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.

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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,” “plan,” “strategy,” “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 and uncertainties that may cause actual results to differ materially from those reflected 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, the effect of labor negotiations and other contract matters, our ability to secure satisfactory contract terms and prices, our ability to adjust our operations to the effects of the current uncertain global economic environment, including adverse economic conditions and the impact of any significant 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, 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 undetermined 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 contingent matters; (13) pension plan, other post-employment benefit and future benefits obligations; (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 operates; (16) the ability of Raytheon Company and its businesses to maintain their current ratings and the potential impact on their operations of any future downgrades, ratings watch or negative outlook; (17) the performance of the Raytheon Company’s share price and the 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 materially affect the combined company or the expected benefits of the transaction) and approvals of United Technologies’ shareholders and Raytheon Company’s shareholders that could materially affect the final terms of the proposed transaction; (19) the risk that the closing of the merger on a timely basis or at all; (20) the occurrence of events that may give rise to a right of one or both of the parties to terminate the merger agreement; (21) risks relating to the value of the United Technologies’ shares to be issued in the merger and the possibility that the value of the United Technologies’ shares to be issued in the merger may be adversely affected by the impact of financial market conditions, global economic, regulatory matters, or any inability to consummate the proposed transaction in a timely manner; and (22) the possibility that costs or difficulties related to the integration of United Technologies’ and Raytheon Company’s businesses may be greater than expected and the costs associated with the separation transactions may materially exceed the expected separation costs.}

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

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

~$74B
Sales$1,2

~$13.5B
EBITDA$1,3

‘A’ category
Target Credit Rating

~$18 – $20B
3-Yr Return of Capital$4

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

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

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

**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

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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 2019E¹

RAYTHEON TECHNOLOGIES

Pratt & Whitney
Sales: ~$21B

UTC, Pratt & Whitney

Collins Aerospace
Sales: ~$22B

UTC, Collins Aerospace

Intelligence, Space & Airborne Systems²
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
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.

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

Double-digit free cash flow growth driven by:
- Organic growth
- Working capital efficiencies
- CAPEX investment cycle moderation
- Cost synergies

<table>
<thead>
<tr>
<th>United Technologies</th>
<th>Raytheon</th>
<th>Pro forma 2019E</th>
<th>Pro forma 2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$3B</td>
<td>~$3B</td>
<td>~$6B</td>
<td>~$8B</td>
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2019E 2019E

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

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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

<table>
<thead>
<tr>
<th>Commercial Aerospace</th>
<th>Defense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avionics</td>
<td>Electro-Optical Intelligence, Surveillance &amp; Reconnaissance (ISR)</td>
</tr>
<tr>
<td>Commercial Propulsion Systems</td>
<td>Military Propulsion Systems</td>
</tr>
<tr>
<td>Power Generation</td>
<td>Resilient Positioning, Navigation, Timing (PNT) &amp; Communications</td>
</tr>
<tr>
<td>Cyber Protection</td>
<td>Radar, Sensors &amp; Electronic Warfare</td>
</tr>
<tr>
<td>Air Traffic Management</td>
<td>Missiles and Air &amp; Missile Defense</td>
</tr>
<tr>
<td>Autonomy, Artificial Intelligence (AI) &amp; Machine Learning</td>
<td>System-of-Systems Integration</td>
</tr>
</tbody>
</table>
# R&D Investment Supports Future Revenue Synergies

<table>
<thead>
<tr>
<th>Raytheon Technologies¹</th>
<th>2019 R&amp;D²</th>
<th>R&amp;D Centers of Excellence</th>
<th>Engineers</th>
<th>Patents</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$8B</td>
<td>7</td>
<td>~60,000</td>
<td>~38,000</td>
<td></td>
</tr>
</tbody>
</table>

- **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**

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1. Pro forma 2019 estimates. Excludes Otis and Carrier
2. R&D estimate includes company and customer funded R&D
## Synergy Areas Aligned with Customer Needs

### Defense priority areas

<table>
<thead>
<tr>
<th>United Technologies Competency</th>
<th>Raytheon Competency</th>
<th>Raytheon Technologies Customer Solution</th>
</tr>
</thead>
</table>
| Hypersonics / Future Missile Systems | - High-temperature materials  
- Thermal and signature management  
- Advanced propulsion | - Vehicle integration expertise  
- Seekers and payloads  
- Advanced guidance and control | Advanced high speed missiles and hypersonic weapons addressing survivability needs in highly contested environments |
| Directed Energy Weapons | - Compact, efficient power generation  
- Advanced thermal management  
- Optical beam delivery | - High-power microwave emitters  
- High-energy laser emitters  
- Weapon system integration | Accelerated development and fielding of directed energy weapons to counter emerging threats |
| ISR in Contested Environments | - Advanced electro-optical payloads  
- Software-defined communications  
- Position, navigation, and timing (PNT) | - Radio frequency (RF) payloads  
- Acoustics and communications  
- Multi-sensor fusion / systems integration | Persistent, resilient ISR capability across space, air, land and maritime domains |

Technology combination addresses highest priority Defense customer requirements
Synergy Areas Aligned with Customer Needs
Commerical Aerospace Priority Areas

**United Technologies Competency**
- Aircraft networks and RF systems
- Information management systems
- System architecture and certification

**Raytheon Competency**
- Detection, processing and response
- Threat intelligence analysis
- Cyber resiliency testing

**Raytheon Technologies Customer Solution**
- Cyber solutions for airlines and OEMs offering secure connectivity to enable proactive health monitoring and optimized performance

**Cyber Protection for Connected Aircraft**
- Future airspace flight deck technology
- On-board autonomy systems
- Air-to-ground comms infrastructure

**Next Generation Connected Airspace**
- Air traffic control automation
- Surveillance radars
- System integration expertise

**Advanced Analytics & AI for Aviation**
- Very large installed base
- Full flight / environmental data
- Prognostics / health monitoring

- Advanced data analytics
- AI and machine learning
- Pattern recognition

Application of AI-based data analytics and machine learning techniques to optimize the manufacturing, maintenance, and fleet operation of commercial aircraft

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\(^1,2\)

<table>
<thead>
<tr>
<th></th>
<th>United Technologies</th>
<th>Raytheon</th>
<th>United Technologies + Raytheon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong>(^3)</td>
<td>~$44.7B</td>
<td>~$28.9B</td>
<td>~$73.6B</td>
</tr>
<tr>
<td><strong>Operating Profit</strong>(^4)</td>
<td>~$5.8B</td>
<td>~$3.5B</td>
<td>~$9.3B</td>
</tr>
<tr>
<td><strong>Operating Margins</strong>(^4)</td>
<td>~12.9%</td>
<td>~12.2%</td>
<td>~12.6%</td>
</tr>
<tr>
<td><strong>EBITDA</strong>(^5)</td>
<td>~$8.0B</td>
<td>~$5.4B</td>
<td>~$13.5B</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong>(^6)</td>
<td>~$3.2B</td>
<td>~$2.8B</td>
<td>~$6.0B</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td>~$24B</td>
<td>~$2B</td>
<td>~$26B</td>
</tr>
</tbody>
</table>

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

- 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

- Raytheon receives the 10 millionth U.S. Patent in history
- Raytheon VIIRS technology produces highest resolution composite Earth image

- 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 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

- 1920 - 2020
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

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

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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’ shareholders 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 or at the SEC’s website at 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. The documents filed by Raytheon Company with the SEC may be obtained free of charge at Raytheon Company’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 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.

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.
To Create Raytheon Technologies

A Landmark Transaction to Define the Future of Aerospace and Defense