United Technologies

Morgan Stanley 6th Annual Laguna Conference

September 14, 2018

Greg Hayes
Chairman & CEO

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

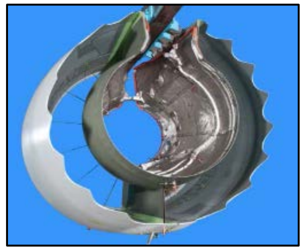
Cautionary Statement:

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” and other words of similar meaning in connection with a discussion of future operating or financial performance. 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 and other measures of financial performance or potential future plans, strategies or transactions of United Technologies or the combined company following United Technologies’ pending acquisition of Rockwell Collins, the anticipated benefits of the pending acquisition, including estimated synergies, the expected timing of financing and completion of the transaction 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 United Technologies and Rockwell Collins 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 and the financial condition of our customers and suppliers; (2) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (3) the scope, nature, impact or timing of the pending Rockwell Collins acquisition and other acquisition and divestiture or restructuring activity, including among other things integration of acquired businesses into United Technologies’ existing businesses and realization of synergies and opportunities for growth and innovation; (4) future timing and levels of indebtedness, including indebtedness expected to be incurred by United Technologies in connection with the pending Rockwell Collins acquisition, and capital spending and research and development spending, including in connection with the pending Rockwell Collins acquisition; (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 of United Technologies’ 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, including in connection with the pending acquisition of Rockwell Collins; (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; (9) new business and investment opportunities; (10) our 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 United Technologies and Rockwell Collins operate, including the effect of changes in U.S. trade policies or the U.K.’s pending withdrawal from the EU, 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 (including among other things import/export) and other laws and regulations in the U.S. and other countries in which United Technologies and Rockwell Collins operate; (17) the ability of United Technologies and Rockwell Collins to receive the required regulatory approvals (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 merger) and to satisfy the other conditions to the closing of the pending acquisition on a timely basis or at all; (18) the occurrence of events that may give rise to a right of one or both of United Technologies or Rockwell Collins to terminate the merger agreement; (19) negative effects of the announcement or the completion of the merger on the market price of United Technologies’ and/or Rockwell Collins’ common stock and/or on their respective financial performance; (20) risks related to Rockwell Collins and United Technologies being restricted in their operation of their businesses while the merger agreement is in effect; (21) risks relating to the value of the United Technologies’ shares to be issued in connection with the pending Rockwell Collins acquisition, significant merger costs and/or unknown liabilities; (22) risks associated with third party contracts containing consent and/or other provisions that may be triggered by the Rockwell Collins merger agreement; (23) risks associated with merger-related litigation; and (24) the ability of United Technologies and Rockwell Collins, or the combined company, to retain and hire key personnel. There can be no assurance that United Technologies’ pending acquisition of Rockwell Collins 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 reports of United Technologies and Rockwell Collins on Forms S-4, 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time. Any forward-looking statement speaks only as of the date on which it is made, and United Technologies and Rockwell Collins assume 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. In addition, in connection with the pending Rockwell Collins acquisition, UTC has filed a registration statement, that includes a prospectus from UTC and a proxy statement from Rockwell Collins, which is effective and contains important information about UTC, Rockwell Collins, the transaction and related matters.

Industry Leading, Global Franchises

($ 2017)

Aerospace Systems
Sales: ~$15B



Pratt & Whitney
Sales: ~$16B



United Technologies

Sales: $60B

Otis
Sales: ~$12B


Climate, Controls & Security
Sales: ~$18B



Focused on the core – commercial buildings and aerospace systems and technologies

Consolidated UTC sales for 2017 of $60B includes eliminations

Priorities

Focused on execution

Innovation for growth

Structural cost reduction

Disciplined capital allocation

2018 Outlook

	Revised Q2	
Adjusted EPS*	$7.10 – $7.25	↑
Sales	$63.5 – $64.5B	↑
Organic sales*	5 – 6%	↑
Free cash flow*	$4.5 – $5B	

2018 Key Initiatives

Rockwell Collins integration

Portfolio review

Digital initiatives

Excludes impact from the proposed acquisition of Rockwell Collins.
*See appendix for additional information regarding these non-GAAP financial measures.

