

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-00812

RAYTHEON TECHNOLOGIES CORPORATION

Delaware
(State or other jurisdiction of incorporation)

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

870 Winter Street, Waltham, Massachusetts 02451

(Address of principal executive offices, including zip code)

(781) 522-3000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes . No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes . No .

At March 31, 2021 there were 1,515,089,870 shares of Common Stock outstanding.

**RAYTHEON TECHNOLOGIES CORPORATION
AND SUBSIDIARIES**
CONTENTS OF QUARTERLY REPORT ON FORM 10-Q
Quarter Ended March 31, 2021

	<u>Page</u>
<u>PART I – FINANCIAL INFORMATION</u>	<u>4</u>
<u>Item 1. Unaudited Financial Statements:</u>	<u>4</u>
<u>Condensed Consolidated Statement of Operations for the quarters ended March 31, 2021 and 2020</u>	<u>4</u>
<u>Condensed Consolidated Statement of Comprehensive Income (Loss) for the quarters ended March 31, 2021 and 2020</u>	<u>5</u>
<u>Condensed Consolidated Balance Sheet at March 31, 2021 and December 31, 2020</u>	<u>6</u>
<u>Condensed Consolidated Statement of Cash Flows for the quarters ended March 31, 2021 and 2020</u>	<u>7</u>
<u>Condensed Consolidated Statement of Changes in Equity for the quarters ended March 31, 2021 and 2020</u>	<u>8</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>9</u>
<u>Report of Independent Registered Public Accounting Firm</u>	<u>35</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>36</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>53</u>
<u>Item 4. Controls and Procedures</u>	<u>53</u>
<u>PART II – OTHER INFORMATION</u>	<u>55</u>
<u>Item 1. Legal Proceedings</u>	<u>55</u>
<u>Item 1A. Risk Factors</u>	<u>55</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>56</u>
<u>Item 6. Exhibits</u>	<u>57</u>
<u>SIGNATURES</u>	<u>58</u>

Raytheon Technologies Corporation and its subsidiaries’ names, abbreviations thereof, logos, and product and service designators are all either the registered or unregistered trademarks or tradenames of Raytheon Technologies Corporation and its subsidiaries. Names, abbreviations of names, logos, and products and service designators of other companies are either the registered or unregistered trademarks or tradenames of their respective owners. References to internet web sites in this Form 10-Q are provided for convenience only. Information available through these web sites is not incorporated by reference into this Form 10-Q.

PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

**RAYTHEON TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)**

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended March 31,	
	2021	2020
Net Sales:		
Product sales	\$ 11,664	\$ 8,165
Service sales	3,587	3,195
Total Net Sales	15,251	11,360
Costs and Expenses:		
Cost of sales - products	9,974	6,629
Cost of sales - services	2,563	1,943
Research and development	589	535
Selling, general and administrative	1,220	977
Total Costs and Expenses	14,346	10,084
Other income, net	108	19
Operating profit	1,013	1,295
Non-operating expense (income), net		
Non-service pension benefit	(491)	(168)
Interest expense, net	346	332
Total non-operating expense (income), net	(145)	164
Income from continuing operations before income taxes	1,158	1,131
Income tax expense	345	639
Net income from continuing operations	813	492
Less: Noncontrolling interest in subsidiaries' earnings from continuing operations	41	54
Income from continuing operations attributable to common shareowners	772	438
Discontinued operations (Note 3):		
Loss from discontinued operations, before tax	(20)	(176)
Income tax (benefit) expense from discontinued operations	(1)	302
Net loss from discontinued operations	(19)	(478)
Less: Noncontrolling interest in subsidiaries' earnings from discontinued operations	—	43
Loss from discontinued operations attributable to common shareowners	(19)	(521)
Net income (loss) attributable to common shareowners	\$ 753	\$ (83)
Earnings (loss) Per Share attributable to common shareowners - Basic:		
Income from continuing operations	\$ 0.51	\$ 0.51
Loss from discontinued operations	(0.01)	(0.61)
Net income (loss) attributable to common shareowners	\$ 0.50	\$ (0.10)
Earnings (loss) Per Share attributable to common shareowners - Diluted:		
Income from continuing operations	\$ 0.51	\$ 0.50
Loss from discontinued operations	(0.01)	(0.60)
Net income (loss) attributable to common shareowners	\$ 0.50	\$ (0.10)

See accompanying Notes to Condensed Consolidated Financial Statements

**RAYTHEON TECHNOLOGIES CORPORATION
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Net income from continuing and discontinued operations	\$ 794	\$ 14
Other comprehensive income (loss), before tax:		
Foreign currency translation adjustments	(176)	(1,453)
Pension and postretirement benefit plans adjustments	54	110
Change in unrealized cash flow hedging	(60)	(374)
Other comprehensive income (loss), before tax	(182)	(1,717)
Income tax (expense) benefit related to items of other comprehensive income (loss)	(5)	70
Other comprehensive income (loss), net of tax	(187)	(1,647)
Comprehensive income (loss)	607	(1,633)
Less: Comprehensive income attributable to noncontrolling interest	41	91
Comprehensive income (loss) attributable to common shareowners	\$ 566	\$ (1,724)

