
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 26, 2021

RAYTHEON TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-00812
(Commission
File Number)

06-0570975
(I.R.S. Employer
Identification No.)

870 Winter Street, Waltham, Massachusetts 02451

(Address of principal executive offices, including zip code)

(781) 522-3000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--|--------------------------|--|
| Common Stock (\$1 par value) (CUSIP 75513E 101) | RTX | New York Stock Exchange |
| 2.150% Notes due 2030 (CUSIP 75513E AB7) | RTX 30 | New York Stock Exchange |

Section 2—Financial Information

Item 2.02. Results of Operations and Financial Condition.

On October 26, 2021, Raytheon Technologies Corporation (“RTC” or “the Company.”) issued a press release announcing its third quarter 2021 results.

The press release issued October 26, 2021 is furnished herewith as Exhibit No. 99 to this Report, and shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section and shall not be deemed to be incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Section 9—Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Exhibit Description</u> |
|-----------------------|---|
| 99 | Press release, dated October 26, 2021, issued by Raytheon Technologies Corporation. |
| 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RAYTHEON TECHNOLOGIES CORPORATION
(Registrant)

Date: October 26, 2021

By: /s/ NEIL G. MITCHILL JR.

Neil G. Mitchill Jr.

Executive Vice President & Chief Financial Officer



Media Contact
202.360.8473

Investor Contact
781.522.5123

Raytheon Technologies Reports Third Quarter 2021 Results; Raises 2021 Adjusted EPS Outlook

Exceeded expectations on adjusted EPS; Repurchased \$1.0 billion of shares

WALTHAM, Mass., October 26, 2021 – Raytheon Technologies Corporation (NYSE: RTX) reported third quarter 2021 results.

Third quarter 2021

- Sales of \$16.2 billion
- GAAP EPS from continuing operations of \$0.93, which included \$0.33 of acquisition accounting adjustments and net significant and/or non-recurring charges
- Adjusted EPS of \$1.26
- Operating cash flow from continuing operations of \$1.9 billion; Free cash flow of \$1.5 billion
- Company backlog of \$156.1 billion; including defense backlog of \$65.0 billion
- Achieved approximately \$165 million of incremental RTX gross cost synergies
- Repurchased \$1.0 billion of RTX shares

Raytheon Technologies updates its 2021 outlook and now anticipates the following:

Outlook for full year 2021

- Sales of ~\$64.5 billion, from \$64.4 - \$65.4 billion
- Adjusted EPS of \$4.10 - \$4.20, from \$3.85 - \$4.00
- Free cash flow of ~\$5.0 billion, from \$4.5 - \$5.0 billion

“Our performance this quarter clearly demonstrates our ability to capitalize on the increased demand across our commercial aerospace and defense businesses, and our intense focus on cost reduction and operational execution,” said Raytheon Technologies Chairman and CEO Greg Hayes.

“During the quarter, we announced strategic acquisitions that advance our technology focus areas and made significant progress on several key programs, as evidenced by the successful completion of the first flight test of a scramjet-powered Hypersonic Air-breathing Weapon Concept (HAWC) for DARPA and the U.S. Air Force. Our strong performance this year along with the positive trends in our end markets gives us the confidence to again raise our 2021 adjusted EPS outlook.”

Raytheon Technologies reported third quarter sales of \$16.2 billion. GAAP EPS from continuing operations was \$0.93 and included \$0.33 of acquisition accounting adjustments and net significant and/or non-recurring charges. This included \$0.30 of acquisition accounting adjustments primarily related to intangible amortization, \$0.02 related to debt extinguishment and \$0.01 of restructuring. Adjusted EPS was \$1.26. GAAP and adjusted EPS also

included \$0.16 of tax benefit from actions taken to optimize the company's legal entity and operating structure in the quarter.

The company recorded net income from continuing operations in the third quarter of \$1.4 billion, which included \$496 million of acquisition accounting adjustments and net significant and/or nonrecurring charges. Adjusted net income was \$1.9 billion. Operating cash flow from continuing operations in the third quarter was \$1.9 billion. Capital expenditures were \$433 million, resulting in free cash flow of \$1.5 billion.

Summary Financial Results – Continuing Operations

| (\$ in millions, except EPS) | 3rd Quarter | | |
|--|-------------|-----------|----------|
| | 2021 | 2020 | % Change |
| <i>Reported</i> | | | |
| Sales | \$ 16,213 | \$ 14,747 | 10 % |
| Net Income | \$ 1,400 | \$ 151 | 827 % |
| EPS | \$ 0.93 | \$ 0.10 | 830 % |
| <i>Adjusted</i> | | | |
| Sales | \$ 16,213 | \$ 14,982 | 8 % |
| Net Income | \$ 1,896 | \$ 855 | 122 % |
| EPS | \$ 1.26 | \$ 0.56 | 125 % |
| Operating Cash Flow from Continuing Operations | \$ 1,932 | \$ 1,622 | 19 % |
| Free Cash Flow | \$ 1,499 | \$ 1,233 | 22 % |

Backlog and Bookings

Backlog at the end of the third quarter was \$156.1 billion, of which \$91.1 billion was from commercial aerospace and \$65.0 billion was from defense.

Notable defense bookings during the quarter included:

- \$962 million of classified bookings at Raytheon Intelligence & Space (RIS)
- \$570 million for Advanced Medium-Range Air-to-Air Missile (AMRAAM) for the U.S. Air Force, Navy and international customers at Raytheon Missiles & Defense (RMD)
- \$543 million for two F-135 sustainment contracts at Pratt & Whitney
- \$432 million to provide Guidance Enhanced Missiles (GEM-T) for an international customer at RMD
- \$358 million for Evolved Sea Sparrow Missile (ESSM) for the U.S. Navy and international customers at RMD
- \$291 million for Stinger missiles for international customers at RMD
- \$212 million for F100 engines for an international customer at Pratt & Whitney

Segment Results

The company's reportable segments are Collins Aerospace, Pratt & Whitney, Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD).

Collins Aerospace

| (\$ in millions) | 3rd Quarter | | |
|------------------|-------------|----------|----------|
| | 2021 | 2020 | Change |
| <i>Reported</i> | | | |
| Sales | \$ 4,592 | \$ 4,274 | 7 % |
| Operating Profit | \$ 478 | \$ 526 | (9)% |
| ROS | 10.4 % | 12.3 % | -190 bps |
| <i>Adjusted</i> | | | |
| Sales | \$ 4,592 | \$ 4,278 | 7 % |
| Operating Profit | \$ 480 | \$ 73 | 558 % |
| ROS | 10.5 % | 1.7 % | 880 bps |

Collins Aerospace had third quarter 2021 adjusted sales of \$4,592 million, up 7 percent versus the prior year. The increase in sales was driven by a 38 percent increase in commercial aftermarket which more than offset a 3 percent decline in commercial OE and a 5 percent decline in military. Excluding the impact of the prior year Military GPS and Space ISR divestitures, military was down 1 percent in the quarter. The increase in commercial sales was driven primarily by the recovery of commercial air traffic which has resulted in higher flight hours, aircraft fleet utilization and narrowbody OE volume, which was partially offset by lower 787 OE volume.

Collins Aerospace recorded adjusted operating profit of \$480 million in the quarter, up 558 percent versus the prior year. The increase in adjusted operating profit was primarily driven by drop through on higher commercial aftermarket sales volume and favorable mix. This was partially offset by the impact of the Military GPS and Space ISR divestitures.

Pratt & Whitney

| (\$ in millions) | 3rd Quarter | | |
|-------------------------|-------------|----------|-----------|
| | 2021 | 2020 | Change |
| <i>Reported</i> | | | |
| Sales | \$ 4,725 | \$ 3,494 | 35 % |
| Operating Profit (Loss) | \$ 187 | \$ (615) | NM |
| ROS | 4.0 % | (17.6)% | 2,160 bps |
| <i>Adjusted</i> | | | |
| Sales | \$ 4,725 | \$ 3,790 | 25 % |
| Operating Profit (Loss) | \$ 189 | \$ (43) | NM |
| ROS | 4.0 % | (1.1)% | 510 bps |

NM = Not Meaningful

Pratt & Whitney had third quarter 2021 adjusted sales of \$4,725 million, up 25 percent versus the prior year. The increase in sales was driven by a 56 percent increase in commercial aftermarket, a 22 percent increase in commercial OE and a 2 percent increase in military. The increase in commercial sales was primarily due to higher shop visits and related spare part sales and commercial engine deliveries principally driven by the recovery in commercial air traffic. The increase in military sales was primarily driven by growth in F-135 sustainment.

Pratt & Whitney recorded adjusted operating profit of \$189 million in the quarter. The increase in adjusted operating profit was primarily driven by drop through on higher commercial aftermarket sales volume, that was partially offset by higher commercial OE volume and higher SG&A and E&D expense.

Raytheon Intelligence & Space

| (\$ in millions) | 2021 | 3rd Quarter 2020 ⁽¹⁾ | Change |
|------------------|----------|------------------------------------|---------|
| <i>Reported</i> | | | |
| Sales | \$ 3,740 | \$ 3,749 | — % |
| Operating Profit | \$ 391 | \$ 350 | 12 % |
| ROS | 10.5 % | 9.3 % | 120 bps |
| <i>Adjusted</i> | | | |
| Sales | \$ 3,740 | \$ 3,749 | — % |
| Operating Profit | \$ 391 | \$ 350 | 12 % |
| ROS | 10.5 % | 9.3 % | 120 bps |

(1) Prior year results have been adjusted to reflect the previously communicated reorganization of the RIS and RMD segments, which became effective on January 1, 2021.

RIS had third quarter 2021 adjusted sales of \$3,740 million, in-line versus the prior year.

RIS recorded adjusted operating profit of \$391 million, up 12 percent versus the prior year. The increase in adjusted operating profit was primarily driven by productivity across various programs.

Raytheon Missiles & Defense

| (\$ in millions) | 2021 | 3rd Quarter 2020 ⁽¹⁾ | Change |
|------------------|----------|------------------------------------|--------|
| <i>Reported</i> | | | |
| Sales | \$ 3,902 | \$ 3,706 | 5 % |
| Operating Profit | \$ 490 | \$ 449 | 9 % |
| ROS | 12.6 % | 12.1 % | 50 bps |
| <i>Adjusted</i> | | | |
| Sales | \$ 3,902 | \$ 3,641 | 7 % |
| Operating Profit | \$ 490 | \$ 431 | 14 % |
| ROS | 12.6 % | 11.8 % | 80 bps |

(1) Prior year results have been adjusted to reflect the previously communicated reorganization of the RIS and RMD segments, which became effective on January 1, 2021.

RMD had third quarter 2021 adjusted sales of \$3,902 million, up 7 percent versus prior year. The increase in sales was primarily driven by growth on an international National Advanced Surface to Air Missile System (NASAMS) program and on the Advanced Medium-Range Air-to-Air Missile (AMRAAM) program.

RMD recorded adjusted operating profit of \$490 million, up 14 percent versus the prior year. The increase in adjusted operating profit was driven by higher sales volume.

Raytheon Technologies updates its 2021 outlook and now anticipates the following:

Outlook for full year 2021

- Sales of ~\$64.5 billion, from \$64.4 - \$65.4 billion
- Adjusted EPS of \$4.10 - \$4.20, from \$3.85 - \$4.00
- Free cash flow of ~\$5.0 billion, from \$4.5 - \$5.0 billion

About Raytheon Technologies

Raytheon Technologies Corporation is an aerospace and defense company that provides advanced systems and services for commercial, military and government customers worldwide. With four industry-leading businesses — Collins Aerospace Systems, Pratt & Whitney, Raytheon Intelligence & Space and Raytheon Missiles & Defense — the company delivers solutions that push the boundaries in avionics, cybersecurity, directed energy, electric propulsion, hypersonics, and quantum physics. The company, formed in 2020 through the combination of Raytheon Company and the United Technologies Corporation aerospace businesses, is headquartered in Waltham, Massachusetts.

Conference Call on the Third Quarter 2021 Financial Results

Raytheon Technologies' financial results conference call will be held on Tuesday, October 26, 2021 at 8:30 a.m. ET. The dial-in number for the conference call will be (866) 219-7829 in the U.S. or (478) 205-0667 outside of the U.S. The passcode is 9088513. The conference call will also be audiocast on the Internet at www.rtx.com. Individuals may listen to the call and download charts that will be used during the call. These charts will be available for download prior to the call.

Use and Definitions of Non-GAAP Financial Measures

Raytheon Technologies Corporation ("RTC") 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 (loss), adjusted net income and adjusted earnings per share ("EPS") are non-GAAP financial measures. Adjusted net sales represents consolidated net sales (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 (loss) represents operating profit (loss) (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and other significant items. Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs, acquisition

accounting adjustments and other significant items. Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and other significant items. For the Business segments, when applicable, adjustments of net sales similarly reflect continuing operations excluding other significant items, organic sales similarly excludes the impact of foreign currency, acquisitions and divestitures, and other significant items, and adjustments of operating profit (loss) and operating profit margins (also referred to as return on sales (ROS)) similarly reflect continuing operations, excluding restructuring, acquisition accounting adjustments and other significant items.

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 RTC's ability to fund its activities, including the financing of acquisitions, debt service, repurchases of RTC's common stock and distribution of earnings to shareowners.

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 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 and expected cash flow from operations, respectively) 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.

Cautionary Statement Regarding Forward-Looking Statements

This press release 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 Technologies Corporation's ("RTC") 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 payments and rates, research and development spending, other measures of financial performance, potential future plans, strategies or transactions, credit ratings and net indebtedness, other anticipated benefits to RTC of United Technologies Corporation's ("UTC") Rockwell Collins acquisition, the merger between UTC and Raytheon Company ("Raytheon," and such merger, the "merger") or the spin-offs by UTC of Otis Worldwide Corporation and Carrier Global Corporation into separate independent companies (the "separation transactions"), including estimated synergies and customer cost savings resulting from the merger and the anticipated benefits and costs of the separation transactions and other statements that are not solely 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 RTC operates 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 both the commercial and defense segments of the aerospace industry, levels of air travel, financial condition of commercial airlines, and the impact of pandemic health issues (including the impact of the coronavirus disease 2019 (COVID-19) pandemic on global air travel and commercial and business activities which have not yet fully recovered to pre-pandemic levels, and that the timing and extent of such recovery may be impacted by factors including the efficacy, acceptance and distribution of vaccines, coronavirus variants and additional outbreaks) and actions taken in response to pandemic health issues (including the impact on supply generally and the impact of vaccine mandates on supply chain and operations), aviation safety concerns, 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 or the allocation of funds to governmental responses to COVID-19, a government shutdown, or otherwise, and uncertain funding of programs); (2) challenges in the development, production, delivery, support, performance, safety, regulatory compliance, 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 acquisition and divestiture activity, including among other things the integration of UTC's and Raytheon Company's businesses and the integration of RTC with other businesses acquired before and after the merger, and realization of synergies and opportunities for growth and innovation and incurrence of related costs and expenses; (4) RTC's levels of indebtedness, 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 RTC of its common stock, which are subject to a number of uncertainties and may be discontinued, accelerated, suspended or delayed at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (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 actions 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 RTC and its businesses operate, including the effect of changes in U.S. trade policies on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (16) changes in Department of Defense policies or priorities; (17) the effect of changes in tax due to new tax legislation or other developments (including the recent Organisation for Economic Co-operation and Development Inclusive Framework agreement and changes that may be enacted by the current U.S. Congress), 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 anticorruption 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 RTC and its

businesses operate; (18) the possibility that the anticipated benefits from the combination of UTC's and Raytheon's businesses (including ongoing integration activities from historic UTC and Raytheon acquisitions prior to the merger) cannot be realized in full or may take longer to realize than expected, or the possibility that costs or difficulties related to the integration of UTC's businesses with Raytheon's will be greater than expected or may not result in the achievement of estimated synergies within the contemplated time frame or at all; (19) the ability of RTC to retain and hire key personnel and the ability of our personnel to continue to operate our facilities and businesses around the world; and (20) the intended qualification of (i) the merger as a tax-free reorganization and (ii) the separation transactions and other internal restructurings as tax-free to UTC and former UTC shareowners, in each case, for U.S. federal income tax purposes.

RTC-IR
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Raytheon Technologies Corporation
Condensed Consolidated Statement of Operations

| | Quarter Ended September 30, (Unaudited) | | Nine Months Ended September 30, (Unaudited) | |
|--|--|-----------|--|------------|
| | 2021 | 2020 | 2021 | 2020 |
| <i>(dollars in millions, except per share amounts; shares in millions)</i> | | | | |
| Net Sales | \$ 16,213 | \$ 14,747 | \$ 47,344 | \$ 40,168 |
| Costs and Expenses: | | | | |
| Cost of sales | 13,089 | 13,004 | 38,281 | 33,790 |
| Research and development | 676 | 642 | 1,922 | 1,872 |
| Selling, general and administrative | 1,229 | 1,401 | 3,817 | 4,189 |
| Total Costs and Expenses | 14,994 | 15,047 | 44,020 | 39,851 |
| Goodwill impairment | — | — | — | (3,183) |
| Other income, net | 124 | 734 | 314 | 835 |
| Operating profit (loss) | 1,343 | 434 | 3,638 | (2,031) |
| Non-service pension benefit | (491) | (253) | (1,472) | (658) |
| Interest expense, net | 358 | 350 | 1,046 | 1,017 |
| Income (loss) from continuing operations before income taxes | 1,476 | 337 | 4,064 | (2,390) |
| Income tax expense | 3 | 152 | 690 | 753 |
| Net income (loss) from continuing operations | 1,473 | 185 | 3,374 | (3,143) |
| Less: Noncontrolling interest in subsidiaries' earnings from continuing operations | 73 | 34 | 162 | 112 |
| Income (loss) from continuing operations attributable to common shareowners | 1,400 | 151 | 3,212 | (3,255) |
| Discontinued operations: | | | | |
| Income (loss) from discontinued operations, before tax | (1) | 13 | (31) | (219) |
| Income tax expense (benefit) from discontinued operations | 6 | (100) | 3 | 137 |
| Net income (loss) from discontinued operations | (7) | 113 | (34) | (356) |
| Less: Noncontrolling interest in subsidiaries' earnings from discontinued operations | — | — | — | 43 |
| Income (loss) from discontinued operations attributable to common shareowners | (7) | 113 | (34) | (399) |
| Net income (loss) attributable to common shareowners | \$ 1,393 | \$ 264 | \$ 3,178 | \$ (3,654) |
| Earnings (loss) Per Share attributable to common shareowners - Basic: | | | | |
| Income (loss) from continuing operations | \$ 0.93 | \$ 0.10 | \$ 2.13 | \$ (2.48) |
| Income (loss) from discontinued operations | — | 0.08 | (0.02) | (0.30) |
| Net income (loss) attributable to common shareowners | \$ 0.93 | \$ 0.17 | \$ 2.11 | \$ (2.79) |
| Earnings (loss) Per Share attributable to common shareowners - Diluted: | | | | |
| Income (loss) from continuing operations | \$ 0.93 | \$ 0.10 | \$ 2.13 | \$ (2.48) |
| Income (loss) from discontinued operations | — | 0.08 | (0.03) | (0.30) |
| Net income (loss) attributable to common shareowners | \$ 0.93 | \$ 0.17 | \$ 2.10 | \$ (2.79) |
| Weighted Average Shares Outstanding: | | | | |
| Basic shares | 1,497.9 | 1,511.5 | 1,505.0 | 1,311.3 |
| Diluted shares | 1,505.9 | 1,514.2 | 1,511.0 | 1,311.3 |

Raytheon Technologies Corporation
Segment Net Sales and Operating Profit

| | Quarter Ended (Unaudited) | | | | Nine Months Ended (Unaudited) | | | |
|--|------------------------------|------------------|-----------------------------------|------------------|----------------------------------|------------------|-----------------------------------|------------------|
| | September 30, 2021 | | September 30, 2020 ⁽¹⁾ | | September 30, 2021 | | September 30, 2020 ⁽¹⁾ | |
| | Reported | Adjusted | Reported | Adjusted | Reported | Adjusted | Reported | Adjusted |
| <i>(dollars in millions)</i> | | | | | | | | |
| Net Sales | | | | | | | | |
| Collins Aerospace Systems | \$ 4,592 | \$ 4,592 | \$ 4,274 | \$ 4,278 | \$ 13,507 | \$ 13,507 | \$ 14,914 | \$ 15,036 |
| Pratt & Whitney | 4,725 | 4,725 | 3,494 | 3,790 | 13,035 | 13,035 | 12,334 | 12,728 |
| Raytheon Intelligence & Space | 3,740 | 3,740 | 3,749 | 3,749 | 11,310 | 11,310 | 7,136 | 7,136 |
| Raytheon Missiles & Defense | 3,902 | 3,902 | 3,706 | 3,641 | 11,680 | 11,680 | 7,212 | 7,093 |
| Total segments | 16,959 | 16,959 | 15,223 | 15,458 | 49,532 | 49,532 | 41,596 | 41,993 |
| Eliminations and other | (746) | (746) | (476) | (476) | (2,188) | (2,188) | (1,428) | (1,428) |
| Consolidated | \$ 16,213 | \$ 16,213 | \$ 14,747 | \$ 14,982 | \$ 47,344 | \$ 47,344 | \$ 40,168 | \$ 40,565 |
| Operating Profit | | | | | | | | |
| Collins Aerospace Systems | \$ 478 | \$ 480 | \$ 526 | \$ 73 | \$ 1,298 | \$ 1,330 | \$ 1,455 | \$ 1,381 |
| Pratt & Whitney | 187 | 189 | (615) | (43) | 319 | 325 | (597) | 321 |
| Raytheon Intelligence & Space | 391 | 391 | 350 | 350 | 1,194 | 1,194 | 659 | 659 |
| Raytheon Missiles & Defense | 490 | 490 | 449 | 431 | 1,518 | 1,518 | 847 | 817 |
| Total segments | 1,546 | 1,550 | 710 | 811 | 4,329 | 4,367 | 2,364 | 3,178 |
| Eliminations and other | (27) | (27) | (49) | (26) | (98) | (98) | (101) | (78) |
| Corporate expenses and other unallocated items | (89) | (74) | (84) | (10) | (319) | (214) | (491) | (133) |
| FAS/CAS operating adjustment | 499 | 499 | 380 | 380 | 1,347 | 1,347 | 736 | 736 |
| Acquisition accounting adjustments | (586) | — | (523) | — | (1,621) | — | (4,539) | — |
| Consolidated | \$ 1,343 | \$ 1,948 | \$ 434 | \$ 1,155 | \$ 3,638 | \$ 5,402 | \$ (2,031) | \$ 3,703 |
| Segment Operating Profit Margin | | | | | | | | |
| Collins Aerospace Systems | 10.4 % | 10.5 % | 12.3 % | 1.7 % | 9.6 % | 9.8 % | 9.8 % | 9.2 % |
| Pratt & Whitney | 4.0 % | 4.0 % | (17.6)% | (1.1)% | 2.4 % | 2.5 % | (4.8)% | 2.5 % |
| Raytheon Intelligence & Space | 10.5 % | 10.5 % | 9.3 % | 9.3 % | 10.6 % | 10.6 % | 9.2 % | 9.2 % |
| Raytheon Missiles & Defense | 12.6 % | 12.6 % | 12.1 % | 11.8 % | 13.0 % | 13.0 % | 11.7 % | 11.5 % |
| Total segment | 9.1 % | 9.1 % | 4.7 % | 5.2 % | 8.7 % | 8.8 % | 5.7 % | 7.6 % |

(1) Effective January 1, 2021, we reorganized certain product areas of our Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD) businesses to more efficiently leverage our capabilities and we have reclassified the prior year numbers in the table above. The reorganization does not impact our previously reported Collins Aerospace Systems and Pratt & Whitney segment results, or our consolidated balance sheets, statements of operations or statements of cash flows.

Raytheon Technologies Corporation
Condensed Consolidated Balance Sheet

| <i>(dollars in millions)</i> | September 30, 2021 (Unaudited) | December 31, 2020 (Unaudited) |
|---|-----------------------------------|----------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 7,476 | \$ 8,802 |
| Accounts receivable, net | 9,538 | 9,254 |
| Contract assets | 10,899 | 9,931 |
| Inventory, net | 9,426 | 9,411 |
| Other assets, current | 4,653 | 5,978 |
| Total Current Assets | 41,992 | 43,376 |
| Customer financing assets | 2,960 | 3,144 |
| Fixed assets, net | 14,517 | 14,962 |
| Operating lease right-of-use assets | 1,876 | 1,880 |
| Goodwill | 53,789 | 54,285 |
| Intangible assets, net | 38,842 | 40,539 |
| Other assets | 4,796 | 3,967 |
| Total Assets | \$ 158,772 | \$ 162,153 |
| Liabilities, Redeemable Noncontrolling Interest and Equity | | |
| Short-term borrowings | \$ 206 | \$ 247 |
| Accounts payable | 8,667 | 8,639 |
| Accrued employee compensation | 2,756 | 3,006 |
| Other accrued liabilities | 9,685 | 10,517 |
| Contract liabilities | 12,543 | 12,889 |
| Long-term debt currently due | 274 | 550 |
| Total Current Liabilities | 34,131 | 35,848 |
| Long-term debt | 30,768 | 31,026 |
| Operating lease liabilities, non-current | 1,541 | 1,516 |
| Future pension and postretirement benefit obligations | 9,742 | 10,342 |
| Other long-term liabilities | 9,621 | 9,537 |
| Total Liabilities | 85,803 | 88,269 |
| Redeemable noncontrolling interest | 32 | 32 |
| Shareowners' Equity: | | |
| Common Stock | 37,302 | 36,881 |
| Treasury Stock | (12,398) | (10,407) |
| Retained earnings | 50,343 | 49,423 |
| Accumulated other comprehensive loss | (3,939) | (3,734) |
| Total Shareowners' Equity | 71,308 | 72,163 |
| Noncontrolling interest | 1,629 | 1,689 |
| Total Equity | 72,937 | 73,852 |
| Total Liabilities, Redeemable Noncontrolling Interest and Equity | \$ 158,772 | \$ 162,153 |

Raytheon Technologies Corporation
Condensed Consolidated Statement of Cash Flows

| | Quarter Ended September 30, (Unaudited) | | Nine Months Ended September 30, (Unaudited) | |
|---|--|-----------|--|------------|
| | 2021 | 2020 | 2021 | 2020 |
| <i>(dollars in millions)</i> | | | | |
| Operating Activities: | | | | |
| Net income (loss) from continuing operations | \$ 1,473 | \$ 185 | \$ 3,374 | \$ (3,143) |
| Adjustments to reconcile net income (loss) from continuing operations to net cash flows provided by operating activities: | | | | |
| Depreciation and amortization | 1,158 | 1,164 | 3,413 | 3,003 |
| Deferred income tax provision | (317) | (152) | (142) | (34) |
| Stock compensation cost | 116 | 118 | 343 | 253 |
| Net periodic pension and other postretirement income | (358) | (102) | (1,073) | (325) |
| Goodwill impairment charge | — | — | — | 3,183 |
| Change in: | | | | |
| Accounts receivable | (690) | (596) | (397) | 567 |
| Contract assets | (560) | 323 | (1,117) | 699 |
| Inventory | 76 | 439 | (57) | (111) |
| Other current assets | (17) | (201) | (275) | (381) |
| Accounts payable and accrued liabilities | 1,158 | 529 | 425 | (866) |
| Contract liabilities | 128 | 153 | 83 | 354 |
| Global pension contributions | (13) | (22) | (38) | (64) |
| Other operating activities, net | (222) | (216) | (558) | (171) |
| Net cash flows provided by operating activities from continuing operations | 1,932 | 1,622 | 3,981 | 2,964 |
| Investing Activities: | | | | |
| Capital expenditures | (433) | (389) | (1,180) | (1,172) |
| Investments in businesses | — | — | (6) | — |
| Dispositions of businesses, net of cash transferred | — | 2,341 | 1,074 | 2,575 |
| Cash acquired in Raytheon Merger | — | — | — | 3,208 |
| Customer financing assets receipts (payments), net | 126 | (9) | 24 | (138) |
| Increase in collaboration intangible assets | (78) | (30) | (138) | (136) |
| Receipts (payments) from settlements of derivative contracts, net | (8) | 171 | 42 | (115) |
| Other investing activities, net | 15 | 12 | 45 | (70) |
| Net cash flows (used in) provided by investing activities from continuing operations | (378) | 2,096 | (139) | 4,152 |
| Financing Activities: | | | | |
| Issuance of long-term debt | 1,981 | 15 | 1,981 | 1,999 |
| Distribution from discontinued operations | — | — | — | 17,207 |
| Repayment of long-term debt | (2,240) | (14) | (2,547) | (15,052) |
| Decrease in short-term borrowings, net | 10 | (15) | (41) | (2,060) |
| Proceeds from Common Stock issued under employee stock plans | 1 | (4) | 3 | 6 |
| Dividends paid on Common Stock | (751) | (688) | (2,212) | (2,026) |
| Repurchase of Common Stock | (993) | — | (2,000) | (47) |
| Net transfers to discontinued operations | (3) | (32) | (27) | (1,998) |
| Other financing activities, net | (68) | 14 | (339) | (85) |
| Net cash flows used in financing activities from continuing operations | (2,063) | (724) | (5,182) | (2,056) |
| Discontinued Operations: | | | | |
| Net cash used in operating activities | (3) | (32) | (27) | (693) |
| Net cash used in investing activities | — | — | — | (241) |
| Net cash provided by (used in) financing activities | 3 | 32 | 27 | (1,449) |
| Net cash flows used in discontinued operations | — | — | — | (2,383) |
| Effect of foreign exchange rate changes on cash and cash equivalents from continuing operations | (69) | 21 | 10 | 11 |
| Effect of foreign exchange rate changes on cash and cash equivalents from discontinued operations | — | — | — | (76) |
| Net (decrease) increase in cash, cash equivalents and restricted cash | (578) | 3,015 | (1,330) | 2,612 |
| Cash, cash equivalents and restricted cash, beginning of period | 8,080 | 7,017 | 8,832 | 4,961 |
| Cash, cash equivalents and restricted cash within assets related to discontinued operations, beginning of period | — | — | — | 2,459 |
| Cash, cash equivalents and restricted cash, end of period | 7,502 | 10,032 | 7,502 | 10,032 |
| Less: Restricted cash, included in Other assets | 26 | 31 | 26 | 31 |
| Cash and cash equivalents, end of period | \$ 7,476 | \$ 10,001 | \$ 7,476 | \$ 10,001 |

Raytheon Technologies Corporation
Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP) Results
Adjusted Sales, Adjusted Operating Profit & Operating Profit Margin

| <i>(dollars in millions - Income (Expense))</i> | Quarter Ended September 30, (Unaudited) | | Nine Months Ended September 30, (Unaudited) | |
|---|--|---------------------|--|---------------------|
| | 2021 | 2020 ⁽²⁾ | 2021 | 2020 ⁽²⁾ |
| Collins Aerospace Systems | | | | |
| Net sales | \$ 4,592 | \$ 4,274 | \$ 13,507 | \$ 14,914 |
| Significant unfavorable contract adjustments ⁽¹⁾ | — | (4) | — | (122) |
| Adjusted net sales | \$ 4,592 | \$ 4,278 | \$ 13,507 | \$ 15,036 |
| Operating profit (loss) | \$ 478 | \$ 526 | \$ 1,298 | \$ 1,455 |
| Restructuring | (2) | (138) | (32) | (295) |
| Significant unfavorable contract adjustments ⁽¹⁾ | — | (25) | — | (169) |
| Charges related to customer bankruptcies and collectability risk ⁽¹⁾ | — | (24) | — | (123) |
| Foreign government wage subsidies ⁽¹⁾ | — | 32 | — | 56 |
| Fixed asset impairment ⁽¹⁾ | — | — | — | (3) |
| Gain on sale of businesses | — | 608 | — | 608 |
| Adjusted operating profit | \$ 480 | \$ 73 | \$ 1,330 | \$ 1,381 |
| Adjusted operating profit margin | 10.5 % | 1.7 % | 9.8 % | 9.2 % |
| Pratt & Whitney | | | | |
| Net sales | \$ 4,725 | \$ 3,494 | \$ 13,035 | \$ 12,334 |
| Favorable impact of a contract termination ⁽¹⁾ | — | — | — | 22 |
| Significant unfavorable contract adjustments ⁽¹⁾ | — | (296) | — | (416) |
| Adjusted net sales | \$ 4,725 | \$ 3,790 | \$ 13,035 | \$ 12,728 |
| Operating profit (loss) | \$ 187 | \$ (615) | \$ 319 | \$ (597) |
| Restructuring | (2) | (63) | (6) | (170) |
| Charges related to customer bankruptcies and collectability risk ⁽¹⁾ | — | (24) | — | (234) |
| Significant unfavorable contract adjustments ⁽¹⁾ | — | (543) | — | (653) |
| Foreign government wage subsidies ⁽¹⁾ | — | 58 | — | 117 |
| Favorable impact of a contract termination ⁽¹⁾ | — | — | — | 22 |
| Adjusted operating profit (loss) | \$ 189 | \$ (43) | \$ 325 | \$ 321 |
| Adjusted operating profit margin | 4.0 % | (1.1) % | 2.5 % | 2.5 % |
| Raytheon Intelligence & Space | | | | |
| Net sales | \$ 3,740 | \$ 3,749 | \$ 11,310 | \$ 7,136 |
| Operating profit | \$ 391 | \$ 350 | \$ 1,194 | \$ 659 |
| Operating profit margin | 10.5 % | 9.3 % | 10.6 % | 9.2 % |
| Raytheon Missiles & Defense | | | | |
| Net sales | \$ 3,902 | \$ 3,706 | \$ 11,680 | \$ 7,212 |
| Middle East contract adjustment | — | 65 | — | 119 |
| Adjusted net sales | \$ 3,902 | \$ 3,641 | \$ 11,680 | \$ 7,093 |
| Operating profit | \$ 490 | \$ 449 | \$ 1,518 | \$ 847 |
| Middle East contract adjustment | — | 18 | — | 30 |
| Adjusted operating profit | \$ 490 | \$ 431 | \$ 1,518 | \$ 817 |
| Adjusted operating profit margin | 12.6 % | 11.8 % | 13.0 % | 11.5 % |
| Eliminations and Other | | | | |
| Net sales | \$ (746) | \$ (476) | \$ (2,188) | \$ (1,428) |
| Operating loss | \$ (27) | \$ (49) | \$ (98) | \$ (101) |
| Restructuring | — | (23) | — | (23) |
| Adjusted operating loss | \$ (27) | \$ (26) | \$ (98) | \$ (78) |

| Corporate expenses and other unallocated items | | | | | | | | |
|--|----|--------|----|--------|----|---------|----|---------|
| Operating loss | \$ | (89) | \$ | (84) | \$ | (319) | \$ | (491) |
| Restructuring | | (15) | | (21) | | (80) | | (192) |
| Costs associated with the separation of the commercial businesses | | — | | (7) | | (8) | | (21) |
| Transaction and integration costs associated with the Raytheon Merger | | — | | (46) | | (17) | | (145) |
| Adjusted operating loss | \$ | (74) | \$ | (10) | \$ | (214) | \$ | (133) |
| FAS/CAS Operating Adjustment | | | | | | | | |
| Operating profit | \$ | 499 | \$ | 380 | \$ | 1,347 | \$ | 736 |
| Acquisition Accounting Adjustments | | | | | | | | |
| Operating loss | \$ | (586) | \$ | (523) | \$ | (1,621) | \$ | (4,539) |
| Intangible impairment ⁽¹⁾ | | — | | — | | — | | (57) |
| Goodwill impairment ⁽¹⁾ | | — | | — | | — | | (3,183) |
| Acquisition accounting adjustments | | (586) | | (523) | | (1,621) | | (1,299) |
| Adjusted operating profit | \$ | — | \$ | — | \$ | — | \$ | — |
| RTC Consolidated | | | | | | | | |
| Net sales | \$ | 16,213 | \$ | 14,747 | \$ | 47,344 | \$ | 40,168 |
| Favorable impact of a contract termination | | — | | — | | — | | 22 |
| Significant unfavorable contract adjustments | | — | | (300) | | — | | (538) |
| Middle East contract adjustment | | — | | 65 | | — | | 119 |
| Adjusted net sales | \$ | 16,213 | \$ | 14,982 | \$ | 47,344 | \$ | 40,565 |
| Operating profit (loss) | \$ | 1,343 | \$ | 434 | \$ | 3,638 | \$ | (2,031) |
| Restructuring | | (19) | | (245) | | (118) | | (680) |
| Acquisition accounting adjustments | | (586) | | (523) | | (1,621) | | (1,299) |
| Total significant non-recurring and non-operational items included in Operating Profit above | | — | | 47 | | (25) | | (3,755) |
| Adjusted operating profit | \$ | 1,948 | \$ | 1,155 | \$ | 5,402 | \$ | 3,703 |

(1) Total significant non-recurring and non-operational items in the table above for the quarter and nine months ended September 30, 2020 includes a net pre-tax charge of \$0.5 billion and \$4.2 billion, respectively, related to the impact of the COVID-19 pandemic, primarily consisting of charges related to the impairment of goodwill in the second quarter of 2020, significant unfavorable contract adjustments, and customer bankruptcies and increased collectability risk. Management determined these items are incremental to similar costs (or income) incurred for reasons other than the pandemic and not expected to recur once the impact of the pandemic has subsided, and therefore, not indicative of the Company's ongoing operational performance and appropriate for adjustment in the applicable periods. Similar items were not significant for the quarter and nine months ended September 30, 2021 and are not expected to be significant to our 2021 results. Therefore, such items have not been adjusted for in the table above for the quarter and nine months ended September 30, 2021.

(2) Effective January 1, 2021, we reorganized certain product areas of our Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD) businesses to more efficiently leverage our capabilities and we have reclassified the prior year numbers in the table above. The reorganization does not impact our previously reported Collins Aerospace Systems and Pratt & Whitney segment results, or our consolidated balance sheets, statements of operations or statements of cash flows.

Raytheon Technologies Corporation
Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP) Results
Adjusted Income from Continuing Operations, Earnings Per Share, Weighted Average Diluted Shares Outstanding and Effective Tax Rate

| | Quarter Ended September 30, (Unaudited) | | Nine Months Ended September 30, (Unaudited) | |
|---|--|----------------|--|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| <i>(dollars and shares in millions - Income (Expense))</i> | | | | |
| Income (loss) from continuing operations attributable to common shareowners | \$ 1,400 | \$ 151 | \$ 3,212 | \$ (3,255) |
| Total Restructuring | (19) | (245) | (118) | (680) |
| Total Acquisition accounting adjustments | (586) | (523) | (1,621) | (1,299) |
| Total significant non-recurring and non-operational items included in Operating Profit | — | 47 | (25) | (3,755) |
| <i>Significant non-recurring and non-operational items included in Non-service Pension</i> | | | | |
| Pension curtailment | — | — | — | (25) |
| Pension curtailment / settlement related to Collins Aerospace sale of businesses | — | (8) | — | (8) |
| Non-service pension restructuring | — | (5) | — | (5) |
| <i>Significant non-recurring and non-operational items included in Interest Expense, Net</i> | | | | |
| Debt extinguishment costs | (32) | — | (32) | — |
| Deferred compensation | — | — | — | 4 |
| Tax effect of restructuring and significant non-recurring and non-operational items above | 141 | (13) | 398 | 393 |
| <i>Significant non-recurring and non-operational items included in Income Tax Expense</i> | | | | |
| Tax impact from UK rate change | — | — | (73) | — |
| Tax impact from business disposal | — | 12 | (148) | (10) |
| Tax expenses associated with the Company's separation of Otis and Carrier | — | — | — | (415) |
| Tax impact related to debt exchange | — | 11 | — | (49) |
| Revaluation of certain international tax incentives | — | — | — | (46) |
| Revaluation of deferred taxes related to Raytheon merger and the Company's separation of Otis and Carrier | — | — | — | 31 |
| Tax impact of goodwill impairment | — | 11 | — | 11 |
| Tax impact as a result of tax reform regulations | — | 9 | — | 9 |
| Less: Impact on net income attributable to common shareowners | (496) | (704) | (1,619) | (5,844) |
| Adjusted income from continuing operations attributable to common shareowners | \$ 1,896 | \$ 855 | \$ 4,831 | \$ 2,589 |
| Diluted Earnings (Loss) Per Share | \$ 0.93 | \$ 0.10 | \$ 2.13 | \$ (2.48) |
| Impact on Diluted Earnings (Loss) Per Share | (0.33) | (0.46) | (1.07) | (4.45) |
| Adjusted Diluted Earnings Per Share | \$ 1.26 | \$ 0.56 | \$ 3.20 | \$ 1.97 |
| Weighted Average Number of Shares Outstanding | | | | |
| Reported Diluted | 1,505.9 | 1,514.2 | 1,511.0 | 1,311.3 |
| Impact of dilutive shares ⁽¹⁾ | — | — | — | 4.2 |
| Adjusted Diluted | 1,505.9 | 1,514.2 | 1,511.0 | 1,315.5 |
| Effective Tax Rate | 0.2 % | 45.1 % | 17.0 % | (31.5)% |
| Impact on Effective Tax Rate | 6.6 % | (28.1)% | (2.2)% | 51.5 % |
| Adjusted Effective Tax Rate | 6.8 % | 17.0 % | 14.8 % | 20.0 % |

(1) The computation of reported diluted earnings per share in the nine months ended September 30, 2020 excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, because their effect was antidilutive due to the reported loss from operations. On an adjusted basis, the Company reported income from continuing operations and therefore, the dilutive effect of such awards is included in the calculation of Adjusted Diluted Earnings Per Share.

Raytheon Technologies Corporation
Free Cash Flow Reconciliation

| <i>(dollars in millions)</i> | Quarter Ended September 30, (Unaudited) | |
|--|--|----------|
| | 2021 | 2020 |
| Net cash flows provided by operating activities from continuing operations | \$ 1,932 | \$ 1,622 |
| Capital expenditures | (433) | (389) |
| Free cash flow | \$ 1,499 | \$ 1,233 |

| <i>(dollars in millions)</i> | Nine Months Ended September 30, (Unaudited) | |
|--|--|----------|
| | 2021 | 2020 |
| Net cash flows provided by operating activities from continuing operations | \$ 3,981 | \$ 2,964 |
| Capital expenditures | (1,180) | (1,172) |
| Free cash flow | \$ 2,801 | \$ 1,792 |