2019 Headwinds/Tailwinds

Positives	Monitoring	Challenges
Organic growth	Geopolitical environment	Effective tax rate
Collins accretion	Pricing/Productivity/Input costs	Tariffs
Commercial AM		FX
Military		

Shareowner Value Creation

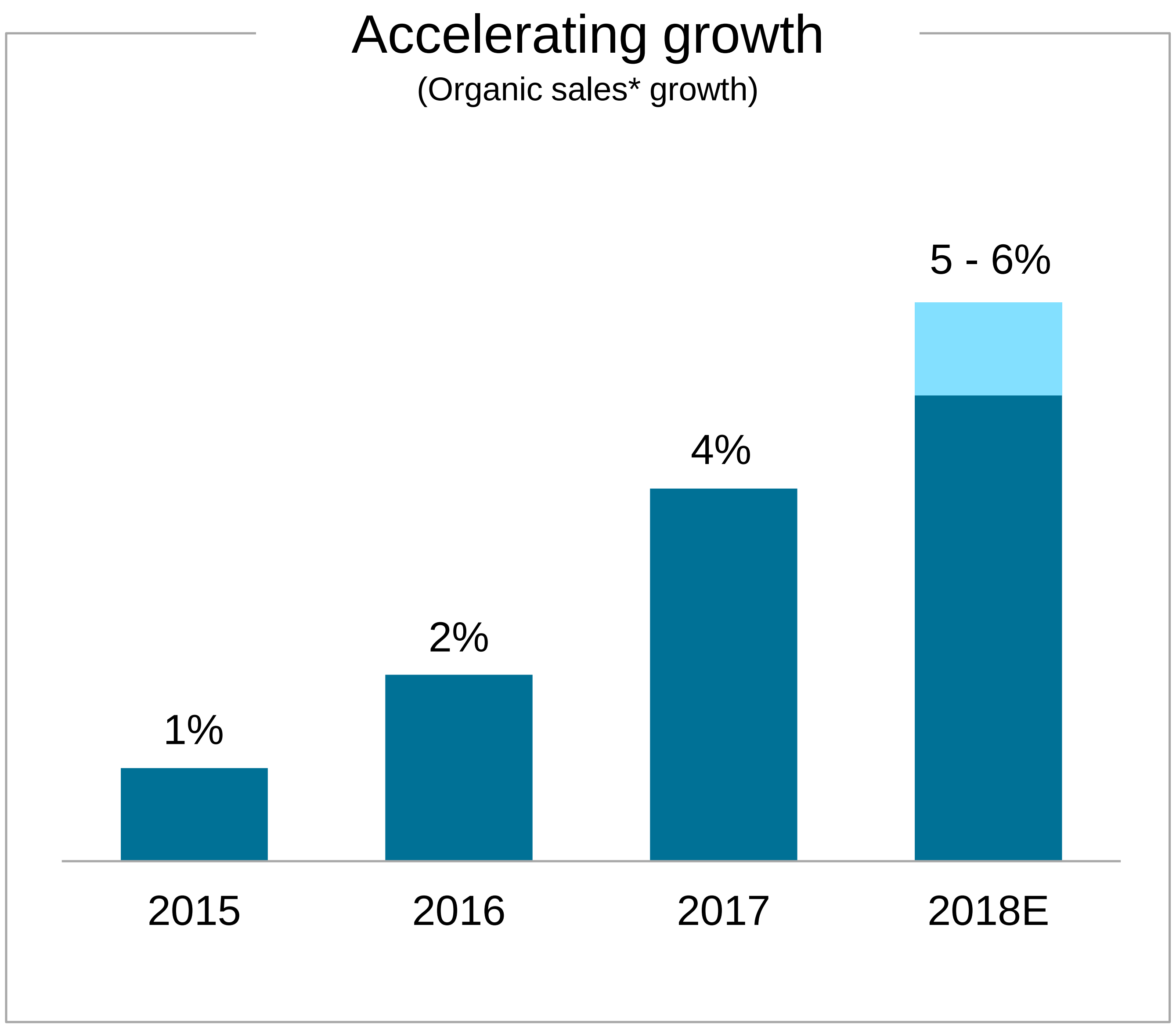
Industry leading, global franchises

Innovative products and services

Resilient business model

Strong performance culture

Disciplined capital allocation



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

United Technologies

Appendix

Use and Definitions of Non-GAAP Financial Measures

United Technologies Corporation 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 and adjusted earnings per share (“EPS”) 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. For the business segments, when applicable, adjustments of net sales, operating profit and margins similarly reflect continuing operations, excluding restructuring and other significant items. 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, 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, 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.

