



**Raytheon**  
**Technologies**

**4Q 2020 Earnings  
Conference Call**

January 26, 2021

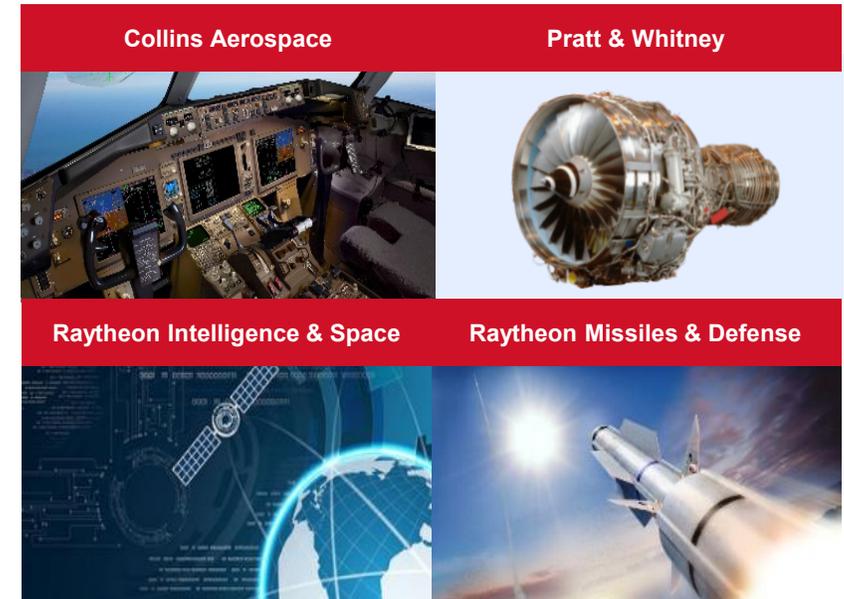
# Forward-Looking Statements

**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 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 COVID-19 and its effects, among other things, on global supply, demand and distribution capabilities as the COVID-19 pandemic 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, 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 resulting from the recent change in the U.S. Administration and potential changes in Department of Defense policies or priorities; (17) 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 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 in light of, among other factors, the COVID-19 pandemic and related personnel reductions; 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. 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.

# 2020 Highlights

- Completed portfolio transformation and finalized divestitures
- Achieved \$240M in RTX and \$170M in Collins synergies
- Exceeded cash conservation and executed on cost reduction commitments, and initiated other structural cost reduction actions
- Exceeded free cash flow expectations while funding \$800M of discretionary pension
- Returned over \$2B to RTX shareowners via dividends
- Defense backlog of \$67.3B

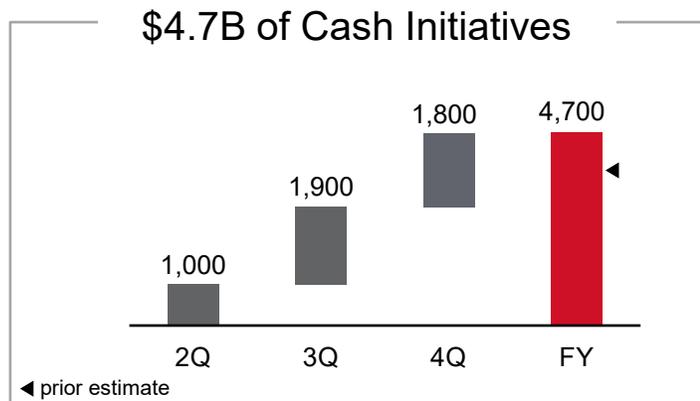
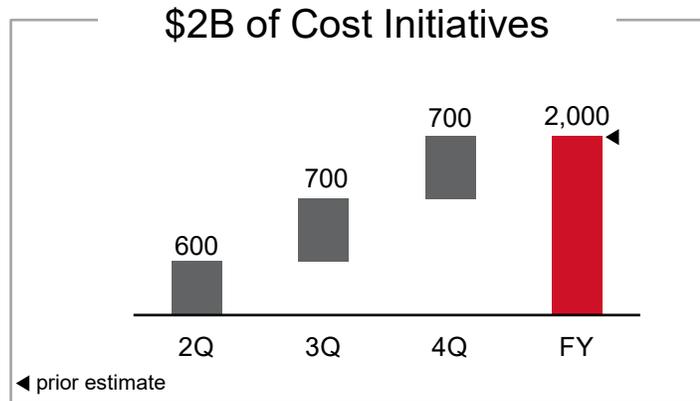


Industry leading segments and financial flexibility position RTX to deliver long-term value

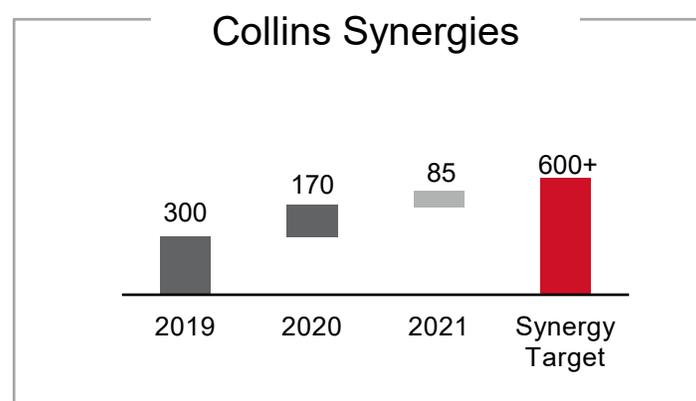
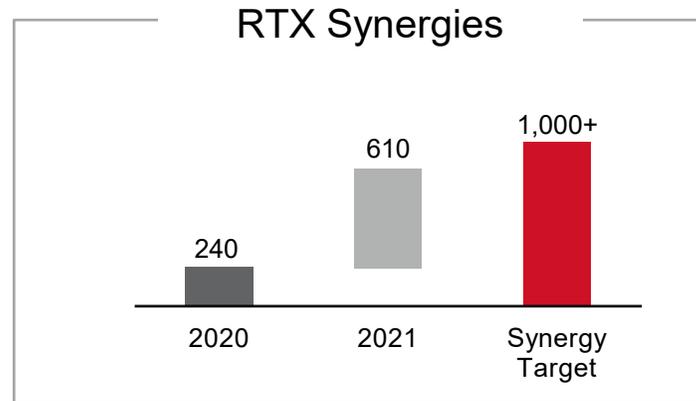
# Cost and Cash Actions

(\$ millions)

## 2020 Completed Actions



## Synergies



## Headcount & Structural Actions

### Headcount

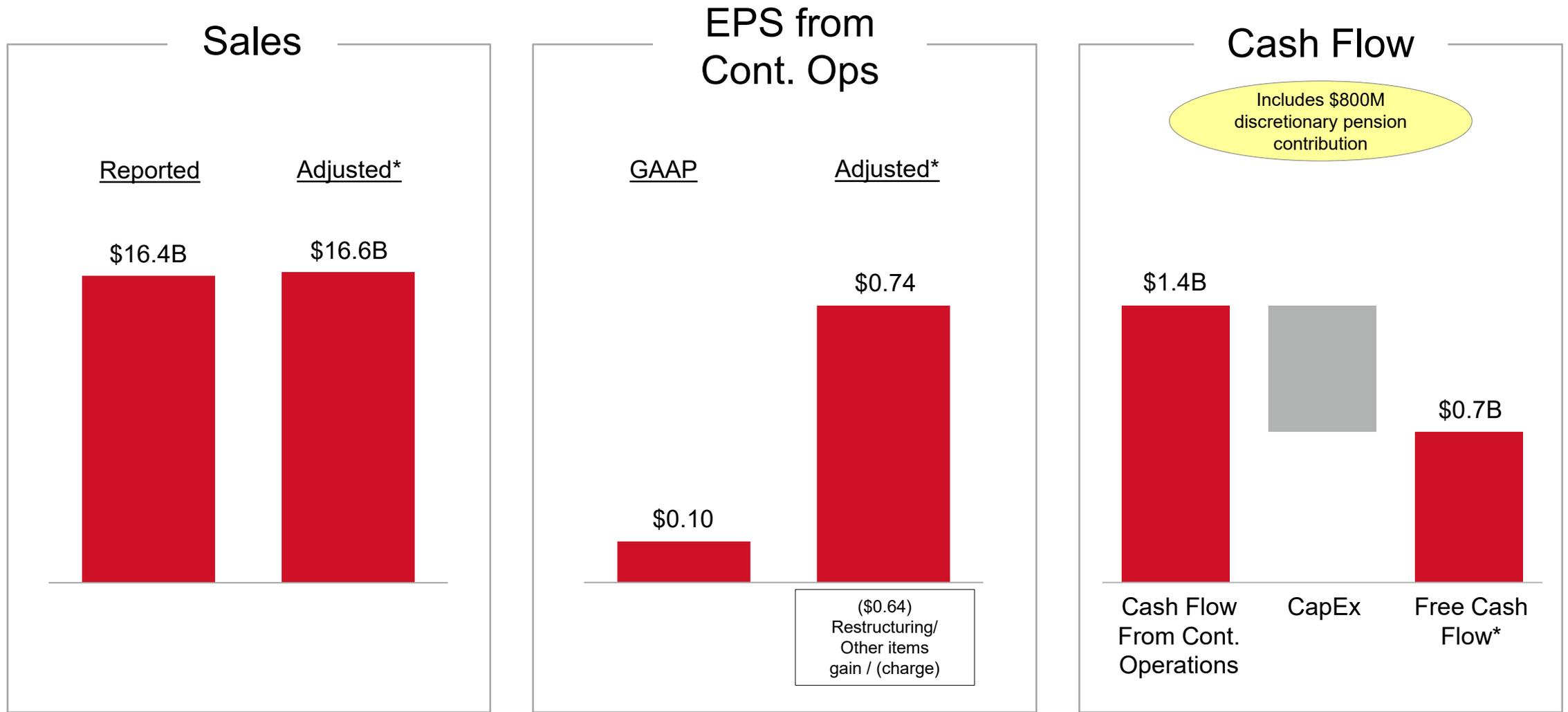
- ~16,500 reduction
  - ~20% commercial aero reduction
- ~4,500 contractor roles reduced
  - >55% reduction
- Furloughs
- Hiring freeze

### Other Actions

- Pratt turbine airfoil facility
- Footprint reduction
- High-cost to low-cost manufacturing
- Process automation

Strong execution and a robust cost reduction pipeline position RTX for strength through the recovery

# 4Q 2020



Revenue, adjusted EPS and free cash flow exceeded expectations

# Collins Aerospace Segment Highlights

4Q 2020

(\$ millions)

	Reported	Adjusted*	YOY Var.*
<b>Sales</b>	4,374	4,388	(32%)
<b>Operating Profit</b>	11	89	(92%)
<b>ROS</b>	0.3%	2.0%	

- Organic sales\* down 31%
- Adjusted sales\* down 32%
  - Commercial OEM down 41%
  - Commercial aftermarket down 48%
  - Military up 1% (up 7% ex-divestitures)
- Adjusted operating profit\* down 92%
  - Lower sales and unfavorable absorption driven by COVID-19 impact
  - Cost mitigation tailwinds
  - Synergy capture



Collins Aerospace has been selected to provide Mounted Assured Positioning, Navigation and Timing System (MAPS Gen II) for manned and unmanned ground vehicles to combat Positioning, Navigation and Timing (PNT) threats. Its advanced anti-spoofing and anti-jamming technology addresses evolving enemy threats and technologies. The warfighter can navigate through high threat environments with the confidence of knowing where they are, where they need to go, at the precise time with weapons on target. Additionally, the open architecture, modular, and scalable technology lets the Army add additional sensors and capability with a much lower life-cycle cost, such as alternative Radio Frequency (RF) and Line of Bearing (LOB).

