

Investment Theme:

A sluggish growth in the US economy, coupled with a European Union still laboring under the effect of ongoing debt crisis; Abysmal GDP growth in two largest economies of BRIC community, China and India; 2012-13 global economical trend points to a slow and fragile recovery.

In this adverse environment with few suitable investment candidates, I find UTX a well diversified industrial company a good match to SMF's investment philosophy and return goals.

Current political climate in the US strongly favors the reduction of national debts. Military expenditures which accounts for close to \$700 billion of total federal spending in 2012, could become a prime target for future budget cuts. This trend inevitably increases the risk associated with defense and related sectors, but according to my analysis, continued demand for commercial aircraft will mitigate this risk, and significant return opportunity at the price of \$76.77. Even with higher price for jet fuel, airlines in emerging markets remains highly profitable. Jet travel once considered a luxury outside of the means of the masses, now fuels an insatiable appetite among regional airlines to increase fleet size, as air travel comes within the reach of average citizens. In addition, higher crude price is a catalyst in aircraft upgrades and retrofitting. Pratt Whitney, Hamilton Sundstrand, and to certain extend Sikorsky will all likely to benefit as demand for new, fuel efficient jet engines, component systems continue to increase. The need among airlines to replace aging and less fuel-efficient planes to address rising fuel prices will only increase as demand for fuel and natural resources continues to escalate among emerging economies.

Recommendation: BUY

Total Annual Return Est.:

3 yr FV	8.1%
5 yr FV	5.8%

Financial Snapshot:

Price	\$76.37
DCF Value	\$90.32
Buy Target	\$76.77
Sell Target	\$103.86
P/E	16 x
Forward P/E	15.5x
Div Yield	2.7%
Market Cap	\$69.25 Billion
52 Wk Range	\$70.41-87.50
EPS Growth	1%
Credit	A
Current Ratio	1.38X
Price/BV	2.86

Overview:

United Technologies Corp. provides high-technology products and services to the building systems and aerospace industries worldwide. Otis elevators, Carrier air conditioners, Pratt & Whitney engines, and Sikorsky helicopters are four of the key United Technologies product lines. In 2011, of its net sales, commercial & industrial arm counts for 58%, commercial aerospace counts for 22% and Military Aerospace & Space counts for 20%. For its geographical span, sales in the United States counts for 39%, while Europe and Asia Pacific counts for 26% and 20% respectively.

2012 Q3 Results and Outlook:

In Q3 2012, sales were up 6% to \$15.0 B. Within the 6% increase, 11% increase was due to acquisition, 3% decrease was due to adverse foreign exchange rate and 2% was organic declines. EPS of UTC was down 4% to \$1.37M. For Otis, new equipment sale was down but there was continued service sales growth. At constant currency, operating profit was down 4%, but new equipment order was up 11%. For UTC Climate, Control & Security, organic sales was down 2% but operating margin improved 2.7%. For Pratt & Whitney, its large commercial spaces sale was up 9% and there was higher military and power systems sales. Organic sale was up 6% and aftermarket was up slightly in UTC Aerospace systems. For UTC outlook in 2012, EPS would be range from \$5.25 to \$5.35; sales would be \$58 Billion. UTC's outlook for 2013 was favorable and its revenue would benefit

United Technology Corp (NYSE: UTX)

Sector: Industrial (Industry: Diversified)

from commercial aerospace segment and the acquisition of Goodrich. There would be additional value derived from restructuring, cost reduction and share repurchase. Nevertheless, many uncertainties still exist, including fiscal cliff, debt condition in the Eurozone, growth rate in emerging markets, and volatility in the pricing of commodities.



Investment Thesis:

United Technologies Corp is heavily entrenched within all of its respective end markets. Management has strong track records in predicting company's earnings and generating values for shareholders. By acquiring Goodrich in July, 2012, UTC has expanded its ability to create high-value systems for commercial aircraft makers during a period of strong commercial aerospace demand. In addition, its operating margin has improved through restructuring and cost efficiency. By focusing on innovation and energy efficiency, UTC has improved its bottom-line and well positioned itself in the future. Although management was required by regulator to sell certain parts of its existing business due to the Goodrich acquisition, I believe UTC will continue its strong performance.