Segment Data – GAAP

UNITED TECHNOLOGIES CORPORATION
SEGMENT DATA - Reported

($ Millions except per share amounts)	2018 1st Qtr.	2018 2nd Qtr.	2018 Total YTD	2017 1st Qtr.	2017 2nd Qtr.	2017 3rd Qtr.	2017 4th Qtr.	2017 Total
Otis								
Net Sales	3,037	3,344	6,381	2,804	3,131	3,156	3,250	12,341
Operating Profit **(a)**	450	488	938	447	539	550	466	2,002
Operating Profit %	14.8%	14.6%	14.7%	15.9%	17.2%	17.4%	14.3%	16.2%
UTC Climate, Controls & Security								
Net Sales	4,376	5,035	9,411	3,892	4,712	4,688	4,520	17,812
Operating Profit **(a),(b),(i),(q)**	592	1,645	2,237	931	837	794	603	3,165
Operating Profit %	13.5%	32.7%	23.8%	23.9%	17.8%	16.9%	13.3%	17.8%
Pratt & Whitney								
Net Sales **(d), (o)**	4,329	4,736	9,065	3,758	4,070	3,871	4,461	16,160
Operating Profit **(a),(d)**	413	397	810	356	364	188	392	1,300
Operating Profit %	9.5%	8.4%	8.9%	9.5%	8.9%	4.9%	8.8%	8.0%
UTC Aerospace Systems								
Net Sales	3,817	3,962	7,779	3,611	3,640	3,637	3,803	14,691
Operating Profit **(a),(r)**	588	569	1,157	531	534	572	554	2,191
Operating Profit %	15.4%	14.4%	14.9%	14.7%	14.7%	15.7%	14.6%	14.9%
Total Segments								
Net Sales	15,559	17,077	32,636	14,065	15,553	15,352	16,034	61,004
Operating Profit	2,043	3,099	5,142	2,265	2,274	2,104	2,015	8,658
Operating Profit %	13.1%	18.1%	15.8%	16.1%	14.6%	13.7%	12.6%	14.2%
Corporate, Eliminations, and Other								
Net Sales:								
Other	(317)	(372)	(689)	(250)	(273)	(290)	(354)	(1,167)
Operating Profit:								
General corporate expenses **(a)**	(104)	(126)	(230)	(103)	(105)	(104)	(127)	(439)
Task/(Contingency)	-	-	-	-	-	-	-	-
Eliminations and other **(a),(c),(e),(f),(j),(n),(p)**	(11)	(97)	(108)	(18)	(5)	32	(90)	(81)
Consolidated								
Net Sales	15,242	16,705	31,947	13,815	15,280	15,062	15,680	59,837
Operating Profit	1,928	2,876	4,804	2,144	2,164	2,032	1,798	8,138
Operating Profit %	12.6%	17.2%	15.0%	15.5%	14.2%	13.5%	11.5%	13.6%
Non-service pension costs	191	192	383	123	126	131	154	534
Interest expense, net **(g)**	(229)	(234)	(463)	(213)	(226)	(223)	(247)	(909)
Income from operations before income taxes	1,890	2,834	4,724	2,054	2,064	1,940	1,705	7,763
Income tax expense **(l),(h),(k),(m),(o)**	(522)	(695)	(1,217)	(586)	(532)	(506)	(1,219)	(2,843)
Effective Tax Rate	27.6%	24.5%	25.8%	28.5%	25.7%	26.1%	71.5%	36.6%
Income from operations	1,368	2,139	3,507	1,468	1,532	1,434	486	4,920
Net income	1,368	2,139	3,507	1,468	1,532	1,434	486	4,920
Less: Noncontrolling interest in subsidiaries' earnings	(71)	(91)	(162)	(82)	(93)	(104)	(89)	(368)
Net income attributable to common shareowners	**1,297**	**2,048**	**3,345**	**1,386**	**1,439**	**1,330**	**397**	**4,552**
Net income attributable to common shareowners:								
Income from operations	1,297	2,048	3,345	1,386	1,439	1,330	397	4,552