See accompanying Notes to Condensed Consolidated Financial Statements

**RAYTHEON TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)**

<i>(dollars in millions)</i>	March 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,579	\$ 8,802
Accounts receivable, net	10,037	9,254
Contract assets	10,238	9,931
Inventory, net	9,498	9,411
Other assets, current	4,200	5,978
Total Current Assets	42,552	43,376
Customer financing assets	3,079	3,144
Fixed assets	26,554	26,346
Accumulated depreciation	(11,812)	(11,384)
Fixed assets, net	14,742	14,962
Operating lease right-of-use assets	1,913	1,880
Goodwill	54,265	54,285
Intangible assets, net	39,999	40,539
Other assets	4,058	3,967
Total Assets	\$ 160,608	\$ 162,153
Liabilities, Redeemable Noncontrolling Interest and Equity		
Current Liabilities		
Short-term borrowings	\$ 234	\$ 247
Accounts payable	9,182	8,639
Accrued employee compensation	2,511	3,006
Other accrued liabilities	10,184	10,517
Contract liabilities	12,879	12,889
Long-term debt currently due	1,369	550
Total Current Liabilities	36,359	35,848
Long-term debt	29,935	31,026
Operating lease liabilities, non-current	1,552	1,516
Future pension and postretirement benefit obligations	9,808	10,342
Other long-term liabilities	9,612	9,537
Total Liabilities	87,266	88,269
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interest	34	32
Shareowners' Equity:		
Common Stock	36,997	36,930
Treasury Stock	(10,780)	(10,407)
Retained earnings	49,460	49,423
Unearned ESOP shares	(46)	(49)
Accumulated other comprehensive loss	(3,921)	(3,734)
Total Shareowners' Equity	71,710	72,163
Noncontrolling interest	1,598	1,689
Total Equity	73,308	73,852
Total Liabilities, Redeemable Noncontrolling Interest and Equity	\$ 160,608	\$ 162,153

See accompanying Notes to Condensed Consolidated Financial Statements

**RAYTHEON TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)**

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Operating Activities:		
Net income from continuing operations	\$ 813	\$ 492
Adjustments to reconcile net income from continuing operations to net cash flows provided by operating activities:		
Depreciation and amortization	1,123	728
Deferred income tax provision	153	392
Stock compensation cost	84	63
Net periodic pension and other postretirement income	(358)	(130)
Change in:		
Accounts receivable	(799)	390
Contract assets	(311)	(349)
Inventory	(113)	(395)
Other current assets	(193)	(208)
Accounts payable and accrued liabilities	538	612
Contract liabilities	(56)	(101)
Global pension contributions	(7)	(8)
Other operating activities, net	(151)	(354)
Net cash flows provided by operating activities from continuing operations	723	1,132
Investing Activities:		
Capital expenditures	(387)	(325)
Investments in businesses	(6)	—
Dispositions of businesses, net of cash transferred (Note 2)	1,049	—
Increase in customer financing assets, net	(81)	(88)
Increase in collaboration intangible assets	(32)	(78)
Receipts (payments) from settlements of derivative contracts, net	49	(524)
Other investing activities, net	(10)	(25)
Net cash flows provided by (used in) investing activities from continuing operations	582	(1,040)
Financing Activities:		
Distribution from discontinued operations	—	17,207
Repayment of long-term debt	(286)	(13,810)
Decrease in short-term borrowings, net	(13)	(663)
Proceeds from Common Stock issued under employee stock plans	1	6
Dividends paid on Common Stock	(705)	(614)
Repurchase of Common Stock	(375)	(47)
Net transfers to discontinued operations	(5)	(1,016)
Other financing activities, net	(161)	(23)
Net cash flows (used in) provided by financing activities from continuing operations	(1,544)	1,040
Discontinued Operations:		
Net cash used in operating activities	(5)	(472)
Net cash used in investing activities	—	(241)
Net cash provided by financing activities	5	322
Net cash used in discontinued operations	—	(391)
Effect of foreign exchange rate changes on cash and cash equivalents from continuing operations	23	(19)
Effect of foreign exchange rate changes on cash and cash equivalents from discontinued operations	—	(76)
Net (decrease) increase in cash, cash equivalents and restricted cash	(216)	646
Cash, cash equivalents and restricted cash, beginning of period	8,832	4,961
Cash, cash equivalents and restricted cash within assets related to discontinued operations, beginning of period	—	2,459
Cash, cash equivalents and restricted cash, end of period	8,616	8,066
Less: Restricted cash, included in Other assets	37	48
Less: Cash, cash equivalents and restricted cash for discontinued operations	—	1,993
Cash and cash equivalents, end of period	\$ 8,579	\$ 6,025

See accompanying Notes to Condensed Consolidated Financial Statements

**RAYTHEON TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)**

<i>(dollars in millions, except per share amounts; shares in thousands)</i>	Quarter Ended March 31,	
	2021	2020
Equity beginning balance	\$ 73,852	\$ 44,231
Common Stock		
Beginning balance	36,930	23,019
Common Stock plans activity	67	81
Purchase of subsidiary shares from noncontrolling interest, net	—	(1)
Ending balance	36,997	23,099
Treasury Stock		
Beginning balance	(10,407)	(32,626)
Common Stock plans activity	—	4
Common Stock repurchased	(375)	(43)
Other	2	—
Ending balance	(10,780)	(32,665)
Retained Earnings		
Beginning balance	49,423	61,594
Net income (loss)	753	(83)
Dividends on Common Stock	(705)	(614)
Dividends on ESOP Common Stock	(11)	(17)
Redeemable noncontrolling interest fair value adjustment	—	1
Other, including the adoption impact of ASU 2016-13 (Note 21)	—	(55)
Ending balance	49,460	60,826
Unearned ESOP Shares		
Beginning balance	(49)	(64)
Common Stock plans activity	3	3
Ending balance	(46)	(61)
Accumulated Other Comprehensive Income (Loss)		
Beginning balance	(3,734)	(10,149)
Other comprehensive income (loss), net of tax	(187)	(1,639)
Ending balance	(3,921)	(11,788)
Noncontrolling Interest		
Beginning balance	1,689	2,457
Net Income	41	97
Less: Redeemable noncontrolling interest net income	(2)	—
Other comprehensive income (loss), net of tax	—	(6)
Dividends attributable to noncontrolling interest	(130)	(58)
Capital contributions	—	34
Ending balance	1,598	2,524
Equity at March 31	\$ 73,308	\$ 41,935
Supplemental share information		
Shares of Common Stock issued under employee plans, net	1,043	2,050
Shares of Common Stock repurchased	5,197	330
Dividends per share of Common Stock	\$ 0.475	\$ 0.735