Pros:

- Attractive mix of businesses in aerospace and building systems with high exposure to long term growth drivers, established in emerging markets
- Effective and experienced management with strong track records and high EVA
- Possible share buybacks, if resumed, reflects the bullish outlook of the management
- Limited threat of new entrant, product line have high capital and R&D requirement
- Strong and positive cash flow with consistent earnings
- Excellent debt/equity ratio compare to the industry average
- Acquisition of Goodrich extends its exposure to the fast-growing aerospace segment and helps lifting its operating margin at the same time
- Restructuring and cost reduction help to improve operating margin
- Pratt & Whitney's re-entry into the narrow-body market is a noteworthy feat and gives the division a strong growth platform for several years
- A number of United Technologies' businesses revenues are still below its peak from 2008, with plenty of room to grow both revenue and operating margin

There are many sub industries included in this sector, and the four largest sub sectors include Aerospace & Defense, Industrial Conglomerates, Transportation and Machinery. Due to the wide span of this sector, there are both stable and mature companies with good dividend yield and some cyclical companies that are sensitive to the economy growth rate. There are many diversified companies in this sector having significant international presence, and considerations have to be given from a global perspective. The impact of foreign currency exchange rates should also be considered.

UTC belongs to diversified sub sector. Companies in this sector has diversified portfolio and have the ability to better position themselves on the basis of economy and market conditions.

Business Summary:

United Technologies Corp. is a multi-industry holding company that conducts business through three segments: UTC Climate (includes former Carrier and UTC Fire & Security segments), Controls, and Security.

Carrier (21% of sales and 17% of operating profits in 2011) is the world's largest maker of heating, ventilating and air-conditioning (HVAC) and refrigeration systems.

UTC Fire & Security (12% of sales and 8% of operating profits) is a global provider of security and fire safety products and services, including intruder alarms, access control systems and video surveillance systems, specialty hazard detection and fixed suppression products, portable fire extinguishers, fire detection and life safety systems, and other firefighting equipment.

Otis (22% of sales and 32% of operating profits) is the world's largest maker of elevators and escalators.

Pratt & Whitney (23% and 22%) is a major supplier of jet engines for commercial, business & general aviation, and military aircraft. P&W also sells industrial gas turbines (for power generation) and space propulsion systems.

Hamilton Sundstrand (10% and 11%) provides advanced aerospace and industrial products globally.

Sikorsky (12% and 10%) is the world's largest manufacturer of military and commercial helicopters, and also provides aftermarket helicopter and aircraft products and services.

In July 2012, United Technologies acquired Goodrich Corp. for \$18.4 billion, including \$1.9 billion debt. Goodrich CEO Marshall Larsen stayed with UTC to manage the new UTC Aerospace Systems segment, which includes Goodrich and Hamilton Sundstrand. Goodrich's products include aircraft landing gear, wheels and brakes, nacelles, and a variety of other aircraft systems and components. Goodrich had \$8 billion revenue in 2011, with operating margins of 16.5%.

Due to the Goodrich acquisition, UTC was required to sell some of its assets. In July 2012, UTC agreed to sell Hamilton Sundstrand's industrial businesses (Milton Roy, Sullair, and Sundyne) to The Carlyle Group and BC Partners for \$3.5 billion and agreed to sell its Pratt & Whitney Rocketdyne unit to GenCorp for \$550 million. Proceeds will be used to reduce debt. In June, UTC offered \$1 billion of equity units to investors, with proceeds to pay the cash consideration part of the Goodrich purchase. In March 2012, UTC also identified its Clipper Windpower business as up for sale.