# Pratt & Whitney Segment Highlights

## 4Q 2020

(\$ millions)

	Reported	Adjusted*	YOY Var.*
<b>Sales</b>	4,465	4,496	(20)%
<b>Operating Profit</b>	33	105	(78)%
<b>ROS</b>	0.7%	2.3%	

- Organic sales\* down 21%
- Adjusted sales\* down 20%
  - Commercial OEM down 46%
  - Commercial aftermarket down 32%
  - Military up 18%
- Adjusted operating profit\* down 78%
  - Lower sales and unfavorable absorption driven by COVID-19 impact
  - Cost mitigation tailwinds
  - Favorable military volume



Pratt & Whitney is proud to support our customers such as UPS and others in the historic effort to distribute the COVID vaccine. Our engines power aircraft which have played a crucial role throughout the pandemic, including transporting medical supplies and personnel, and operating repatriation flights. The vaccine distribution is another example of the tremendous teamwork and innovation across the industry to overcome the urgent challenges associated with this virus.

# Raytheon Intelligence & Space Segment Highlights

## 4Q 2020

(\$ millions)

	Reported	Adjusted*
<b>Sales</b>	3,853	3,853
<b>Operating Profit</b>	355	355
<b>ROS</b>	9.2%	9.2%

- Bookings
  - \$947 million of classified bookings
  - \$236 million for the production of Silent Knight radar systems and spares for the U.S. Special Operations Command
- 12 month trailing book-to-bill ratio 1.07
- 4Q book-to-bill ratio 1.11
- Backlog \$18.7B



Raytheon Intelligence & Space acquired Blue Canyon Technologies, a leader in small satellites, during the fourth quarter of 2020.

# Raytheon Missiles & Defense Segment Highlights

## 4Q 2020

(\$ millions)

	Reported	Adjusted*
<b>Sales</b>	4,276	4,395
<b>Operating Profit</b>	40	586
<b>ROS</b>	0.9%	13.3%

- Bookings
  - \$354 million for a classified program
  - \$240 million for StormBreaker production Lot 6 primarily for the U.S. Air Force
  - \$234 million for Tube-launched, Optionally-tracked, Wireless-guided missiles (TOW) Multi-Year 4
  - \$217 million for the AN/TPY-2 radar sustainment program for the Missile Defense Agency (MDA)
- 12 month trailing book-to-bill ratio 1.06
- 4Q book-to-bill ratio 0.75
- Backlog \$29.6B



In a test conducted by the US Navy and the Missile Defense Agency in November 2020, a Raytheon Missiles & Defense SM-3 IIA intercepts an ICBM target, creating a new option for missile defense.

# Current Environment – 2021 Themes

## Cost reduction actions & cost synergies

- Continued execution on synergies and structural cost reduction in 2021
- Robust pipeline of incremental actions

## Liquidity

- ~\$9B of cash as of 4Q 2020
- Repaid \$1B of debt in 4Q 2020
- Preserve liquidity while opportunistically repurchasing at least \$1.5B of shares in 2021

## COVID-19 vaccine

- Pace and availability of vaccine distribution will impact the pace of commercial air traffic recovery

## Commercial aero

- Continued utilization improvement of GTF powered A320neo fleets
- Sequential RPM growth with difficult 1Q compare
- Narrowbody traffic recovers before widebody traffic

## Robust defense backlog

- \$67.3B as of 4Q
- Strong positions in high growth areas

Balanced portfolio leverages defense growth and commercial aerospace recovery

# 2021 Outlook

	1Q	2Q – 4Q	Full Year
<b>Sales<sup>1</sup></b>	<b>\$14.8B - \$15.4B</b>	<b>\$48.6B - \$50.0B</b>	<b>\$63.4B - \$65.4B</b>
<b>Organic sales growth<sup>2,*</sup> %</b>	<b>(18%) – (15%)</b>	<b>7% - 10%</b>	<b>flat - 3%</b>
<b>Adjusted EPS<sup>1,*</sup></b>	<b>\$0.70 - \$0.75</b>	<b>\$2.70 - \$2.95</b>	<b>\$3.40 - \$3.70</b>
<b>Free cash flow<sup>*</sup></b>			<b>~\$4.5B</b>

1) See slide 31 for the 2020 adjusted pro forma recast.

2) Versus full year 2020 pro forma adjusted results, which assumes a 01/01/2020 merger. Furthermore, organic adjusts for the impact of acquisitions and divestitures.

# 2021 Segment Outlook\*

(\$ millions)

		Adjusted Sales <sup>1</sup> VPY %	Adjusted Operating Profit <sup>1</sup> VPY
<b>Collins Aerospace</b>	Full Year 2Q - 4Q	down high to low single up mid single to low double	(\$275) - \$25 \$800 - \$1,050
<b>Pratt &amp; Whitney</b>	Full Year 2Q - 4Q	flat to up mid single up low-double to mid teens	(\$125) - \$25 \$400 - \$525
<b>Raytheon Intelligence &amp; Space<sup>2,3</sup></b>	Full Year 2Q - 4Q	up low to mid single up mid single	\$125 - \$175 \$175 - \$200
<b>Raytheon Missiles &amp; Defense<sup>2,3</sup></b>	Full Year 2Q - 4Q	up low to mid single up mid single	\$25 - \$75 \$150 - \$175

1) See slide 31 for the 2020 adjusted pro forma recast.

2) Versus full year 2020 pro forma adjusted results, which assumes a 01/01/2020 merger.

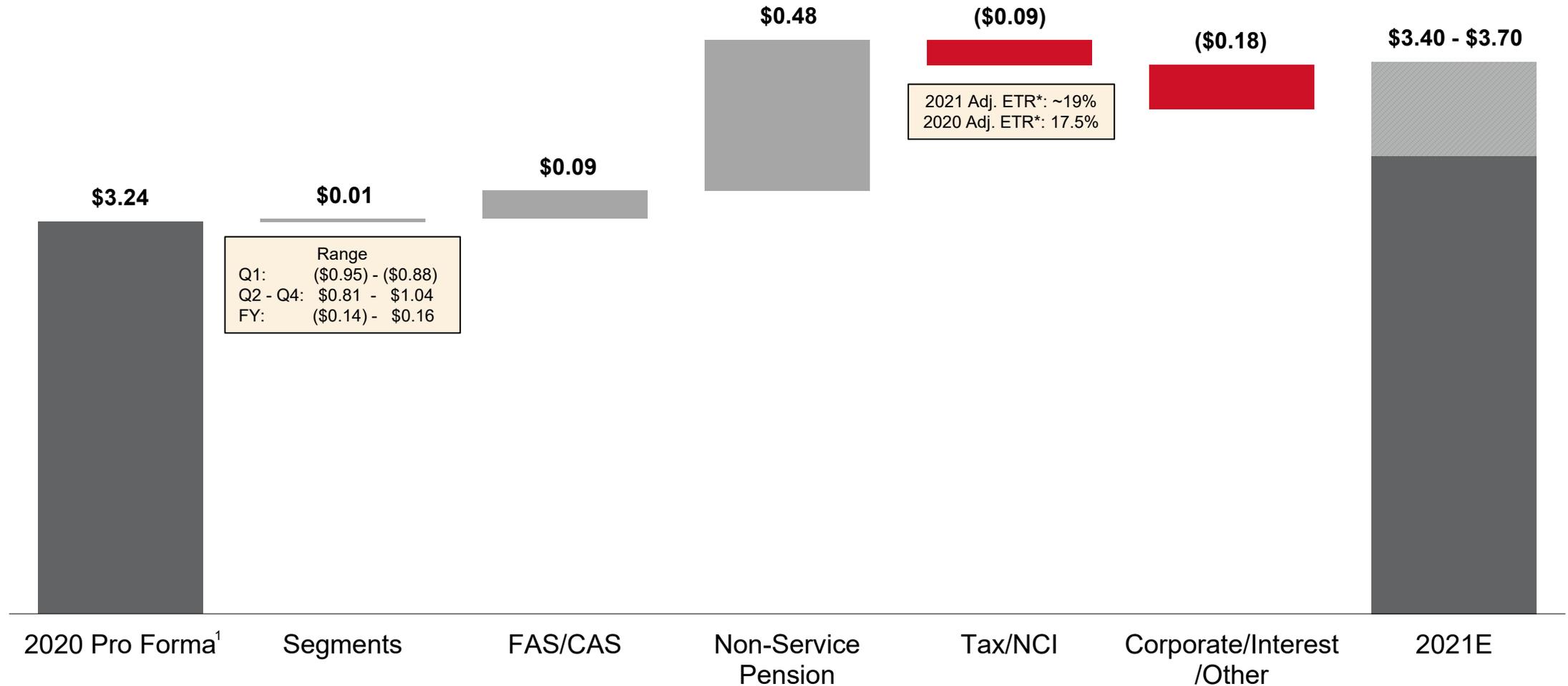
3) Based on reclassification for prior year segment change between RMD and RIS relating to the Reconnaissance and Targeting Systems and Electro-Optical Innovations businesses.

# Additional 2021 Items

	<u>FY 2021</u>
<b>Adjusted Tax Rate*</b>	~19%
<b>Interest Expense</b>	\$1,400M - \$1,425M
<b>Corporate Expense and Other Unallocated Items</b>	\$425M - \$450M
<b>FAS/CAS Operating Adjustment</b>	~\$1,675M
<b>Non-Service Pension Benefit</b>	~\$1,925M
<b>Capex Spending</b>	~\$2,500M

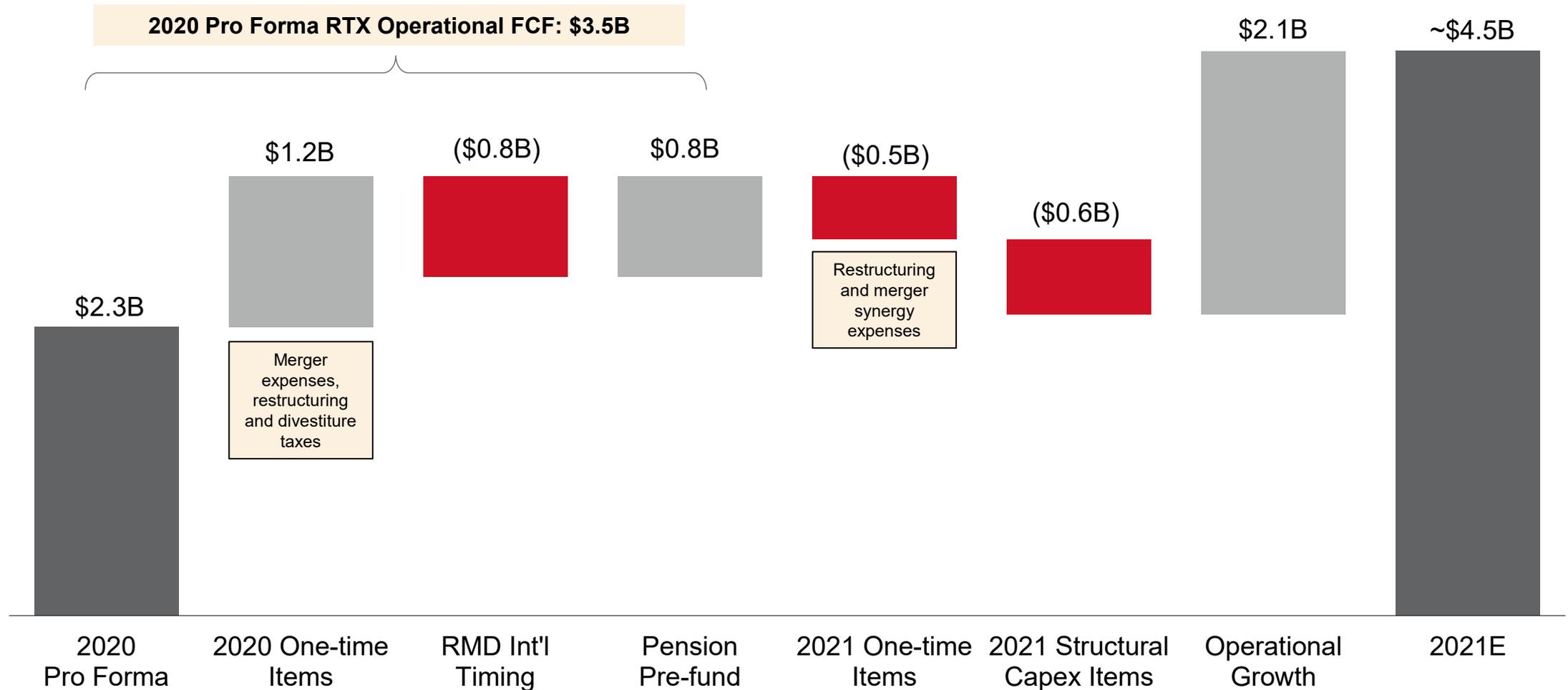
# 2021 Adjusted EPS\*

(\$ Adjusted EPS\*)



1) See slide 31 for the 2020 adjusted pro forma recast.