	1st Qtr.	2nd Qtr.	2018 Total YTD	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2017 Total YTD
Operations								
Earnings per share - basic	1.64	2.59	4.23	1.75	1.83	1.69	0.50	5.76
Earnings per share - diluted	1.62	2.56	4.18	1.73	1.80	1.67	0.50	5.70
Total EPS attributable to common shareowners								
Total basic earnings per share	1.64	2.59	4.23	1.75	1.82	1.69	0.50	5.76
Total diluted earnings per share	1.62	2.56	4.18	1.73	1.80	1.67	0.50	5.70
Weighted average number of shares outstanding (millions)								
Basic shares	789.9	790.5	790.2	793.5	788.7	788.3	788.8	790.0
Diluted shares	800.4	799.6	800.0	802.3	798.2	797.1	798.0	799.1

	Q1	Q2	Total YTD	Q1	Q2	Q3	Q4	Total YTD
Effective Tax Rate - ops	27.6%	24.5%	25.8%	28.5%	25.7%	26.1%	71.5%	36.6%

Segment Data – Notes

The earnings release and conference-call discussion adjust 2018 and 2017 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 2018 and 2017 results:

	2018			2017				
	Restructuring Costs			Restructuring Costs				
	Q1	Q2	Total YTD	Q1	Q2	Q3	Q4	Total
Operating Profit:								
Otis	(26)	(23)	(49)	(5)	(12)	(6)	(25)	(48)
UTC Climate, Controls & Security	(14)	(21)	(35)	(23)	(18)	(43)	(27)	(111)
Pratt & Whitney	-	(3)	(3)	-	(6)	2	(1)	(5)
UTC Aerospace Systems	(27)	(33)	(60)	(23)	(23)	(15)	(16)	(77)
Total Segments operating profit	(67)	(80)	(147)	(51)	(59)	(62)	(69)	(241)
General corporate expenses	(2)	(2)	(4)	(1)	-	(1)	(2)	(4)
Eliminations and other	-	-	-	-	-	-	(3)	(3)
Total consolidated operating profit	(69)	(82)	(151)	(52)	(59)	(63)	(74)	(248)
Non-service pension costs		2	2	-	1	2	2	5
Total UTC Net Income	(69)	(80)	(149)	(52)	(60)	(65)	(76)	(253)

(b) Q1 2017: Approximately $379 million of pre-tax gains related to sale of available-for-sales securities at UTC Climate, Controls & Security.
(c) Q1 2017: Approximately $1 million of pre-tax gains related to sale of available-for-sales securities.
(d) Q3 2017: Approximately $385 million to record in sales and $196 million in losses from Pratt & Whitney customer contract matters.
(e) Q3 2017: Approximately $120 million of pre-tax gains related to sale of available-for-sales securities.
(f) Q3 2017: Approximately $27 million of transaction costs related to merger agreement with Rockwell Collins.
(g) Q3 2017: Approximately $9 million of favorable pre-tax interest adjustments related to expiration of tax statute of limitations for 2013 tax year.
(h) Q3 2017: Approximately $55 million of favorable income tax adjustments related to expiration of tax statute of limitations for 2013 tax year.
(i) Q4 2017: Approximately $96 million of pre-tax charges related to product recall program initiated at UTC Climate, Controls & Security.
(j) Q4 2017: Approximately $38 million of transaction and integration costs related to merger agreement with Rockwell Collins.
(k) Q4 2017: Approximately $690 million of unfavorable income tax adjustments related to the estimated impact of the U.S tax reform legislation enacted on December 22, 2017, including the effects related to repatriation of undistributed foreign earnings provision and other revaluations of U.S deferred taxes.
(l) Q4 2017: Approximately $6 million of pre-tax interest charges related to tax law changes in Canada.
(m) Q4 2017: Approximately $32 million of net unfavorable tax adjustments related to tax law changes in Canada & France.
(n) Q1 2018: Approximately $30 million of transaction and integration costs related to merger agreement with Rockwell Collins.
(o) 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.
(p) Q2 2018: Approximately $20 million of transaction and integration costs related to merger agreement with Rockwell Collins.
(q) Q2 2018 Approximately $795 million of pre-tax gains related to the divestiture of Taylor Co from UTC Climate, Controls & Security.
(r) Q2 2018 Approximately $48 million of unfavorable charges associated with asset impairment at UTC Aerospace Systems.

