United Technologies

1Q 2019 Earnings Conference Call

April 23, 2019

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

2019 Outlook

Adjusted EPS*

$7.80 - $8.00 up from $7.70 - $8.00

+ 5 cents

Increasing mid point of prior outlook

Sales

$75.5 - $77.0B

Organic sales*

3% - 5%

Free cash flow*

$4.5 - $5.0B

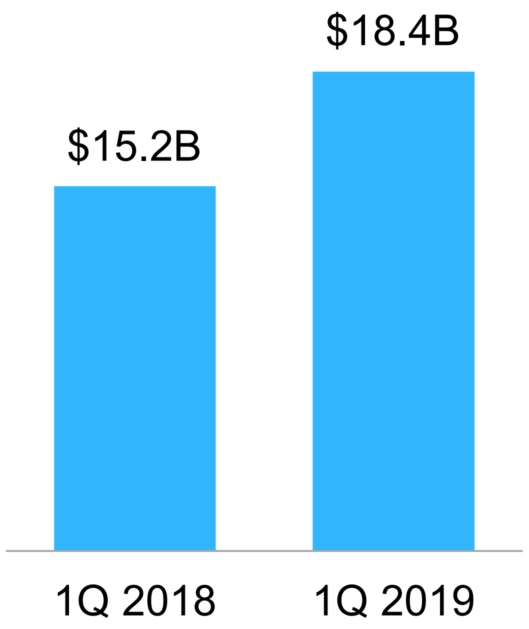
Includes $1.5B of one-time portfolio separation costs

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

1Q 2019

Sales

Up 20%

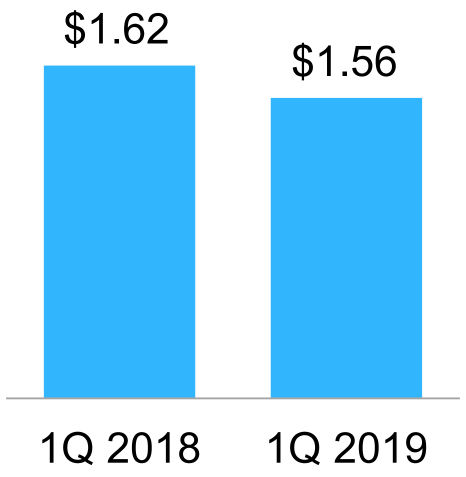


Organic*	8 pts.
FX	(3) pts.
Net Acq.	15 pts.