# 2021 Free Cash Flow\*



# 2021 Priorities

- Continued support of employees, customers and suppliers
- Invest in technology and product innovation to drive industry leadership
- Execute integration and deliver synergies
- Drive structural cost reduction
- Disciplined capital deployment and maintain strong liquidity

Executing on aggressive cost reduction actions and disciplined capital allocation to drive long-term growth



**Raytheon**  
Technologies

# 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 income from continuing operations, 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 (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 income from continuing operations 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 year ended December 31, 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 (loss) and margins similarly reflect continuing operations, excluding restructuring, acquisition accounting adjustments and other significant items.

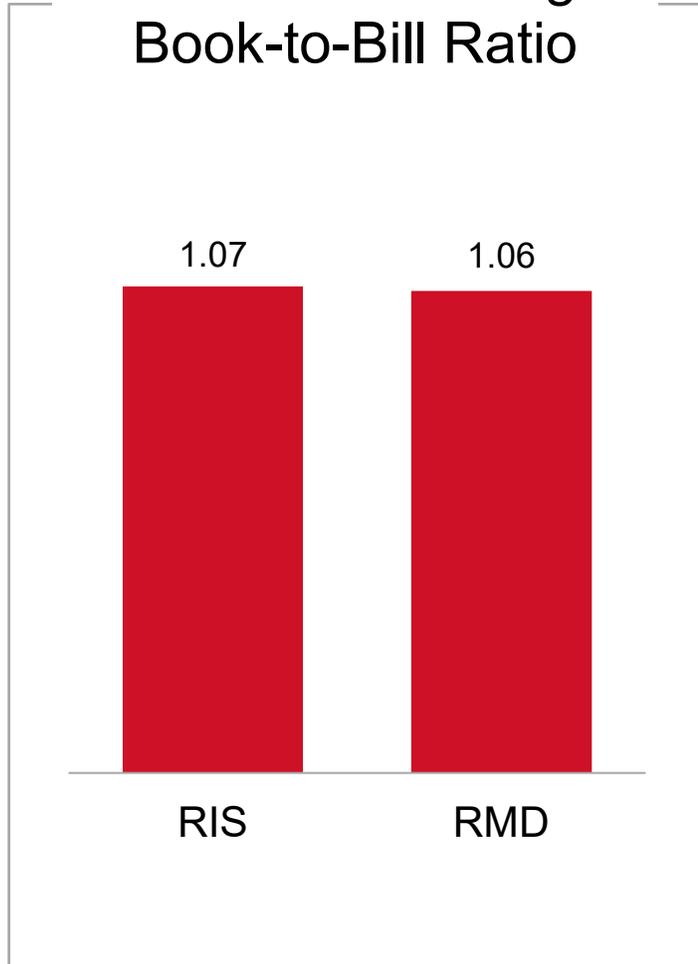
Free cash flow is a non-GAAP financial measure that represents cash flow from operations (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing RTC's ability to fund its activities, including the financing 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.

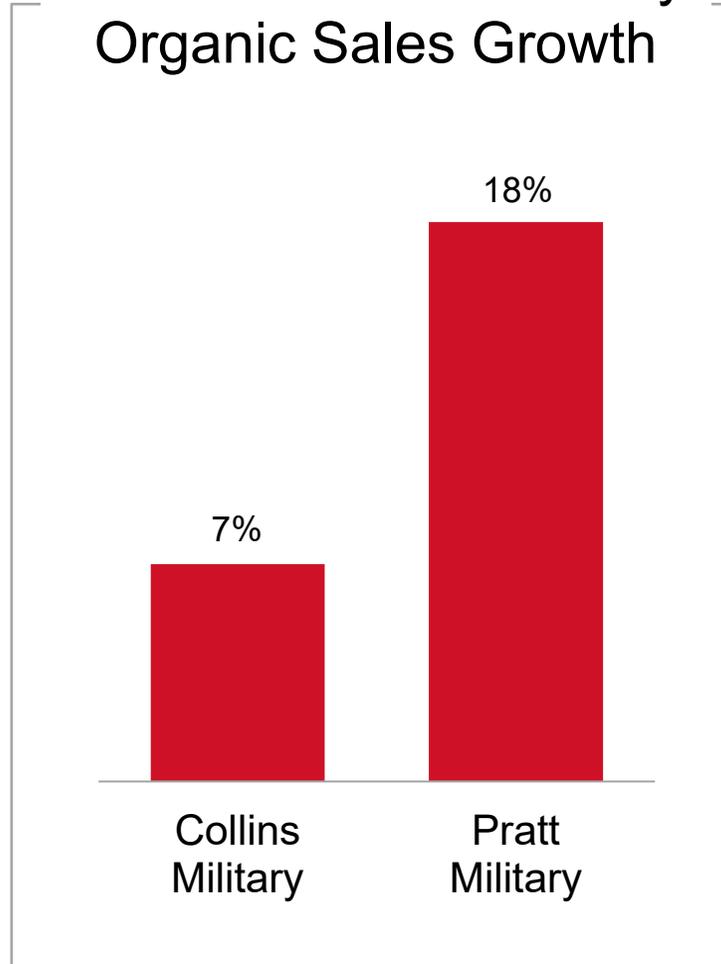
When we provide our expectation for adjusted sales, organic sales growth, adjusted operating profit (loss), adjusted EPS, free cash flow, and adjusted tax rate on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected net sales, expected sales growth, expected operating profit (loss), expected EPS from continuing operations, expected cash flow from operations and expected tax rate 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.

# 4Q 2020 Quarterly Trends

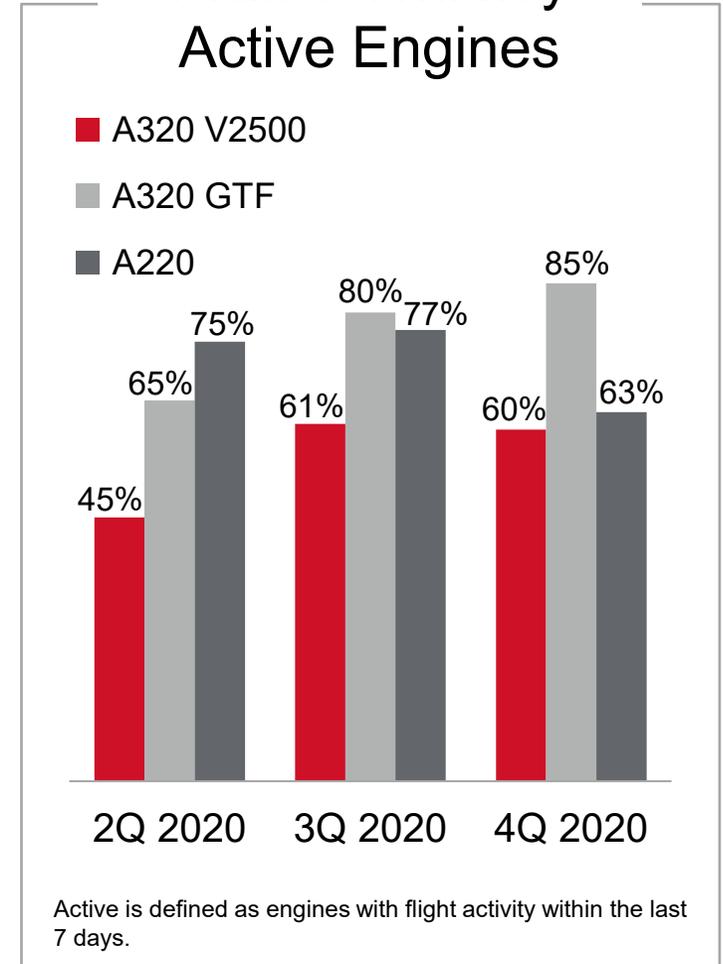
## 12 Month Trailing Book-to-Bill Ratio



## Collins and Pratt Military Organic Sales Growth



## Pratt & Whitney Active Engines



Robust defense bookings and narrowbody aircraft utilization drive sales, EPS and free cash flow growth in 2021

# Raytheon Technologies: P&W Engine Shipments to Customers

	2019					2020				
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>
<b>Military</b>	39	58	53	65	215	48	72	59	62	241
<b>Large commercial*</b>	189	173	165	219	746	211	92	114	129	546
<b>Pratt &amp; Whitney Canada**</b>	524	593	607	631	2,355	466	393	379	412	1,650

\*Large commercial excludes industrial engine shipments.

\*\*Excludes APUs.

# Raytheon Technologies: Free Cash Flow Reconciliation

(\$ millions)

	4Q 2020
<b>Net income attributable to common shareowners from continuing operations</b>	215
<b>Depreciation &amp; amortization</b>	1,153
<b>Change in working capital</b>	549
<b>Other</b>	<u>(547)</u>
<b>Cash flow from operations</b>	1,370
<b>Capital expenditures</b>	<u>(623)</u>
<b>Free cash flow</b>	747

# 4Q 2020: Raytheon Technologies Sales Reconciliation

	Total Reported Growth	Organic	Acquisitions and Divestitures	FX
<b>Collins Aerospace</b>	(32%)	(31%)	(1%)	-
<b>Pratt &amp; Whitney</b>	(21%)	(21%)	-	-
<b>RIS</b>	100%	-	100%	-
<b>RMD</b>	100%	-	100%	-
<b>Elims &amp; Other</b>	<u>39%</u>	<u>(18%)</u>	<u>57%</u>	=
<b>Total</b>	40%	(26%)	66%	-

# Raytheon Technologies: Segment Data – GAAP

## RAYTHEON TECHNOLOGIES CORPORATION SEGMENT DATA - Reported

(\$ Millions except per share amounts)

### Collins Aerospace Systems

Net Sales (n)

Operating Profit (a),(b),(c),(d),(p),(z)

### Pratt & Whitney

Net Sales (m)

Operating Profit (a),(o)

### Raytheon Intelligence and Space

Net Sales

Operating Profit

### Raytheon Missiles and Defense

Net Sales (cc)

Operating Profit (dd)

Operating Profit (dd)

### Total Segments

Net Sales

Operating Profit

### Corporate, Eliminations, and Other

Net Sales:

Other

Operating Profit:

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

Acquisition Accounting Adjustments

FAS/CAS Operating Adjustment

### Consolidated

Net Sales

Operating Profit

Non-service pension (income) expense (g),(i)

Interest expense, net (h),(t)