See accompanying Notes to Condensed Consolidated Financial Statements

**RAYTHEON TECHNOLOGIES CORPORATION
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

Note 1: Basis of Presentation

The Condensed Consolidated Financial Statements at March 31, 2021 and for the quarters ended March 31, 2021 and 2020 are unaudited, and in the opinion of management include adjustments of a normal recurring nature necessary for a fair statement of the results for the interim periods. The results reported in these Condensed Consolidated Financial Statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the financial statements and notes in our 2020 Annual Report on Form 10-K. In addition, we reclassified certain amounts to conform to our current period presentation.

Separation Transactions, Distributions and Raytheon Merger. On April 3, 2020, United Technologies Corporation (UTC) completed the separation of its business into three independent, publicly traded companies – UTC, Carrier Global Corporation (Carrier) and Otis Worldwide Corporation (Otis) (the Separation Transactions). UTC distributed all of the outstanding shares of Carrier common stock and all of the outstanding shares of Otis common stock to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date for the distributions (the Distributions) effective at 12:01 a.m., Eastern Time, on April 3, 2020. Immediately following the Separation Transactions and Distributions, on April 3, 2020, UTC and Raytheon Company completed their all-stock merger of equals transaction (the Raytheon Merger), pursuant to which Raytheon Company became a wholly-owned subsidiary of UTC and UTC was renamed Raytheon Technologies Corporation. As a result of these transactions, we now operate in four principal business segments: Collins Aerospace Systems (Collins Aerospace), Pratt & Whitney, Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD).

UTC was determined to be the accounting acquirer in the Raytheon Merger, and, as a result, the financial statements of Raytheon Technologies include Raytheon Company's financial position and results of operations for all periods subsequent to the completion of the Raytheon Merger on April 3, 2020. RIS and RMD follow a 4-4-5 fiscal calendar with a quarter end of April 4, 2021 while Collins Aerospace and Pratt & Whitney continue to use a quarter calendar end of March 31, 2021. Throughout this Quarterly Report on Form 10-Q, when we refer to the quarter ended March 31 with respect to RIS or RMD, we are referring to their April 4, 2021 fiscal quarter end. The historical results of Carrier and Otis are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented. Throughout this Quarterly Report on Form 10-Q, unless otherwise indicated, amounts and activity are presented on a continuing operations basis.

Unless the context otherwise requires, the terms “we,” “our,” “us,” “the Company,” “Raytheon Technologies,” and “RTC” mean United Technologies Corporation and its subsidiaries when referring to periods prior to the Raytheon Merger and to the combined company, Raytheon Technologies Corporation, when referring to periods after the Raytheon Merger. Unless the context otherwise requires, the terms “Raytheon Company,” or “Raytheon” mean Raytheon Company and its subsidiaries prior to the Raytheon Merger.

COVID-19 Pandemic. In 2020, the coronavirus disease 2019 (COVID-19) negatively impacted both the U.S. and global economy and our business and operations and the industries in which we operate. The continued disruption to air travel and commercial activities and the significant restrictions and limitations on businesses, particularly within the aerospace and commercial airline industries, have negatively impacted global supply, demand and distribution capabilities. In particular, the unprecedented decrease in air travel resulting from the COVID-19 pandemic has adversely affected our airline and airframer customers, and their demand for the products and services of our Collins Aerospace and Pratt & Whitney businesses. We continue to monitor these trends and are working closely with our customers to actively mitigate costs and adjust production schedules to accommodate these declines in demand. Our RIS and RMD businesses, although experiencing minor impacts, have not experienced significant business disruptions as a result of the COVID-19 pandemic.

Given the significant reduction in business and leisure passenger air travel, the number of planes temporarily grounded, and continued travel restrictions that have resulted from the ongoing COVID-19 pandemic, and the resulting impacts on our customers and their business activities, we expect our future operating results, particularly those of our Collins Aerospace and Pratt & Whitney businesses, to continue to be negatively impacted when compared to pre-COVID-19 results. Our expectations regarding the COVID-19 pandemic and its potential financial impact are based on available information and assumptions that we believe are reasonable at this time; however, the actual financial impact is highly uncertain and subject to a wide range of factors and future developments. While we believe that the long-term outlook for the aerospace industry remains positive due to the fundamental drivers of air travel demand, there is significant uncertainty with respect to the point at which commercial air traffic capacity will return to and/or exceed pre-COVID-19 levels. While we have begun to see some indications that

commercial air travel is recovering in certain areas of demand, other areas continue to lag. As a result, we continue to estimate that a full recovery may occur in 2023 or 2024. New information may emerge concerning the scope, severity and duration of the COVID-19 pandemic, as well as any worsening of the pandemic, the effect of mutating strains and whether additional outbreaks of the pandemic will continue to occur, actions to contain the pandemic's spread or treat its impact, continued availability of vaccines, and their distribution, acceptance and efficacy, and governmental, business and individual personal actions taken in response to the pandemic (including restrictions and limitations on travel and transportation, and changes in leisure and business travel patterns and work environments) among others. Some of these actions and related impacts may be trends that continue in the future even after the pandemic no longer poses a significant public health risk.

