



Raytheon
Technologies

**3Q 2020 Earnings
Conference Call**

October 27, 2020

Forward-Looking Statements

Note: All results and expectations in the presentation reflect continuing operations unless otherwise noted.

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 rates, R&D spend, 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 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 COVID-19 and its effects, among other things, on global supply, demand and distribution capabilities as the COVID-19 outbreak continues and results in an increasingly prolonged period of disruption to air travel and commercial activities generally, and significant restrictions and limitations on businesses, particularly within the aerospace and commercial airlines industries) 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 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’s businesses or the integration of RTC with other businesses 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 have been suspended through the end of the calendar year and may continue to be suspended, or discontinued 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 awards and the potential inability to recover termination costs); (9) new business and investment opportunities; (10) the ability to realize the intended benefits of organizational changes; (11) the anticipated benefits of diversification and balance of operations across product lines, regions and industries; (12) the outcome of legal proceedings, investigations and other contingencies; (13) pension plan assumptions and future contributions; (14) the impact of the negotiation of collective bargaining agreements and labor disputes; (15) the effect of changes in political conditions in the U.S. and other countries in which RTC and its businesses operate, including a change in the Administration or change in the makeup of Congress following the outcome of the November 2020 elections that may impact, among other things, regulatory approvals, the effect of changes in U.S. trade policies or the U.K.’s withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (16) the effect of changes in tax (including U.S. tax reform enacted on December 22, 2017, which is commonly referred to as the Tax Cuts and Jobs Act of 2017), environmental, regulatory and other laws and regulations (including, among other things, export and import requirements such as the International Traffic in Arms Regulations and the Export Administration Regulations, anti-bribery and anti-corruption requirements, including the Foreign Corrupt Practices Act, industrial cooperation agreement obligations, and procurement and other regulations) in the U.S. and other countries in which RTC and its businesses operate; (17) 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 at all 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; (18) 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 in light of, among other factors, the COVID-19 outbreak; (19) the expected benefits to RTC of the separation transactions; (20) the intended qualification of (i) the merger as a tax-free reorganization and (ii) the separation transactions as tax-free to UTC and former UTC shareowners, in each case, for U.S. federal income tax purposes; and (21) the risk that dissynergy costs incurred in connection with the separation transactions will exceed legacy UTC’s or legacy Raytheon’s estimates. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the reports of RTC, UTC and Raytheon on Forms S-4, 10-K, 10-Q and 8-K filed with or furnished to the Securities and Exchange Commission from time to time. Any forward-looking statement speaks only as of the date on which it is made, and RTC assumes 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.

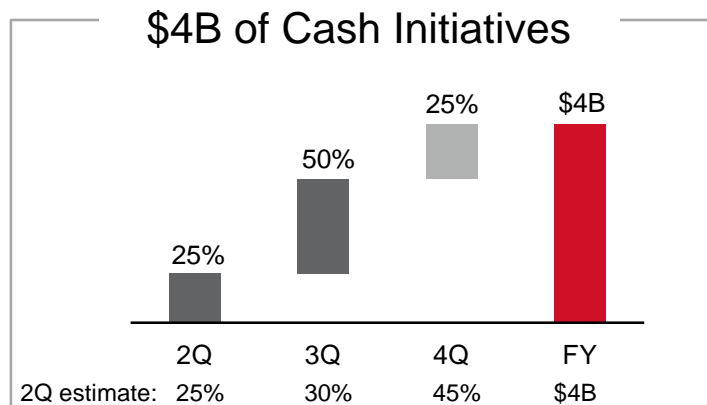
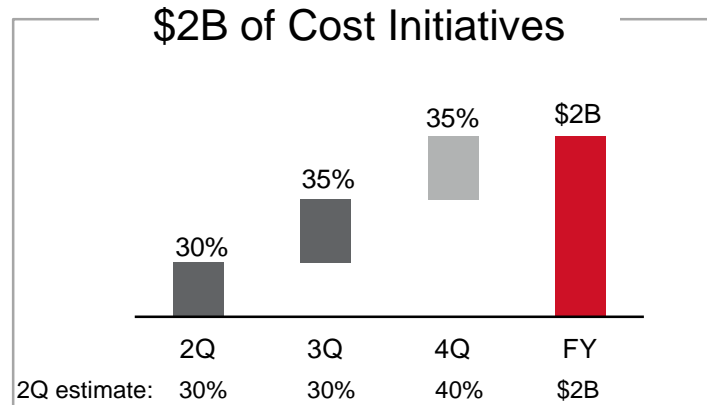
3Q Highlights

- Sales in line with expectations, and better than expected adjusted EPS and free cash flow
- Robust defense backlog of over \$70B
- Executing cost reduction and cash conservation actions
 - ~\$700M of cost reduction realized in 3Q
 - ~\$1.9B of cash conservation realized in 3Q
- Achieved over \$65M in RTX synergies (~\$100M year-to-date)
- Achieved \$40M in Collins synergies (~\$430M acquisition to date)
- Completed Military GPS and Space ISR divestitures resulting in \$2B net proceeds

Results reflect continued progress and acceleration of cost reduction and cash conservation actions

Cost and Cash Actions

Announced Actions



Headcount Actions

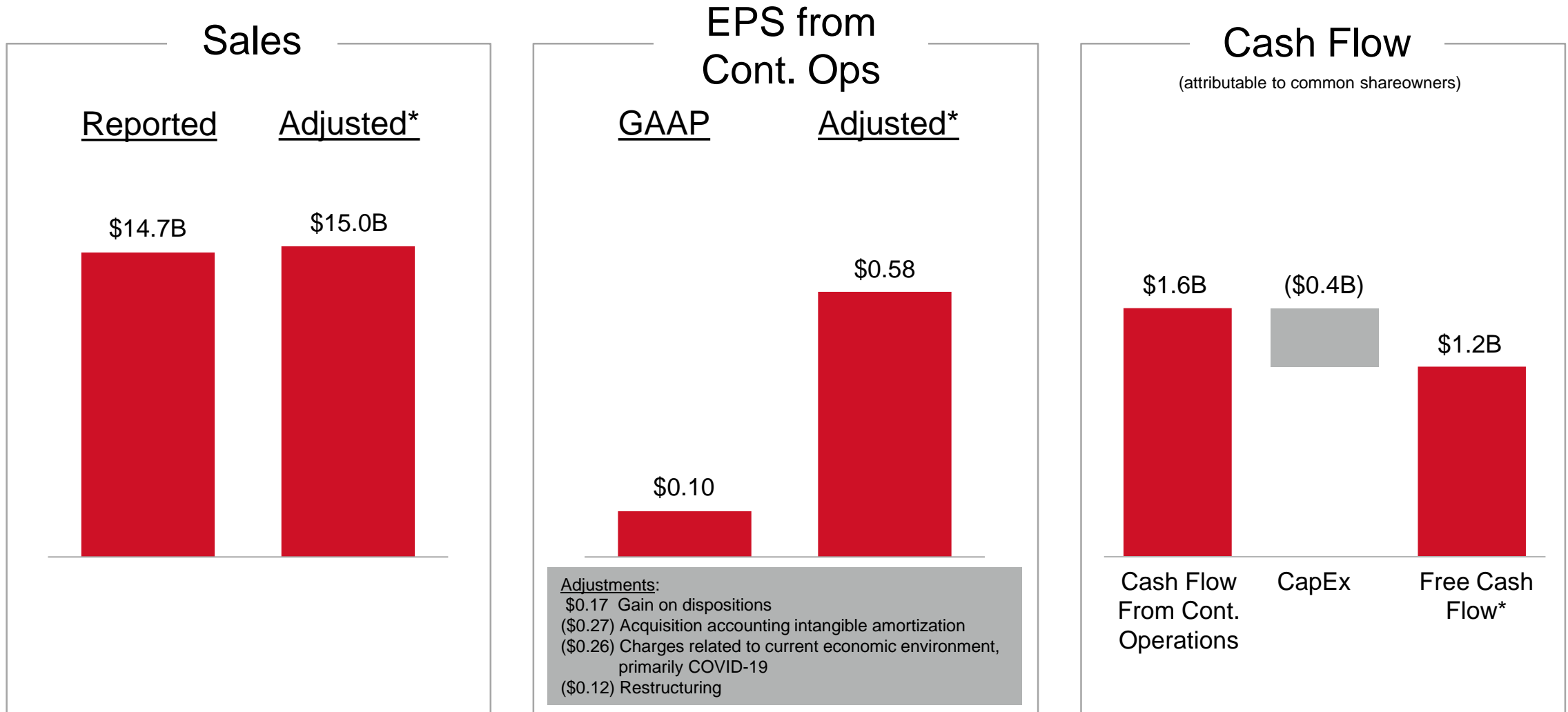
- 15,000 reduction
 - ~20% commercial aero reduction at Collins and Pratt
- 4,000 contractor roles reduced
 - ~50% reduction
- Temporary furloughs
- Hiring freeze and merit deferrals
- Disciplined hiring to support Defense growth

Structural Actions

- Footprint reduction
- High cost to low cost manufacturing
- Process automation
- Pratt turbine airfoil facility
 - Value stream co-location
 - Low cost location
 - Highly automated
 - World class lean processes
 - Run rate savings ~\$175M annually

Focused on structural actions that will position RTX to emerge from the pandemic in a position of strength

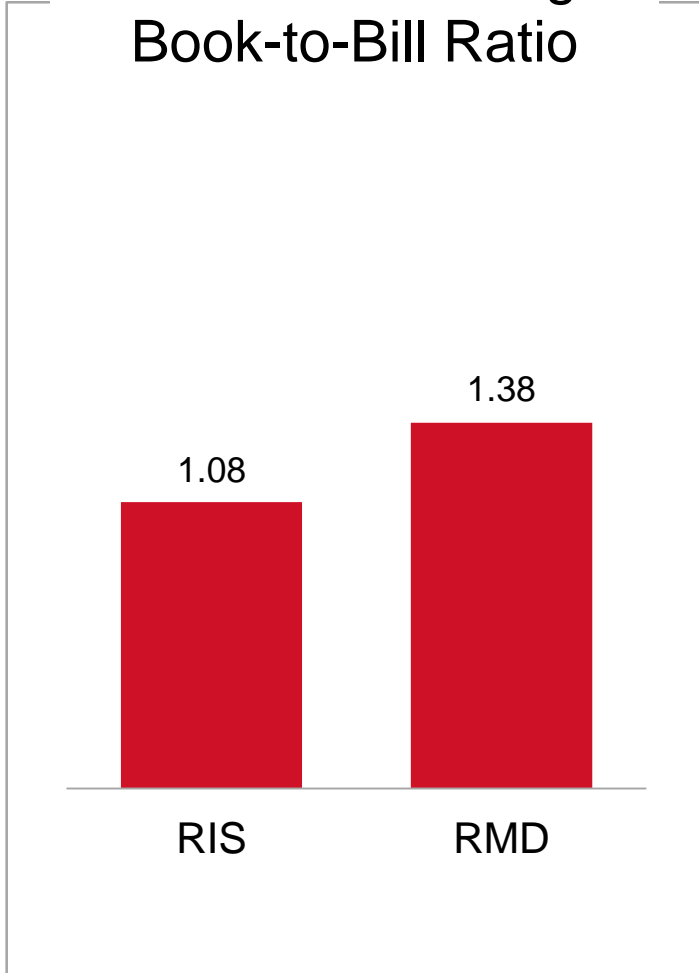
3Q 2020



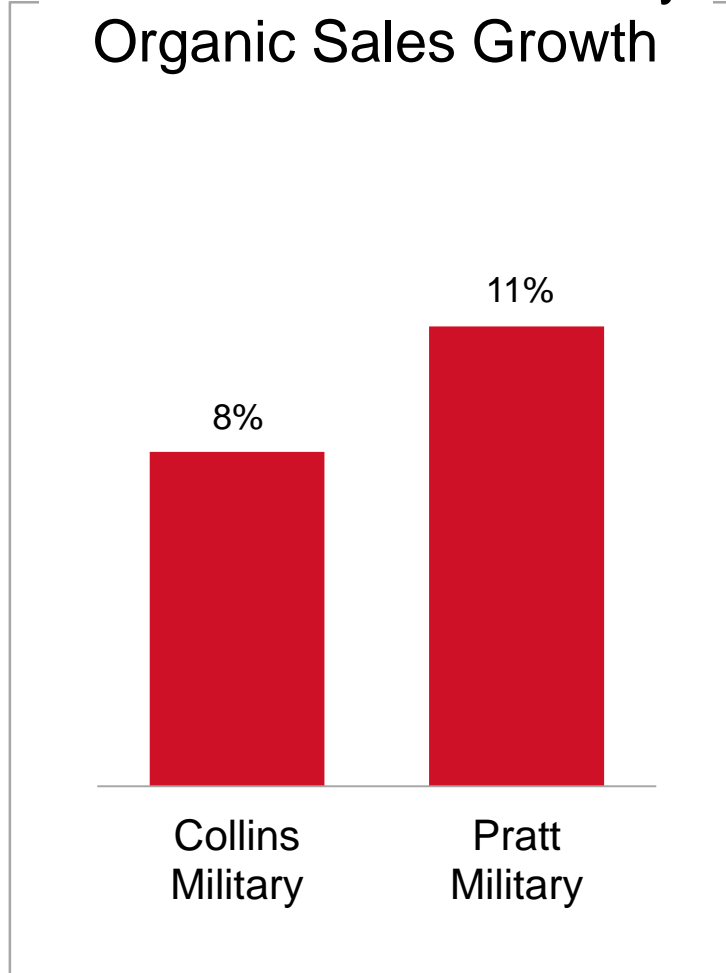
Delivered revenue in line with expectations and better than expected adjusted EPS and free cash flow

3Q 2020 Quarterly Trends

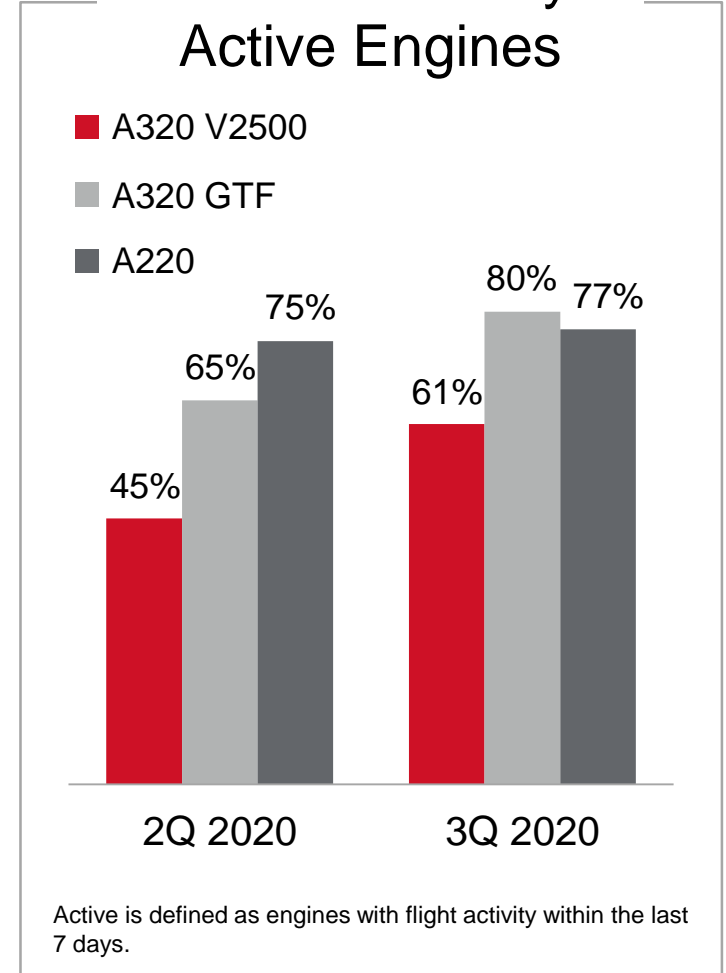
12 Month Trailing Book-to-Bill Ratio



Collins and Pratt Military Organic Sales Growth



Pratt & Whitney Active Engines



Positioned for strong defense growth and improving trends in commercial aero narrowbody aircraft utilization

Collins Aerospace Segment Highlights

3Q 2020

(\$ millions)

	Reported	Adjusted*	YOY Var.*
Sales	4,274	4,278	(34)%
Operating Profit	526	73	(94)%
ROS	12.3%	1.7%	

- Organic sales* down 33%
- Adjusted sales* down 34%
 - Commercial OEM down 44%
 - Commercial aftermarket down 52%
 - Military up 4% (up 8% ex-divestitures and FX)
- Adjusted operating profit* down 94%
 - Lower sales and unfavorable absorption driven by COVID-19 impact
 - Cost mitigation tailwinds
 - Synergy capture
 - Favorable military volume



With the new Kiosk Connect solution, supported by the ARINC SelfPass™ system, Collins Aerospace is providing the first full, end-to-end, contactless airport journey. By simply scanning a QR code with their mobile device, passengers can quickly connect to a common use kiosk using either the airport's public Wi-Fi or the kiosk's built-in Wi-Fi, with no requirement to download any apps. The system uses a single token ID driven by secure biometrics, and does not require the presentation of traditional boarding and identification documents, but rather facial recognition. Users are able to complete the check-in process on their phones and produce boarding passes and bag tags without ever touching the kiosk screen.

Pratt & Whitney Segment Highlights

3Q 2020

(\$ millions)

	Reported	Adjusted*	YOY Var.*
Sales	3,494	3,790	(28)%
Operating Profit	(615)	(43)	(108)%
ROS	(17.6)%	(1.1)%	

- Organic sales* down 34%
- Adjusted sales* down 28%
 - Commercial OEM down 30%
 - Commercial aftermarket down 51%
 - Military up 11%
- Adjusted operating profit* down 108%
 - Lower sales and unfavorable absorption driven by COVID-19 impact
 - Cost mitigation tailwinds
 - Favorable military volume



Photo: U.S. Air Force
A representative F135 engine undergoes developmental testing in the same J-2 test cell where first-of-its-kind collaboration took place at Arnold Engineering Development Complex (AEDC) at Arnold Air Force Base in Tennessee in September 2020. During the event, Navy and Air Force propulsion engineers and testers remotely collaborated on engine testing happening in real-time at AEDC while testers at NAS Patuxent River participated remotely from Naval Air Warfare Center Aircraft Division's Remote Data Room.

Raytheon Intelligence & Space Segment Highlights

3Q 2020

(\$ millions)

	Reported
Sales	3,674
Operating Profit	348
ROS	9.5%

- Bookings
 - \$928M of classified bookings
 - \$176M to perform operations and sustainment for the U. S. Air Force's Launch and Test Range System (LTRS)
- 12 month trailing book to bill ratio 1.08
- Q3 book-to-bill ratio 0.85
- Backlog \$18.3B



Raytheon Intelligence & Space designs, develops, integrates and provides full life cycle support for key elements of the DoD's ground processing framework.

Raytheon Missiles & Defense Segment Highlights

3Q 2020

(\$ millions)






	Reported
Sales	3,794
Operating Profit	453
ROS	11.9%

- Bookings
 - \$186M for AN/TPY-2 radar program for the Kingdom of Saudi Arabia
- 12 month trailing book-to-bill ratio 1.38
- Q3 book-to-bill ratio 0.69
- Backlog \$31.6B



In September, the first battery of the Patriot Air and Missile defense system officially arrived in Romania. The delivery came 24 months after finalizing the contract, marking the fastest delivery of the most modern capability to address evolving threats. Romania was a strong partner in achieving this milestone, from the readiness of the Romanian Air Forces and commitment of the Government of Romania, to the capabilities in the Romanian industrial base. Romania will be defended with the most current configuration of Patriot, Configuration 3+. This ensures its relevancy for years, and allows Romania to remain aligned with the US and five other European allies and partners that rely on Patriot for their air and missile defense.

Current Environment

- Robust defense backlog 
- Cost synergies & cost reduction actions 
- Liquidity 
- Commercial air traffic 
- COVID-19 / macro economic environment 

Positioned to deliver ~\$2 billion in full year pro forma free cash flow*

2020 Priorities

- Support employees, customers and suppliers
- Invest in technology and product innovation
- Execute integration and deliver synergies
- Drive structural cost reduction
- Disciplined capital deployment and maintain strong liquidity

Taking decisive actions to position the business for long-term growth



Raytheon
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Appendix

Use and Definitions of Non-GAAP Financial Measures

Raytheon Technologies Corporation's ("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, adjusted earnings per share ("EPS"), adjusted diluted weighted average shares outstanding, and the adjusted effective tax rate are non-GAAP financial measures. Adjusted net sales represents consolidated net sales from continuing operations (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 income from continuing operations (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. Adjusted diluted weighted average shares outstanding represents diluted weighted average shares outstanding (a GAAP measure), including stock awards which were anti-dilutive during the nine months ended September 30, 2020 as a result of the net loss from operations. The adjusted effective tax rate represents the effective tax rate (a GAAP measure), excluding the tax effect of 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, and adjustments of operating profit and margins 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 free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected cash flow from operations) 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.

Raytheon Technologies: P&W Engine Shipments to Customers

	<u>2019</u>					<u>2020</u>		
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Military	39	58	53	65	215	48	72	59
Large commercial*	189	173	165	219	746	211	92	114
Pratt & Whitney Canada**	524	593	607	631	2,355	466	393	379

*Large commercial excludes industrial engine shipments.

**Excludes APUs.

Raytheon Technologies: Free Cash Flow Reconciliation

(\$ millions)

	<u>3Q 2020</u>
Net income attributable to common shareowners from continuing operations	185
Depreciation & amortization	1,164
Change in working capital	647
Other	<u>(374)</u>
Cash flow from operations	1,622
Capital expenditures	<u>(389)</u>
Free cash flow	<u><u>1,233</u></u>

3Q 2020: Raytheon Technologies Sales Reconciliation

	<u>Total Growth - Reported</u>	<u>Organic</u>	<u>Acquisitions and Divestitures</u>	<u>FX</u>
Collins Aerospace	(34%)	(33%)	(1%)	-
Pratt & Whitney	(34%)	(34%)	-	-
RIS	100%	-	100%	-
RMD	100%	-	100%	-
Elims & Other	<u>20%</u>	<u>(24%)</u>	<u>44%</u>	=
Total RTC	30%	(34%)	64%	-

Raytheon Technologies: Segment Data – GAAP

RAYTHEON TECHNOLOGIES CORPORATION

SEGMENT DATA - Reported

(\$ Millions except per share amounts)

Collins Aerospace Systems

	Q1	Q2	Q3	YTD 2020	Q1	Q2	Q3	Q4	YTD 2019
Net Sales (m)	6,438	4,202	4,274	14,914	6,513	6,576	6,495	6,444	26,028
Operating Profit (a),(b),(c),(d),(p),(z)	1,246	(317)	526	1,455	964	1,276	1,259	1,009	4,508
Operating Profit %	19.4%	(7.5%)	12.3%	9.8%	14.8%	19.4%	19.4%	15.7%	17.3%

Pratt & Whitney

Net Sales (m)	5,353	3,487	3,494	12,334	4,818	5,154	5,285	5,645	20,902
Operating Profit (a),(o)	475	(457)	(615)	(997)	478	449	520	354	1,801
Operating Profit %	8.9%	(13.1%)	(17.6%)	(8.1%)	9.9%	8.7%	9.8%	6.3%	8.6%

Raytheon Intelligence and Space

Net Sales	-	3,314	3,674	6,988	-	-	-	-	-
Operating Profit	-	311	348	659	-	-	-	-	-
Operating Profit %	-	9.4%	9.5%	9.4%	-	-	-	-	-

Raytheon Missiles and Defense

Net Sales	-	3,590	3,794	7,384	-	-	-	-	-
Operating Profit	-	397	453	850	-	-	-	-	-
Operating Profit %	-	11.1%	11.9%	11.5%	-	-	-	-	-

Total Segments

Net Sales	11,791	14,593	15,236	41,620	11,331	11,730	11,780	12,089	46,930
Operating Profit	1,721	(66)	712	2,367	1,442	1,725	1,779	1,363	6,309
Operating Profit %	14.6%	(0.5%)	4.7%	5.7%	12.7%	14.7%	15.1%	11.3%	13.4%

Corporate, Eliminations, and Other

Net Sales:

Other

Operating Profit:

Corporate Elims and Other (a),(d),(e),(f),(k),(r)

Acquisition Accounting Adjustments

FAS/CAS Operating Adjustment

Consolidated

Net Sales

Operating Profit

Operating Profit %

Non-service pension (benefit) cost (g),(s)

Interest expense, net (h),(t)

Income from continuing operations before income taxes

Income tax (expense) benefit (j),(k),(l),(u),(v),(x),(y),(aa),(bb)

Less: Noncontrolling interest in subsidiaries' earnings (i)

Net income from continuing operations

Less: Noncontrolling interest in subsidiaries' earnings (i)

Net income from continuing operations attributable to shareholders

(Loss) income from discontinued operations

Income tax (expense) benefit from discontinued operations

Less: Noncontrolling interest in subsidiaries' earnings

Net (loss) income from discontinued operations attributable to shareholders

Net (loss) income attributable to common shareholders

(a) Restructuring costs as included in 2020 and 2019 results:

Operating Profit:

Collins Aerospace Systems

Pratt & Whitney

RIS

RMD

Total Segments operating profit

Corporate expenses and other unallocated items

Eliminations and other

Total consolidated operating profit

Non-service pension costs

Total within discontinued operations

Total RTC Net Income

2020				
Restructuring Costs				
Q1	Q2	Q3	YTD 2020	
(6)	(151)	(138)	(295)	
-	(107)	(63)	(170)	
-	-	-	-	
-	-	-	-	
(6)	(258)	(201)	(465)	
(1)	(169)	(21)	(191)	
(1)	-	(23)	(24)	
(8)	(427)	(245)	(680)	
-	-	(5)	(5)	
(11)	-	-	(11)	
(19)	(427)	(250)	(696)	

2019					
Restructuring Costs					
Q1	Q2	Q3	Q4	YTD 2019	
(39)	(17)	(27)	(19)	(102)	
(14)	(3)	-	(116)	(133)	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
(1)	(1)	(1)	(3)	(6)	
-	-	-	-	-	
(1)	(1)	(1)	(3)	(6)	
-	-	-	(4)	(4)	
(58)	(45)	(38)	(39)	(180)	
(59)	(46)	(39)	(46)	(190)	

2019 Footnotes

(b) Costs related to amortization of Rockwell Collins inventory fair value adjustment of \$181 million in Q1 2019.

(c) Unfavorable charges associated with the loss on the sale of a business at Collins Aerospace Systems of \$25 million in Q1 2019.

(d) Pre-tax charges for costs associated with pension plan amendment of \$33 million at Collins Aerospace Systems and \$10 million at Corporate during Q4 2019.

(e) Transaction and integration costs related to merger agreement with Rockwell Collins of \$9 million in Q1 2019, \$10 million in Q2 2019, \$11 million in Q3 2019 and \$10 million in Q4 2019.

(f) Transaction costs related to merger agreement with Raytheon of approximately \$26 million in Q2 2019, \$25 million in Q3 2019, and \$32 million in Q4 2019.

(g) Pre-tax charges associated with pension curtailment of a favorable \$98 million in Q3 2019 and unfavorable \$25 million in Q4 2019.

(h) Favorable pre-tax interest related to tax settlements \$58 million in Q2 2019 and \$5 million in Q3 2019.

(i) Unfavorable Noncontrolling interest resulting from the Company's announcement of its intention to separate its commercial businesses of \$7 million in Q4 2019.

(j) Favorable income tax adjustments related to several tax settlements of \$264 million in Q2 2019, \$8 million in Q3 2019, and \$6 million in Q4 2019.

(k) Favorable income tax adjustments related to the 2018 U.S Tax Reform Legislation of \$21 million in Q4 2019.

(l) Favorable income tax adjustment resulting from the Company's announcement of its intention to separate its commercial businesses of \$29 million in Q4 2019.

2020 Footnotes

(m) Favorable impact of a contract termination of \$22 million in Q1 2020, unfavorable EAC adjustments of \$120 million in Q2 2020 and unfavorable EAC adjustments of \$296 million in Q3 2020 at Pratt & Whitney.

(n) EAC adjustments for Collins Aerospace Systems of an unfavorable \$22 million in Q1 2020, \$96 million in Q2 2020 and \$4 million in Q3 2020.

(o) Unfavorable costs related to the impacts of COVID 19 at Pratt & Whitney of \$40 million in Q1 2020, \$199 million Q2 2020 and \$509 million in Q3 2020.

(p) Unfavorable costs related to the impacts of COVID 19 at Collins Aerospace of \$32 million in Q1 2020, \$190 in Q2 2020 and \$17 million in Q3 2020.

(q) Transaction and integration costs related to merger agreement with Raytheon of \$29 million in Q1 2020, \$70 million in Q2 2020 and \$46 million in Q3 2020.

(r) Costs related to the Company's separation of its commercial businesses of \$14 million in Q2 2020 and \$7 million in Q3 2020.

(s) Pre-tax charges associated with pension curtailment of \$25 million in Q2 2020 and \$8 million in Q3 2020 specifically related to the sale of businesses at Collins Aerospace Systems.

(t) Favorable pre-tax interest related to the separation of its commercial businesses of \$4 million in Q2 2020.

(u) Unfavorable income tax adjustments related to the company's separation of its commercial businesses of \$415 million in Q1 2020.

(v) Unfavorable income tax adjustments related to the tax impact from a business disposal of \$22 million in Q2 2020 and a favorable income tax adjustment related to the tax impact from a business disposal of \$12 million in Q3 2020.

(w) Unfavorable income tax adjustment of \$60 million in Q2 2020 related to the tax impact of the debt exchange and a favorable income tax adjustment of \$11 million in Q3 2020 related to the tax impact of the debt exchange.

(x) Unfavorable income tax adjustments related to the revaluation of certain international tax incentives of \$46 million in Q2 2020.

(y) Favorable income tax adjustments related to the revaluation of deferred taxes related to the Raytheon Merger of \$31 million in Q2 2020.

(z) Favorable gains associated with the sale of businesses at Collins Aerospace Systems of \$608 million in Q3 2020.

(aa) Favorable income tax adjustment related to a Q2 2020 impairment of \$11 million in Q3 2020.

(bb) Favorable income tax adjustments resulting from tax reform regulations of \$9 million in Q3 2020.

2020					2019				
Q1	Q2	Q3	YTD 2020	Q1	Q2	Q3	Q4	YTD 2019	
11,791	14,593	15,236	41,620	11,331	11,730	11,780	12,089	46,930	
1,721	(66)	712	2,367	1,442	1,725	1,779	1,363	6,309	
14.6%	(0.5%)	4.7%	5.7%	12.7%	14.7%	15.1%	11.3%	13.4%	
(431)	(532)	(489)	(1,452)	(378)	(401)	(407)	(395)	(1,581)	
(155)	(305)	(135)	(595)	(73)	(129)	(129)	(176)	(507)	
(271)	(3,745)	(523)	(4,539)	(227)	(210)	(220)	(231)	(888)	
-	356	380	736	-	-	-	-	-	
11,360	14,061	14,747	40,168	10,953	11,339	11,373	11,694	45,349	
1,295	(3,760)	434	(2,031)	1,142	1,386	1,430	956	4,914	
11.4%	(26.7%)	2.9%	(5.1%)	10.4%	12.2%	12.6%	8.2%	10.8%	
(168)	(237)	(253)	(658)	(192)	(200)	(289)	(148)	(829)	
332	335	350	1,017	420	352	402	417	1,591	
1,131	(3,858)	337	(2,390)	914	1,234	1,317	687	4,152	
(639)	38	(152)	(753)	(153)	(6)	(306)	44	(421)	
492	(3,820)	185	(3,143)	761	1,228	1,011	731	3,731	
54	24	34	112	49	45	53	74	221	
438	(3,844)	151	(3,259)	712	1,183	958	657	3,510	
(176)	(56)	13	(219)	908	1,206	1,071	906	4,091	
(302)	65	100	(137)	(244)	(435)	(825)	(370)	(1,874)	
43	-	-	43	30	54	56	50	190	
(521)	9	113	(399)	634	717	190	486	2,027	
(83)	(3,835)	264	(3,654)	1,346	1,900	1,148	1,143	5,537	
0.51	(2.56)	0.10	(2.48)	0.84	1.38	1.12	0.77	4.11	
0.50	(2.56)	0.10	(2.48)	0.83	1.37	1.11	0.76	4.08	
(0.61)	0.01	0.08	(0.30)	0.74	0.84	0.22	0.57	2.37	
(0.60)	0.01	0.08	(0.30)	0.73	0.83	0.22	0.56	2.35	
(0.10)	(2.55)	0.17	(2.79)	1.58	2.22	1.34	1.33	6.48	
(0.10)	(2.55)	0.17	(2.79)	1.56	2.20	1.33	1.32	6.41	
858.4	1,501.3	1,511.5	1,311.3	853.2	854.4	855.1	856.4	854.8	
865.8	1,501.3	1,514.2	1,311.3	860.7	863.7	864.1	867.0	863.9	
56.5%	1.0%	45.1%	(31.5%)	16.7%	0.8%	23.2%	(6.4%)	10.1%	

Effective Tax Rate - ops

The earnings release and conference-call discussion adjust 2020 and 2019 segment results for restructuring costs, acquisition accounting adjustments as well as certain significant non-recurring and/or non-operational items.

The following restructuring costs and significant non-recurring and/or non-operational items are included in current and prior year GAAP results and have been excluded from the adjusted results (non-GAAP measures) presented in the earnings release and conference-call discussion.

Raytheon Technologies: Segment Data – Adjusted

RAYTHEON TECHNOLOGIES CORPORATION SEGMENT DATA - Adjusted (Unaudited)

(\$ Millions except per share amounts)

Collins Aerospace Systems

Net Sales (n)
Operating Profit (a),(b),(c),(d),(p),(z)
Operating Profit %

Pratt & Whitney

Net Sales (m)
Operating Profit (a),(o)
Operating Profit %

Raytheon Intelligence and Space

Net Sales
Operating Profit
Operating Profit %

Raytheon Missiles and Defense

Net Sales
Operating Profit
Operating Profit %

Total Segments

Net Sales
Operating Profit
Operating Profit %

Corporate, Eliminations, and Other

Net Sales:
Other
Operating Profit:

Corporate Elims and Other (a),(d),(e),(f),(q),(r)

FAS/CAS Operating Adjustment

Consolidated

Net Sales
Operating Profit
Operating Profit %

Non-service pension (benefit) cost (g),(s)

Interest expense, net (h),(l)

Income from continuing operations before income taxes

Income tax (expense) benefit (j),(k),(l),(u),(v),(w),(x),(y),(aa),(bb)

Net income from continuing operations

Less: Noncontrolling interest in subsidiaries' earnings

Net income from continuing operations attributable to shareowners

(Loss) income from discontinued operations

Income tax (expense) benefit from discontinued operations

Less: Noncontrolling interest in subsidiaries' earnings

Net (loss) income from discontinued operations attributable to shareowners

Net (loss) income attributable to common shareowners

	Ex Rest & Significant non-recurring and non-operational items				Ex Rest & Significant non-recurring and non-operational items					
	2020				2019					
	Q1	Q2	Q3	Q3 YTD	Q1	Q2	Q3	Q3 YTD	Q4	Q4 YTD
Net Sales (n)	6,460	4,298	4,278	15,036	6,513	6,576	6,495	19,584	6,444	26,028
Operating Profit (a),(b),(c),(d),(p),(z)	1,284	24	73	1,381	1,209	1,293	1,286	3,788	1,061	4,849
Operating Profit %	19.9%	0.6%	1.7%	9.2%	18.6%	19.7%	19.8%	19.3%	16.5%	18.6%
Net Sales (m)	5,331	3,607	3,790	12,728	4,818	5,154	5,285	15,257	5,645	20,902
Operating Profit (a),(o)	515	(151)	(43)	321	492	452	452	1,464	470	1,934
Operating Profit %	9.7%	(4.2)%	(1.1)%	2.5%	10.2%	8.8%	9.8%	9.6%	8.3%	9.3%
Net Sales	-	3,314	3,674	6,988	-	-	-	-	-	-
Operating Profit	-	311	348	659	-	-	-	-	-	-
Operating Profit %	-	9.4%	9.5%	9.4%	-	-	-	-	-	-
Net Sales	-	3,590	3,794	7,384	-	-	-	-	-	-
Operating Profit	-	397	453	850	-	-	-	-	-	-
Operating Profit %	-	11.1%	11.9%	11.5%	-	-	-	-	-	-
Net Sales	11,791	14,809	15,536	42,136	11,331	11,730	11,780	34,841	12,089	46,930
Operating Profit	1,799	581	831	3,211	1,701	1,745	1,806	5,252	1,531	6,783
Operating Profit %	15.3%	3.9%	5.3%	7.6%	15.0%	14.9%	15.3%	15.1%	12.7%	14.5%
Other	(431)	(532)	(489)	(1,452)	(378)	(401)	(407)	(1,186)	(395)	(1,581)
Operating Profit	(124)	(52)	(38)	(214)	(63)	(92)	(92)	(247)	(121)	(368)
FAS/CAS Operating Adjustment	-	356	380	736	-	-	-	-	-	-
Net Sales	11,360	14,277	15,047	40,684	10,953	11,329	11,373	33,655	11,694	45,349
Operating Profit	1,675	885	1,173	3,733	1,638	1,653	1,714	5,005	1,410	6,415
Operating Profit %	14.7%	6.2%	7.8%	9.2%	15.0%	14.6%	15.1%	14.9%	12.1%	14.1%
Non-service pension (benefit) cost (g),(s)	(168)	(262)	(266)	(696)	(192)	(200)	(191)	(583)	(177)	(760)
Interest expense, net (h),(l)	332	339	350	1,021	420	410	407	1,237	417	1,654
Income from continuing operations before income taxes	1,511	808	1,089	3,408	1,410	1,443	1,498	4,351	1,170	5,521
Income tax (expense) benefit (j),(k),(l),(u),(v),(w),(x),(y),(aa),(bb)	(306)	(186)	(183)	(675)	(262)	(323)	(346)	(931)	(112)	(1,043)
Net income from continuing operations	1,205	622	906	2,733	1,148	1,120	1,152	3,420	1,058	4,478
Less: Noncontrolling interest in subsidiaries' earnings	54	24	34	112	49	45	53	147	67	214
Net income from continuing operations attributable to shareowners	1,151	598	872	2,621	1,099	1,075	1,099	3,273	991	4,264
(Loss) income from discontinued operations	(176)	(56)	13	(219)	908	1,206	1,071	3,185	906	4,091
Income tax (expense) benefit from discontinued operations	(302)	65	100	(137)	(244)	(435)	(825)	(1,504)	(370)	(1,874)
Less: Noncontrolling interest in subsidiaries' earnings	43	-	-	43	30	54	56	140	50	190
Net (loss) income from discontinued operations attributable to shareowners	(521)	9	113	(399)	634	717	190	1,541	486	2,027
Net (loss) income attributable to common shareowners	630	607	985	2,222	1,733	1,792	1,289	4,814	1,477	6,291

RAYTHEON TECHNOLOGIES CORPORATION SEGMENT DATA - Adjusted (Unaudited)

(\$ Millions except per share amounts)

Total EPS Impact of Restructuring & Significant non-recurring and non-operational items

Operations

(Loss) Earnings per share - basic

(Loss) Earnings per share - diluted

Discontinued Operations

Earnings (loss) per share - basic

Earnings (loss) per share - diluted

Total EPS attributable to common shareowners

Total basic (loss) earnings per share

Total diluted (loss) earnings per share

Weighted average number of shares outstanding (millions)

Basic shares

Diluted shares

	Ex Rest & Significant non-recurring and non-operational items				Ex Rest & Significant non-recurring and non-operational items					
	2020				2019					
	Q1	Q2	Q3	Q3 YTD	Q1	Q2	Q3	Q3 YTD	Q4	Q4 YTD
Total EPS Impact of Restructuring & Significant non-recurring and non-operational items	(0.82)	(2.96)	(0.48)	(4.47)	(0.45)	0.13	(0.16)	(0.49)	(0.39)	(0.87)
Operations										
(Loss) Earnings per share - basic	1.34	0.40	0.58	1.99	1.29	1.25	1.29	3.83	1.16	4.99
(Loss) Earnings per share - diluted	1.33	0.40	0.58	1.99	1.28	1.24	1.27	3.80	1.14	4.94
Discontinued Operations										
Earnings (loss) per share - basic	(0.61)	0.01	0.08	(0.30)	0.74	0.84	0.22	1.80	0.57	2.37
Earnings (loss) per share - diluted	(0.60)	0.01	0.08	(0.30)	0.74	0.83	0.22	1.79	0.56	2.35
Total EPS attributable to common shareowners										
Total basic (loss) earnings per share	0.73	0.40	0.65	1.69	2.03	2.09	1.50	5.63	1.72	7.36
Total diluted (loss) earnings per share	0.73	0.40	0.65	1.69	2.01	2.07	1.49	3.79	1.14	4.94
Weighted average number of shares outstanding (millions)										
Basic shares	858.4	1,501.3	1,511.5	1,311.3	853.2	854.4	855.1	854.2	856.4	854.8
Diluted shares	865.8	1,503.7	1,514.2	1,315.5	860.7	863.7	864.1	862.9	867.0	863.9
Effective Tax Rate - ops										
	20.2%	23.0%	16.8%	19.8%	18.6%	22.4%	23.1%	21.4%	9.7%	18.9%

Raytheon Technologies: Reconciliation of GAAP to Adjusted

Raytheon Technologies Corporation

Reconciliation of Reported (GAAP) to Adjusted (Non-GAAP) Results

Adjusted Sales, Adjusted Operating Profit & Operating Profit Margin

(dollars in millions - Income (Expense))	Quarter Ended September 30,		Nine Months Ended September 30,	
	(Unaudited)		(Unaudited)	
	2020	2019	2020	2019
Collins Aerospace Systems				
Net sales	\$ 4,274	\$ 6,495	\$ 14,914	\$ 19,584
Significant unfavorable contract adjustments ⁽¹⁾	(4)	—	(122)	—
Adjusted net sales	\$ 4,278	\$ 6,495	\$ 15,036	\$ 19,584
Operating profit (loss)	\$ 526	\$ 1,259	\$ 1,455	\$ 3,499
Restructuring	(138)	(27)	(295)	(83)
Significant unfavorable contract adjustments ⁽¹⁾	(25)	—	(169)	—
Bad debt expense driven by 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	—
Loss on sale of business	—	—	—	(25)
Amortization of Rockwell Collins inventory fair value adjustment	—	—	—	(181)
Adjusted operating profit	\$ 73	\$ 1,286	\$ 1,381	\$ 3,788
Adjusted operating profit margin	1.7 %	19.8 %	9.2 %	19.3 %
Pratt & Whitney				
Net sales	\$ 3,494	\$ 5,285	\$ 12,334	\$ 15,257
Favorable impact of a contract termination	—	—	22	—
Significant unfavorable contract adjustments ⁽¹⁾	(296)	—	(416)	—
Adjusted net sales	\$ 3,790	\$ 5,285	\$ 12,728	\$ 15,257
Operating (loss) profit	\$ (615)	\$ 520	\$ (597)	\$ 1,447
Restructuring	(63)	—	(170)	(17)
Bad debt expense driven by 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	—	—	22	—
Adjusted operating (loss) profit	\$ (43)	\$ 520	\$ 321	\$ 1,464
Adjusted operating (loss) profit margin	(1.1%)	9.8 %	2.5 %	9.6 %
Raytheon Intelligence & Space				
Net sales	\$ 3,674	\$ —	\$ 6,988	\$ —
Operating profit	\$ 348	\$ —	\$ 659	\$ —
Operating profit margin	9.5 %	— %	9.4 %	— %
Raytheon Missiles & Defense				
Net sales	\$ 3,794	\$ —	\$ 7,384	\$ —
Operating profit	\$ 453	\$ —	\$ 850	\$ —
Operating profit margin	11.9 %	— %	11.5 %	— %

(dollars in millions - Income (Expense))	Quarter Ended September 30,		Nine Months Ended September 30,	
	(Unaudited)		(Unaudited)	
	2020	2019	2020	2019
Corporate, Eliminations and other items				
Net sales	\$ (489)	\$ (407)	\$ (1,452)	\$ (1,186)
Operating loss	\$ (135)	\$ (129)	\$ (595)	\$ (331)
Restructuring	(44)	(1)	(215)	(3)
Transaction and integration costs related to acquisition of Rockwell Collins, Inc.	—	(11)	—	(30)
Costs associated with the separation of the commercial businesses	(7)	—	(21)	—
Transaction and integration costs associated with the Raytheon Merger	(46)	(25)	(145)	(51)
Adjusted operating loss	\$ (38)	\$ (92)	\$ (214)	\$ (247)
Acquisition Accounting Adjustments⁽²⁾				
Operating Loss	\$ (523)	\$ (220)	\$ (4,539)	\$ (657)
Intangible impairment ⁽¹⁾	—	—	(57)	—
Goodwill impairment ⁽¹⁾	—	—	(3,183)	—
Acquisition accounting adjustments	(523)	(220)	(1,299)	(657)
Adjusted operating profit	\$ —	\$ —	\$ —	\$ —
RTC Consolidated				
Net sales	\$ 14,747	\$ 11,373	\$ 40,168	\$ 33,655
Favorable impact of a contract termination	—	—	22	—
Significant unfavorable contract adjustments	(300)	—	(538)	—
Adjusted net sales	\$ 15,047	\$ 11,373	\$ 40,684	\$ 33,655
Operating profit (loss)	\$ 434	\$ 1,430	\$ (2,031)	\$ 3,958
Restructuring	(245)	(28)	(680)	(103)
Acquisition accounting adjustments	(523)	(220)	(1,299)	(657)
Total significant non-recurring and non-operational items included in Operating Profit above	29	(36)	(3,785)	(287)
Consolidated adjusted operating profit	\$ 1,173	\$ 1,714	\$ 3,733	\$ 5,005

(1) Included in other significant items in the table above for the three months ended September 30, 2020 is a net pre-tax charge of \$0.5 billion related to the impact of the COVID-19 pandemic. This amount includes \$0.6 billion of charges related to significant unfavorable contract adjustments. Included in other significant items in the table above for the nine months ended September 30, 2020, is a net pre-tax charge of \$4.2 billion related to the impact of the COVID-19 pandemic. This amount includes a \$3.2 billion impairment of goodwill, \$0.8 billion of charges related to significant unfavorable contract adjustments and \$0.4 billion of charges related to customer bankruptcies and increased collectability risk. Management has determined these items are directly attributable to the COVID-19 pandemic, incremental to similar costs incurred for reasons other than the pandemic, not expected to recur once the impact of the pandemic has subsided, and therefore not indicative of the Company's ongoing operational performance.

(2) In conjunction with the Raytheon Merger, we have revised our definition of Adjusted operating profit, Adjusted net income, and Adjusted EPS to exclude the impact of Acquisition accounting adjustments along with restructuring costs and other significant items. Acquisition accounting adjustments include the amortization expense and impairment charges related to acquired intangible assets related to historical acquisitions, the amortization of the property, plant and equipment fair value adjustment acquired through historical acquisitions, and the amortization of customer contractual obligations related to loss making or below market contracts acquired. Management believes the revision to these non-GAAP measures is useful in providing period-to-period comparisons of the results of the Company's ongoing operational performance. All periods presented reflect the impact of this change.

Raytheon Technologies: Pro Forma Segment Data - GAAP and Adjusted¹

RTX Pro Forma Segment Recast, GAAP and Adjusted

(dollars in millions)

	2020				2019				
	Q1	Q2	Q3	YTD Q3	Q1	Q2	Q3	Q4	FY
Pro Forma Net Sales¹									
Collins Aerospace Systems	\$ 6,438	\$ 4,202	\$ 4,274	\$ 14,914	\$ 6,513	\$ 6,576	\$ 6,495	\$ 6,444	\$ 26,028
Pratt & Whitney	5,353	3,487	3,494	12,334	4,818	5,154	5,285	5,645	20,902
Raytheon Intelligence & Space	3,589	3,528	3,674	10,791	3,397	3,557	3,761	3,730	14,445
Raytheon Missiles & Defense	3,839	3,796	3,794	11,429	3,519	3,804	3,882	4,289	15,494
Total segment	19,219	15,013	15,236	49,468	18,247	19,091	19,423	20,108	76,869
Eliminations and other	(768)	(543)	(489)	(1,800)	(625)	(675)	(671)	(661)	(2,632)
Consolidated	\$ 18,451	\$ 14,470	\$ 14,747	\$ 47,668	\$ 17,622	\$ 18,416	\$ 18,752	\$ 19,447	\$ 74,237

Pro Forma Operating Profit¹

Collins Aerospace Systems	\$ 1,246	\$ (317)	\$ 526	\$ 1,455	\$ 964	\$ 1,276	\$ 1,259	\$ 1,009	\$ 4,508
Pratt & Whitney	475	(457)	(615)	(597)	478	449	520	354	1,801
Raytheon Intelligence & Space	383	331	348	1,062	398	386	428	425	1,637
Raytheon Missiles & Defense	570	422	453	1,445	441	508	494	597	2,040
Total segment	2,674	(21)	712	3,365	2,281	2,619	2,701	2,385	9,986
Eliminations and other	(82)	(29)	(51)	(162)	(84)	(85)	(75)	(62)	(306)
Corporate expenses and other unallocated items	(142)	(201)	(84)	(427)	(61)	(51)	(52)	(152)	(316)
FAS/CAS operating adjustment	381	379	380	1,140	356	353	351	355	1,415
Acquisition accounting adjustments	(644)	(3,745)	(523)	(4,912)	(588)	(571)	(581)	(594)	(2,334)
Consolidated	\$ 2,187	\$ (3,617)	\$ 434	\$ (996)	\$ 1,904	\$ 2,265	\$ 2,344	\$ 1,932	\$ 8,445

	2020				2019				
	Q1	Q2	Q3	YTD Q3	Q1	Q2	Q3	Q4	FY
Adjusted Pro Forma Net Sales¹									
Collins Aerospace Systems	\$ 6,460	\$ 4,298	\$ 4,278	\$ 15,036	\$ 6,513	\$ 6,576	\$ 6,495	\$ 6,444	\$ 26,028
Pratt & Whitney	5,331	3,607	3,790	12,728	4,818	5,154	5,285	5,645	20,902
Raytheon Intelligence & Space	3,589	3,528	3,674	10,791	3,397	3,557	3,761	3,730	14,445
Raytheon Missiles & Defense	3,839	3,796	3,794	11,429	3,519	3,804	3,882	4,289	15,494
Total segment	19,219	15,229	15,536	49,984	18,247	19,091	19,423	20,108	76,869
Eliminations and other	(768)	(543)	(489)	(1,800)	(625)	(675)	(671)	(661)	(2,632)
Consolidated	\$ 18,451	\$ 14,686	\$ 15,047	\$ 48,184	\$ 17,622	\$ 18,416	\$ 18,752	\$ 19,447	\$ 74,237

Adjusted Pro Forma Op Profit¹

Collins Aerospace Systems	\$ 1,284	\$ 24	\$ 73	\$ 1,381	\$ 1,209	\$ 1,293	\$ 1,286	\$ 1,061	\$ 4,849
Pratt & Whitney	515	(151)	(43)	321	492	452	520	470	1,934
Raytheon Intelligence & Space	383	331	348	1,062	398	386	428	425	1,637
Raytheon Missiles & Defense	570	422	453	1,445	441	508	494	597	2,040
Total segment	2,752	626	831	4,209	2,540	2,639	2,728	2,553	10,460
Eliminations and other, Pro Forma	(82)	(29)	(28)	(139)	(84)	(85)	(75)	(62)	(306)
Corporate expenses and other unallocated items	(140)	(32)	(10)	(182)	(51)	(40)	(40)	(129)	(260)
FAS/CAS operating adjustment	381	379	380	1,140	356	353	351	355	1,415
Acquisition accounting adjustments	-	-	-	-	-	-	-	-	-
Consolidated	\$ 2,911	\$ 944	\$ 1,173	\$ 5,028	\$ 2,761	\$ 2,867	\$ 2,964	\$ 2,717	\$ 11,309

Raytheon Technologies: Pro Forma Segment Data

Reconciliation of Pro Forma¹ GAAP to Adjusted Pro Forma Sales

RTX Pro Forma Segment Results

Non-GAAP Reconciliation

(dollars in millions)	2020				2019				
	Q1	Q2	Q3	YTD Q3	Q1	Q2	Q3	Q4	FY
<u>Collins Aerospace Systems</u>									
Net sales, Pro Forma	\$ 6,438	\$ 4,202	\$ 4,274	\$ 14,914	\$ 6,513	\$ 6,576	\$ 6,495	\$ 6,444	\$ 26,028
Significant unfavorable contract adjustments	(22)	(96)	(4)	(122)	-	-	-	-	-
Adjusted Net sales, Pro Forma	\$ 6,460	\$ 4,298	\$ 4,278	\$ 15,036	\$ 6,513	\$ 6,576	\$ 6,495	\$ 6,444	\$ 26,028
<u>Pratt & Whitney</u>									
Net sales, Pro Forma	\$ 5,353	\$ 3,487	\$ 3,494	\$ 12,334	\$ 4,818	\$ 5,154	\$ 5,285	\$ 5,645	\$ 20,902
Favorable impact of a contract termination	22	-	-	22	-	-	-	-	-
Significant unfavorable contract adjustments	-	(120)	(296)	(416)	-	-	-	-	-
Adjusted Net sales, Pro Forma	\$ 5,331	\$ 3,607	\$ 3,790	\$ 12,728	\$ 4,818	\$ 5,154	\$ 5,285	\$ 5,645	\$ 20,902
<u>Raytheon Intelligence & Space</u>									
Net sales, Pro Forma	\$ 3,589	\$ 3,528	\$ 3,674	\$ 10,791	\$ 3,397	\$ 3,557	\$ 3,761	\$ 3,730	\$ 14,445
Adjusted Net sales, Pro Forma	\$ 3,589	\$ 3,528	\$ 3,674	\$ 10,791	\$ 3,397	\$ 3,557	\$ 3,761	\$ 3,730	\$ 14,445
<u>Raytheon Missiles & Defense</u>									
Net sales, Pro Forma	\$ 3,839	\$ 3,796	\$ 3,794	\$ 11,429	\$ 3,519	\$ 3,804	\$ 3,882	\$ 4,289	\$ 15,494
Adjusted Net sales, Pro Forma	\$ 3,839	\$ 3,796	\$ 3,794	\$ 11,429	\$ 3,519	\$ 3,804	\$ 3,882	\$ 4,289	\$ 15,494
<u>Corporate, Eliminations, and Other</u>									
Net sales, Pro Forma	\$ (768)	\$ (543)	\$ (489)	\$ (1,800)	\$ (625)	\$ (675)	\$ (671)	\$ (661)	\$ (2,632)
Adjusted Net sales, Pro Forma	\$ (768)	\$ (543)	\$ (489)	\$ (1,800)	\$ (625)	\$ (675)	\$ (671)	\$ (661)	\$ (2,632)
Total Adjusted net sales, Pro Forma	\$ 18,451	\$ 14,686	\$ 15,047	\$ 48,184	\$ 17,622	\$ 18,416	\$ 18,752	\$ 19,447	\$ 74,237

Raytheon Technologies: Pro Forma Segment Data

Reconciliation of Pro Forma¹ GAAP to Adjusted Pro Forma Operating Profit

RTX Pro Forma Segment Results									
Non-GAAP Reconciliation									
(dollars in millions)									
	2020				2019				
	Q1	Q2	Q3	YTD Q3	Q1	Q2	Q3	Q4	FY
Collins Aerospace Systems									
Operating profit, Pro Forma	\$ 1,246	\$ (317)	\$ 526	\$ 1,455	\$ 964	\$ 1,276	\$ 1,259	\$ 1,009	\$ 4,508
Restructuring	(6)	(151)	(138)	(295)	(39)	(17)	(27)	(19)	(102)
Loss on sale of business	-	-	-	-	(25)	-	-	-	(25)
Amortization of Rockwell Collins inventory fair value adjustment	-	-	-	-	(181)	-	-	-	(181)
Costs associated with pension plan amendment	-	-	-	-	-	-	-	(33)	(33)
Significant unfavorable contract adjustments	(22)	(122)	(25)	(169)	-	-	-	-	-
Bad debt expense driven by customer bankruptcies and collectability risk	(10)	(89)	(24)	(123)	-	-	-	-	-
Government wage subsidies	-	24	32	56	-	-	-	-	-
Fixed asset impairment	-	(3)	-	(3)	-	-	-	-	-
Gain on sale of business	-	-	608	608	-	-	-	-	-
Adjusted operating profit, Pro Forma	\$ 1,284	\$ 24	\$ 73	\$ 1,381	\$ 1,209	\$ 1,293	\$ 1,286	\$ 1,061	\$ 4,849
Pratt & Whitney									
Operating profit, Pro Forma	\$ 475	\$ (457)	\$ (615)	\$ (597)	\$ 478	\$ 449	\$ 520	\$ 354	\$ 1,801
Restructuring	-	(107)	(63)	(170)	(14)	(3)	-	(116)	(133)
Bad debt expense driven by customer bankruptcies and collectability risk	(62)	(148)	(24)	(234)	-	-	-	-	-
Significant unfavorable contract adjustments	-	(110)	(543)	(653)	-	-	-	-	-
Government wage subsidies	-	59	58	117	-	-	-	-	-
Favorable impact of a contract termination	22	-	-	22	-	-	-	-	-
Adjusted operating profit, Pro Forma	\$ 515	\$ (151)	\$ (43)	\$ 321	\$ 492	\$ 452	\$ 520	\$ 470	\$ 1,934
Raytheon Intelligence & Space									
Operating profit, Pro Forma	\$ 383	\$ 331	\$ 348	\$ 1,062	\$ 398	\$ 386	\$ 428	\$ 425	\$ 1,637
Adjusted operating profit, Pro Forma	\$ 383	\$ 331	\$ 348	\$ 1,062	\$ 398	\$ 386	\$ 428	\$ 425	\$ 1,637
Raytheon Missiles & Defense									
Operating profit, Pro Forma	\$ 570	\$ 422	\$ 453	\$ 1,445	\$ 441	\$ 508	\$ 494	\$ 597	\$ 2,040
Adjusted operating profit, Pro Forma	\$ 570	\$ 422	\$ 453	\$ 1,445	\$ 441	\$ 508	\$ 494	\$ 597	\$ 2,040
Eliminations and other									
Operating profit, Pro Forma	\$ (82)	\$ (29)	\$ (51)	\$ (162)	\$ (84)	\$ (85)	\$ (75)	\$ (62)	\$ (306)
Restructuring	-	-	(23)	(23)	-	-	-	-	-
Adjusted operating profit, Pro Forma	\$ (82)	\$ (29)	\$ (28)	\$ (139)	\$ (84)	\$ (85)	\$ (75)	\$ (62)	\$ (306)
Corporate expenses and other unallocated items									
Operating profit, Pro Forma	\$ (142)	\$ (201)	\$ (84)	\$ (427)	\$ (61)	\$ (51)	\$ (52)	\$ (152)	\$ (316)
Restructuring	(2)	(169)	(21)	(192)	(1)	(1)	(1)	(3)	(6)
Transaction and integration costs related to merger agreement with Rockwell Collins	-	-	-	-	(9)	(10)	(11)	(10)	(40)
Costs associated with pension plan amendment	-	-	-	-	-	-	-	(10)	(10)
Costs associated with the separation of the commercial businesses	-	-	(7)	(7)	-	-	-	-	-
Transaction and integration costs associated with the Raytheon Merger	-	-	(46)	(46)	-	-	-	-	-
Adjusted operating profit, Pro Forma	\$ (140)	\$ (32)	\$ (10)	\$ (182)	\$ (51)	\$ (40)	\$ (40)	\$ (129)	\$ (260)
FAS/CAS operating adjustment									
Operating profit, Pro Forma	\$ 381	\$ 379	\$ 380	\$ 1,140	\$ 356	\$ 353	\$ 351	\$ 355	\$ 1,415
Adjusted operating profit, Pro Forma	\$ 381	\$ 379	\$ 380	\$ 1,140	\$ 356	\$ 353	\$ 351	\$ 355	\$ 1,415
Acquisition accounting adjustments									
Operating profit, Pro Forma	\$ (644)	\$ (3,745)	\$ (523)	\$ (4,912)	\$ (588)	\$ (571)	\$ (581)	\$ (594)	\$ (2,334)
Elimination of Acquisition Accounting Adjustments	644	3,745	523	4,912	588	571	581	594	2,334
Adjusted operating profit, Pro Forma	-	-	-	-	-	-	-	-	-
Total Adjusted operating profit, Pro Forma	\$ 2,911	\$ 944	\$ 1,173	\$ 5,028	\$ 2,761	\$ 2,867	\$ 2,964	\$ 2,717	\$ 11,309

RIS & RMD 2020 Outlook

	Pre-Merger Outlook	% growth	Q1 Actuals	Pre-Merger Q2-Q4 Outlook	% growth	'Stub Period' Mar 30-Apr 2	Divestiture	Estimate at Complete Reset	COVID-19 Impact	RTX Q2-Q4 Outlook (Prior)	RTX Q2-Q4 Outlook (10/27/2020)
Sales (\$ billions)											
RIS	15.2-15.5	6-8%	(3.6)	11.6-11.9	6-8%	(0.2)	(0.1)	(0.2)	(0.1)	11.0-11.3	~11.0
RMD	16.5-16.8	6-8%	(3.9)	12.6-12.9	5-7%	(0.2)		(0.3)	(0.1)	12.0-12.3	~12.0
Elims	(1.4)-(1.5)		0.5	(0.9)-(1.0)						(0.9)-(1.0)	~(1.0)
Total RIS & RMD	30.3-30.8	6-8%	(7.0)	23.3-23.8	6-8%	(0.4)	(0.1)	(0.5)	(0.2)	22.1-22.6	~22.0
Profit (\$ millions)											
RIS	1,630-1,680	1-4%	(379)	1,251-1,301	3-7%	(20)	(16)	(120)	(10)	1,085-1,135	1,085-1,115
RMD	2,290-2,350	11-14%	(573)	1,717-1,777	7-10%	(25)		(227)	(15)	1,450-1,510	1,450-1,480
Elims	(170)-(175)		38	(132)-(137)		1				(130)-(135)	(~100)
Total RIS & RMD	3,750-3,855	6-9%	(914)	2,836-2,941	4-8%	(44)	(16)	(346)	(25)	2,405-2,510	2,435-2,495

Additional Raytheon Technologies 2Q - 4Q 2020 Items

	2Q – 4Q (prior outlook)	2Q – 4Q (10/27/2020 outlook)
Adjusted Tax Rate	~22%	~20%
Interest Expense	\$1,075M - \$1,125M	\$1,045M - \$1,055M
Corporate Expense and Other Unallocated Items*	\$250M - \$300M	\$120M - \$140M
FAS/CAS Operating Adjustment	\$1,090M - \$1,150M	\$1,110M - \$1,115M
Amortization/Acquisition Accounting Adjustments	~\$1.8B	~\$1.7B
Non-Service Pension Benefit	\$785M - \$815M	\$795M - \$805M
Shares Outstanding**	~1,525M	~1,516M**
Capex Spending	\$1.5B - \$1.7B	~\$1.5B
Quarterly Dividend Rate	47.5 cents per share	47.5 cents per share

*Under the new segment reporting method, the majority of corporate expenses will be allocated to the segments. This amount represents the residual corporate and LTAMDS expenses.

** Q4 2020 average shares