Income from continuing operations before income taxes

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

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

	2020				
	Q1	Q2	Q3	Q4	YTD 2020
Collins Aerospace Systems					
Net Sales (n)	6,438	4,202	4,274	4,374	19,288
Operating Profit (a),(b),(c),(d),(p),(z)	1,246	(317)	526	11	1,466
Pratt & Whitney					
Net Sales (m)	5,353	3,487	3,494	4,465	16,799
Operating Profit (a),(o)	475	(457)	(615)	33	(564)
Raytheon Intelligence and Space					
Net Sales	-	3,314	3,674	3,853	10,841
Operating Profit	-	311	348	355	1,014
Raytheon Missiles and Defense					
Net Sales (cc)	-	3,590	3,794	4,276	11,660
Operating Profit (dd)	-	397	453	40	890
<b>Total Segments</b>					
Net Sales	<b>11,791</b>	<b>14,593</b>	<b>15,236</b>	<b>16,968</b>	<b>58,588</b>
Operating Profit	<b>1,721</b>	<b>(66)</b>	<b>712</b>	<b>439</b>	<b>2,806</b>
Corporate, Eliminations, and Other					
Net Sales:					
Other	(431)	(532)	(489)	(549)	(2,001)
Operating Profit:					
Corporate Elims and Other (a),(d),(e),(f),(q),(r)	(155)	(305)	(135)	(106)	(701)
Acquisition Accounting Adjustments	(271)	(3,745)	(523)	(561)	(5,100)
FAS/CAS Operating Adjustment	-	356	380	370	1,106
<b>Consolidated</b>					
Net Sales	<b>11,360</b>	<b>14,061</b>	<b>14,747</b>	<b>16,419</b>	<b>56,587</b>
Operating Profit	<b>1,295</b>	<b>(3,760)</b>	<b>434</b>	<b>142</b>	<b>(1,889)</b>
Non-service pension (income) expense (g),(i)	(168)	(237)	(253)	(244)	(902)
Interest expense, net (h),(t)	332	335	350	349	1,366
Income from continuing operations before income taxes	1,131	(3,858)	337	37	(2,353)
Income tax (expense) benefit (j),(k),(l),(u),(v),(w),(x),(y),(aa),(bb),(ee)	(639)	38	(152)	178	(575)
Net income from continuing operations	<b>492</b>	<b>(3,820)</b>	<b>185</b>	<b>215</b>	<b>(2,928)</b>
Less: Noncontrolling interest in subsidiaries' earnings (i)	<b>54</b>	<b>24</b>	<b>34</b>	<b>69</b>	<b>181</b>
Net income from continuing operations attributable to shareholders	<b>438</b>	<b>(3,844)</b>	<b>151</b>	<b>146</b>	<b>(3,109)</b>
(Loss) income from discontinued operations	(176)	(56)	13	3	(216)
Income tax (expense) benefit from discontinued operations	(302)	65	100	(14)	(151)
Less: Noncontrolling interest in subsidiaries' earnings	43	-	-	-	43
Net (loss) income from discontinued operations attributable to shareholders	(521)	9	113	(11)	(410)
Net (loss) income attributable to common shareholders	<b>(83)</b>	<b>(3,835)</b>	<b>264</b>	<b>135</b>	<b>(3,519)</b>
<b>Operations</b>					
Earnings (loss) per share - basic	0.51	(2.56)	0.10	0.10	(2.29)
Earnings (loss) per share - diluted	0.50	(2.56)	0.10	0.10	(2.29)
<b>Discontinued Operations</b>					
Earnings (loss) per share - basic	(0.61)	0.01	0.08	(0.01)	(0.30)
Earnings (loss) per share - diluted	(0.60)	0.01	0.08	(0.01)	(0.30)
<b>Total EPS attributable to common shareholders</b>					
Total basic earnings (loss) per share	(0.10)	(2.55)	0.17	0.09	(2.59)
Total diluted earnings (loss) per share	(0.10)	(2.55)	0.17	0.09	(2.59)
<b>Weighted average number of shares outstanding (millions)</b>					
Basic shares	858.4	1,501.3	1,511.5	1,512.3	1,357.8
Diluted shares	865.8	1,501.3	1,514.2	1,515.4	1,357.8
<b>Effective Tax Rate - ops</b>					
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>YTD 2020</b>
	56.5%	1.0%	45.1%	(481.1)%	(24.4)%

	2019				
	Q1	Q2	Q3	Q4	YTD 2019
Collins Aerospace Systems					
Net Sales (n)	6,513	6,576	6,495	6,444	26,028
Operating Profit (a),(b),(c),(d),(p),(z)	964	1,276	1,259	1,009	4,508
Pratt & Whitney					
Net Sales (m)	4,818	5,154	5,285	5,645	20,902
Operating Profit (a),(o)	478	449	520	354	1,801
Raytheon Intelligence and Space					
Net Sales	-	-	-	-	-
Operating Profit	-	-	-	-	-
Raytheon Missiles and Defense					
Net Sales (cc)	-	-	-	-	-
Operating Profit (dd)	-	-	-	-	-
<b>Total Segments</b>					
Net Sales	<b>11,331</b>	<b>11,730</b>	<b>11,780</b>	<b>12,089</b>	<b>46,930</b>
Operating Profit	<b>1,442</b>	<b>1,725</b>	<b>1,779</b>	<b>1,363</b>	<b>6,309</b>
Corporate, Eliminations, and Other					
Net Sales:					
Other	(378)	(401)	(407)	(395)	(1,581)
Operating Profit:					
Corporate Elims and Other (a),(d),(e),(f),(q),(r)	(73)	(129)	(129)	(176)	(507)
Acquisition Accounting Adjustments	(227)	(210)	(220)	(231)	(888)
FAS/CAS Operating Adjustment	-	-	-	-	-
<b>Consolidated</b>					
Net Sales	<b>10,953</b>	<b>11,329</b>	<b>11,373</b>	<b>11,694</b>	<b>45,349</b>
Operating Profit	<b>1,142</b>	<b>1,386</b>	<b>1,430</b>	<b>956</b>	<b>4,914</b>
Non-service pension (income) expense (g),(i)	(192)	(200)	(289)	(148)	(829)
Interest expense, net (h),(t)	420	352	402	417	1,591
Income from continuing operations before income taxes	914	1,234	1,317	687	4,152
Income tax (expense) benefit (j),(k),(l),(u),(v),(w),(x),(y),(aa),(bb),(ee)	(153)	(6)	(306)	44	(421)
Net income from continuing operations	<b>761</b>	<b>1,228</b>	<b>1,011</b>	<b>731</b>	<b>3,731</b>
Less: Noncontrolling interest in subsidiaries' earnings (i)	<b>49</b>	<b>45</b>	<b>53</b>	<b>74</b>	<b>221</b>
Net income from continuing operations attributable to shareholders	<b>712</b>	<b>1,183</b>	<b>958</b>	<b>657</b>	<b>3,510</b>
(Loss) income from discontinued operations	908	1,206	1,071	906	4,091
Income tax (expense) benefit from discontinued operations	(244)	(435)	(825)	(370)	(1,874)
Less: Noncontrolling interest in subsidiaries' earnings	30	54	56	50	190
Net (loss) income from discontinued operations attributable to shareholders	634	717	190	486	2,027
Net (loss) income attributable to common shareholders	<b>1,346</b>	<b>1,900</b>	<b>1,148</b>	<b>1,143</b>	<b>5,537</b>
<b>Operations</b>					
Earnings (loss) per share - basic	0.84	1.38	1.12	0.77	4.11
Earnings (loss) per share - diluted	0.83	1.37	1.11	0.76	4.06
<b>Discontinued Operations</b>					
Earnings (loss) per share - basic	0.74	0.84	0.22	0.56	2.37
Earnings (loss) per share - diluted	0.73	0.83	0.22	0.56	2.35
<b>Total EPS attributable to common shareholders</b>					
Total basic earnings (loss) per share	1.58	2.22	1.34	1.33	6.48
Total diluted earnings (loss) per share	1.56	2.20	1.33	1.32	6.41
<b>Weighted average number of shares outstanding (millions)</b>					
Basic shares	853.2	854.4	855.1	856.4	854.8
Diluted shares	860.7	863.7	864.1	867.0	863.9
<b>Effective Tax Rate - ops</b>					
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>YTD 2019</b>
	16.7%	0.5%	23.2%	(6.4)%	10.1%

## (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					2019				
	Restructuring Costs					Restructuring Costs				
	Q1	Q2	Q3	Q4	YTD 2020	Q1	Q2	Q3	Q4	YTD 2019
Collins Aerospace Systems	(6)	(151)	(138)	(65)	(360)	(39)	(17)	(27)	(19)	(102)
Pratt & Whitney	-	(107)	(63)	(10)	(180)	(14)	(3)	-	(116)	(133)
RIS	-	-	-	-	-	-	-	-	-	-
RMD	-	-	-	-	-	-	-	-	-	-
Total Segments operating profit	(6)	(258)	(201)	(75)	(540)	-	-	-	-	-
Corporate expenses and other unallocated items	(1)	(169)	(21)	(16)	(207)	(1)	(1)	(1)	(3)	(6)
Eliminations and other	(1)	-	(23)	3	(21)	-	-	-	-	-
Total consolidated operating profit	(8)	(427)	(245)	(88)	(768)	(1)	(1)	(1)	(3)	(6)
Non-service pension costs	-	-	(5)	(4)	(9)	-	-	-	(4)	(4)
Total within discontinued operations	(11)	-	-	-	(11)	(58)	(45)	(38)	(39)	(180)
Total RTC Net Income	(19)	(427)	(250)	(92)	(788)	(59)	(46)	(39)	(46)	(190)

(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

# Raytheon Technologies: Segment Data – Adjusted

## RAYTHEON TECHNOLOGIES CORPORATION SEGMENT DATA - Adjusted (Unaudited)

(\$ Millions except per share amounts)

### Collins Aerospace Systems

	Q1	Q2	Q3	Q4	YTD 2020
Net Sales (n)	6,460	4,298	4,278	4,388	19,424
Operating Profit (a),(b),(c),(d),(p),(z)	1,284	24	73	89	1,470
Operating Profit %	19.9%	0.6%	1.7%	2.0%	7.6%

### Pratt & Whitney

	Q1	Q2	Q3	Q4	YTD 2020
Net Sales (m)	5,331	3,607	3,790	4,496	17,224
Operating Profit (a),(o)	515	(151)	(43)	105	426
Operating Profit %	9.7%	(4.2)%	(1.1)%	2.3%	2.5%

### Raytheon Intelligence and Space

	Q1	Q2	Q3	Q4	YTD 2020
Net Sales	-	3,314	3,674	3,853	10,841
Operating Profit	-	311	348	355	1,014
Operating Profit %	-	9.4%	9.5%	9.2%	9.4%

### Raytheon Missiles and Defense

	Q1	Q2	Q3	Q4	YTD 2020
Net Sales (cc)	-	3,536	3,729	4,395	11,660
Operating Profit (dd)	-	385	435	586	1,406
Operating Profit %	-	10.9%	11.7%	13.3%	12.1%

### Total Segments

	Q1	Q2	Q3	Q4	YTD 2020
Net Sales	11,791	14,755	15,471	17,132	59,149
Operating Profit	1,799	569	813	1,135	4,316
Operating Profit %	15.3%	3.9%	5.3%	6.6%	7.3%

### Corporate, Eliminations, and Other

	Q1	Q2	Q3	Q4	YTD 2020
Net Sales:					
Other	(431)	(532)	(489)	(549)	(2,001)

### Operating Profit:

	Q1	Q2	Q3	Q4	YTD 2020
Corporate Elims and Other (a),(d),(e),(f),(q),(r)	(124)	(52)	(38)	(71)	(285)
Acquisition Accounting Adjustments	-	-	-	-	-
FAS/CAS Accounting Adjustment	-	356	380	370	1,106

### Consolidated

	Q1	Q2	Q3	Q4	YTD 2020
Net Sales	11,360	14,223	14,982	16,583	57,148
Operating Profit	1,675	873	1,155	1,434	5,137
Operating Profit %	14.7%	6.1%	7.7%	8.6%	9.0%

Non-service pension (income) expense (g),(s)	(168)	(262)	(266)	(252)	(948)
Interest expense, net (h),(t)	332	339	350	349	1,370

### Income from continuing operations before income taxes

	Q1	Q2	Q3	Q4	YTD 2020
Income from continuing operations before income taxes	1,511	796	1,071	1,337	4,715

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

	Q1	Q2	Q3	Q4	YTD 2020
Income tax (expense) benefit	(306)	(189)	(182)	(146)	(823)

### Net Income from continuing operations

	Q1	Q2	Q3	Q4	YTD 2020
Net Income from continuing operations	1,205	607	889	1,191	3,892
Less: Noncontrolling interest in subsidiaries' earnings	54	24	34	69	181
Net income from continuing operations attributable to shareowners	1,151	583	855	1,122	3,711