Note 2: Acquisitions, Dispositions, Goodwill and Intangible Assets

Business Acquisitions. As described above, on April 3, 2020, pursuant to the Agreement and Plan of Merger dated June 9, 2019, as amended (the Raytheon Merger Agreement) UTC and Raytheon Company completed their previously announced all-stock merger of equals, following the completion by UTC of the Separation Transactions and Distributions. Raytheon Company (previously New York Stock Exchange (NYSE): RTN) shares ceased trading prior to the market open on April 3, 2020, and each share of Raytheon common stock was converted in the merger into the right to receive 2.3348 shares of UTC common stock previously traded on the NYSE under the ticker symbol "UTX." Upon closing of the Raytheon Merger, UTC's name was changed to "Raytheon Technologies Corporation," and its shares of common stock began trading as of April 3, 2020 on the NYSE under the ticker symbol "RTX."

Total consideration is calculated as follows:

<i>(dollars in millions)</i>	Amount
Fair value of RTC common stock issued for Raytheon Company outstanding common stock and vested equity awards	\$ 33,067
Fair value attributable to pre-merger service for replacement equity awards	99
Total merger consideration	\$ 33,166

The fair value of RTC common stock issued for Raytheon Company outstanding common stock and vested equity awards is calculated as follows:

<i>(dollars and shares, in millions, except per share amounts and exchange ratio)</i>	Amount
Number of Raytheon Company common shares outstanding as of April 3, 2020	277.3
Number of Raytheon Company stock awards vested as a result of the Raytheon Merger ⁽¹⁾	0.4
Total outstanding shares of Raytheon Company common stock and equity awards entitled to merger consideration	277.7
Exchange ratio ⁽²⁾	2.3348
Shares of RTC common stock issued for Raytheon Company outstanding common stock and vested equity awards	648.4
Price per share of RTC common stock ⁽³⁾	\$ 51.00
Fair value of RTC common stock issued for Raytheon Company outstanding common stock and vested equity awards	\$ 33,067

(1) Represents Raytheon Company stock awards that vested as a result of the Raytheon Merger, which is considered a "change in control" for purposes of the Raytheon 2010 Stock Plan. Certain Raytheon Company restricted stock awards and Raytheon Company restricted stock unit (RSU) awards, issued under the Raytheon 2010 Stock Plan vested on an accelerated basis as a result of the Raytheon Merger. Such vested awards were converted into the right to receive RTC common stock determined as the product of (1) the number of vested awards, and (2) the exchange ratio.

(2) The exchange ratio is equal to 2.3348 shares of UTC common stock for each share of Raytheon Company common stock in accordance with the Raytheon Merger Agreement.

(3) The price per share of RTC common stock is based on the RTC opening stock price as of April 3, 2020.

Allocation of Consideration Transferred to Net Assets Acquired. We accounted for the Raytheon Merger under the acquisition method and are required to measure identifiable assets acquired and liabilities assumed of the acquiree (Raytheon Company) at the fair values on the closing date. During the first quarter of 2021, based on the finalization of our valuation and internal reviews, we completed the purchase price allocation which resulted in a net increase to goodwill of \$61 million during the quarter.

The final purchase price allocation, net of cash acquired, for the acquisition was as follows:

(dollars in millions)

Cash and cash equivalents	\$	3,208
Accounts receivable		1,997
Inventory		705
Contract assets		6,023
Other assets, current		940
Fixed assets		4,745
Operating lease right-of-use assets		950
Intangible assets:		19,130
Customer relationships		12,900
Tradenames/trademarks		5,430
Developed technology		800
Other assets		1,218
Total identifiable assets acquired		38,916
Accounts payable		1,477
Accrued employee compensation		1,492
Other accrued liabilities		1,921
Contract liabilities		3,002
Long-term debt, including current portion		4,700
Operating lease liabilities, non-current portion		738
Future pension and postretirement benefit obligation		11,607
Other long-term liabilities		2,368
Total liabilities acquired		27,305
Total identifiable net assets		11,611
Goodwill		21,589
Redeemable noncontrolling interest		(34)
Total consideration transferred	\$	33,166

Fair value adjustments to Raytheon Company's identified assets and liabilities included an increase in fixed assets of \$1.1 billion and an increase to future pension and postretirement benefit obligations of \$3.6 billion, primarily related to remeasurement of the liability based on market conditions on the Raytheon Merger closing date. For further information, see "Note 10: Employee Benefit Plans." In determining the fair value of identifiable assets acquired and liabilities assumed, a review was conducted for any significant contingent assets or liabilities existing as of the closing date. The assessment did not note any material contingencies related to existing legal or government action.

