UNITED TECHNOLOGIES TO ACQUIRE ROCKWELL COLLINS FOR $30 BILLION

News / Finance, Manufacturer



Combination Creates Premier Aerospace Systems Supplier

- **Combined business will be well-positioned to meet rapidly evolving global customer demands**
- **Highly complementary to existing capabilities**
- **Enhances innovative systems capabilities and integrated digital product offerings, including avionics, flight controls and data services**
- **Expected to generate cost synergies in excess of $500 million**
- **Anticipate acquisition to be accretive to UTC adjusted earnings per share after first full year following closing**

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United Technologies Corp. ("UTC") and Rockwell Collins, Inc. ("Rockwell Collins") announced that they have reached a definitive agreement under which United Technologies will acquire Rockwell Collins for $140.00 per share, in cash and UTC stock.

Rockwell Collins is a leader in aviation and high-integrity solutions for commercial and military customers and is globally recognized for its leading-edge avionics, flight controls, aircraft interior and data connectivity solutions. On a 2017 pro forma basis, its estimated sales are greater than $8 billion.

"This acquisition adds tremendous capabilities to our aerospace businesses and strengthens our complementary offerings of technologically advanced aerospace systems," said UTC Chairman and Chief Executive Officer Greg Hayes. "Together, Rockwell Collins and UTC Aerospace Systems will enhance customer value in a rapidly evolving aerospace industry by making aircraft more intelligent and more connected."

"The integrated companies' expertise in developing electrical, mechanical and software solutions will allow us to deliver more innovative products and services and provide greater value to our customers and shareowners," Hayes continued. "This combination will also create new opportunities for the talented employees of both companies to advance innovation in a growing and dynamic industry. Importantly, UTC and Rockwell Collins share cultures of mutual trust and respect, accountability and teamwork that will allow us to work together to achieve our common goals."

"We are extremely pleased to announce this compelling transaction with UTC which is a testament to the value we have created for Rockwell Collins' employees, customers and shareowners," said Kelly Ortberg, Chairman, President and Chief Executive Officer of Rockwell Collins. "The combination will enable us to compete more effectively for future business through continued investments in innovation, world-class integrated product offerings and the ability to retain the top talent in the industry. We look forward to the next chapter in Rockwell Collins' long and proud history, as part of UTC."

Under the terms of the agreement, each Rockwell Collins shareowner will receive $93.33 per share in cash and $46.67 in shares of UTC common stock, subject to a 7.5 percent collar centered on UTC's August 22, 2017 closing share price of $115.69. UTC expects to fund the cash portion of the transaction consideration through debt issuances and cash on hand, and the company is committed to taking actions to maintain strong investment grade credit ratings. The transaction is projected to close by the third quarter of 2018, subject to approval by Rockwell Collins' shareowners, as well as other customary closing conditions, including the receipt of required regulatory approvals.

The purchase price implies a total equity value of $23 billion and a total transaction value of $30 billion, including Rockwell Collins' net debt.

On a pro-forma 2017 basis, UTC is expected to have global sales of approximately $67 to $68 billion following the transaction, based on estimated results.

UTC expects the combination will be accretive to adjusted earnings per share after the first full year following closing and generate an estimated $500+ million of run-rate pre-tax cost synergies by year four.

Upon completion of the transaction, Rockwell Collins and UTC Aerospace Systems will be

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integrated to create a new business unit named Collins Aerospace Systems. Kelly Ortberg will assume the role of Chief Executive Officer with Dave Gitlin serving as President and Chief Operating Officer.

"We have demonstrated we can successfully integrate large acquisitions into our business and I have full confidence that the team has the capability to do it again," Hayes said. "Once we have completed the integration of Rockwell Collins and made progress towards reducing leverage back to historical levels, we will have an opportunity to explore a full range of strategic options for UTC."

UTC today also reaffirmed its expectations for 2017 sales of approximately $58.5 to $59.5 billion and adjusted earnings in the range of $6.45 to $6.60 per share.*

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