### (Loss) income from discontinued operations

	Q1	Q2	Q3	Q4	YTD 2020
(Loss) income from discontinued operations	(176)	(56)	13	3	(216)
Income tax (expense) benefit from discontinued operations	(302)	65	100	(14)	(151)
Less: Noncontrolling interest in subsidiaries' earnings	43	-	-	-	43
Net (loss) income from discontinued operations attributable to shareowners	(521)	9	113	(11)	(410)

### Net (loss) income attributable to common shareowners

	Q1	Q2	Q3	Q4	YTD 2020
Net (loss) income attributable to common shareowners	630	592	968	1,111	3,301

Ex Rest & Significant non-recurring and non-operational items					
2020					
Q1	Q2	Q3	Q4	YTD 2020	
Net Sales	6,460	4,298	4,278	4,388	19,424
Operating Profit	1,284	24	73	89	1,470
Operating Profit %	19.9%	0.6%	1.7%	2.0%	7.6%
Net Sales	5,331	3,607	3,790	4,496	17,224
Operating Profit	515	(151)	(43)	105	426
Operating Profit %	9.7%	(4.2)%	(1.1)%	2.3%	2.5%
Net Sales	-	3,314	3,674	3,853	10,841
Operating Profit	-	311	348	355	1,014
Operating Profit %	-	9.4%	9.5%	9.2%	9.4%
Net Sales	-	3,536	3,729	4,395	11,660
Operating Profit	-	385	435	586	1,406
Operating Profit %	-	10.9%	11.7%	13.3%	12.1%
Net Sales	11,791	14,755	15,471	17,132	59,149
Operating Profit	1,799	569	813	1,135	4,316
Operating Profit %	15.3%	3.9%	5.3%	6.6%	7.3%
Other	(431)	(532)	(489)	(549)	(2,001)
Operating Profit	(124)	(52)	(38)	(71)	(285)
Acquisition Accounting Adjustments	-	-	-	-	-
FAS/CAS Accounting Adjustment	-	356	380	370	1,106
Net Sales	11,360	14,223	14,982	16,583	57,148
Operating Profit	1,675	873	1,155	1,434	5,137
Operating Profit %	14.7%	6.1%	7.7%	8.6%	9.0%
Non-service pension (income) expense (g),(s)	(168)	(262)	(266)	(252)	(948)
Interest expense, net (h),(t)	332	339	350	349	1,370
Income from continuing operations before income taxes	1,511	796	1,071	1,337	4,715
Income tax (expense) benefit (j),(k),(l),(u),(v),(w),(x),(y),(aa),(bb),(ee)	(306)	(189)	(182)	(146)	(823)
Net Income from continuing operations	1,205	607	889	1,191	3,892
Less: Noncontrolling interest in subsidiaries' earnings	54	24	34	69	181
Net income from continuing operations attributable to shareowners	1,151	583	855	1,122	3,711
(Loss) income from discontinued operations	(176)	(56)	13	3	(216)
Income tax (expense) benefit from discontinued operations	(302)	65	100	(14)	(151)
Less: Noncontrolling interest in subsidiaries' earnings	43	-	-	-	43
Net (loss) income from discontinued operations attributable to shareowners	(521)	9	113	(11)	(410)
Net (loss) income attributable to common shareowners	630	592	968	1,111	3,301

Ex Rest & Significant non-recurring and non-operational items					
2019					
Q1	Q2	Q3	Q4	Q4 YTD	
Net Sales	6,513	6,576	6,495	6,444	26,028
Operating Profit	1,209	1,293	1,286	1,061	4,849
Operating Profit %	18.6%	19.7%	19.8%	16.5%	18.6%
Net Sales	4,818	5,154	5,285	5,645	20,902
Operating Profit	492	452	520	470	1,934
Operating Profit %	10.2%	8.8%	9.8%	8.3%	9.3%
Net Sales	-	-	-	-	-
Operating Profit	-	-	-	-	-
Operating Profit %	-	-	-	-	-
Net Sales	-	-	-	-	-
Operating Profit	-	-	-	-	-
Operating Profit %	-	-	-	-	-
Net Sales	11,331	11,730	11,780	12,089	46,930
Operating Profit	1,701	1,745	1,806	1,531	6,783
Operating Profit %	16.0%	14.9%	15.3%	12.7%	14.5%
Other	(378)	(401)	(407)	(395)	(1,581)
Operating Profit	(63)	(92)	(92)	(121)	(368)
Acquisition Accounting Adjustments	-	-	-	-	-
FAS/CAS Accounting Adjustment	-	-	-	-	-
Net Sales	10,953	11,329	11,373	11,694	45,349
Operating Profit	1,638	1,653	1,714	1,410	6,415
Operating Profit %	16.0%	14.6%	15.1%	12.1%	14.1%
Non-service pension (income) expense (g),(s)	(192)	(200)	(191)	(177)	(760)
Interest expense, net (h),(t)	420	410	407	417	1,654
Income from continuing operations before income taxes	1,410	1,443	1,498	1,170	5,521
Income tax (expense) benefit (j),(k),(l),(u),(v),(w),(x),(y),(aa),(bb),(ee)	(262)	(323)	(346)	(101)	(1,032)
Net Income from continuing operations	1,148	1,120	1,152	1,069	4,489
Less: Noncontrolling interest in subsidiaries' earnings	49	45	53	67	214
Net income from continuing operations attributable to shareowners	1,099	1,075	1,099	1,002	4,275
(Loss) income from discontinued operations	908	1,206	1,071	906	4,091
Income tax (expense) benefit from discontinued operations	(244)	(435)	(825)	(370)	(1,874)
Less: Noncontrolling interest in subsidiaries' earnings	30	54	56	50	190
Net (loss) income from discontinued operations attributable to shareowners	634	717	190	486	2,027
Net (loss) income attributable to common shareowners	1,733	1,792	1,289	1,488	6,302

## SEGMENT DATA - Adjusted (Unaudited)

(\$ Millions except per share amounts)

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

#### Operations

Earnings (loss) per share - basic

Earnings (loss) per share - diluted

#### Discontinued Operations

Earnings (loss) per share - basic

Earnings (loss) per share - diluted

#### Total EPS attributable to common shareowners

Total basic earnings (loss) per share

Total diluted earnings (loss) per share

#### Weighted average number of shares outstanding (millions)

Basic shares

Diluted shares

#### Effective Tax Rate - ops

Ex Rest & Significant non-recurring and non-operational items					
2020					
Q1	Q2	Q3	Q4	YTD 2020	
(0.82)	(2.95)	(0.46)	(0.64)	(5.02)	
1.34	0.39	0.57	0.74	2.73	
1.33	0.39	0.56	0.74	2.73	
(0.61)	0.01	0.08	(0.01)	(0.30)	
(0.60)	0.01	0.08	(0.01)	(0.30)	
0.73	0.39	0.64	0.73	2.43	
0.73	0.39	0.64	0.73	2.42	
858.4	1,501.3	1,511.5	1,512.3	1,357.8	
865.8	1,503.7	1,514.2	1,515.4	1,361.7	

Q1	Q2	Q3	Q4	YTD 2020
20.3%	23.7%	17.0%	10.9%	17.5%

Ex Rest & Significant non-recurring and non-operational items					
2019					
Q1	Q2	Q3	Q4	Q4 YTD	
(0.45)	0.13	(0.16)	(0.40)	(0.89)	
1.29	1.25	1.29	1.17	5.00	
1.28	1.24	1.27	1.16	4.95	
0.74	0.84	0.22	0.57	2.37	
0.74	0.83	0.22	0.56	2.35	
2.03	2.09	1.50	1.73	7.37	
2.01	2.07	1.49	1.16	4.95	
853.2	854.4	855.1	856.4	854.8	
860.7	863.7	864.1	867.0	863.9	

Q1	Q2	Q3	Q4	Q4 YTD
18.6%	22.4%	23.1%	8.6%	18.7%

# 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

	Quarter Ended December 31, (Unaudited)		Twelve Months Ended December 31, (Unaudited)	
	2020	2019	2020	2019
<i>(dollars in millions - Income (Expense))</i>				
<b>Collins Aerospace Systems</b>				
Net sales	\$ 4,374	\$ 6,444	\$ 19,288	\$ 26,028
Significant unfavorable contract adjustments <sup>(1)</sup>	(14)	—	(136)	—
Adjusted net sales	\$ 4,388	\$ 6,444	\$ 19,424	\$ 26,028
Operating profit	\$ 11	\$ 1,009	\$ 1,466	\$ 4,508
Restructuring	(65)	(19)	(360)	(102)
Significant unfavorable contract adjustments <sup>(1)</sup>	(14)	—	(183)	—
Charges related to customer bankruptcies and collectability risk <sup>(1)</sup>	(2)	—	(125)	—
Foreign government wage subsidies <sup>(1)</sup>	16	—	72	—
Fixed asset impairment <sup>(1)</sup>	—	—	(3)	—
Gain on sale of businesses	(13)	—	595	—
Loss on sale of business	—	—	—	(25)
Amortization of Rockwell Collins inventory fair value adjustment	—	—	—	(181)
Costs associated with pension plan amendment	—	(33)	—	(33)
Adjusted operating profit	\$ 89	\$ 1,061	\$ 1,470	\$ 4,849
Adjusted operating profit margin	2.0 %	16.5 %	7.6 %	18.6 %
<b>Pratt &amp; Whitney</b>				
Net sales	\$ 4,465	\$ 5,645	\$ 16,799	\$ 20,902
Favorable impact of a contract termination	—	—	22	—
Significant unfavorable contract adjustments <sup>(1)</sup>	(31)	—	(447)	—
Adjusted net sales	\$ 4,496	\$ 5,645	\$ 17,224	\$ 20,902
Operating profit (loss)	\$ 33	\$ 354	\$ (564)	\$ 1,801
Restructuring	(10)	(116)	(180)	(133)
Charges related to customer bankruptcies and collectability risk <sup>(1)</sup>	(28)	—	(262)	—
Significant unfavorable contract adjustments <sup>(1)</sup>	(27)	—	(680)	—
Foreign government wage subsidies <sup>(1)</sup>	36	—	153	—
Charges related to a commercial financing arrangement <sup>(1)</sup>	(43)	—	(43)	—
Favorable impact of a contract termination	—	—	22	—
Adjusted operating profit	\$ 105	\$ 470	\$ 426	\$ 1,934
Adjusted operating profit margin	2.3 %	8.3 %	2.5 %	9.3 %
<b>Raytheon Intelligence &amp; Space</b>				
Net sales	\$ 3,853	\$ —	\$ 10,841	\$ —
Operating profit	\$ 355	\$ —	\$ 1,014	\$ —
Operating profit margin	9.2 %	— %	9.4 %	— %
<b>Raytheon Missiles &amp; Defense</b>				
Net sales	\$ 4,276	\$ —	\$ 11,660	\$ —
Middle East contract adjustment <sup>(2)</sup>	(119)	—	—	—
Adjusted net sales	\$ 4,395	\$ —	\$ 11,660	\$ —
Operating profit	\$ 40	\$ —	\$ 890	\$ —
Middle East contract adjustment <sup>(2)</sup>	(546)	—	(516)	—
Adjusted operating profit	\$ 586	\$ —	\$ 1,406	\$ —
Adjusted operating profit margin	13.3 %	— %	12.1 %	— %