The fair values of the customer relationship intangible assets were determined by using a discounted cash flow valuation method, which is a form of the income approach. Under this approach, the estimated future cash flows attributable to the asset are adjusted to exclude the future cash flows that can be attributed to supporting assets, such as trade names or fixed assets. Both the amount and the duration of the cash flows are considered from a market participant perspective. Our estimates of market participant future cash flows, which require significant management judgement, included forecasted revenue growth rates, remaining developmental effort, operational performance including company specific synergies, program life cycles, material and labor pricing, and other relevant customer, contractual and market factors. Where appropriate, the net cash flows are probability-adjusted to reflect the uncertainties associated with the underlying assumptions, including cancellation rates related to backlog, government demand for sole-source and recomplete contracts and win rates for recomplete contracts, as well as the risk profile of the net cash flows utilized in the valuation. The probability-adjusted future cash flows are then discounted to present value, using an appropriate discount rate that requires significant judgment by management. The customer relationship intangible assets are being amortized based on the pattern of economic benefits we expect to realize over the estimated economic life of the underlying programs. The fair value of the tradename intangible assets were determined utilizing the relief from royalty method which is a form of the income approach. Under this method, a royalty rate based on observed market royalties is applied to projected revenue supporting the tradename and discounted to present value, using forecasted revenue growth rate projections and a discount rate, respectively, that requires significant judgment by management. The tradename intangible assets have been determined to have an indefinite life. The developed technology intangible assets are being amortized based on the pattern of economic benefits.

The intangible assets included above consist of the following:

<i>(dollars in millions)</i>	Fair Value	Useful Life
Acquired customer relationships	\$ 12,900	25 years
Acquired tradenames	5,430	Indefinite
Acquired developed technology	800	5 to 7 years
Total identifiable intangible assets	\$ 19,130	

We also identified customer contractual obligations on loss making programs and recorded liabilities of \$222 million related to these programs based on the difference between the actual expected operating loss and a normalized operating profit. These liabilities will be liquidated based on the expected pattern of expenses incurred on these contracts.

We recorded \$21.6 billion of goodwill as a result of the Raytheon Merger which primarily relates to expected synergies from combining operations and the value of the existing workforce. The goodwill generated as a result of the Raytheon Merger is nondeductible for tax purposes.

Merger-Related Costs. Merger-related costs have been expensed as incurred. In the quarters ended March 31, 2021 and 2020, we recorded \$17 million and \$29 million, respectively, of transaction and integration costs, which are included in Selling, general and administrative expenses within the Condensed Consolidated Statement of Operations.

Supplemental Pro-Forma Data. Raytheon Company's results of operations have been included in RTC's financial statements for the period subsequent to the completion of the Raytheon Merger on April 3, 2020. The following unaudited supplemental pro-forma data presents consolidated information as if the Raytheon Merger had been completed on January 1, 2019. The pro-forma results were calculated by combining the results of Raytheon Technologies with the stand-alone results of Raytheon Company for the pre-acquisition periods, which were adjusted to account for certain costs that would have been incurred during this pre-acquisition period. The results below reflect Raytheon Technologies on a continuing operations basis, in order to more accurately represent the structure of Raytheon Technologies after completion of the Separation Transactions, the Distributions and the Raytheon Merger.

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended March 31, 2020
Net sales	\$ 18,451
Income from continuing operations attributable to common shareowners	1,239
Basic earnings per share of common stock from continuing operations	\$ 0.82
Diluted earnings per share of common stock from continuing operations	0.82

The unaudited supplemental pro-forma data above includes the following significant adjustments made to account for certain costs which would have been incurred if the acquisition had been completed on January 1, 2019, as adjusted for the applicable tax impact.

<i>(dollars in millions)</i>	Quarter Ended March 31, 2020
Amortization of acquired Raytheon Company intangible assets, net ⁽¹⁾	\$ (270)
Amortization of fixed asset fair value adjustment ⁽²⁾	(9)
Utilization of contractual customer obligation ⁽³⁾	8
Deferred revenue fair value adjustment ⁽⁴⁾	(4)
Adjustment to non-service pension (income) expense ⁽⁵⁾	239
RTC/Raytheon fees for advisory, legal, accounting services ⁽⁶⁾	35
Adjustment to interest expense related to the Raytheon Merger, net ⁽⁷⁾	9
Elimination of deferred commission amortization ⁽⁸⁾	5
	\$ 13

(1) Reflects the additional amortization of the acquired Raytheon Company's intangible assets recognized at fair value in purchase accounting and eliminates the historical Raytheon Company intangible asset amortization expense.

(2) Reflects the amortization of the fixed asset fair value adjustment as of the acquisition date.

(3) Reflects the additional amortization of liabilities recognized for certain acquired loss making contracts as of the acquisition date.

(4) Reflects the difference between prepayments related to extended arrangements and the fair value of the assumed performance obligations as they are satisfied.

(5) Represents the elimination of unamortized prior service costs and actuarial losses, as a result of fair value purchase accounting.

- (6) Reflects the elimination of transaction-related fees incurred by RTC and Raytheon Company in connection with the Raytheon Merger and assumes all of the fees were incurred during the first quarter of 2019.
- (7) Reflects the amortization of the fair market value adjustment related to Raytheon Company.
- (8) Reflects the elimination of amortization recognized on deferred commissions that are eliminated in purchase accounting.

The unaudited supplemental pro-forma financial information does not reflect the potential realization of cost savings related to the integration of the two companies. Further, the pro-forma data should not be considered indicative of the results that would have occurred if the acquisition had been consummated on January 1, 2019, nor are they indicative of future results.

Dispositions. As discussed further in “Note 3: Discontinued Operations,” on April 2, 2020, Carrier and Otis entered into a Separation and Distribution Agreement with UTC (since renamed Raytheon Technologies Corporation), pursuant to which, among other things, UTC agreed to separate into three independent, publicly traded companies – UTC, Carrier and Otis and distribute all of the outstanding common stock of Carrier and Otis to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020. UTC distributed 866,158,910 and 433,079,455 shares of common stock of Carrier and Otis, respectively in the Distributions. As a result of the Distributions, Carrier and Otis are now independent publicly traded companies.