Management Review:

United Technologies' corporate-governance policies are solid, with management and the board acted in the best interests of the shareholders in the past few years. This trend is expected to continue. Louis Chenevert was elected president and CEO in April 2008 and became chairman in January 2010. He was chief operating officer for two years before this role. UTC's directors have wide-ranging industry experience and are all well qualified for their roles. The compensation structure of the executive leadership group aligns the goals of management with shareholders' interests. Historically, the company has made returning capital to shareholders a priority. With

higher than normal financial leverage ratio after the acquisition of Goodrich, management was dedicated to pay down debt first before returning back to its long-run trend toward repurchases and dividend growth strategy. Management had accurate estimates on companies' revenue and earnings in the past few years.

Financial Trend Analysis:

The company's top line continues to struggle for growth with major European and Chinese end markets relatively weak. Otis' Chinese operations started to have a firmer operating environment. There were improvements in the operating margins at Sikorsky and continued progress in the climate, controls, and security segment. Since this was the first quarter with Goodrich in UTC's consolidated financial statements, the financial results and operating margin are expected to improve in the next few quarters. The company's long-term earnings growth estimate remains favorable with its strong positions in high technology and the prospect of improving construction markets in the next few years.

Financial Health:

UTC's revenue and net income continued rising in the last three years after 2008. The Company produced a significant cash flow even during recession, as it maintained a good profit margin and well positioned itself with a diversified portfolio. For the next several quarters, United Technologies will keep paying down acquisition-related debt, and the cash generated from operations and the divestiture of noncore assets will help the firm reduce its debt to its pre-acquisition level.

Competitive Analysis:

While the company's growth prospects was not as high as some of its diversified industrial peers, management's consistency and commitment to shareholders would keep it ahead many of its peers. UTC has advanced technology and focus on making products efficiently and environment friendly.

Since UTC has a diversified business portfolio, it does not have a direct competitor who operates in all the segments UTC runs. Comparing to the industry average, UTC's operating margin is nearly doubled. Due to the acquisition of Goodrich, UTC has a much higher debt ratio compares to its historical records; The Company will pay down the debt in the next few years and till now it has already ahead of its schedule for the debt payment.

Projections and Valuation Summary:

My valuation assumption begins with a nil revenue growth rate in 2012, based on company's Q3 expectation. From 2013 to 2016, my expectation is the revenue will increase gradually but the growth rate is low. I used 1% growth rate for 2013 and 2% growth rate thereafter. Since the impact of fiscal cliff is unclear and an expected decline in defense industry, my DCF calculation was very conservative.

Cost increased slightly as a percentage of revenue, with the expectations UTC will maintain its average cost structure and its R&D cost. In addition, there was some volatility in the recent commodity price; I increased UTC's cost structure by 1% from 2013 to 2016. CAPEX is expected to remain at its average level over the next couple of years and depreciation is calculated as 1.5 times of CAPEX, reflecting the fast depreciation rate of high technological equipment. Interest cost as a percentage of long term debt is expected to increase in the near future. Beyond the projection period, a 2% terminal growth rate is assumed.

My assumptions also include:

- No big M&A in the following years;
- No stock repurchasing;
- No need/plan to raise capital from debt or stock market.

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In calculating cost of equity, the assumed beta is 1.06. The risk free rate is assumed to be the current yield on the 10 year Treasury, which is 1.71%, and the market risk premium is 5.9% resulting in a cost of equity of 7.96%. UTC has 10,260 million long-term debts at average 6.75% interest rate. Overall, the company's WACC is 7.50%.

Based on those assumptions and calculations, the DCF implied share value is \$90.32. If we required 15% discount to fair value, the buy price I suggested is \$76.77.

Risk Factors:

- Potential hiccup in achieving synergy with Goodrich
- Margin erosion at Otis
- Prolonged weakness in emerging market construction demand, particularly in China, and lower demand for engine spares at Pratt & Whitney
- Derives around 61% of its sales from international markets, which subjects the firm to significant currency risk.
- Construction and aerospace segments is cyclical
- Cost of pension increases due to low interest rate
- Uncertainty in Sequestration / fiscal cliff
- Affect by changes in regulation and taxation
- Commodity costs may create volatility in earnings, even if they rise and fall sporadically.