	Quarter Ended December 31, (Unaudited)		Twelve Months Ended December 31, (Unaudited)	
	2020	2019	2020	2019
<i>(dollars in millions - Income (Expense))</i>				
<b>Corporate, Eliminations and other items</b>				
Net sales	\$ (549)	\$ (395)	\$ (2,001)	\$ (1,581)
Operating loss	\$ (106)	\$ (176)	\$ (701)	\$ (507)
Restructuring	(13)	(3)	(228)	(6)
Transaction and integration costs related to acquisition of Rockwell Collins, Inc.	—	(10)	—	(40)
Costs associated with pension plan amendment	—	(10)	—	(10)
Costs associated with the separation of the commercial businesses	(2)	—	(23)	—
Transaction and integration costs associated with the Raytheon Merger	(20)	(32)	(165)	(83)
Adjusted operating loss	\$ (71)	\$ (121)	\$ (285)	\$ (368)
<b>FAS/CAS Operating Adjustments</b>				
Operating Profit	\$ 370	\$ —	\$ 1,106	\$ —
<b>Acquisition Accounting Adjustments<sup>(3)</sup></b>				
Operating loss	\$ (561)	\$ (231)	\$ (5,100)	\$ (888)
Intangible impairment <sup>(1)</sup>	—	—	(57)	—
Goodwill impairment <sup>(1)</sup>	—	—	(3,183)	—
Acquisition accounting adjustments	(561)	(231)	(1,860)	(888)
Adjusted operating profit	\$ —	\$ —	\$ —	\$ —
<b>RTC Consolidated</b>				
Net sales	\$ 16,419	\$ 11,694	\$ 56,587	\$ 45,349
Favorable impact of a contract termination	—	—	22	—
Significant unfavorable contract adjustments	(45)	—	(583)	—
Middle East contract adjustment <sup>(2)</sup>	(119)	—	—	—
Adjusted net sales	\$ 16,583	\$ 11,694	\$ 57,148	\$ 45,349
Operating profit (loss)	\$ 142	\$ 956	\$ (1,889)	\$ 4,914
Restructuring	(88)	(138)	(768)	(241)
Acquisition accounting adjustments	(561)	(231)	(1,860)	(888)
Total significant non-recurring and non-operational items included in Operating Profit above	(643)	(85)	(4,398)	(372)
Adjusted operating profit	\$ 1,434	\$ 1,410	\$ 5,137	\$ 6,415

(1) Included in other significant items in the table above for the quarter ended December 31, 2020 is a net pre-tax charge of \$0.1 billion related to the impact of the COVID-19 pandemic, primarily related to charges related to customer bankruptcies and collectability risks. Included in other significant items in the table above for the year ended December 31, 2020 is a net pre-tax charge of \$4.3 billion related to the impact of the COVID-19 pandemic. This amount includes a \$3.2 billion impairment of goodwill, \$0.9 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 the fourth quarter of 2020, RMD reversed \$119 million of sales and \$30 million of operating profit for work performed subsequent to the date of the Raytheon Merger through the end of the third quarter of 2020 for our direct commercial sales contracts for precision guided munitions with a certain Middle East customer for which we have not yet obtained required regulatory approval, as we determined that it is no longer probable that we will be able to obtain such approvals. We also recognized an additional unfavorable operating profit impact of \$516 million related to these contracts, primarily driven by the impairment of inventory, the impairment of contract assets and supplier related obligations. These reversals and charges have been adjusted for in the quarter ended December 31, 2020. The \$119 million of sales and \$30 million of operating profit reversed were initially recognized in the quarters ended June 30, 2020 and September 30, 2020. Accordingly, we have recast our Adjusted sales and Adjusted operating profit for these quarters to include adjustments to eliminate the sales and operating profit related to these contracts in the periods in which they were initially recognized, resulting in net sales and operating profit adjustments for the year ended December 31, 2020 of \$0 and \$516 million, respectively.

(3) 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: Reconciliation of GAAP to Adjusted, cont.

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 December 31,		Twelve Months Ended December 31,	
	(Unaudited)		(Unaudited)	
(dollars and shares in millions - Income (Expense))	2020	2019	2020	2019
Income (loss) from continuing operations attributable to common shareowners	\$ 146	\$ 657	\$ (3,109)	\$ 3,510
Total Restructuring	(88)	(138)	(768)	(241)
Total Acquisition accounting adjustments	(561)	(231)	(1,860)	(888)
Total significant non-recurring and non-operational items included in Operating Profit	(643)	(85)	(4,398)	(372)
<i>Significant non-recurring and non-operational items included in Non-service Pension</i>				
Pension curtailment	(4)	(25)	(29)	73
Pension curtailment / settlement related to Collins Aerospace sale of businesses	—	—	(8)	—
Non-service pension restructuring	(4)	(4)	(9)	(4)
<i>Significant non-recurring and non-operational items included in Interest Expense, Net</i>				
Interest on tax settlements	—	—	—	63
Deferred compensation	—	—	4	—
Tax effect of restructuring and significant non-recurring and non-operational items above	260	99	653	293
<i>Significant non-recurring and non-operational items included in Income Tax Expense</i>				
Tax benefit (expenses) associated with the Company's separation of Otis and Carrier	—	19	(415)	19
Tax settlements	—	6	—	278
Tax impact from business disposals	55	—	45	—
Tax impact related to debt exchange	(13)	—	(62)	—
Revaluation of certain international tax incentives	(2)	—	(48)	—
Revaluation of deferred taxes related to Raytheon merger and the Company's separation of Otis and Carrier	25	—	56	—
Tax impact of goodwill impairment	—	—	11	—
Tax impact as a result of tax reform regulations	(5)	21	4	21
State valuation allowance releases	4	—	4	—
<i>Significant non-recurring and non-operational items included in Noncontrolling Interest</i>				
Noncontrolling interest resulting from the Company's announcement of its intention to separate its commercial businesses	—	(7)	—	(7)
<b>Less: Impact on net income attributable to common shareowners</b>	<b>(976)</b>	<b>(345)</b>	<b>(6,820)</b>	<b>(765)</b>
<b>Adjusted income from continuing operations attributable to common shareowners</b>	<b>\$ 1,122</b>	<b>\$ 1,002</b>	<b>\$ 3,711</b>	<b>\$ 4,275</b>

	Quarter Ended December 31,		Twelve Months Ended December 31,	
	(Unaudited)		(Unaudited)	
(dollars and shares in millions - Income (Expense))	2020	2019	2020	2019
<b>Diluted Earnings Per Share</b>	<b>\$ 0.10</b>	<b>\$ 0.76</b>	<b>\$ (2.29)</b>	<b>\$ 4.06</b>
Impact on Diluted Earnings Per Share	(0.64)	(0.40)	(5.02)	(0.89)
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$ 0.74</b>	<b>\$ 1.16</b>	<b>\$ 2.73</b>	<b>\$ 4.95</b>

	Quarter Ended December 31,		Twelve Months Ended December 31,	
	(Unaudited)		(Unaudited)	
	2020	2019	2020	2019
<b>Weighted Average Number of Shares Outstanding Reported Diluted</b>	<b>1,515.4</b>	<b>867.0</b>	<b>1,357.8</b>	<b>863.9</b>
Impact of dilutive shares <sup>(1)</sup>	—	—	3.9	—
<b>Adjusted Diluted</b>	<b>1,515.4</b>	<b>867.0</b>	<b>1,361.7</b>	<b>863.9</b>

	2020	2019	2020	2019
<b>Effective Tax Rate</b>	<b>(481.1) %</b>	<b>(6.4) %</b>	<b>(24.4) %</b>	<b>10.1 %</b>
Impact on Effective Tax Rate	492.0 %	15.0 %	41.9 %	8.6 %
<b>Adjusted Effective Tax Rate</b>	<b>10.9 %</b>	<b>8.6 %</b>	<b>17.5 %</b>	<b>18.7 %</b>

(1) The computation of reported diluted earnings per share excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, because their effect was antidilutive in the twelve months ended December 31, 2020 due to the reported loss from operations. On an adjusted basis, the Company reported income from continuing operations and the dilutive effect of such awards is included in the calculation of Adjusted Diluted Earnings Per Share.

# Raytheon Technologies: Pro Forma Segment Data - GAAP and Adjusted<sup>1</sup>

Net Sales	Pro Forma <sup>1</sup>					Adjusted Pro Forma <sup>1</sup>				
	Q1 2020 PF	Q2 2020 PF	Q3 2020	Q4 2020	FY 2020 PF	Q1 2020 PF	Q2 2020 PF	Q3 2020	Q4 2020	FY 2020 PF
Collins Aerospace Systems	\$ 6,438	\$ 4,202	\$ 4,274	\$ 4,374	\$ 19,288	\$ 6,460	\$ 4,298	\$ 4,278	\$ 4,388	\$ 19,424
Pratt & Whitney	5,353	3,487	3,494	4,465	16,799	5,331	3,607	3,790	4,496	17,224
Raytheon Intelligence & Space	3,676	3,601	3,749	3,933	14,959	3,676	3,601	3,749	3,933	14,959
Raytheon Missiles & Defense	3,741	3,712	3,706	4,136	15,295	3,693	3,658	3,641	4,303	15,295
<b>Total segment</b>	<b>19,208</b>	<b>15,002</b>	<b>15,223</b>	<b>16,908</b>	<b>66,341</b>	<b>19,160</b>	<b>15,164</b>	<b>15,458</b>	<b>17,120</b>	<b>66,902</b>
Eliminations and other	(757)	(532)	(476)	(537)	(2,302)	(757)	(532)	(476)	(537)	(2,302)
<b>Consolidated Net Sales</b>	<b>\$ 18,451</b>	<b>\$ 14,470</b>	<b>\$ 14,747</b>	<b>\$ 16,371</b>	<b>\$ 64,039</b>	<b>\$ 18,403</b>	<b>\$ 14,632</b>	<b>\$ 14,982</b>	<b>\$ 16,583</b>	<b>\$ 64,600</b>
Operating Profit										
Collins Aerospace Systems	\$ 1,246	\$ (317)	\$ 526	\$ 11	\$ 1,466	\$ 1,284	\$ 24	\$ 73	\$ 89	\$ 1,470
Pratt & Whitney	475	(457)	(615)	33	(564)	515	(151)	(43)	105	426
Raytheon Intelligence & Space	399	329	350	361	1,439	399	329	350	361	1,439
Raytheon Missiles & Defense	553	423	449	33	1,458	539	411	431	579	1,960
<b>Total segment</b>	<b>2,673</b>	<b>(22)</b>	<b>710</b>	<b>438</b>	<b>3,799</b>	<b>2,737</b>	<b>613</b>	<b>811</b>	<b>1,134</b>	<b>5,295</b>
<b>Eliminations and other</b>	<b>(81)</b>	<b>(28)</b>	<b>(49)</b>	<b>(6)</b>	<b>(164)</b>	<b>(81)</b>	<b>(28)</b>	<b>(26)</b>	<b>(9)</b>	<b>(144)</b>
Corporate expenses and other unallocated items	(142)	(201)	(84)	(99)	(526)	(140)	(32)	(10)	(61)	(243)
FAS/CAS operating adjustment	381	379	380	370	1,510	381	379	380	370	1,510
Acquisition accounting adjustments	(644)	(3,745)	(523)	(561)	(5,473)	-	-	-	-	-
<b>Consolidated Operating Profit</b>	<b>\$ 2,187</b>	<b>\$ (3,617)</b>	<b>\$ 434</b>	<b>\$ 142</b>	<b>\$ (854)</b>	<b>\$ 2,897</b>	<b>\$ 932</b>	<b>\$ 1,155</b>	<b>\$ 1,434</b>	<b>\$ 6,418</b>
Non-service pension benefit	\$ (276)	\$ (225)	\$ (253)	\$ (244)	\$ (998)	\$ (276)	\$ (250)	\$ (266)	\$ (252)	\$ (1,044)
Interest expense, net	252	337	350	349	1,288	252	341	350	349	1,292
Income (loss) from continuing operations before income taxes	2,211	(3,729)	337	37	(1,144)	2,921	841	1,071	1,337	6,170
Income tax expense (benefit)	419	(23)	152	(178)	370	559	193	182	146	1,080
Net income (loss) from continuing operations	1,792	(3,706)	185	215	(1,514)	2,362	648	889	1,191	5,090
<b>Less: Noncontrolling interest in subsidiaries' earnings from continuing operations</b>	<b>56</b>	<b>24</b>	<b>34</b>	<b>69</b>	<b>183</b>	<b>56</b>	<b>24</b>	<b>34</b>	<b>69</b>	<b>183</b>
Income (loss) from continuing operations attributable to common shareowners	<b>\$ 1,736</b>	<b>\$ (3,730)</b>	<b>\$ 151</b>	<b>\$ 146</b>	<b>\$ (1,697)</b>	<b>\$ 2,306</b>	<b>\$ 624</b>	<b>\$ 855</b>	<b>\$ 1,122</b>	<b>\$ 4,907</b>
Earnings (loss) per share from continuing operations attributable to common shareowners										
Basic earnings (loss) per share	\$ 1.15	\$ (2.48)	\$ 0.10	\$ 0.10	\$ (1.12)	\$ 1.53	\$ 0.42	\$ 0.57	\$ 0.74	\$ 3.25
Diluted earnings (loss) per share	\$ 1.14	\$ (2.48)	\$ 0.10	\$ 0.10	\$ (1.12)	\$ 1.52	\$ 0.41	\$ 0.56	\$ 0.74	\$ 3.24
Weighted average number of shares outstanding (millions)										
<b>Basic shares</b>	<b>1,506.7</b>	<b>1,501.3</b>	<b>1,511.5</b>	<b>1,512.3</b>	<b>1,511.7</b>	<b>1,506.7</b>	<b>1,501.3</b>	<b>1,511.5</b>	<b>1,512.3</b>	<b>1,511.7</b>
Diluted shares	1,517.9	1,501.3	1,514.2	1,515.4	1,511.7	1,517.9	1,503.7	1,514.2	1,515.4	1,515.8

