusted Operating Profit & Operating Profit Margin

(dollars in millions - Income (Expense))	Quarter Ended December 31, (Unaudited) 2019	Quarter Ended December 31, (Unaudited) 2018	Year Ended December 31, (Unaudited) 2019	Year Ended December 31, (Unaudited) 2018
Otis				
Net sales	$ 3,362	$ 3,300	$ 13,113	$ 12,904
Operating profit	$ 499	$ 491	$ 1,948	$ 1,915
Restructuring	(10)	(19)	(54)	(71)
Costs associated with the Company's intention to separate its commercial businesses	(9)	—	(9)	—
Costs associated with pension plan amendment	(3)	—	(3)	—
Adjusted operating profit	$ 521	$ 510	$ 2,014	$ 1,986
Adjusted operating profit margin	15.5 %	15.5 %	15.4 %	15.4 %
Carrier				
Net sales	$ 4,501	$ 4,631	$ 18,608	$ 18,922
Operating profit	$ 647	$ 696	$ 2,697	$ 3,777
Restructuring	(29)	(28)	(126)	(80)
Gain on sale of Taylor Company	—	—	—	799
Investment impairment	—	—	(108)	—
Consultant contract termination	—	—	(34)	—
Costs associated with pension plan amendment	(7)	—	(7)	—
Costs associated with the Company's intention to separate its commercial businesses	(6)	—	(6)	—
Adjusted operating profit	$ 689	$ 724	$ 2,978	$ 3,058
Adjusted operating profit margin	15.3 %	15.6 %	16.0 %	16.2 %
Pratt & Whitney				
Net sales	$ 5,642	$ 5,543	$ 20,892	$ 19,397
Operating profit	$ 340	$ 350	$ 1,668	$ 1,269
Restructuring	(116)	10	(133)	7
Charge resulting from customer contract matters	—	—	—	(300)
Adjusted operating profit	$ 456	$ 340	$ 1,801	$ 1,562
Adjusted operating profit margin	8.1 %	6.1 %	8.6 %	8.1 %
Collins Aerospace Systems				
Net sales	$ 6,444	$ 4,900	$ 26,028	$ 16,634
Operating profit	$ 905	$ 536	$ 4,100	$ 2,303
Restructuring	(19)	(83)	(102)	(160)
Loss on sale of business	—	—	(25)	—
Amortization of Rockwell Collins inventory fair value adjustment	—	(102)	(181)	(102)
Asset impairment	—	—	—	(48)
Costs associated with the Company's intention to separate its commercial businesses	—	—	(1)	—
Costs associated with pension plan amendment	(33)	—	(33)	—
Adjusted operating profit	$ 957	$ 721	$ 4,442	$ 2,613
Adjusted operating profit margin	14.9 %	14.7 %	17.1 %	15.7 %

(dollars in millions - Income (Expense))	Quarter Ended December 31, (Unaudited) 2019	Quarter Ended December 31, (Unaudited) 2018	Year Ended December 31, (Unaudited) 2019	Year Ended December 31, (Unaudited) 2018
Eliminations and other general corporate expenses				
Operating profit	$ (540)	$ (162)	$ (1,447)	$ (711)
Restructuring	(3)	(1)	(6)	(5)
Transaction and integration costs related to merger agreement with Rockwell Collins, Inc.	(10)	(47)	(40)	(118)
Costs associated with the Company's intention to separate its commercial businesses	(250)	(4)	(591)	(27)
Transaction expenses associated with the Raytheon Merger	(32)	—	(83)	—
Transaction expenses associated with a potential disposition	—	(11)	—	(11)
Adjustment related to agreement with a state taxing authority for monetization of tax credits	—	21	—	21
Adjusted operating profit	$ (245)	$ (120)	$ (727)	$ (571)
UTC Consolidated				
Operating profit	$ 1,851	$ 1,911	$ 8,966	$ 8,553
Total restructuring costs	(177)	(121)	(421)	(309)
Total significant non-recurring and non-operational items included in Operating Profit above	(350)	(143)	(1,121)	214
Consolidated Adjusted Operating Profit	$ 2,378	$ 2,175	$ 10,508	$ 8,648

Constant Currency Reconciliation

United Technologies Corporation

Reconciliation of Adjusted Operating Profit at Constant Currency

Quarter Ended December 31, 2019 Compared with Quarter Ended December 31, 2018

(dollars in millions)	2019	2018	% Y/Y
Otis			
Adjusted Operating Profit	$ 521	$ 510	2 %
Impact of foreign exchange	(7)	—	
Adjusted Operating Profit at constant currency	$ 528	$ 510	3 %
Carrier			
Adjusted Operating Profit	$ 689	$ 724	(5)%
Impact of foreign exchange	(6)	—	
Adjusted Operating Profit at constant currency	$ 695	$ 724	(4)%

Year Ended December 31, 2019 Compared with Year Ended December 31, 2018

(dollars in millions)	2019	2018	% Y/Y
Otis			
Adjusted Operating Profit	$ 2,014	$ 1,986	1 %
Impact of foreign exchange	(69)	—	
Adjusted Operating Profit at constant currency	$ 2,083	$ 1,986	5 %
Carrier			
Adjusted Operating Profit	$ 2,978	$ 3,058	(3)%
Impact of foreign exchange	(42)	—	
Adjusted Operating Profit at constant currency	$ 3,020	$ 3,058	(1)%

EPS Reconciliation

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

(dollars in millions except per share amounts)

	2019					2018				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Diluted earnings per share attributable to common shareowners	$ 1.56	$ 2.20	$ 1.33	$ 1.32	$ 6.41	$ 1.62	$ 2.56	$ 1.54	$ 0.83	$ 6.50
Net income attributable to common shareowners	$ 1,346	$ 1,900	$ 1,148	$ 1,143	$ 5,537	$ 1,297	$ 2,048	$ 1,238	$ 686	$ 5,269
Adjustments to net income from operations attributable to common shareowners:										
Restructuring costs	(112)	(66)	(66)	(177)	(421)	(69)	(80)	(37)	(121)	(307)
Otis - Costs associated with the Company's intention to separate its commercial businesses	-	-	-	(9)	(9)	-	-	-	-	-
Otis - Costs associated with pension plan amendment	-	-	-	(3)	(3)	-	-	-	-	-
Carrier - Taylor Divestiture	-	-	-	-	-	-	795	4	-	799
Carrier - Investment impairment	-	-	(108)	-	(108)	-	-	-	-	-
Carrier - Consultant contract termination	-	-	(34)	-	(34)	-	-	-	-	-
Carrier - Costs associated with the Company's intention to separate its commercial businesses	-	-	-	(5)	(5)	-	-	-	-	-
Carrier - Costs associated with pension plan amendment	-	-	-	(7)	(7)	-	-	-	-	-
Carrier - Costs associated with the Company's intention to separate its commercial businesses	-	-	-	(1)	(1)	-	-	-	-	-
Pratt - Charge resulting from customer contract matters	-	-	-	-	-	-	-	(300)	-	(300)
Collins Aerospace Systems - Asset Impairment/Subsequent loss on sale	(25)	-	-	-	(25)	-	(48)	-	-	(48)
Amortization of Rockwell Collins inventory fair value adjustment	(181)	-	-	-	(181)	-	-	-	(102)	(102)
Costs associated with the Company's intention to separate its commercial businesses	-	-	(1)	-	(1)	-	-	-	-	-
Collins - Costs associated with pension plan amendment	-	-	-	(33)	(33)					
Rockwell Collins Transaction & Integration costs	(9)	(10)	(11)	(10)	(40)	(30)	(20)	(21)	(47)	(118)
Raytheon transaction costs		(26)	(25)	(32)	(83)	-	-	-	-	-
Corp costs associated with the Company's intention to separate its commercial businesses	(55)	(154)	(132)	(250)	(591)	-	-	(23)	(4)	(27)
Transaction expenses associated with a potential disposition	-	-	-	-	-	-	-	-	(11)	(11)
Adjustment related to agreement with a state taxing authority for monetization of tax credits	-	-	-	-	-	-	-	-	21	21
Other significant non-recurring and non-operational items included in non-service pension	-	-	98	(29)	69	-	-	-	-	-
Other significant non-recurring and non-operational items included in interest expense, net	-	58	5	-	63	-	-	(22)	(20)	(42)
Income tax benefit on restructuring costs and significant non-recurring and non-operational items	81	36	24	108	249	19	(173)	96	63	5
U.S Tax Reform Legislation	-	-	-	21	21	(44)	(2)	(6)	(692)	(744)
Tax adjustment resulting from the Company's announcement of its intention to separate its commercial businesses	-	-	-	29	29	-	-	-	(29)	(29)
Other significant non-recurring and non-operational gains (charges) recorded within income tax expense	-	164	(510)	(135)	(481)	-	-	-	-	-
Other significant non-recurring and non-operational gains (charges) recorded within Noncontrolling interest	-	-	-	(7)	(7)	-	-	-	7	7
Total adjustments to net income from operations attributable to common shareowners	(301)	2	(760)	(540)	(1,599)	(124)	472	(309)	(935)	(896)
Adjusted net income from operations attributable to common shareowners	$ 1,647	$ 1,898	$ 1,908	$ 1,683	$ 7,136	$ 1,421	$ 1,576	$ 1,547	$ 1,621	$ 6,165
Less: Impact of total adjustments on diluted earnings per share	$ (0.35)	$ 0.00	$ (0.88)	$ (0.62)	$ (1.85)	$ (0.15)	$ 0.59	$ (0.39)	$ (1.12)	$ (1.11)
Adjusted diluted earnings per share - Net income from operations attributable to common shareowners (Non-GAAP)	$ 1.91	$ 2.20	$ 2.21	$ 1.94	$ 8.26	$ 1.77	$ 1.97	$ 1.93	$ 1.95	$ 7.61
Effective Tax Rate	21.8%	18.1%	47.3%	20.5%	27.8%	27.6%	24.5%	23.7%	55.3%	31.7%
Less: Impact on effective tax rate	-0.1%	6.2%	-23.1%	-4.2%	-5.9%	-2.6%	-0.7%	-0.2%	-39.4%	-9.6%
Adjusted effective tax rate	21.7%	24.3%	24.2%	16.3%	21.9%	25.0%	23.8%	23.5%	15.9%	22.1%

Collins Aerospace Pro Forma Reconciliation

($ millions)

	4Q 19	4Q 18	VPY%
Segment sales – as reported		4,900	
Net acquisitions – pro forma*		1,299	
Segment sales – pro forma*	6,444	6,199	4%

	FY 19	FY 18	VPY%
Segment sales – as reported		16,634	
Net acquisitions – pro forma*		7,636	
Segment sales – pro forma*	26,028	24,270	7%

*Includes Rockwell Collins – assumes the transaction had been completed on January 1, 2017.

Key Data

($ millions)

	4Q 19	4Q 18
Free cash flow	1,885	1,225
Debt/capital*	50%	53%
Net debt/capital*	45%	49%
Capital expenditures	897	780
Share repurchase	40	253
Acquisitions**	17	23,005

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

Free Cash Flow Reconciliation – 4Q

($ millions)

	4Q 2019	4Q 2018
Net income attributable to common shareowners	1,143	686
Depreciation & amortization	952	667
Change in working capital	746	(112)
Other	(59)	764
Cash flow from operations	2,782	2,005
Capital expenditures	(897)	(780)
Free cash flow	1,885	1,225
Free cash flow as a % of net income attributable to common shareowners from continuing operations	165%	179%

Free Cash Flow Reconciliation – Full Year

($ millions)

	Full Year	
	2019	2018
Net income attributable to common shareowners	5,537	5,269
Depreciation & amortization	3,783	2,433
Change in working capital	175	(755)
Other	(612)	(625)
Cash flow from operations	8,883	6,322
Capital expenditures	(2,256)	(1,902)
Free cash flow	6,627	4,420
Free cash flow as a % of net income attributable to common shareowners from continuing operations	120%	84%

Pratt & Whitney 2020 Expectations

($ millions)

Total Sales	
Reported	up mid single
Organic*	up mid single

Organic Sales* Detail	
Commercial OE**	up high single
Commercial AM**	up low-mid single
Military	up mid single

Adjusted Operating Profit* Drivers		
Commercial OE mix	+	~0
Commercial aftermarket	+	150 – 200
Military	+	~100
E&D / Other	–	~(25)
2020 expectations (Excluding FX)	+	$225 – 275M
FX	+	~0
2020 expectations (Including FX)	+	$225 – 275M

*See this appendix for additional information regarding these non-GAAP financial measures.
**Includes large commercial and P&W Canada.

Collins Aerospace 2020 Expectations

($ millions)

Total Sales	
Reported	down low single
Organic*	down slightly

Organic Sales* Detail	
Commercial OE	down mid single
Commercial AM	up slightly
Military	up mid single

Adjusted Operating Profit* Drivers		
Commercial OE/AM	–	(500) – (475)
Military	+	25 – 50
Synergies	+	~150
Integration costs	–	(25) – (50)
Other	+	25 – 50
2020 expectations (Excluding FX)	–	($325) – (275M)
FX	+	~0
2020 expectations (Including FX)	–	($325) – (275M)

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