DCF Valuation Model:

Discounted Cash Flow	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Profit	6376.0	7340.0	6754.0	7530.0	7753.0	7047.7	6577.4	6709.0	6843.2	6980.0
Taxes	1849.0	2569.0	2363.9	2635.5	2713.6	2466.7	2302.1	2348.1	2395.1	2443.0
NOPAT	4527.0	4771.0	4390.1	4894.5	5039.5	4581.0	4275.3	4360.8	4448.0	4537.0
Depreciation	1173.0	1321.0	1258.0	1356.0	1347.0	1565.0	1534.7	1565.4	1596.7	1628.6
Capex	1153.0	1216.0	826.0	865.0	983.0	1052.5	1032.1	1052.7	1073.8	1095.2
Change In NWC	4602.0	63.0	616.0	497.0	1364.0	-739.9	64.0	129.3	131.9	134.5
FCF	-55.0	4813.0	4206.1	4888.5	4039.5	5833.4	4713.9	4744.2	4839.0	4935.8
Terminal Growth Rate										2.0%
Terminal Value										91,489
PV of Cash Flows						5426.3	4078.9	3818.6	3623.1	3437.6
PV of Terminal Value										63719.1
PV Enterprise Value										84103.6
Plus: Cash										5960.0
Less: LTD										9501.0
Equity Value										80562.6
Current Shares Outstanding										892.0
Equity Value Per Share										90.32

Comparative Valuation Analysis:

Comparables	UTX-US	BA-N	GE-N	HON-N	TXT-N	Average
DividendYield	2.74%	2.30%	3.09%	2.38%	0.31%	2.17%
Market Cap (\$)	71,302	53,622	222,897	48,170	7,203	80,639
P/E	16.00	12.55	15.97	22.25	18.39	17.03
PEG	NEG	NEG	1.43	1.41	0.34	1.06
P/CF	10.84	7.71	6.61	11.61	5.92	8.54
P/B	2.86	6.91	1.96	3.53	2.22	3.50
EV/EBITDA	10.29	6.89	14.35	12.13	8.61	10.45
EV/EBIT	12.08	8.87	18.91	15.63	12.71	13.64
Debt/Equity	1.15	1.47	3.52	0.60	0.71	1.49
Net Margin	7.82%	5.47%	9.75%	6.30%	3.46%	6.56%
ROA	6.32%	6.27%	2.86%	6.68%	4.04%	5.23%
ROE	18.50%	63.67%	11.36%	19.01%	13.16%	25.14%

WACC Calculation:

WACC Calculation	
Marginal tax rate	35%
Risk free rate	1.71%
Market risk premium	5.90%
Beta	1.06
Cost of equity	7.96%
Cost of debt pre-tax	6.75%
After tax cost of debt	4.39%
Share price	\$76
Market capitalization	69,252
Total debt	10,260
Total capital	79,512
% equity capital	87.1%
% debt capital	12.9%
Weighted average cost of capit	7.50%

Total Return Calculation:

Total Return Calculation	
Current Price	\$76
Fair Value	\$ 90.32
Div 1	\$ 1.82
Div 2	\$ 1.86
Div 3	\$ 1.91
Div 4	\$ 1.96
Div 5	\$ 2.02
Ttl Ann Ret 3 yr to FV	8.1%
Ttl Ann Ret 5 yr to FV	5.8%

Income Statement Projection:

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	-4	-3	-2	-1	0	1	2	3	4	5
Consolidated Income Statement										
Sales	53,920.0	59,119.0	52,425.0	54,207.0	58,094.0	58,094.0	58,674.9	59,848.4	61,045.4	62,266.3
COGS	38,639.0	42,168.0	37,183.0	37,689.0	40,626.0	41,057.7	42,055.0	42,896.1	43,754.0	44,629.1
Gross profit	15,281.0	16,951.0	15,242.0	16,518.0	17,468.0	17,036.3	16,619.9	16,952.3	17,291.4	17,637.2
Gross Margin	28%	29%	29%	30%	30%	29%	28%	28%	28%	28%
SG&A	7,732.0	8,290.0	7,230.0	7,632.0	8,368.0	8,423.6	8,507.9	8,678.0	8,851.6	9,028.6
EBITDA	7,549.0	8,661.0	8,012.0	8,886.0	9,100.0	8,612.7	8,112.1	8,274.3	8,439.8	8,608.6
Depreciation	1,173.0	1,321.0	1,258.0	1,356.0	1,347.0	1,565.0	1,534.7	1,565.4	1,596.7	1,628.6
Operating profit (EBIT)	6,376.0	7,340.0	6,754.0	7,530.0	7,753.0	7,047.7	6,577.4	6,709.0	6,843.2	6,980.0
Operating Margin	12%	12%	13%	14%	13%	12%	11%	11%	11%	11%
Taxes	1,836.0	1,883.0	1,581.0	1,827.0	2,231.0	1,845.0	1,721.9	1,756.4	1,791.5	1,827.3
Interest Expense	682.0	708.0	723.0	767.0	693.0	748.4	748.4	923.4	923.4	1,026.0
Other cost	366.0	(60.0)	(621.0)	(563.0)	150.0					
Net income	4,224.0	4,689.0	3,829.0	4,373.0	4,979.0	4,454.3	4,107.1	4,029.2	4,128.3	4,126.7
Net Margin	7.8%	7.9%	7.3%	8.1%	8.6%	8%	7%	7%	7%	7%
Shareholder information										
Average no. of shares outstanding (diluted)	988.8	956.4	928.8	922.7	906.8	906.8	906.8	906.8	906.8	906.8
Average no. of shares outstanding (basic)	964.0	938.0	917.0	908.0	892.0	892.0	892.0	892.0	892.0	892.0
Dividends	1,080.0	1,210.0	1,356.0	1,482.0	1,602.0	1,646.2	1,690.7	1,735.4	1,781.4	1,829.5
Earnings per share	4.27	4.90	4.12	4.74	5.49	4.91	4.53	4.44	4.55	4.55
Dividends per share (diluted)	1.12	1.29	1.48	1.63	1.80	1.82	1.86	1.91	1.96	2.02

Historical Financial Data:

Annual Balance Sheet					
	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
	USD	USD	USD	USD	USD
				restated	
Assets					
Cash & ST Investments	6,069.0	4,187.0	4,449.0	4,327.0	2,904.0
Cash	5,960.0	4,083.0	-	-	-
Short Term Investments	109.0	104.0	-	-	-
Receivables (Net)	9,546.0	8,925.0	8,469.0	9,480.0	8,844.0
Inventories - Total	7,797.0	7,766.0	7,509.0	8,340.0	8,101.0
Raw Materials	1,321.0	1,221.0	1,281.0	1,271.0	1,281.0
Work In Process	10,074.0	9,599.0	9,576.0	9,408.0	7,536.0
Finished Goods	3,078.0	3,026.0	2,889.0	3,634.0	3,694.0
Progress Payments & Other	(6,676.0)	(6,080.0)	(6,237.0)	(5,973.0)	(4,410.0)
Other Current Assets	2,346.0	2,632.0	2,767.0	2,320.0	2,222.0
Current Assets - Total	25,758.0	23,510.0	23,194.0	24,467.0	22,071.0
Long Term Receivables	569.0	535.0	375.0	0.0	367.0
Other Investments	675.0	731.0	672.0	1,002.0	596.0
Property Plant & Equipment - Net	6,201.0	6,280.0	6,364.0	6,348.0	6,296.0
Property Plant & Equipment - Gross	15,980.0	15,914.0	15,677.0	15,106.0	14,877.0
Land	335.0	342.0	345.0	334.0	351.0
Buildings	4,885.0	4,908.0	4,898.0	4,681.0	4,561.0
Machinery & Equipment	9,994.0	10,010.0	9,941.0	9,486.0	9,394.0
PP&E - Other	766.0	654.0	493.0	605.0	571.0
(Less) Accumulated Depreciation	9,779.0	9,634.0	9,313.0	8,758.0	8,581.0
Other Assets	25,862.0	25,467.0	23,055.0	21,387.0	24,119.0
Deferred Charges	552.0	637.0	-	-	-
Tangible Other Assets	3,449.0	3,049.0	3,219.0	2,581.0	4,242.0
Long Term Debt	9,501.0	10,010.0	8,257.0	9,337.0	8,015.0
LT Debt Excl Capital Leases	9,501.0	9,869.0	8,257.0	9,337.0	8,015.0
Non-Convertible Debt	9,501.0	9,869.0	8,257.0	9,337.0	8,015.0
Capitalized Lease Obligations	0.0	141.0	0.0	0.0	0.0
Provision for Risks & Charges	9,120.0	6,232.0	4,150.0	6,574.0	2,562.0
Deferred Taxes	(2,387.0)	(1,970.0)	(2,102.0)	(3,633.0)	(1,126.0)
Other Liabilities	1,037.0	1,870.0	4,054.0	4,198.0	4,262.0
Total Liabilities	35,887.0	33,874.0	32,272.0	36,278.0	31,182.0
Shareholders' Equity					
Minority Interest	1,298.0	1,264.0	1,322.0	1,163.0	912.0
Preferred Stock	0.0	0.0	0.0	0.0	0.0
Unrealized Foreign Exchange Gain(Loss)	206.0	366.0	379.0	(641.0)	1,355.0
(Less) Treasury Stock	19,410.0	17,468.0	15,408.0	14,316.0	11,338.0
Total Shareholders Equity	21,880.0	21,385.0	20,066.0	15,763.0	21,355.0
Total Liabilities & Shareholders Equity	59,065.0	56,523.0	53,660.0	53,204.0	53,449.0
Common Shares Outstanding	907.2	921.3	936.7	943.9	983.5