In October 2020, we entered into a definitive agreement to sell our Forcepoint business, which we completed on January 8, 2021, for proceeds of \$1.0 billion, net of cash transferred. At December 31, 2020, the related assets of approximately \$1.9 billion and liabilities of approximately \$855 million were accounted for as held for sale at fair value less cost to sell; however, Forcepoint did not qualify for presentation as discontinued operations. These held for sale assets and liabilities are presented in Other assets, current and Other accrued liabilities, respectively, on our December 31, 2020 Condensed Consolidated Balance Sheet. Assets held for sale included \$1.4 billion of goodwill and intangible assets. A further breakout of major classes of assets and liabilities has not been provided as the assets and liabilities held for sale are not material. We did not recognize a pre-tax gain or loss within the Condensed Consolidated Statement of Operations related to the sale of Forcepoint. The results of Forcepoint were included in Eliminations and other in our segment results.

Goodwill. Changes in our goodwill balances for the quarter ended March 31, 2021 were as follows:

<i>(dollars in millions)</i>	Balance as of January 1, 2021	Acquisitions and Divestitures	Foreign Currency Translation and Other	Balance as of March 31, 2021
Collins Aerospace Systems	\$ 31,571	\$ —	\$ (98)	\$ 31,473
Pratt & Whitney	1,563	—	—	1,563
Raytheon Intelligence & Space ⁽¹⁾	9,522	30	—	9,552
Raytheon Missiles & Defense ⁽¹⁾	11,608	52	—	11,660
Total Segments	54,264	82	(98)	54,248
Eliminations and other	21	—	(4)	17
Total	\$ 54,285	\$ 82	\$ (102)	\$ 54,265

- (1) In connection with the previously announced January 1, 2021 reorganization of RIS and RMD, goodwill of \$282 million was allocated from RMD to RIS on a relative fair value basis and is reflected in the revised balances at January 1, 2021.

The Company reviews goodwill for impairment annually or more frequently if events or changes in circumstances indicate the asset might be impaired.

In the first quarter of 2020, the company considered the deterioration in general economic and market conditions due to the COVID-19 pandemic to be a triggering event requiring us to reassess our goodwill and intangibles valuations as well as significant assumptions of future income from our underlying assets and potential changes in our liabilities, which resulted in no impairment to our goodwill at that time. We did not have a triggering event in the first quarter of 2021.

The Company continuously monitors for events and circumstances that could negatively impact the key assumptions in determining the fair value of goodwill, including long-term revenue growth projections, profitability, discount rates, including changes to U.S. treasury rates and equity risk premiums, recent market valuations from transactions by comparable companies, volatility in the Company’s market capitalization, and general industry, market and macro-economic conditions. It is possible that future changes in such circumstances, including significant future negative developments in the COVID-19 pandemic, or future changes in the variables associated with the judgments, assumptions and estimates used in assessing the fair value of our reporting units, including the expected long-term recovery of airline travel to pre-COVID-19 levels, would require the Company to record a non-cash impairment charge.

Intangible Assets. Identifiable intangible assets are comprised of the following:

<i>(dollars in millions)</i>	March 31, 2021		December 31, 2020	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortized:				
Patents and trademarks	\$ 48	\$ (36)	\$ 48	\$ (35)
Collaboration assets	5,047	(1,042)	5,021	(1,024)
Exclusivity assets	2,581	(305)	2,541	(295)
Developed technology and other	928	(364)	906	(316)
Customer relationships	30,237	(5,804)	30,241	(5,262)
	\$ 38,841	\$ (7,551)	\$ 38,757	\$ (6,932)
Unamortized:				
Trademarks and other	8,709	—	8,714	—
Total	\$ 47,550	\$ (7,551)	\$ 47,471	\$ (6,932)

Intangible assets are tested for impairment when events occur that indicate that the net book value may not be recovered from future cash flows. Given the deterioration in general economic and market conditions primarily due to the COVID-19 pandemic, we performed an assessment of our unamortized intangible assets in the first quarter of 2020 and recorded a charge of \$40 million related to the impairment of a Collins Aerospace indefinite-lived tradename intangible assets. We will continue to evaluate the impact on our customers and our business in future periods which may result in a different conclusion.

Amortization of intangible assets for the quarters ended March 31, 2021 and 2020 were \$596 million and \$307 million, respectively. The following is the expected amortization of intangible assets for the years 2021 through 2026.

<i>(dollars in millions)</i>	Remaining 2021	2022	2023	2024	2025	2026
Amortization expense	\$ 1,862	\$ 1,953	\$ 2,078	\$ 2,139	\$ 2,034	\$ 1,974

Note 3: Discontinued Operations

As discussed above, on April 2, 2020, Carrier and Otis entered into a Separation and Distribution Agreement with UTC (since renamed Raytheon Technologies Corporation), pursuant to which, among other things, UTC agreed to separate into three independent, publicly traded companies – UTC, Carrier and Otis and distribute all of the outstanding common stock of Carrier and Otis to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020. The Separation Transactions and Distributions were completed on April 3, 2020.