Segment Data – Adjusted

UNITED TECHNOLOGIES CORPORATION
SEGMENT DATA - Adjusted (Unaudited)
($ Millions except per share amounts)

	2018 Ex Rest & Significant non-recurring and non-operational items			2017 Ex Rest & Significant non-recurring and non-operational items				
	1st Qtr.	2nd Qtr.	Q2 YTD	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2017 Total
Otis								
Net Sales	3,037	3,344	6,381	2,804	3,131	3,156	3,250	12,341
Operating Profit (a)	476	511	987	452	551	556	491	2,050
Operating Profit %	15.7%	15.3%	15.5%	16.1%	17.6%	17.6%	15.1%	16.6%
UTC Climate, Controls & Security								
Net Sales	4,376	5,035	9,411	3,892	4,712	4,688	4,520	17,812
Operating Profit (a),(b),(i),(q)	606	871	1,477	575	855	837	726	2,993
Operating Profit %	13.8%	17.3%	15.7%	14.8%	18.1%	17.9%	16.1%	16.8%
Pratt & Whitney								
Net Sales (d), (o)	4,329	4,736	9,065	3,758	4,070	4,256	4,461	16,545
Operating Profit (a),(d)	413	400	813	356	370	382	393	1,501
Operating Profit %	9.5%	8.4%	9.0%	9.5%	9.1%	9.0%	8.8%	9.1%
UTC Aerospace Systems								
Net Sales	3,817	3,962	7,779	3,611	3,640	3,637	3,803	14,691
Operating Profit (a),(r)	615	650	1,265	554	557	587	570	2,268
Operating Profit %	16.1%	16.4%	16.3%	15.3%	15.3%	16.1%	15.0%	15.4%
Total Segments								
Net Sales	15,559	17,077	32,636	14,065	15,553	15,737	16,034	61,389
Operating Profit	2,110	2,432	4,542	1,937	2,333	2,362	2,180	8,812
Operating Profit %	13.6%	14.2%	13.9%	13.8%	15.0%	15.0%	13.6%	14.4%
Corporate, Eliminations, and Other								
Net Sales:								
Other	(317)	(372)	(689)	(250)	(273)	(290)	(354)	(1,167)
Operating Profit:								
General corporate expenses (a)	(102)	(124)	(226)	(102)	(105)	(103)	(125)	(435)
Eliminations and other (a),(c),(e),(f),(j),(n),(p)	19	(77)	(58)	(19)	(5)	(61)	(49)	(134)
Consolidated								
Net Sales	15,242	16,705	31,947	13,815	15,280	15,447	15,680	60,222
Operating Profit	2,027	2,231	4,258	1,816	2,223	2,198	2,006	8,243
Operating Profit %	13.3%	13.4%	13.3%	13.1%	14.5%	14.2%	12.8%	13.7%
Non-service pension costs	191	190	381	123	127	133	156	539
Interest expense, net (g)	(229)	(234)	(463)	(213)	(226)	(232)	(241)	(912)
Income from operations before income taxes	1,989	2,187	4,176	1,726	2,124	2,099	1,921	7,870
Income tax expense (l),(h),(k),(m),(o)	(497)	(520)	(1,017)	(462)	(552)	(615)	(558)	(2,187)
Effective Tax Rate	25.0%	23.8%	24.4%	26.8%	26.0%	29.3%	29.0%	27.8%
Income from operations	1,492	1,667	3,159	1,264	1,572	1,484	1,363	5,683
Net income	1,492	1,667	3,159	1,264	1,572	1,484	1,363	5,683
Less: Noncontrolling interest in subsidiaries' earnings	(71)	(91)	(162)	(82)	(93)	(104)	(89)	(368)
Net income attributable to common shareowners	1,421	1,576	2,997	1,182	1,479	1,380	1,274	5,315
Net income attributable to common shareowners:								
From operations	1,421	1,576	2,997	1,182	1,479	1,380	1,274	5,315

EPS Reconciliation

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

(dollars in millions except per share amounts)