Annual Income Statement

	12/31/2011 USD	12/31/2010 USD	12/31/2009 USD	12/31/2008 USD restated	12/31/2007 USD
Income Statement					
Net Sales or Revenues	58,094.0	54,207.0	52,425.0	59,119.0	53,920.0
Operating Expenses - Total	50,341.0	46,677.0	45,671.0	51,779.0	47,544.0
Cost of Goods Sold	40,626.0	37,689.0	37,183.0	42,168.0	38,639.0
Selling, General & Admin Expenses	8,368.0	7,632.0	7,230.0	8,290.0	7,732.0
Depreciation, Depletion & Amortization	1,347.0	1,356.0	1,258.0	1,321.0	1,173.0
Depreciation	890.0	900.0	852.0	865.0	770.0
Amortization of Intangibles	457.0	456.0	406.0	456.0	403.0
Other Operating Expenses	0.0	0.0	0.0	0.0	0.0
Operating Income	7,753.0	7,530.0	6,754.0	7,340.0	6,376.0
Extraordinary Credit - Pretax	5.0	187.0	52.0	0.0	0.0
Extraordinary Charge - Pretax	650.0	701.0	830.0	357.0	166.0
Non-Operating Interest Income	179.0	102.0	-	-	-
Interest Expense On Debt	693.0	767.0	723.0	708.0	682.0
Other Income/Expense - Net	868.0	170.0	489.0	642.0	840.0
Interest Capitalized	20.0	17.0	18.0	19.0	16.0
Pretax Income	7,482.0	6,538.0	5,760.0	6,936.0	6,384.0
Income Taxes	2,231.0	1,827.0	1,581.0	1,883.0	1,836.0
Current Domestic Income Tax	527.0	250.0	293.0	627.0	572.0
Deferred Domestic Income Tax	555.0	461.0	411.0	90.0	160.0
Deferred Foreign Income Tax	(224.0)	(48.0)	40.0	(45.0)	(102.0)
Income Tax Credits	0.0	0.0	0.0	0.0	0.0
Minority Interest	395.0	338.0	350.0	364.0	324.0
Equity In Earnings	123.0	0.0	0.0	0.0	0.0
Net Income Before Extra Items/Preferred Div	4,979.0	4,373.0	3,829.0	4,689.0	4,224.0
Extr Items & Gain(Loss) Sale of Assets	0.0	0.0	0.0	0.0	0.0
Net Income Before Preferred Dividends	4,979.0	4,373.0	3,829.0	4,689.0	4,224.0
Preferred Dividend Require	0.0	0.0	0.0	0.0	0.0
Net Income to Common Shareholders	4,979.0	4,373.0	3,829.0	4,689.0	4,224.0
EPS - Continuing Operations	5.5	4.7	4.1	4.9	4.3
Dividend Per Share	1.9	1.7	1.5	1.3	1.2