EPS

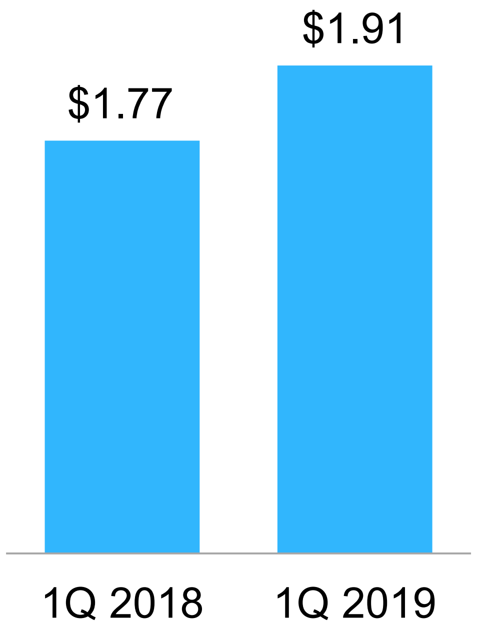
GAAP

Down 4%



Adjusted*

Up 8%

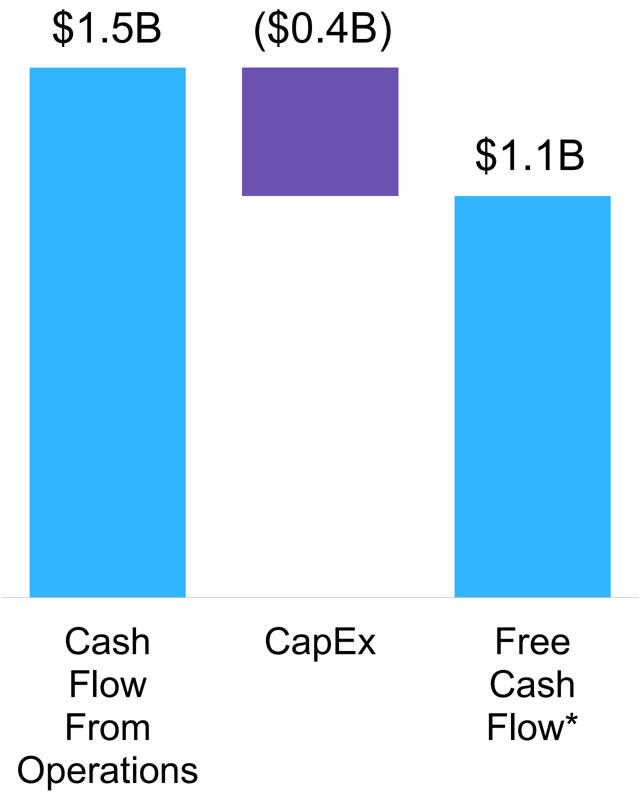


($0.15)	($0.35)

Restructuring/
Other items
gain/(charge)

Cash Flow

(attributable to common shareowners)

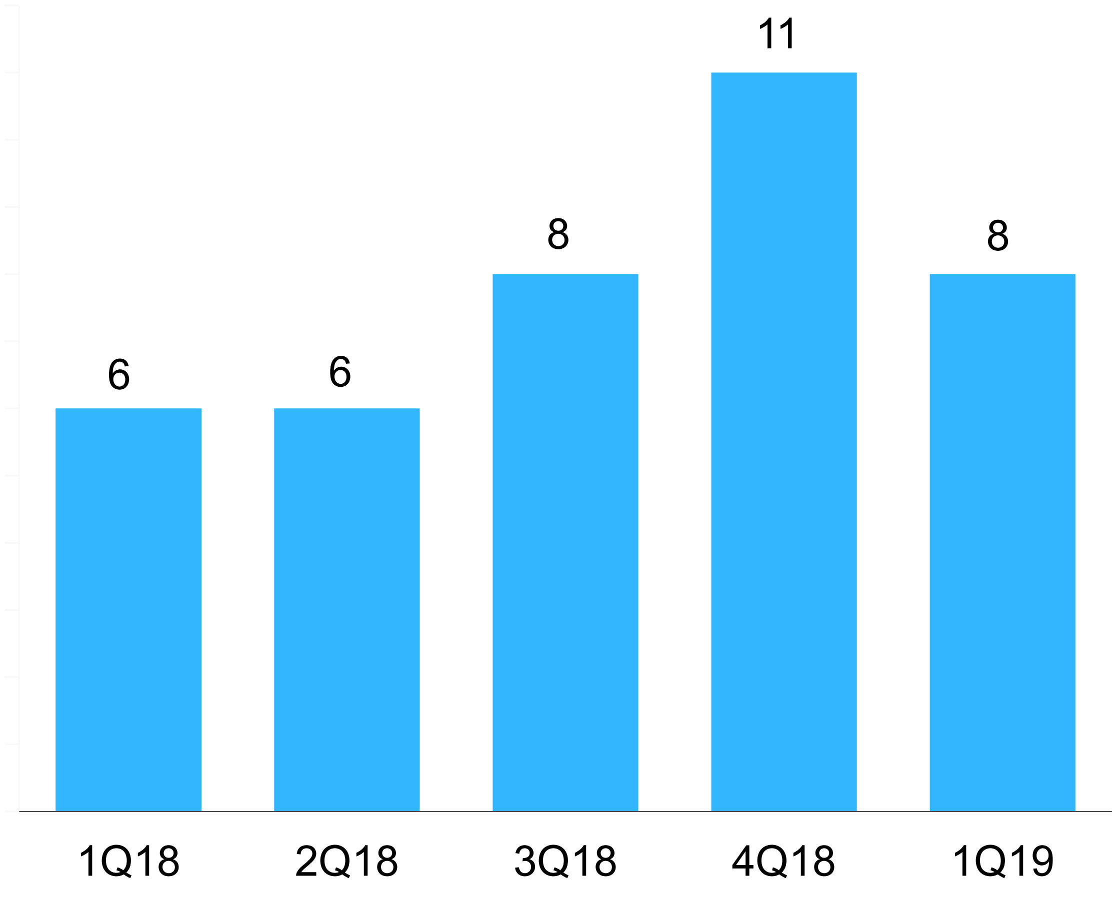


*See appendix for additional information regarding these non-GAAP financial measures.

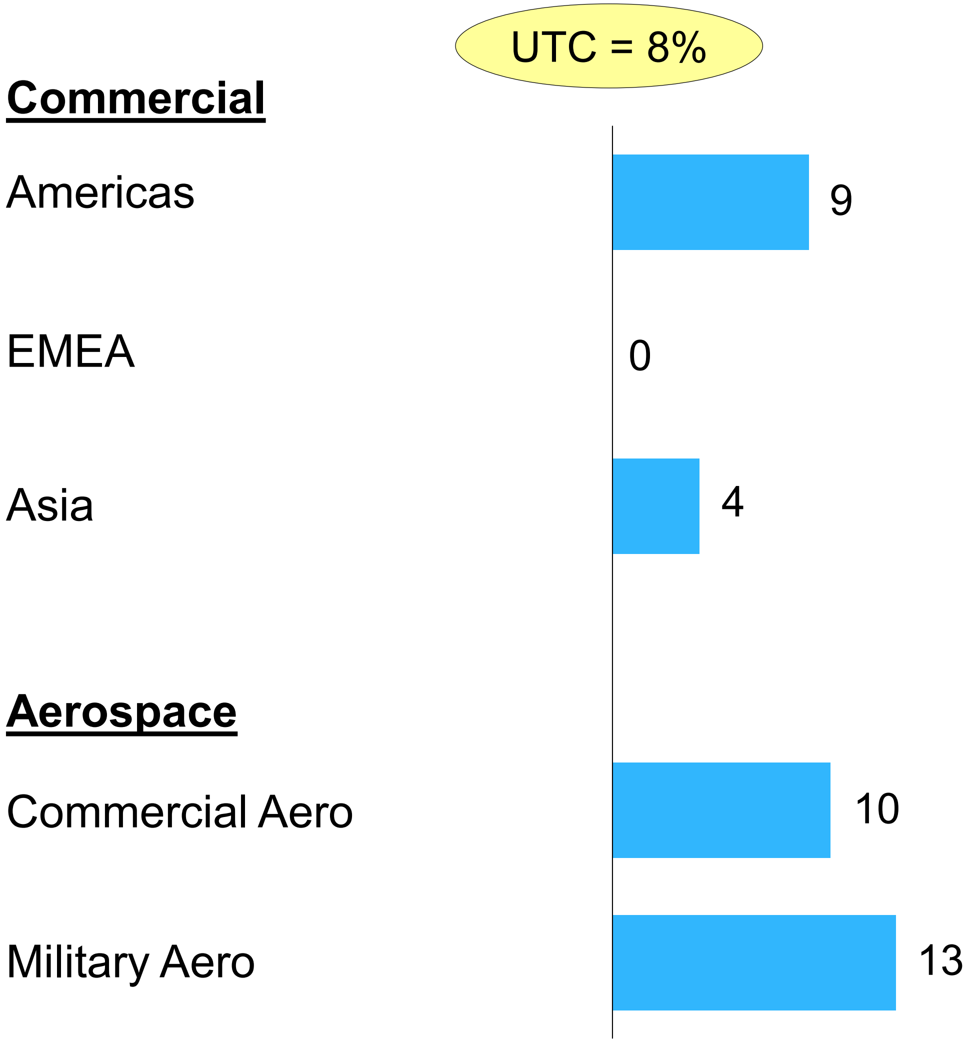
Organic Sales Growth

(VPY %)

Quarterly Trend



1Q 2019



See appendix for definition and reconciliation of organic sales.

1Q 2019 Segment Highlights

Otis

($ millions)

	Reported	Adjusted*	YOY Var.*
Sales	3,096	3,096	2%
Operating profit	426	451	(5%)
ROS	13.8%	14.6%	(1.1) pts

Organic sales up 7%*

Sales up 7%**
- New equipment sales up 10%
- Service up 4%

Adjusted operating profit* flat**
- Higher volume contribution
- Mark-to-market FX headwind (6 points)

New equipment orders down 1%
- North America down 16%
- China up 8%

Otis Elevator (China) Co., Ltd. (Otis China) has been awarded a contract to provide more than 180 elevators and escalators for Qingdao Metro Line 8. In addition to escalators and elevators, Otis will also provide tailored maintenance service. This award marks another significant expansion of Otis' footprint in the infrastructure segment in North China.

Otis will install 27 units at 308 Exhibition Street in Melbourne, Australia. The project consists of two towers. The western tower will be the first Shangri-La hotel in Melbourne. The eastern tower will be residential with 300 luxury apartments as well as retail and hospitality space. This is also the second project in Melbourne to use the Otis Skybuild™ self-climbing elevator during construction with one in use in each tower.

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

1Q 2019 Segment Highlights

Carrier

($ millions)

	Reported	Adjusted*	YOY Var.*
Sales	4,323	4,323	(1%)
Operating profit	529	562	(7%)
ROS	12.2%	13.0%	(0.8) pts

Organic sales up 3%*
- Refrigeration up 9%
- HVAC up 3%
- Fire & Security flat

Adjusted operating profit* down 5%**
- Input cost headwinds
- Absence of Taylor
- Higher volume and pricing contribution

Organic equipment orders down 2%
- Refrigeration down 18% (prior year up 20%)
- HVAC up 3%
- Fire & Security up 5%

Customers in France can now experience the performance, efficiency and environmental benefits of a completely compressed natural gas (CNG)-powered solution for refrigerated trucks during field tests of IVECO's first Stralis NP refrigerated truck equipped with Carrier Transicold's Supra® CNG refrigeration unit.

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

1Q 2019 Segment Highlights

Pratt & Whitney

($ millions)

	Reported	Adjusted*	YOY Var.*
Sales	4,817	4,817	11%
Operating profit	433	447	8%
ROS	9.0%	9.3%	(0.2) pts

Organic sales up 12%*

Sales up 11%
- Commercial OEM up 35%
- Military up 16%
- Commercial aftermarket up 1%

Adjusted operating profit* up 8%
- Higher military volume
- Favorable commercial aftermarket content/mix
- Commercial OE flat on higher volume
- Higher E&D investment

Wizz Air accepts the first of 110+ Airbus A321neo Aircraft, powered by Pratt & Whitney.

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

1Q 2019 Segment Highlights

Collins Aerospace

($ millions)

	Reported	Adjusted*	YOY Var.*
Sales	6,513	6,513	71%
Operating profit	856	1,101	79%
ROS	13.1%	16.9%	0.8 pts

Organic sales up 10%*

Pro-forma sales up 10%*
- Commercial OEM up low double digits
- Commercial aftermarket up low double digits
- Military up high single digit

Adjusted operating profit* up 79%
- Contribution from Rockwell Collins
- Drop through on organic volume

When the U.S. Air Force flies its new advanced pilot trainer from Boeing and Saab, it will be equipped with an ACES 5® ejection seat from Collins Aerospace. ACES 5 offers passive head and neck protection, arm and leg flail prevention, and a load-compensating catapult rocket that varies its thrust based on the occupant's weight. In addition to ACES 5, Collins Aerospace will supply the aircraft's fully integrated landing gear system, including structure, actuation, dressings, hydraulics, and wheels and brakes.

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

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.

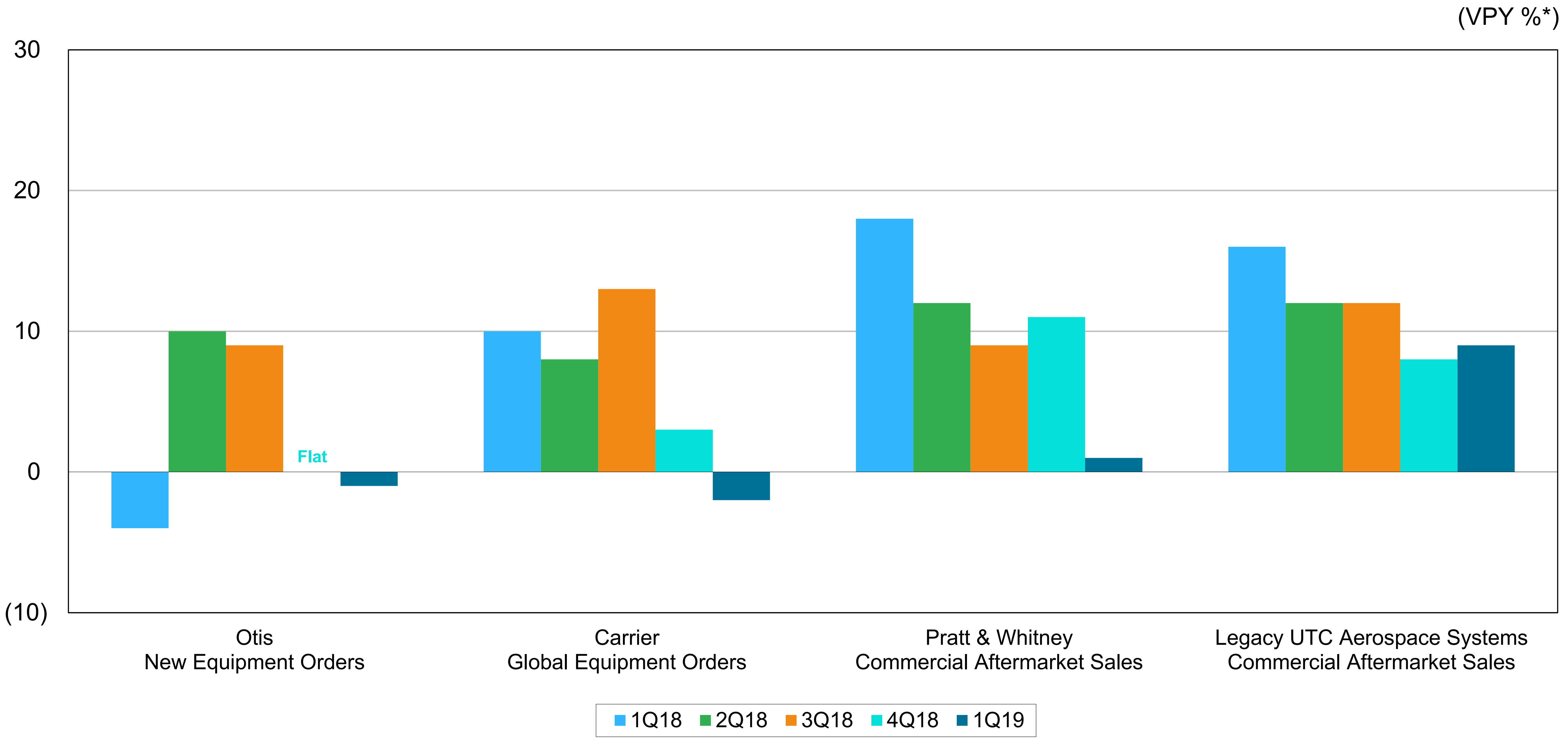
Adjusted net sales, organic sales, adjusted operating profit, adjusted net income, adjusted earnings per share (“EPS”), and the adjusted effective tax rate are non-GAAP financial measures. Adjusted net sales represents consolidated net sales from continuing operations (a GAAP measure), excluding significant 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. 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.

Key Market Trends



*% 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	1Q 19
Americas	8%
EMEA	(2%)
Asia	4%
Total Otis	**3%**

*% VPY for Otis at constant currency and on a reported basis.

1Q 2019 Financial Data

(% VPY*)

Commercial Sales

Otis	Americas	EMEA	Asia	Total
New equipment	up low double digit	up mid single digit	up mid teens	up low double digit
Service	up mid single digit	up low single digit	up high single digit	up mid single digit

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

Aerospace Sales

Pratt & Whitney	
Commercial aero OEM	up ~35%
Commercial aero aftermarket	up slightly
Military	up mid teens

Legacy UTC Aerospace Systems	
Commercial aero OEM	up low teens
Commercial aero aftermarket	up high single digit
Military	up high single digit

*% VPY for Otis at constant currency. % VPY for Carrier and Legacy UTC Aerospace Systems sales are on an organic basis. % VPY for Pratt adjusted to exclude other significant items.

1Q 2019 Sales Reconciliation

	Total Growth	Organic	FX	Net Acquisitions	Other
Otis	2%	7%	(5%)	0%	0%
Carrier	(1%)	3%	(3%)	(1%)	0%
Pratt & Whitney	11%	12%	(1%)	0%	0%
Collins Aerospace	71%	10%	0%	61%	0%
Total UTC*	**20%**	**8%**	**(3%)**	**15%**	**0%**

*Reflects consolidated net sales.

Selected Metrics

Pratt & Whitney engine shipments to customers

	2018					2019
	Q1	Q2	Q3	Q4	FY	Q1
Military	25	43	36	47	151	39
Large commercial*	124	210	198	247	779	189
Pratt & Whitney Canada**	503	492	546	641	2,182	524

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

Segment Data – GAAP

UNITED TECHNOLOGIES CORPORATION
SEGMENT DATA - Reported

($ Millions except per share amounts)	2019 1st Qtr.	2018 1st Qtr.	2018 2nd Qtr.	2018 3rd Qtr.	2018 4th Qtr.	2018 Total
Otis						
Net Sales	3,096	3,037	3,344	3,223	3,300	12,904
Operating Profit (a)	426	450	488	486	491	1,915
Operating Profit %	13.8%	14.8%	14.6%	15.1%	14.9%	14.8%
Carrier						
Net Sales	4,323	4,376	5,035	4,880	4,631	18,922
Operating Profit (a),(e),(u)	529	592	1,645	844	696	3,777
Operating Profit %	12.2%	13.5%	32.7%	17.3%	15.0%	20.0%
Pratt & Whitney						
Net Sales (o)	4,817	4,329	4,736	4,789	5,543	19,397
Operating Profit (a),(l)	433	413	397	109	350	1,269
Operating Profit %	9.0%	9.5%	8.4%	2.3%	6.3%	6.5%
Collins Aerospace Systems						
Net Sales	6,513	3,817	3,962	3,955	4,900	16,634
Operating Profit (a),(f),(o),(y),(z)	856	588	569	610	536	2,303
Operating Profit %	13.1%	15.4%	14.4%	15.4%	10.9%	13.8%
Total Segments						
Net Sales	18,749	15,559	17,077	16,847	18,374	67,857
Operating Profit	2,244	2,043	3,099	2,049	2,073	9,264
Operating Profit %	12.0%	13.1%	18.1%	12.2%	11.3%	13.7%
Corporate, Eliminations, and Other						
Net Sales:						
Other	(384)	(317)	(372)	(337)	(330)	(1,356)
Operating Profit:						
General corporate expenses (a)	(98)	(104)	(126)	(109)	(136)	(475)
Eliminations and other (a),(b),(d),(h),(i),(k),(n),(p),(q),(r),(x),(aa)	(101)	(11)	(97)	(102)	(26)	(236)
Consolidated						
Net Sales	18,365	15,242	16,705	16,510	18,044	66,501
Operating Profit	2,045	1,928	2,876	1,838	1,911	8,553
Operating Profit %	11.1%	12.6%	17.2%	11.1%	10.6%	12.9%
Non-service pension (benefit) cost	(208)	(191)	(192)	(188)	(194)	(765)
Interest expense, net (j),(s),(t)	431	229	234	258	317	1,038
Income from operations before income taxes	1,822	1,890	2,834	1,768	1,788	8,280
Income tax expense (c),(g),(m),(u),(v)	(397)	(522)	(695)	(419)	(990)	(2,626)
Effective Tax Rate	21.8%	27.6%	24.5%	23.7%	55.3%	31.7%
Income from operations	1,425	1,368	2,139	1,349	798	5,654
Net income	1,425	1,368	2,139	1,349	798	5,654
Less: Noncontrolling interest in subsidiaries' earnings (w)	(79)	(71)	(91)	(111)	(112)	(385)
Net income attributable to common shareowners	**1,346**	**1,297**	**2,048**	**1,238**	**686**	**5,269**
Net income attributable to common shareowners:						
Income from operations	1,346	1,297	2,048	1,238	686	5,269

	1st Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2018 Total YTD
Operations						
Earnings per share - basic	1.58	1.64	2.59	1.56	0.83	6.58
Earnings per share - diluted	1.56	1.62	2.56	1.54	0.83	6.50
Total EPS attributable to common shareowners						
Total basic earnings per share	1.58	1.64	2.59	1.56	0.83	6.58
Total diluted earnings per share	1.56	1.62	2.56	1.54	0.83	6.50
Weighted average number of shares outstanding (millions)						
Basic shares	853.2	789.9	790.5	791.3	822.7	800.4
Diluted shares	860.7	800.4	799.6	801.8	831.4	810.1

	Q1	Q1	Q2	Q3	Q4	Total YTD
Effective Tax Rate - ops	21.8%	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	Q1	Q2	Q3	Q4	Total
Operating Profit:						
Otis	(25)	(26)	(23)	(3)	(19)	(71)
Carrier	(33)	(14)	(21)	(17)	(28)	(80)
Pratt & Whitney	(14)	-	(3)	-	10	7
Collins Aerospace Systems	(39)	(27)	(33)	(17)	(83)	(160)
Total Segments operating profit	(111)	(67)	(80)	(37)	(120)	(304)
General corporate expenses	(1)	(2)	(2)	-	(1)	(5)
Eliminations and other	-	-	-	-	-	-
Total consolidated operating profit	(112)	(69)	(82)	(37)	(121)	(309)
Non-service pension costs			2			2
Total UTC Net Income	(112)	(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 UTC Climate, Controls & Security.
(f) Q2 2018 Approximately $48 million of unfavorable charges associated with asset impairment at UTC 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 UTC Climate, Controls & Security.
(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.

Segment Data – Adjusted

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

	2019	2018				
	Ex Rest & Significant non-recurring and non-operational items	Ex Rest & Significant non-recurring and non-operational items				
	1st Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	2018 Total
Otis						
Net Sales	3,096	3,037	3,344	3,223	3,300	12,904
Operating Profit (a)	451	476	511	489	510	1,986
Operating Profit %	14.6%	15.7%	15.3%	15.2%	15.5%	15.4%
Carrier						
Net Sales	4,323	4,376	5,035	4,880	4,631	18,922
Operating Profit (a),(e),(u)	562	606	871	857	724	3,058
Operating Profit %	13.0%	13.8%	17.3%	17.6%	15.6%	16.2%
Pratt & Whitney						
Net Sales (o)	4,817	4,329	4,736	4,789	5,543	19,397
Operating Profit (a),(l)	447	413	400	409	340	1,562
Operating Profit %	9.3%	9.5%	8.4%	8.5%	6.1%	8.1%
Collins Aerospace Systems						
Net Sales	6,513	3,817	3,962	3,955	4,900	16,634
Operating Profit (a),(f),(o),(y),(z)	1,101	615	650	627	721	2,613
Operating Profit %	16.9%	16.1%	16.4%	15.9%	14.7%	15.7%
Total Segments						
Net Sales	18,749	15,559	17,077	16,847	18,374	67,857
Operating Profit	2,561	2,110	2,432	2,382	2,295	9,219
Operating Profit %	13.7%	13.6%	14.2%	14.1%	12.5%	13.6%
Corporate, Eliminations, and Other						
Net Sales:						
Other	(384)	(317)	(372)	(337)	(330)	(1,356)
Operating Profit:						
General corporate expenses (a)	(97)	(102)	(124)	(109)	(135)	(470)
Eliminations and other (a),(b),(d),(h),(i),(k),(n),(p),(q),(r),(x),(aa)	(37)	19	(77)	(58)	15	(101)
Consolidated						
Net Sales	18,365	15,242	16,705	16,510	18,044	66,501
Operating Profit	2,427	2,027	2,231	2,215	2,175	8,648
Operating Profit %	13.2%	13.3%	13.4%	13.4%	12.1%	13.0%
Non-service pension (benefit) cost	(208)	(191)	(190)	(188)	(194)	(763)
Interest expense, net (j),(s),(t)	431	229	234	236	297	(362)
Income from operations before income taxes	2,204	1,989	2,187	2,167	2,072	9,774
Income tax expense (c),(g),(m),(u),(v)	(478)	(497)	(520)	(509)	(332)	(1,858)
Effective Tax Rate	21.7%	25.0%	23.8%	23.5%	15.9%	19.0%
Income from operations	1,726	1,492	1,667	1,658	1,740	6,557
Income (loss) from discontinued operations	-	-	-	-	-	-
Net income	1,726	1,492	1,667	1,658	1,740	6,557
Less: Noncontrolling interest in subsidiaries' earnings (hh)	(79)	(71)	(91)	(111)	(119)	(392)
Net income attributable to common shareowners	1,647	1,421	1,576	1,547	1,621	6,165
Net income attributable to common shareowners:						
From operations	1,647	1,421	1,576	1,547	1,621	6,165
From discontinued operations	-	-	-	-	-	-

EPS Reconciliation

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

(dollars in millions except per share amounts)	2019	2018				
	Q1	Q1	Q2	Q3	Q4	Total
Diluted earnings per share - Net income from reported operations attributable to common shareowners (GAAP)	$ 1.56	$ 1.62	$ 2.56	$ 1.54	$ 0.83	$ 6.50
Net income attributable to common shareowners	$ 1,346	$ 1,297	$ 2,048	$ 1,238	$ 686	$ 5,269
Adjustments to net income from operations attributable to common shareowners:						
Restructuring costs	(112)	(69)	(80)	(37)	(121)	(307)
Collins Transaction & Integration costs	(9)	(30)	(20)	(21)	(47)	(118)
Carrier - Taylor Divestiture	-	-	795	4	-	799
Asset Impairment/Subsequent loss on sale	(25)	-	(48)	-	-	(48)
Costs associated with the Company's intention to separate its commercial businesses	(55)	-	-	(23)	(4)	(27)
Transaction expenses associated with a potential disposition	-	-	-	-	(11)	(11)
Charge resulting from customer contract matters	-	-	-	(300)	-	(300)
Amortization of Rockwell Collins inventory fair value adjustment	(181)	-	-	-	(102)	(102)
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 interest expense, net	-	-	-	(22)	(20)	(42)
Income tax benefit on restructuring costs and significant non-recurring and non-operational items	81	19	(173)	96	63	5
U.S Tax Reform Legislation	-	(44)	(2)	(6)	(692)	(744)
Unfavorable tax adjustment resulting from the Company's announcement of its intention to separate its commercial businesses	-	-	-	-	(29)	(29)
Other significant non-recurring and non-operational gains (charges) recorded within Noncontrolling interest	-	-	-	-	7	7
Total adjustments to net income from operations attributable to common shareowners	(301)	(124)	472	(309)	(935)	(896)
Adjusted net income from operations attributable to common shareowners	$ 1,647	$ 1,421	$ 1,576	$ 1,547	$ 1,621	$ 6,165
Less: Impact of total adjustments on diluted earnings per share	$ (0.35)	$ (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	$ 1.77	$ 1.97	$ 1.93	$ 1.95	$ 7.61
Effective Tax Rate	21.8%	27.6%	24.5%	23.7%	55.3%	31.7%
Less: Impact on effective tax rate	-0.1%	-2.6%	-0.7%	-0.2%	-39.4%	-9.6%
Adjusted effective tax rate	21.7%	25.0%	23.8%	23.5%	15.9%	22.1%

Collins Aerospace Pro Forma Reconciliation

($ millions)

	1Q 18	1Q 19	VPY%
Segment sales – as reported	3,817		
Net acquisitions – pro forma*	2,078		
Segment sales – pro forma*	5,895	6,513	10%

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

Key Data

($ millions)

	1Q 19	1Q 18
Free cash flow	1,137	116
Debt/capital*	52%	46%
Net debt/capital*	48%	38%
Capital expenditures	363	337
Share repurchase	29	25
Acquisitions**	19	125

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

1Q 2019 Free Cash Flow Reconciliation

($ millions)

	1Q	
	2019	2018
Net income attributable to common shareowners from continuing operations	1,346	1,297
Depreciation & amortization	942	581
Change in working capital	(445)	(972)
Other	(343)	(453)
Cash flow from operations	1,500	453
Capital expenditures	(363)	(337)
Free cash flow	1,137	116
Free cash flow as a % of net income attributable to common shareowners from continuing operations	84%	9%