1: Q1 and Q2 2020 pro forma prepared in a manner consistent with Article 11 of Regulation S-X, while Q3 and Q4 2020 represent actual reported results. YTD 2020 represents the total of the Q1 and Q2 2020 pro forma results and Q3 and Q4 actual results, except for FY 2020 weighted average number of shares outstanding, which is on a pro forma basis. In addition, Q4 2020 RMD reported sales have been reduced by \$48 million for the reversal of sales recognized in Q1 2020 on our direct commercial sales contracts for precision guided munitions with a certain Middle East customer that would have been reversed in Q4 2020 if RMD was included in RTX's results for full year 2020, with a respective adjustment to our non-GAAP adjustment related to the reversal. All periods have been recast for the reorganization of our RIS and RMD business segments to move our Reconnaissance & Targeting Systems, Electro-Optical Innovations and Improved Target Acquisition Systems businesses from RMD to RIS, which became effective on January 1, 2021. For the non-GAAP reconciliation for Adjusted pro forma results, refer to following slides.

# Raytheon Technologies: Pro Forma Segment Data

## Reconciliation of Pro Forma<sup>1</sup> GAAP to Adjusted Pro Forma Sales

<i>(dollars in millions)</i>	2020				
	Q1	Q2	Q3	Q4	FY
<b>Collins Aerospace Systems</b>					
Net sales, Pro Forma	\$ 6,438	\$ 4,202	\$ 4,274	\$ 4,374	\$ 19,288
Significant unfavorable contract adjustments	(22)	(96)	(4)	(14)	(136)
<b>Adjusted Net sales, Pro Forma</b>	<b>\$ 6,460</b>	<b>\$ 4,298</b>	<b>\$ 4,278</b>	<b>\$ 4,388</b>	<b>\$ 19,424</b>
<b>Pratt &amp; Whitney</b>					
Net sales, Pro Forma	\$ 5,353	\$ 3,487	\$ 3,494	\$ 4,465	\$ 16,799
Favorable impact of a contract termination	22	-	-	-	22
Significant unfavorable contract adjustments	-	(120)	(296)	(31)	(447)
<b>Adjusted Net sales, Pro Forma</b>	<b>\$ 5,331</b>	<b>\$ 3,607</b>	<b>\$ 3,790</b>	<b>\$ 4,496</b>	<b>\$ 17,224</b>
<b>Raytheon Intelligence &amp; Space</b>					
Net sales, Pro Forma	\$ 3,676	\$ 3,601	\$ 3,749	\$ 3,933	\$ 14,959
<b>Adjusted Net sales, Pro Forma</b>	<b>\$ 3,676</b>	<b>\$ 3,601</b>	<b>\$ 3,749</b>	<b>\$ 3,933</b>	<b>\$ 14,959</b>
<b>Raytheon Missiles &amp; Defense</b>					
Net sales, Pro Forma	\$ 3,741	\$ 3,712	\$ 3,706	\$ 4,136	\$ 15,295
Middle East contract adjustment	\$ 48	\$ 54	\$ 65	\$ (167)	\$ -
<b>Adjusted Net sales, Pro Forma</b>	<b>\$ 3,693</b>	<b>\$ 3,658</b>	<b>\$ 3,641</b>	<b>\$ 4,303</b>	<b>\$ 15,295</b>
<b>Corporate, Eliminations, and Other</b>					
Net sales, Pro Forma	\$ (757)	\$ (532)	\$ (476)	\$ (537)	\$ (2,302)
<b>Adjusted Net sales, Pro Forma</b>	<b>\$ (757)</b>	<b>\$ (532)</b>	<b>\$ (476)</b>	<b>\$ (537)</b>	<b>\$ (2,302)</b>
<b>Total Adjusted net sales, Pro Forma</b>	<b>\$ 18,403</b>	<b>\$ 14,632</b>	<b>\$ 14,982</b>	<b>\$ 16,583</b>	<b>\$ 64,600</b>

1: Q1 and Q2 2020 pro forma prepared in a manner consistent with Article 11 of Regulation S-X, while Q3 and Q4 2020 represent actual reported results. YTD 2020 represents the total of the Q1 and Q2 2020 pro forma results and Q3 and Q4 actual results. In addition, Q4 2020 RMD reported sales have been reduced by \$48 million for the reversal of sales recognized in Q1 2020 on our direct commercial sales contracts for precision guided munitions with a certain Middle East customer that would have been reversed in Q4 2020 if RMD was included in RTX's results for full year 2020, with a respective adjustment to our non-GAAP adjustment related to the reversal. All periods have been recast for the reorganization of our RIS and RMD business segments to move our Reconnaissance & Targeting Systems, Electro-Optical Innovations and Improved Target Acquisition Systems businesses from RMD to RIS, which became effective on January 1, 2021.

# Raytheon Technologies: Pro Forma Segment Data

## Reconciliation of Pro Forma<sup>1</sup> GAAP to Adjusted Pro Forma Operating Profit

<i>(dollars in millions)</i>	2020				
	Q1	Q2	Q3	Q4	FY
<b>Collins Aerospace Systems</b>					
Operating profit, Pro Forma	\$ 1,246	\$ (317)	\$ 526	\$ 11	\$ 1,466
Restructuring	(6)	(151)	(138)	(65)	(360)
Loss on sale of business	-	-	-	-	-
Amortization of Rockwell Collins inventory fair value adjustment	-	-	-	-	-
Costs associated with pension plan amendment	-	-	-	-	-
Significant unfavorable contract adjustments	(22)	(122)	(25)	(14)	(183)
Bad debt expense driven by customer bankruptcies and collectability risk	(10)	(89)	(24)	(2)	(125)
Government wage subsidies	-	24	32	16	72
Fixed asset impairment	-	(3)	-	-	(3)
Gain on sale of business	-	-	608	(13)	595
<b>Adjusted operating profit, Pro Forma</b>	<b>\$ 1,284</b>	<b>\$ 24</b>	<b>\$ 73</b>	<b>\$ 89</b>	<b>\$ 1,470</b>
Adjusted operating profit margin, Pro Forma	19.9%	0.6%	1.7%	2.0%	7.6%
<b>Pratt &amp; Whitney</b>					
Operating profit, Pro Forma	\$ 475	\$ (457)	\$ (615)	\$ 33	\$ (564)
Restructuring	-	(107)	(63)	(10)	(180)
Charges related to customer bankruptcies and collectability risk	(62)	(148)	(24)	(71)	(305)
Significant unfavorable contract adjustments	-	(110)	(543)	(27)	(680)
Government wage subsidies	-	59	58	36	153
Favorable impact of a contract termination	22	-	0	-	22
<b>Adjusted operating profit, Pro Forma</b>	<b>\$ 515</b>	<b>\$ (151)</b>	<b>\$ (43)</b>	<b>\$ 105</b>	<b>\$ 426</b>
Adjusted operating profit margin, Pro Forma	9.7%	-4.2%	-1.1%	2.3%	2.5%
<b>Raytheon Intelligence &amp; Space</b>					
Operating profit, Pro Forma	\$ 399	\$ 329	\$ 350	\$ 361	\$ 1,439
<b>Adjusted operating profit, Pro Forma</b>	<b>\$ 399</b>	<b>\$ 329</b>	<b>\$ 350</b>	<b>\$ 361</b>	<b>\$ 1,439</b>
Adjusted operating profit margin, Pro Forma	10.9%	9.1%	9.3%	9.2%	9.6%
<b>Raytheon Missiles &amp; Defense</b>					
Operating profit, Pro Forma	\$ 553	\$ 423	\$ 449	\$ 33	\$ 1,458
Middle East contract adjustment	14	12	18	(546)	(502)
<b>Adjusted operating profit, Pro Forma</b>	<b>\$ 539</b>	<b>\$ 411</b>	<b>\$ 431</b>	<b>\$ 579</b>	<b>\$ 1,960</b>
Adjusted operating profit margin, Pro Forma	14.6%	11.2%	11.8%	13.5%	12.8%
<b>Eliminations and other</b>					
Operating profit, Pro Forma	\$ (81)	\$ (28)	\$ (49)	\$ (6)	\$ (164)
Restructuring	-	-	(23)	3	(21)
<b>Adjusted operating profit, Pro Forma</b>	<b>\$ (81)</b>	<b>\$ (28)</b>	<b>\$ (26)</b>	<b>\$ (9)</b>	<b>\$ (143)</b>
<b>Corporate expenses and other unallocated items</b>					
Operating profit, Pro Forma	\$ (142)	\$ (201)	\$ (84)	\$ (99)	\$ (526)
Restructuring	(2)	(169)	(21)	(16)	(207)
Transaction and integration costs related to merger agreement with Rockwell Collins	-	-	-	-	-
Costs associated with pension plan amendment	-	-	-	-	-
Costs associated with the separation of the commercial businesses	-	-	(7)	(2)	(9)
Transaction and integration costs associated with the Raytheon Merger	-	-	(46)	(20)	(66)
<b>Adjusted operating profit, Pro Forma</b>	<b>\$ (140)</b>	<b>\$ (32)</b>	<b>\$ (10)</b>	<b>\$ (61)</b>	<b>\$ (244)</b>
<b>FAS/CAS operating adjustment</b>					
Operating profit, Pro Forma	\$ 381	\$ 379	\$ 380	\$ 370	\$ 1,510
<b>Adjusted operating profit, Pro Forma</b>	<b>\$ 381</b>	<b>\$ 379</b>	<b>\$ 380</b>	<b>\$ 370</b>	<b>\$ 1,510</b>
<b>Acquisition accounting adjustments</b>					
Operating profit, Pro Forma	\$ (644)	\$ (3,745)	\$ (523)	\$ (561)	\$ (5,473)
Elimination of Acquisition Accounting Adjustments	(644)	(3,745)	(523)	(561)	(5,473)
<b>Adjusted operating profit, Pro Forma</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Operating profit, Pro Forma</b>	<b>\$ 2,187</b>	<b>\$ (3,617)</b>	<b>\$ 434</b>	<b>\$ 142</b>	<b>\$ (854)</b>
Significant non-recurring and non-operational items included in Operating Profit, Pro Forma	(710)	(4,549)	(721)	(1,292)	(7,272)
<b>Total Adjusted operating profit, Pro Forma</b>	<b>\$ 2,897</b>	<b>\$ 932</b>	<b>\$ 1,155</b>	<b>\$ 1,434</b>	<b>\$ 6,418</b>

# Raytheon Technologies: Pro Forma Consolidated Data

## Reconciliation of Pro Forma<sup>1</sup> to Adjusted Pro Forma Income (loss) from continuing operations & EPS

RTX Pro Forma Income (loss) and Diluted earnings (loss) per share from continuing operations attributable to common shareowners

Non-GAAP Reconciliation

<i>(dollars in millions)</i>	<u>Q1 2020 PF</u>	<u>Q2 2020 PF</u>	<u>Q3 2020</u>	<u>Q4 2020</u>	<u>FY 2020 PF</u>
Net income (loss) from continuing operations attributable to common shareowners, Pro Forma	\$ 1,736	\$ (3,730)	\$ 151	\$ 146	\$ (1,697)
<b>Less: Restructuring, acquisition accounting adjustments and significant non-recurring and non-operational items:</b>					
<i>Restructuring, acquisition accounting adjustments, and significant non-recurring and non-operational items included in Operating Profit, Pro Forma</i>	(710)	(4,549)	(721)	(1,292)	(7,272)
<i>Significant non-recurring and non-operational items included in Non-service Pension, Pro Forma</i>					
Pension curtailment	-	(25)	-	(4)	(29)
Pension curtailment / settlement related to Collins Aerospace sale of businesses	-	-	(8)	-	(8)
Non-service pension restructuring	-	-	(5)	(4)	(9)
<i>Significant non-recurring and non-operational items included in Interest Expense, Net, Pro Forma</i>					
Deferred compensation	-	4	-	-	4
<b>Total restructuring, acquisition accounting adjustments and significant non-recurring and non-operational items included in Income (loss) from continuing operations before income taxes, Pro Forma</b>	<b>(710)</b>	<b>(4,570)</b>	<b>(734)</b>	<b>(1,300)</b>	<b>(7,314)</b>
<i>Significant non-recurring and non-operational items included in Income Tax Expense, Pro Forma</i>					
Tax effect of restructuring and significant non-recurring and non-operational items above	165	313	(13)	260	725
Tax benefit (expenses) associated with the Company's separation of Otis and Carrier	(25)	-	-	-	(25)
Tax impact from business disposal	-	(22)	12	55	45
Tax impact related to debt exchange	-	(60)	11	(13)	(62)
Revaluation of certain international tax incentives	-	(46)	-	(2)	(48)
Revaluation of deferred taxes related to Raytheon merger and the Company's separation of Otis and Carrier	-	31	-	25	56
Tax impact of goodwill impairment	-	-	11	-	11
Tax impact as a result of tax reform regulations	-	-	9	(5)	4
State valuation allowance releases	-	-	-	4	4
Total significant non-recurring and non-operational items included in Income from continuing operations attributable to common shareowners, Pro Forma	(570)	(4,354)	(704)	(976)	(6,604)
<b>Adjusted income (loss) from continuing operations attributable to common shareowners, Pro Forma</b>	<b>\$ 2,306</b>	<b>\$ 624</b>	<b>\$ 855</b>	<b>\$ 1,122</b>	<b>\$ 4,907</b>
Diluted (loss) earnings per share from continuing operations attributable to common shareowners, Pro Forma	\$ 1.14	\$ (2.48)	\$ 0.10	\$ 0.10	\$ (1.12)
Impact of adjustments above on diluted (loss) earnings per share	(0.38)	(2.90)	(0.46)	(0.64)	(4.36)
<b>Adjusted diluted earnings per share from continuing operations attributable to common shareowners, Pro Forma</b>	<b>\$ 1.52</b>	<b>\$ 0.41</b>	<b>\$ 0.56</b>	<b>\$ 0.74</b>	<b>\$ 3.24</b>
Adjusted diluted shares, Pro Forma	1,517.9	1,503.7	1,514.2	1,515.4	1,515.8

1: Q1 and Q2 2020 pro forma prepared in a manner consistent with Article 11 of Regulation S-X, while Q3 and Q4 2020 represent actual reported results. YTD 2020 represents the total of the Q1 and Q2 2020 pro forma results and Q3 and Q4 actual results, except for FY 2020 weighted average number of shares outstanding, which is on a pro forma basis.

# Raytheon Technologies: Reconciliation of 2020 Adjusted Earnings to 2020 Adjusted Pro forma Earnings

(dollars in millions)

	2020 Adjusted Earnings					Pro Forma Adjustments <sup>1</sup>					2020 Adjusted Pro Forma Earnings				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
<b>Net Sales</b>															
Collins Aerospace Systems	\$ 6,460	\$ 4,298	\$ 4,278	\$ 4,388	\$ 19,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,460	\$ 4,298	\$ 4,278	\$ 4,388	\$ 19,424
Pratt & Whitney	5,331	3,607	3,790	4,496	17,224	-	-	-	-	-	5,331	3,607	3,790	4,496	17,224
Raytheon Intelligence & Space	-	3,314	3,674	3,853	10,841	3,676	287	75	80	4,118	3,676	3,601	3,749	3,933	14,959
Raytheon Missiles & Defense	-	3,536	3,729	4,395	11,660	3,693	122	(88)	(92)	3,635	3,693	3,658	3,641	4,303	15,295
<b>Total segment</b>	11,791	14,755	15,471	17,132	59,149	7,369	409	(13)	(12)	7,753	19,160	15,164	15,458	17,120	66,902
Eliminations and other	(431)	(532)	(489)	(549)	(2,001)	(326)	-	13	12	(301)	(757)	(532)	(476)	(537)	(2,302)
<b>Consolidated Net Sales</b>	<b>\$ 11,360</b>	<b>\$ 14,223</b>	<b>\$ 14,982</b>	<b>\$ 16,583</b>	<b>\$ 57,148</b>	<b>\$ 7,043</b>	<b>\$ 409</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,452</b>	<b>\$ 18,403</b>	<b>\$ 14,632</b>	<b>\$ 14,982</b>	<b>\$ 16,583</b>	<b>\$ 64,600</b>
<b>Operating Profit</b>															
Collins Aerospace Systems	\$ 1,284	\$ 24	\$ 73	\$ 89	\$ 1,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,284	\$ 24	\$ 73	\$ 89	\$ 1,470
Pratt & Whitney	515	(151)	(43)	105	426	-	-	-	-	-	515	(151)	(43)	105	426
Raytheon Intelligence & Space	-	311	348	355	1,014	399	18	2	6	425	399	329	350	361	1,439
Raytheon Missiles & Defense	-	385	435	586	1,406	539	26	(4)	(7)	554	539	411	431	579	1,960
<b>Total segment</b>	1,799	569	813	1,135	4,316	938	44	(2)	(1)	979	2,737	613	811	1,134	5,295
Corporate Eliminations and other	(124)	(52)	(38)	(71)	(285)	(97)	(8)	2	1	(102)	(221)	(60)	(36)	(70)	(387)
FAS/CAS operating adjustment	-	356	380	370	1,106	381	23	-	-	404	381	379	380	370	1,510
<b>Consolidated Operating Profit</b>	<b>\$ 1,675</b>	<b>\$ 873</b>	<b>\$ 1,155</b>	<b>\$ 1,434</b>	<b>\$ 5,137</b>	<b>\$ 1,222</b>	<b>\$ 59</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,281</b>	<b>\$ 2,897</b>	<b>\$ 932</b>	<b>\$ 1,155</b>	<b>\$ 1,434</b>	<b>\$ 6,418</b>
Non-service pension benefit	\$ (168)	\$ (262)	\$ (266)	\$ (252)	\$ (948)	\$ (108)	\$ 12	\$ -	\$ -	\$ (96)	\$ (276)	\$ (250)	\$ (266)	\$ (252)	\$ (1,044)
Interest expense, net	332	339	350	349	1,370	(80)	2	-	-	(78)	252	341	350	349	1,292
Income (loss) from continuing operations before income taxes	1,511	796	1,071	1,337	4,715	1,410	45	-	-	1,455	2,921	841	1,071	1,337	6,170
Income tax expense (benefit)	306	189	182	146	823	253	4	-	-	257	559	193	182	146	1,080
Net income (loss) from continuing operations	1,205	607	889	1,191	3,892	1,157	41	-	-	1,198	2,362	648	889	1,191	5,090
Less: Noncontrolling interest in subsidiaries' earnings from continuing operations	54	24	34	69	181	2	-	-	-	2	56	24	34	69	183
<b>Income from continuing operations attributable to common shareowners</b>	<b>\$ 1,151</b>	<b>\$ 583</b>	<b>\$ 855</b>	<b>\$ 1,122</b>	<b>\$ 3,711</b>	<b>\$ 1,155</b>	<b>\$ 41</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,196</b>	<b>\$ 2,306</b>	<b>\$ 624</b>	<b>\$ 855</b>	<b>\$ 1,122</b>	<b>\$ 4,907</b>
<b>Earnings per share from continuing operations attributable to common shareowners</b>															
Basic earnings per share	\$ 1.34	\$ 0.39	\$ 0.57	\$ 0.74	\$ 2.73	\$ 0.19	\$ 0.03	\$ -	\$ -	\$ 0.52	\$ 1.53	\$ 0.42	\$ 0.57	\$ 0.74	\$ 3.25
Diluted earnings per share	\$ 1.33	\$ 0.39	\$ 0.56	\$ 0.74	\$ 2.73	\$ 0.19	\$ 0.02	\$ -	\$ -	\$ 0.51	\$ 1.52	\$ 0.41	\$ 0.56	\$ 0.74	\$ 3.24
Weighted average number of shares outstanding (millions)															
Basic shares	858.4	1,501.3	1,511.5	1,512.3	1,357.8						1,506.7	1,501.3	1,511.5	1,512.3	1,511.7
Diluted shares	865.8	1,503.7	1,514.2	1,515.4	1,361.7						1,517.9	1,503.7	1,514.2	1,515.4	1,515.8

**1: Pro Forma Adjustments:**

- Pro Forma adjustments in Q1 and Q2 reflect the addition of the legacy RTN businesses as of 1/1/20 prepared in a manner consistent with Article 11 of Regulation S-X, with Q2 adjustments reflecting the addition of the results of the legacy RTN businesses for the 4/1-4/3 stub period.
- Pro Forma adjustments for all periods reflect the reorganization of our Reconnaissance & Targeting Systems, Electro-Optical Innovations and Improved Target Acquisition Systems businesses from RMD to RIS as if this reorganization occurred as of 1/1/20.
- Adjusted Proforma Earnings per share reflect outstanding shares calculated as if the Raytheon Merger occurred on 1/1/2020.
- For the non-GAAP reconciliation of 2020 adjusted earnings, refer to slide 25. For the non-GAAP reconciliation of 2020 Adjusted pro forma results, refer to slide 29.

# Pension Impact

			Current projections*		
	2020 Actual	2020 Adjusted pro forma	2021	2022	2023
<u>P&amp;L impact</u>					
RMD/RIS Service cost	(\$354)	(\$477)	(\$405)	(\$375)	(\$200)
RMD/RIS CAS recovery	<u>\$1,460</u>	<u>\$1,987</u>	<u>\$2,080</u>	<u>\$2,100</u>	<u>\$1,625</u>
FAS/CAS operating adjustment	\$1,106	\$1,510	\$1,675	\$1,725	\$1,425
Non-service pension income	\$902	\$1,044	\$1,925	\$2,000	\$2,200
<u>Net cash</u>					
Gross funding	(\$1,303)	(\$1,357)	(\$370)	(\$850)	(\$750)
RMD/RIS CAS recovery	<u>\$1,460</u>	<u>\$1,987</u>	<u>\$2,080</u>	<u>\$2,100</u>	<u>\$1,625</u>
Net cash	\$157	\$630	\$1,710	\$1,250	\$875

\* Current projections include pension and PRB for 2021 – 2023 and are strictly based on a weighted-average FAS discount rate of 2.5% for all years, a weighted-average assumed return on assets of 6.5% for all years and no changes to any other actuarial assumptions or regulatory requirements. CAS recovery and funding requirements are based on the discount rates under the Bipartisan Budget Act of 2015, which are approximately 4.9% for 2021, 4.5% for 2022, 4.1% for 2023.

Actual results will vary for 2021 – 2023 based upon discount rate, asset returns, long-term return on asset (ROA) assumption, changes in actuarial assumptions, demographic and regulatory requirements applicable for each year.