Annual Cash Flow Statement					
	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
	USD	USD	USD	USD	USD
				restated	
Operations					
Net Income / Starting Line	4,979.0	4,373.0	3,829.0	-	4,224.0
Depreciation, Depletion & Amortization	1,347.0	1,356.0	1,258.0	1,321.0	1,173.0
Depreciation & Depletion	890.0	900.0	852.0	-	770.0
Amortization of Intangible Assets	457.0	456.0	406.0	456.0	403.0
Deferred Income Taxes & Investment Tax Credit	331.0	413.0	451.0	45.0	58.0
Deferred Income Taxes	331.0	413.0	451.0	45.0	58.0
Other Cash Flow	351.0	492.0	(1,250.0)	336.0	(157.0)
Funds From Operations	7,008.0	6,634.0	4,288.0	6,630.0	5,298.0
Extraordinary Items	0.0	0.0	0.0	0.0	0.0
Funds From/For Other Operating Activities	(418.0)	(728.0)	1,065.0	(469.0)	32.0
Dec(Inc) In Receivables	(729.0)	(319.0)	955.0	(546.0)	(462.0)
Dec(Inc) In Inventories	(314.0)	(244.0)	695.0	(562.0)	(1,111.0)
Inc(Dec) In Accounts Payable	618.0	1,105.0	(582.0)	843.0	1,561.0
Dec(Inc) In Other Assets/Liabilities	7.0	(1,270.0)	(3.0)	35.0	44.0
Net Cash Flow - Operating Activities	6,590.0	5,906.0	5,353.0	6,161.0	5,330.0
Investing					
Capital Expenditures (Addition to Fixed Assets)	(983.0)	(865.0)	(826.0)	(1,216.0)	(1,153.0)
Disposal of Fixed Assets	497.0	208.0	158.0	337.0	298.0
Other Use/(Source) - Investing	(136.0)	(228.0)	(267.0)	205.0	290.0
Other Uses - Investing	(42.0)	(217.0)	(171.0)	(343.0)	(562.0)
Other Sources - Investing	178.0	445.0	438.0	138.0	272.0
Net Cash Flow - Investing	(707.0)	(3,187.0)	(1,104.0)	(2,336.0)	(3,182.0)
Financing					
Net Proceeds From Sale/Issue of Com & Pref	226.0	386.0	342.0	163.0	415.0
Proceeds From Stock Options	226.0	386.0	342.0	163.0	415.0
Other Proceeds From Sale/Issuance of Stock	0.0	0.0	0.0	0.0	0.0
Com/Pfd Purchased	(2,175.0)	(2,200.0)	(1,100.0)	(3,160.0)	(2,001.0)
Long Term Borrowings	59.0	2,362.0	37.0	2,248.0	1,032.0
Other Source (Use) - Financing	(453.0)	(327.0)	(340.0)	(322.0)	(182.0)
Other Uses - Financing	(453.0)	(327.0)	(340.0)	(322.0)	(182.0)
Net Cash Flow - Financing	(4,005.0)	(3,153.0)	(4,191.0)	(2,238.0)	(1,955.0)
Effect of Exchange Rate On Cash	(1.0)	68.0	64.0	(164.0)	165.0
Inc(Dec) In Cash & Short Term Investments	1,877.0	(366.0)	122.0	1,423.0	358.0

Sources: UTX 10-K, Morningstar, S&P Net Advantage, ValueLine, ThomsonOne Banker, Yahoo Finance

Notes: