



**United  
Technologies**



**Collins Aerospace**  
A United Technologies Company



**Pratt & Whitney**  
A United Technologies Company

**Raytheon**

# United Technologies Aerospace Businesses and Raytheon to Combine in Merger of Equals

Creates Premier Aerospace & Defense Systems Provider

# Forward-Looking Statements

**Note:** All results and expectations in the 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 Raytheon Company’s and United Technologies’ respective 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 proposed merger or the spin-offs by United Technologies of Otis and Carrier into separate independent companies (the “separation transactions”), including estimated synergies and customer cost savings resulting from the proposed merger, 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 United Technologies and Raytheon Company 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 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 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, including in connection with the proposed merger; (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 United Technologies, Raytheon Company 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 United Technologies, Raytheon Company 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 United Technologies’ and/or Raytheon Company’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 approvals of United Technologies’ shareowners and Raytheon Company’s shareholders 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 one or both of the parties to terminate the merger agreement; (20) risks relating to the value of the United Technologies’ shares to be issued in the proposed merger, significant transaction costs and/or unknown liabilities; (21) the possibility that the anticipated benefits from the proposed merger 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 United Technologies’ and Raytheon Company’s operations will be greater than expected; (24) risks relating to completed merger, acquisition and divestiture activity, including United Technologies’ 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 Raytheon Company, United Technologies, 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 United Technologies and United Technologies’ 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 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 United Technologies’ estimates; and (31) the impact of the proposed merger and the separation transactions on the respective businesses of Raytheon Company and United Technologies and the risk that the separation transactions may be more difficult, time-consuming or costly than expected, including the impact on United Technologies’ 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 reports of United Technologies and Raytheon Company 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 United Technologies and Raytheon Company 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.

# Today's Presenters



**Gregory J. Hayes**  
Chairman & CEO



**Akhil Johri**  
EVP & CFO



**Thomas A. Kennedy**  
Chairman & CEO



**Anthony F. O'Brien**  
VP & CFO

# Merger Creates Premier A&D Systems Provider



Leader in aircraft engines and aerospace systems for commercial and defense customers

## Raytheon

Leader in defense electronics, mission systems, C5I™ products and services, sensing, effects and mission support

Industry Leading A&D Provider of High Technology Systems and Products with Diversification Across Commercial Aerospace and Defense

**~\$74B**

Sales<sup>1,2</sup>

**~\$13.5B**

EBITDA<sup>1,3</sup>

**'A' category**

Target Credit Rating

**~\$18 – \$20B**

3-Yr Return of Capital<sup>4</sup>

**Leading diversified A&D company with enhanced technological capabilities, financial strength, robust cash generation and flexibility to address full range of customer priorities**

1. Pro forma 2019 estimates based on current outlook provided by each company; excludes Otis and Carrier
2. Net of intercompany eliminations
3. Excludes non-operating pension income/(expense)
4. Expected cumulative sum of share repurchase and dividends in first 36 months following close

# Transaction Overview

## Anticipated Transaction Structure

- All-stock merger of equals following the separation of Otis and Carrier by United Technologies; anticipate tax-free transaction for U.S. federal income tax purposes
- Raytheon shareowners will receive 2.3348 shares in Raytheon Technologies Corporation for each share of Raytheon
- United Technologies shareowners to own ~57% and Raytheon shareowners to own ~43% of combined company
- Net debt for the combined company at closing expected to be ~\$26B with United Technologies expected to contribute ~\$24B

## Company Name & Headquarters

- Combined company to be renamed Raytheon Technologies Corporation
- NYSE listing with ticker RTX
- Headquartered in greater Boston metro area

## Leadership & Governance

- Executive Chairman: Tom Kennedy for two years following completion of merger
- Chief Executive Officer: Greg Hayes; Hayes assumes Chairman and CEO role two years following completion of merger
- Board of Directors: 15 total directors; 8 from United Technologies and 7 from Raytheon; lead director from Raytheon

## Financials & Synergies

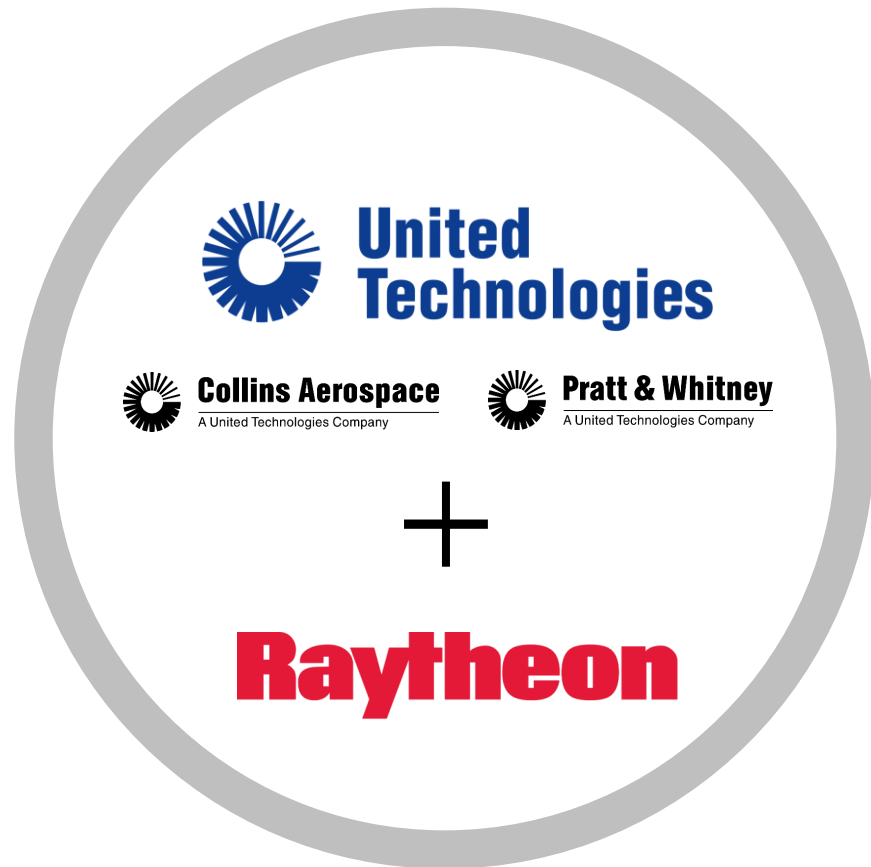
- Double-digit free cash flow growth with expectation of ~\$8B in pro forma free cash flow by 2021
- ~\$1B+ in gross annual cost synergies by year 4
- Strong balance sheet, expect to return ~\$18 – \$20B of capital to shareowners in first 36 months following completion of merger<sup>1</sup>

## Timing & Closing Requirements

- Transaction unanimously approved by United Technologies and Raytheon Boards of Directors
- Expected closing in 1H 2020 (following separation of Otis and Carrier from United Technologies)
- Subject to customary conditions, including regulatory approvals and approvals of United Technologies and Raytheon shareowners<sup>2</sup>

1. Expected cumulative sum of share repurchase and dividends in first 36 months following completion of merger  
2. United Technologies and Raytheon merger of equals conditioned on separation of Otis and Carrier businesses

# Strategic Rationale



Creates a premier systems provider positioned to define the future of A&D

Highly complementary technology offerings and world-class engineering teams

Balanced and diversified A&D portfolio that is resilient across business cycles

Ability to deliver enhanced value to customers through cost-effective solutions

\$1B+ gross cost synergies with additional technology-driven revenue synergies

Attractive financial profile with strong cash flow generation and balance sheet

# Leader in High Technology A&D Segments

Pro Forma 2019E<sup>1</sup>

## RAYTHEON TECHNOLOGIES



**Pratt & Whitney**  
Sales: ~\$21B



UTC, Pratt & Whitney

**Collins Aerospace**  
Sales: ~\$22B



UTC, Collins Aerospace

**Intelligence, Space & Airborne Systems<sup>2</sup>**  
Sales: ~\$18B



- Raytheon, Space and Airborne Systems
- Raytheon, Intelligence, Information & Services
- UTC, Mission Systems
- Raytheon, Forcepoint

**Integrated Defense & Missile Systems**  
Sales: ~\$16B

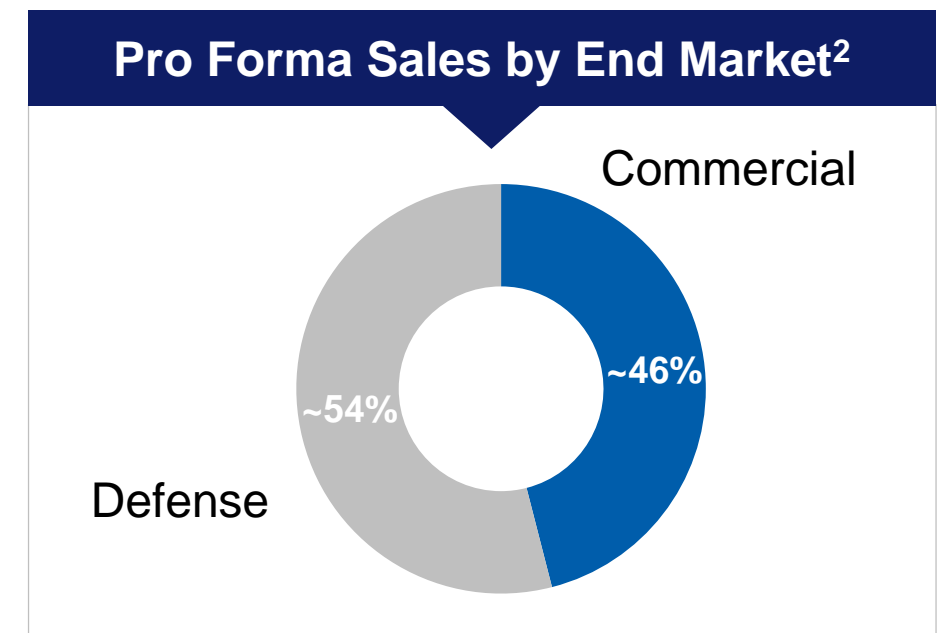
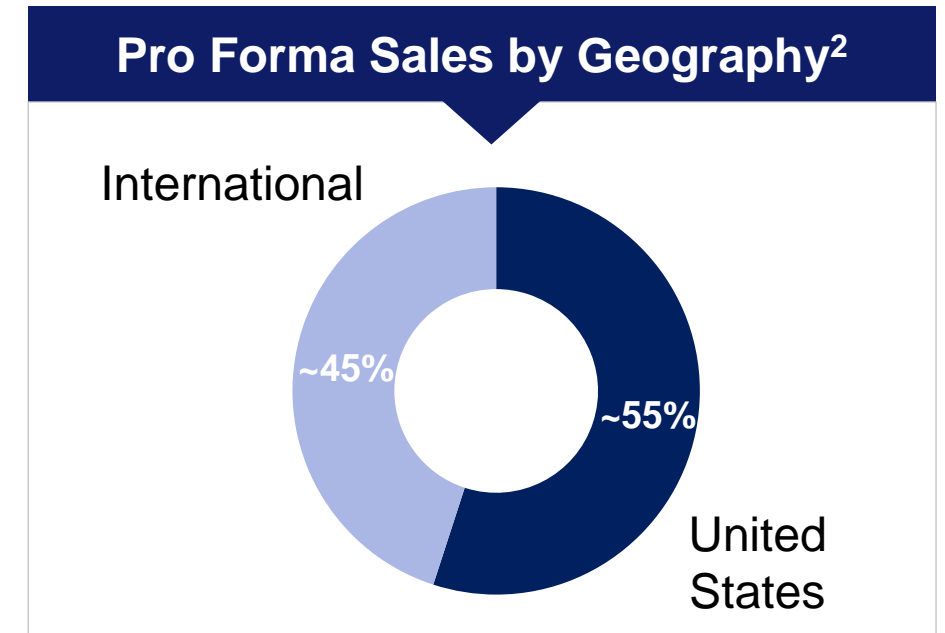
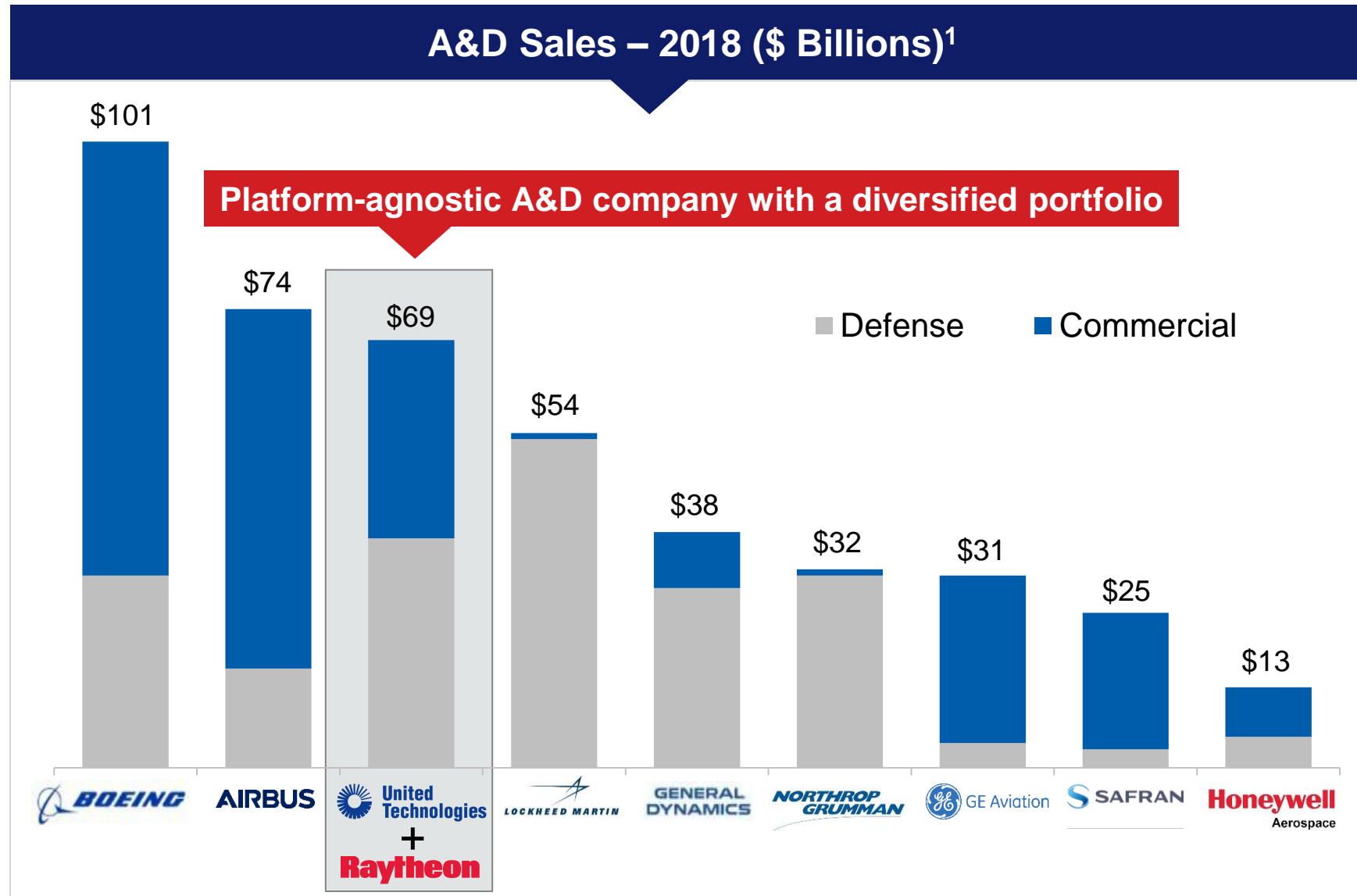


- Raytheon, Missile Systems
- Raytheon, Integrated Defense Systems

Technology solutions addressing the most challenging customer requirements in high-growth segments of the Aerospace & Defense industry

1. Sales shown are prior to intercompany eliminations  
2. Intelligence, Space & Airborne Systems segment expected to include United Technologies (Collins Aerospace) Mission Systems business

# Balanced Across Aerospace & Defense Segments

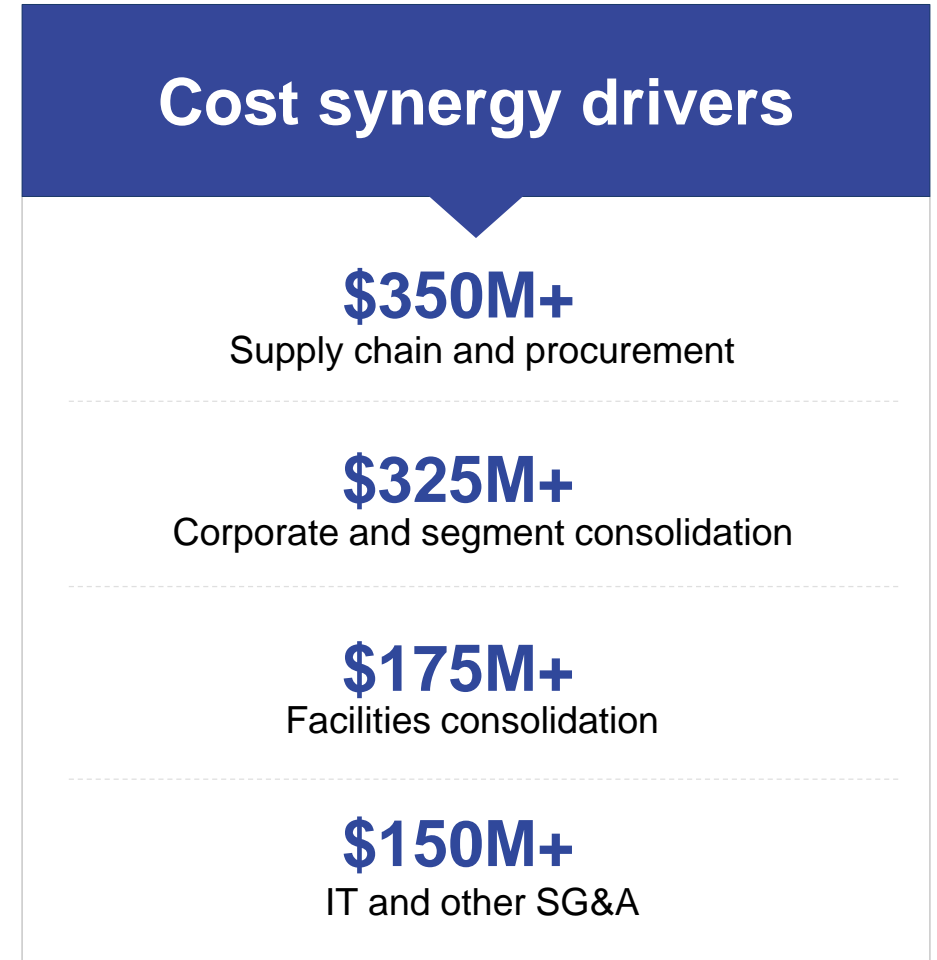
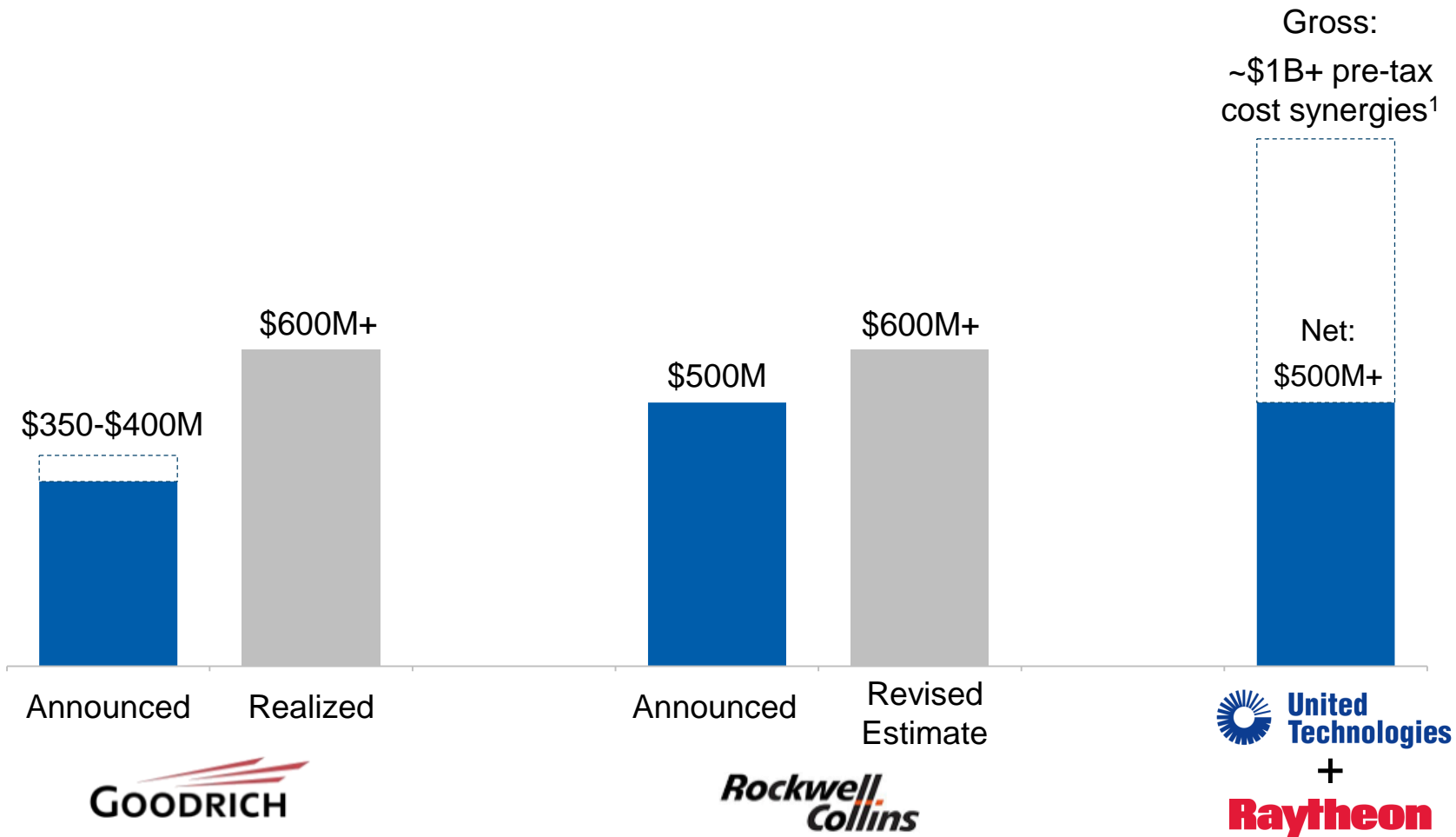


1. 2018 pro forma A&D sales net of intercompany eliminations for United Technologies and Raytheon, including Rockwell Collins. Airbus Helicopters are split between commercial (51%) and defense (49%) as reported in Airbus 2018 annual investor presentation and financials converted to USD at EURUSD rate of 1.14. General Dynamics pro forma for CSRA acquisition. Northrop Grumman pro forma for Orbital ATK. Safran pro forma for Zodiac with USD at EURUSD rate of 1.14.

2. Pro forma 2019. Excludes Otis and Carrier



# Value Creation Through Cost Synergies



Track record of synergy realization; \$1B+ in gross annual cost synergies, with additional revenue synergies realized through key technologies and capabilities

1. Approximately \$600M net one-time cost, subject to USG recoverability, to achieve \$500M+ in net annual cost synergies

# Robust Free Cash Flow Generation

## Accelerating Free Cash Flow<sup>1</sup>

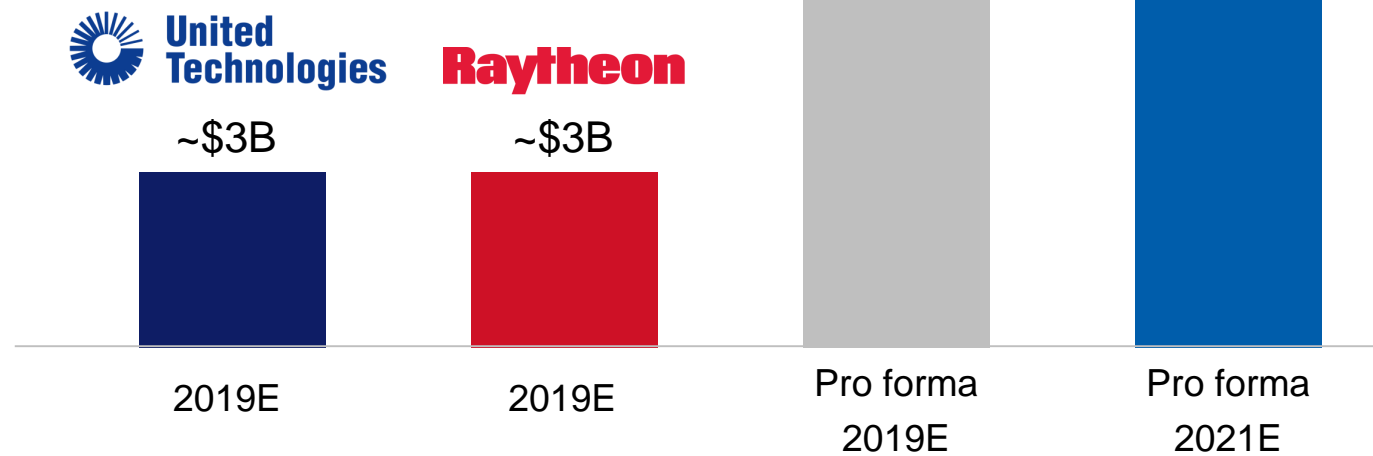
### Double-digit free cash flow growth driven by:

Organic growth

Working capital efficiencies

CAPEX investment cycle moderation

Cost synergies



## Capital Deployment Strategy

- **Balance Sheet:**  
Expected net debt of ~\$26B
- **Credit Rating:**  
Target 'A' category credit rating
- **Investment:**  
Flexibility to invest in R&D and CAPEX through cycles to sustain innovation and growth
- **Share repurchase & dividends:**  
Expect to return ~\$18 – \$20B of capital to shareowners in first 36 months following completion of the merger
- **M&A:**  
Small scale – in the core and for the right value

**Strong free cash flow growth supports investment and return of ~\$18 – \$20B in capital to shareowners through share repurchase and dividends in first 36 months following close**

1. Excludes Otis and Carrier and one-time costs associated with United Technologies portfolio separation. 2019 pro forma excludes synergies and transaction related items

# Existing Capabilities Are Highly Complementary

Representative capabilities brought to combination



Avionics

Commercial Propulsion Systems

Power Generation

Cyber Protection

Air Traffic Management

Autonomy, Artificial Intelligence (AI) & Machine Learning

Electro-Optical Intelligence, Surveillance & Reconnaissance (ISR)

Military Propulsion Systems

Resilient Positioning, Navigation, Timing (PNT) & Communications

Radar, Sensors & Electronic Warfare

Missiles and Air & Missile Defense

System-of-Systems Integration

# R&D Investment Supports Future Revenue Synergies

**Raytheon Technologies<sup>1</sup>**

2019 R&D<sup>2</sup>

**~\$8B**

R&D Centers of Excellence

**7**

Engineers

**~60,000**

Patents

**~38,000**

Hypersonics / Future Missile Systems



Directed Energy Weapons



ISR in Contested Environments



Cyber Protection for Connected Aircraft



Next Generation Connected Airspace



Advanced Analytics & AI for Aviation



■ Defense priority

■ Commercial aerospace priority

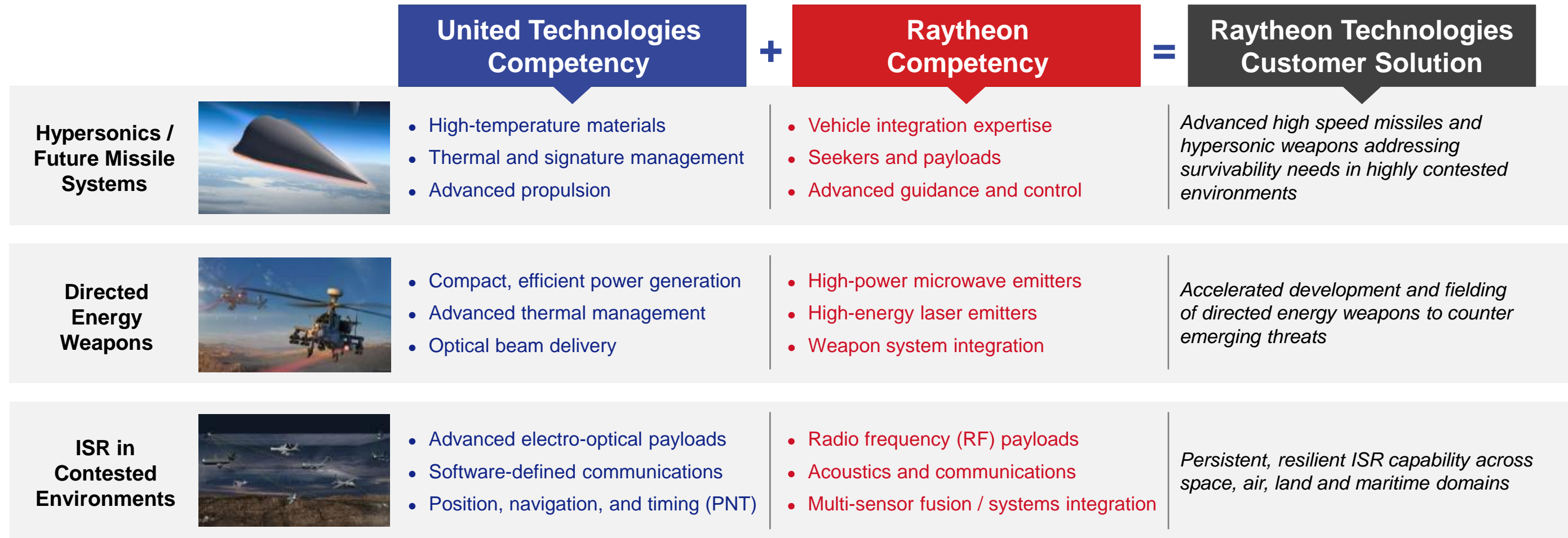
Industry-leading innovation

Focused on customer priorities and cost reduction

Enhanced customer solutions

# Synergy Areas Aligned with Customer Needs

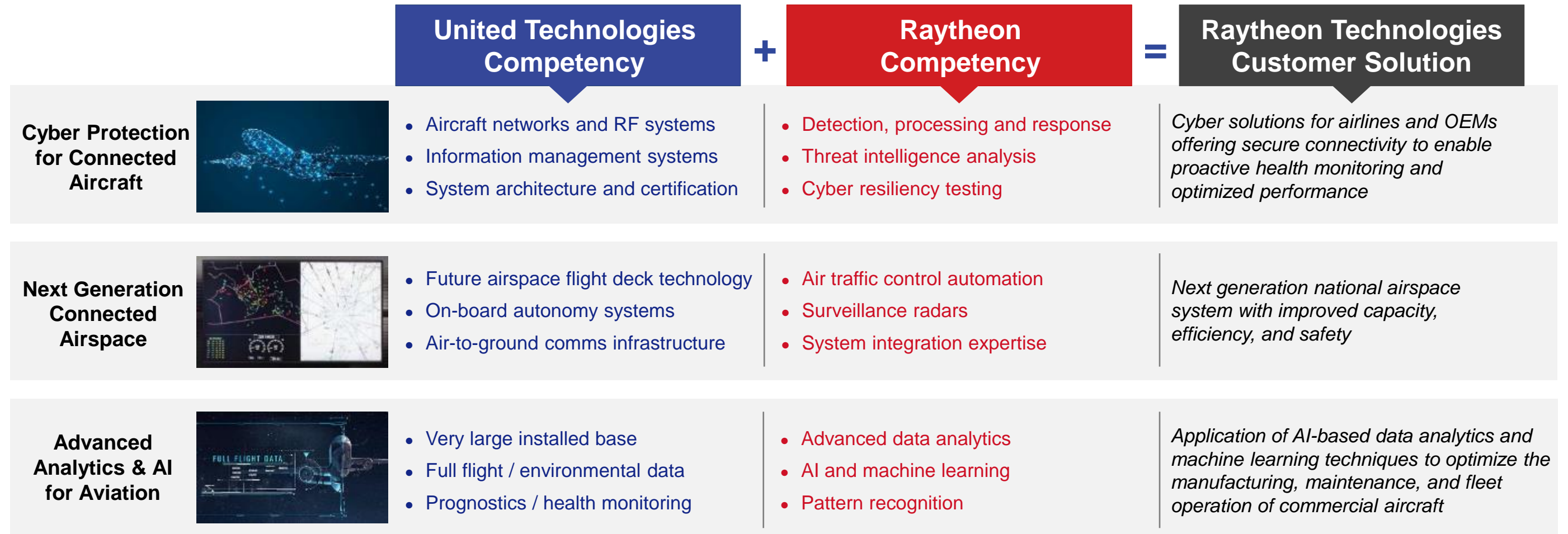
Defense priority areas



Technology combination addresses highest priority Defense customer requirements

# Synergy Areas Aligned with Customer Needs

Commercial aerospace priority areas



Combined capabilities support optimization of increasingly connected and intelligent commercial aerospace systems

# Combination Benefits All Stakeholders



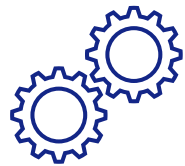
## Customers

- Greater capabilities and financial resources to address customer priorities
- Shared R&D and enhanced technology content delivers increased value
- Expect ~\$500M of cost synergy savings to be returned to customers



## Employees

- Stronger combined company with greater R&D and focus on high-growth markets
- More opportunities to build a career within the A&D industry
- Strong commitment to lifelong learning and development



## Industry

- Combined innovation teams to surpass current state of the art
- Improved positioning to address emerging industry requirements
- Technology combination expands opportunities across the supply chain



## Communities

- Combined company to see enhanced long-term growth opportunities
- Continued presence in existing locations
- Commitment to ongoing investment in local communities

# Benefits for Shareowners

## Scope & Stability

- Balanced and diversified A&D company with ability to invest through business cycles
- Platform-agnostic systems provider, less reliant on any individual programs or customers
- Significantly increased addressable market for combined company

## Attractive Financial Profile

- Technology sharing offers significant growth opportunities
- Significant annual cost synergies with minimal integration risk
- Earnings growth and margin expansion opportunity through reduced costs

## Balance Sheet Strength

- Strong balance sheet and credit rating profile with robust cash flow generation
- Flexibility to increase return of capital alongside growth-focused investments

## Management & Governance

- Strong cultural fit and DNA of innovation and customer focus at both companies
- Experienced management team with proven track record of integration
- Unique perspectives and complementary capabilities from both companies' Boards







# Appendix

# Pro Forma Financial Profile

Pro Forma 2019E<sup>1,2</sup>

	 <b>United Technologies</b>	<b>Raytheon</b>	 <b>United Technologies + Raytheon</b>
<b>Sales<sup>3</sup></b>	~\$44.7B	~\$28.9B	~\$73.6B
<b>Operating Profit<sup>4</sup></b>	~\$5.8B	~\$3.5B	~\$9.3B
<b>Operating Margins<sup>4</sup></b>	~12.9%	~12.2%	~12.6%
<b>EBITDA<sup>5</sup></b>	~\$8.0B	~\$5.4B	~\$13.5B
<b>Free Cash Flow<sup>6</sup></b>	~\$3.2B	~\$2.8B	~\$6.0B
<b>Net Debt</b>	~\$24B	~\$2B	~\$26B

1. Pro forma 2019 estimates based on current outlook provided by each company; excludes Otis and Carrier
2. Figures exclude pro forma synergies
3. Net of intercompany sales eliminations
4. Reflects business segment operating profit and margins net of eliminations
5. Excludes non-operating pension income/(expense)
6. Excludes one-time costs associated with United Technologies portfolio separation

# History of World-Class Technology & Innovation

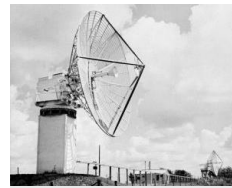
United Technologies



Pioneered the radial air-cooled engine design enabling unprecedented power-to-weight ratio



First 10,000 lbf thrust engine in the US; powered the B-52



First photo ever transmitted via satellite



V2500 selected to power A320 family



P&W develops the Geared Turbofan



First airborne radio on Goodyear airship Enterprise



Developed J58 for SR-71; a world speed record holder



World's first GPS satellite signal received



First global aviation data communications network



Named "Innovator of the Year" for introducing touch screen flight displays

1920

1940

1960

1980

2000

2020

Raytheon

First Raytheon product: gaseous (helium) rectifier for electron tubes



Produced the first sea going microwave surface search radar for Navy ships



First missile-mounted guidance system capable of intercepting moving objects



First working laser



Launched ARPANET, precursor to the Internet; first email system



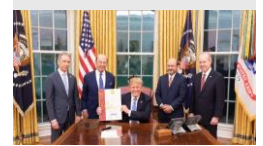
Patriot achieves first-ever ballistic missile intercept in combat during Desert Storm



Standard Missile-3 intercepts a failed satellite in space



Raytheon receives the 10 millionth U.S. Patent in history



Raytheon engineer Percy Spencer invents the microwave oven



Raytheon technology contributes to Apollo 11 moon mission success



Raytheon VIIRS technology produces highest resolution composite Earth image

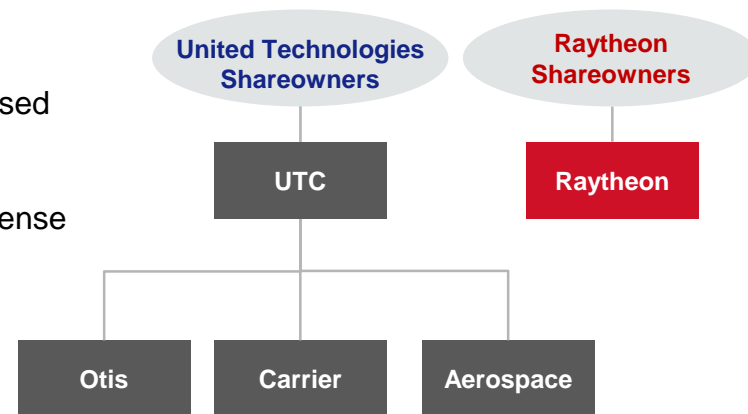


# Transaction Structure Overview

## Proposed Transaction

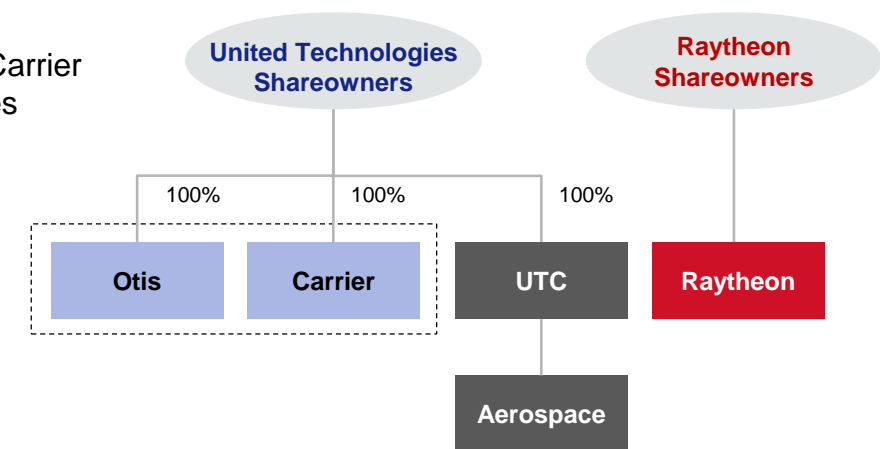
### Today

- Separate public companies
- United Technologies focused on aerospace and other industrial markets
  - Raytheon focused on defense



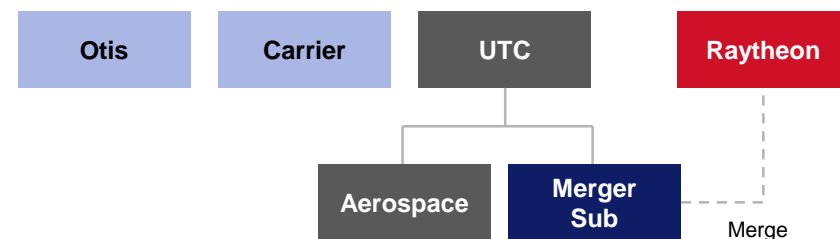
### Step 1

- Separation of Otis and Carrier from United Technologies



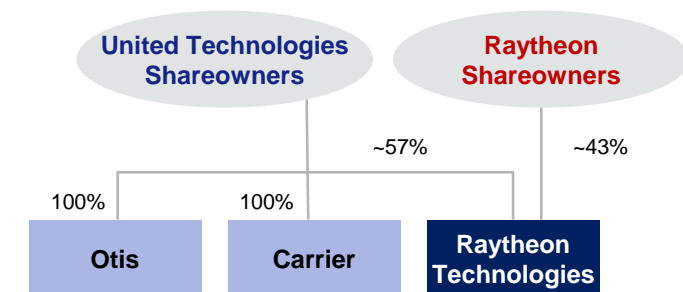
### Step 2

- Merger of Raytheon with UTC Subsidiary<sup>1</sup>



### Future

- Separate public companies
- Otis focused on elevators / escalators
  - Carrier focused on HVAC
  - Raytheon Technologies focused on aerospace and defense



1. United Technologies and Raytheon merger of equals conditioned on separation of Otis and Carrier businesses

# Important Information about the Proposed Transaction

## Additional Information

In connection with the proposed merger, United Technologies will file a registration statement on Form S-4, which will include a document that serves as a prospectus of United Technologies and a joint proxy statement of United Technologies and Raytheon Company (the “joint proxy statement/prospectus”), and each party will file other documents regarding the proposed merger with the SEC. In addition, in connection with the separation transactions, subsidiaries of United Technologies will file registration statements on Form 10 or S-1. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. A definitive joint proxy statement/prospectus will be sent to United Technologies’ shareowners and Raytheon Company’s shareholders. Investors and security holders will be able to obtain the registration statements and the joint proxy statement/prospectus free of charge from the SEC’s website or from United Technologies or Raytheon Company. The documents filed by United Technologies with the SEC may be obtained free of charge at United Technologies’ website at [www.utc.com](http://www.utc.com) or at the SEC’s website at [www.sec.gov](http://www.sec.gov). These documents may also be obtained free of charge from United Technologies 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](mailto:corpsec@corphq.utc.com). The documents filed by Raytheon Company with the SEC may be obtained free of charge at Raytheon Company’s website at [www.raytheon.com](http://www.raytheon.com) or at the SEC’s website at [www.sec.gov](http://www.sec.gov). These documents may also be obtained free of charge from Raytheon Company by requesting them by mail at Raytheon Company, Investor Relations, 870 Winter Street, Waltham, MA, 02541, by telephone at 1-781-522-5123 or by email at [invest@raytheon.com](mailto:invest@raytheon.com).

## Participants in the Solicitation

United Technologies and Raytheon Company and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed merger. Information about United Technologies’ directors and executive officers is available in United Technologies’ proxy statement dated March 18, 2019, for its 2019 Annual Meeting of Shareowners. Information about Raytheon Company’s directors and executive officers is available in Raytheon Company’s proxy statement dated April 16, 2019, for its 2019 Annual Meeting of Shareholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the transaction when they become available. Investors should read the joint proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from United Technologies or Raytheon Company as indicated above.

## 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.



**United  
Technologies**

**Raytheon**

To Create  
**Raytheon Technologies**

A Landmark Transaction to Define the Future  
of Aerospace and Defense