	2018			2017				
	Q1	**Q2**	**Q2 YTD**	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Diluted earnings per share attributable to common shareowners	$ 1.62	$ 2.56	$ 4.18	$ 1.73	$ 1.80	$ 1.67	$ 0.50	$ 5.70
Diluted earnings per share - Net income from reported operations attributable to common shareowners (GAAP)	$ 1.62	$ 2.56	$ 4.18	$ 1.73	$ 1.80	$ 1.67	$ 0.50	$ 5.70
Net income attributable to common shareowners	$ 1,297	$ 2,048	$ 3,345	$ 1,386	$ 1,439	$ 1,330	$ 397	$ 4,552
Less: Income (loss) from discontinued operations attributable to common shareowners	-	-	-	-	-	-	-	-
Net income from operations attributable to common shareowners	1,297	2,048	3,345	1,386	1,439	1,330	397	4,552
Adjustments to net income from operations attributable to common shareowners:								
Restructuring costs	(69)	(80)	(149)	(52)	(60)	(65)	(76)	(253)
Charge resulting from product recall program	-	-	-	-	-	-	(96)	(96)
Collins Integration & transaction Costs	(30)	(20)	(50)	-	-	(27)	(38)	(65)
CCS - Taylor Divestiture	-	795	795					
N2 Impairment	-	(48)	(48)	-	-	-	-	-
Pre-tax gains related to sale of available-for-sales securities	-	-	-	380	-	120	-	500
Charge resulting from customer contract matters	-	-	-	-	-	(196)	-	(196)
Other significant non-recurring and non-operational items included in interest expense, net	-	-	-	-	-	9	(6)	3
Income tax benefit on restructuring costs and significant non-recurring and non-operational items	19	(173)	(154)	(124)	20	54	61	11
U.S Tax Reform Legislation	(44)	(2)	(46)	-	-	-	(690)	(690)
Other significant non-recurring and non-operational gains (charges) recorded within income tax expense	-	-	-	-	-	55	(32)	23
Total adjustments to net income from operations attributable to common shareowners	(124)	473	349	204	(40)	(50)	(877)	(763)
Adjusted net income from operations attributable to common shareowners	$ 1,421	$ 1,576	$ 2,997	$ 1,182	$ 1,479	$ 1,380	$ 1,274	$ 5,315
Less: Impact of total adjustments on diluted earnings per share	$ (0.15)	$ 0.59	$ 0.44	$ 0.25	$ (0.05)	$ (0.06)	$ (1.10)	$ (0.95)
Adjusted diluted earnings per share - Net income from operations attributable to common shareowners (Non-GAAP)	$ 1.77	$ 1.97	$ 3.74	$ 1.48	$ 1.85	$ 1.73	$ 1.60	$ 6.65

2015 Full Year Sales Reconciliation

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	(8%)	1%	(9%)	0%	0%
CCS	(1%)	3%	(6%)	2%	0%
Pratt & Whitney	(3%)	(1%)	(1%)	0%	(1%)
Aerospace Systems	(1%)	3%	(2%)	(1%)	(1%)
Total UTC*	**(3%)**	**1%**	**(4%)**	**1%**	**(1%)**

*Reflects consolidated net sales.

2016 Full Year Sales Reconciliation

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	(1%)	1%	(2%)	0%	0%
CCS	1%	(1%)	(1%)	3%	0%
Pratt & Whitney	6%	6%	0%	0%	0%
Aerospace Systems	3%	2%	0%	0%	1%
Total UTC*	**2%**	**2%**	**(1%)**	**1%**	**0%**

*Reflects consolidated net sales.

2017 Full Year Sales Reconciliation

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	4%	2%	0%	1%	1%
CCS	6%	4%	1%	1%	0%
Pratt & Whitney	9%	9%	1%	0%	(1%)
Aerospace Systems	2%	2%	0%	0%	0%
Total UTC*	**5%**	**4%**	**0%**	**1%**	**0%**

*Reflects consolidated net sales.

2Q 2018 YTD Sales Reconciliation

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	8%	2%	5%	0%	1%
CCS	9%	5%	4%	0%	0%
Pratt & Whitney	16%	11%	0%	0%	5%
Aerospace Systems	7%	7%	1%	0%	(1%)
Total UTC*	**10%**	**6%**	**2%**	**0%**	**2%**

*Reflects consolidated net sales.

Free Cash Flow Reconciliation

($ millions)

	2Q YTD	
	2018	2017
Net income attributable to common shareowners from continuing operations	3,345	2,825
Depreciation & amortization	1,173	1,039
Change in working capital	(489)	(554)
Other	(1,474)	(171)
Cash flow from operations	2,555	3,139
Capital expenditures	(709)	(771)
Free cash flow	1,846	2,368
Free cash flow as a % of net income attributable to common shareowners from continuing operations	55%	84%