Carrier and Otis are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented. Loss from discontinued operations attributable to common shareowners is as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Otis	\$ —	\$ 187
Carrier	—	196
Separation related transactions ⁽¹⁾	(19)	(904)
Loss from discontinued operations attributable to common shareowners	\$ (19)	\$ (521)

(1) Reflects debt extinguishment costs in the quarter ended March 31, 2020 related to the Company's paydown of debt to not exceed the maximum applicable net indebtedness under the Raytheon Merger Agreement, and unallocable transaction costs incurred by the Company primarily related to professional services costs pertaining to the Separation Transactions and the establishment of Carrier and Otis as stand-alone public companies, facility relocation costs, costs to separate information systems, costs of retention bonuses and tax charges and benefits related to separation activities.

The following summarized financial information related to discontinued operations has been reclassified from Income from continuing operations attributable to common shareowners and included in Loss from discontinued operations attributable to common shareowners:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Otis		
Product sales	\$ —	\$ 1,123
Service sales	—	1,843
Cost of products sold	—	913
Cost of services sold	—	1,157
Research and development	—	38
Selling, general and administrative expense	—	450
Other income (expense), net	—	(65)
Non-operating (income) expense, net	—	3
Income from discontinued operations, before tax	—	340
Income tax expense from discontinued operations	—	116
Net income from discontinued operations	—	224
Less: Noncontrolling interest in subsidiaries earnings from discontinued operations	—	37
Income from discontinued operations attributable to common shareowners	\$ —	\$ 187
Carrier		
Product sales	\$ —	\$ 3,143
Service sales	—	741
Cost of products sold	—	2,239
Cost of services sold	—	527
Research and development	—	98
Selling, general and administrative expense	—	669
Other income (expense), net	—	(30)
Non-operating (income) expense, net	—	17
Income from discontinued operations, before tax	—	304
Income tax expense from discontinued operations	—	102
Net income from discontinued operations	—	202
Less: Noncontrolling interest in subsidiaries earnings from discontinued operations	—	6
Income from discontinued operations attributable to common shareowners	\$ —	\$ 196
Separation related transactions ⁽¹⁾		
Selling, general and administrative expense	\$ 20	\$ 154
Non-operating expense, net	—	666
Loss from discontinued operations, before tax	(20)	(820)
Income tax (benefit) expense from discontinued operations	(1)	84
Net loss from discontinued operations	(19)	(904)
Total loss from discontinued operations attributable to common shareowners	\$ (19)	\$ (521)

(1) Reflects debt extinguishment costs in the quarter ended March 31, 2020 related to the Company's paydown of debt to not exceed the maximum applicable net indebtedness under the Raytheon Merger Agreement, and unallocable transaction costs incurred by the Company primarily related to professional services costs pertaining to the Separation Transactions and the establishment of Carrier and Otis as stand-alone public companies, facility relocation costs, costs to separate information systems, costs of retention bonuses and tax charges and benefits related to separation activities.

Selected financial information related to cash flows from discontinued operations is as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Net cash used in operating activities	\$ (5)	\$ (472)
Net cash used in investing activities	—	(241)
Net cash provided by financing activities	5	322

Net cash used in operating activities for the three months ended March 31, 2020 includes the net operating cash flows of Carrier and Otis prior to the Separation Transactions, as well as costs incurred by the Company primarily related to professional services costs pertaining to the Separation Transactions and the establishment of Carrier and Otis as stand-alone public companies, facility relocation costs, costs to separate information systems, costs of retention bonuses and tax charges related to separation activities. Net cash provided by financing activities for the three months ended March 31, 2020 primarily consists of net transfer activity, partially offset by debt extinguishment costs related to the early repayment of debt.

Note 4: Earnings Per Share

<i>(dollars in millions, except per share amounts; shares in millions)</i>	Quarter Ended March 31,	
	2021	2020
Net income (loss) attributable to common shareowners:		
Income from continuing operations	\$ 772	\$ 438
Loss from discontinued operations	(19)	(521)
Net income (loss) attributable to common shareowners	\$ 753	\$ (83)
Basic weighted average number of shares outstanding	1,511.1	858.4
Stock awards and equity units (share equivalent)	3.0	7.4
Diluted weighted average number of shares outstanding	1,514.1	865.8
Earnings (Loss) Per Share attributable to common shareowners - Basic:		
Income from continuing operations	\$ 0.51	\$ 0.51
Loss from discontinued operations	(0.01)	(0.61)
Net income (loss) attributable to common shareowners	\$ 0.50	\$ (0.10)
Earnings (Loss) Per Share attributable to common shareowners - Diluted:		
Income from continuing operations	\$ 0.51	\$ 0.50
Loss from discontinued operations	(0.01)	(0.60)
Net income (loss) attributable to common shareowners	\$ 0.50	\$ (0.10)

It may not be possible to recalculate earnings per share (EPS) attributable to common shareowners by adjusting EPS from continuing operations by EPS from discontinued operations as each amount is calculated independently.

The computation of diluted EPS excludes the effect of the potential exercise of stock awards, including stock appreciation rights and stock options, when the average market price of the common stock is lower than the exercise price of the related stock awards during the period because the effect would be anti-dilutive. In addition, the computation of diluted EPS excludes the effect of the potential exercise of stock awards when the awards' assumed proceeds exceed the average market price of the common shares during the period. For the quarters ended March 31, 2021 and 2020, the number of stock awards excluded from the computation was 26.7 million and 9.3 million, respectively.

Note 5: Changes in Contract Estimates at Completion

We review our Estimates at Completion (EACs) on significant contracts on a periodic basis and for others, no less than annually or when a change in circumstances warrant a modification to a previous estimate. Due to the nature of the work required to be performed on many of the Company's performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment by management on a contract by contract basis. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion and the related program schedule, identified risks and opportunities and the related changes in estimates of revenues and costs. The risks and opportunities relate to management's judgment about the ability and cost to achieve the schedule, consideration of customer-directed delays or reductions in scheduled deliveries, technical requirements, customer activity levels, such as flight hours or aircraft landings, and related variable consideration. Management's judgment related to these considerations has become increasingly more significant given the current economic

environment primarily caused by the COVID-19 pandemic. Management must make assumptions and estimates regarding contract revenue and costs, including estimates of labor productivity and availability, the complexity and scope of the work to be performed, the availability and cost of materials, the length of time to complete the performance obligation, execution by our subcontractors, the availability and timing of funding from our customer, overhead cost rates, and current and past maintenance cost and frequency driven by estimated aircraft and engine utilization and estimated useful lives of components, among others. Cost estimates may also include the estimated cost of satisfying our industrial cooperation agreements, sometimes in the form of either offset obligations or in-country industrial participation (ICIP) agreements, required under certain contracts primarily within our RIS and RMD segments. These obligations may or may not be distinct depending on their nature. If cash is paid to a customer to satisfy our offset obligations it is recorded as a reduction in the transaction price.

Changes in estimates of net sales, cost of sales and the related impact to operating profit on contracts recognized over time are recognized on a cumulative catch-up basis, which recognizes the cumulative effect of the profit changes on current and prior periods based on a performance obligation's percentage of completion in the current period. A significant change in one or more of these estimates could affect the profitability of one or more of our performance obligations. Our EAC adjustments also include the establishment of loss provisions for our contracts accounted for on a percentage of completion basis.

Net EAC adjustments had the following impact on our operating results:

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended March 31,	
	2021	2020
Operating profit	\$ 12	\$ 21
Income from continuing operations attributable to common shareowners ⁽¹⁾	9	16
Diluted earnings per share from continuing operations attributable to common shareholders ⁽¹⁾	\$ 0.01	\$ 0.02

(1) Amounts reflect a U.S. statutory tax rate of 21%, which approximates our tax rate on our EAC adjustments.

In the quarters ended March 31, 2021 and 2020, revenue was increased by \$52 million and \$17 million, respectively, for performance obligations satisfied (or partially satisfied) in previous periods. This primarily relates to EAC adjustments that impacted revenue.

As a result of the Raytheon Merger, Raytheon Company's contracts accounted for on a percentage of completion basis were reset to zero percent complete as of the date of completion of the Raytheon Merger, since only the unperformed portion of the contract at such date represents the obligation of the Company. For additional information related to the Raytheon Merger, see "Note 2: Acquisitions, Dispositions, Goodwill and Intangible Assets."

Note 6: Accounts Receivable, Net

Accounts receivable, net consisted of the following:

<i>(dollars in millions)</i>	March 31, 2021	December 31, 2020
Accounts receivable	\$ 10,557	\$ 9,800
Allowance for expected credit losses	(520)	(546)
Total accounts receivable, net	\$ 10,037	\$ 9,254

The Company enters into various factoring agreements with third-party financial institutions to sell certain of its receivables. Under these arrangements, the Company factored receivables of \$1.6 billion and \$2.7 billion during the quarters ended March 31, 2021 and 2020, respectively. The cash received from these arrangements is reflected as cash provided by operating activities in the Condensed Consolidated Statement of Cash Flows. In certain of these factoring arrangements, for ease of administration, the Company will collect customer payments related to the factored receivables, which it then remits to the financial institutions. At March 31, 2021 and December 31, 2020, the Company had \$16 million and \$10 million, respectively, that was collected on behalf of the financial institutions and recorded as restricted cash and accrued liabilities. The net cash flows relating to these collections are reported as financing activities in the Condensed Consolidated Statement of Cash Flows.

The changes in the allowance for expected credit losses related to Accounts receivable were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Balance as of January 1	\$ 546	\$ 254
Current period provision for expected credit losses, net of recoveries ⁽¹⁾	(20)	47
Write-offs charged against the allowance for expected credit losses	(5)	(2)
Other, net ⁽²⁾	(1)	9
Balance as of March 31,	\$ 520	\$ 308

(1) The current provision for expected credit losses for the quarter ended March 31, 2020 includes \$38 million of reserves driven by customer bankruptcies and additional reserves for credit losses primarily due to the current economic environment primarily caused by the COVID-19 pandemic.

(2) Other, net for the quarter ended March 31, 2020 includes a \$34 million impact related to the January 1, 2020 adoption of ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.

Note 7: Contract Assets and Liabilities

Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billing. Contract liabilities relate to payments received in advance of the satisfaction of performance under the contract. We receive payments from customers based on the terms established in our contracts. Total contract assets and contract liabilities as of March 31, 2021 and December 31, 2020 are as follows:

<i>(dollars in millions)</i>	March 31, 2021	December 31, 2020
Contract assets	\$ 10,238	\$ 9,931
Contract liabilities	(12,879)	(12,889)
Net contract liabilities	\$ (2,641)	\$ (2,958)

Contract assets increased \$307 million during the quarter ended March 31, 2021 primarily due to the timing of billings on certain long-term maintenance contracts. Contract liabilities were relatively consistent during the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020. We recognized revenue of \$1,705 million during the quarter ended March 31, 2021, related to contract liabilities as of January 1, 2021 and \$1,183 million during the quarter ended March 31, 2020, related to contract liabilities as of January 1, 2020.

As of March 31, 2021, our contract liabilities include approximately \$440 million of advance payments received from a certain Middle East customer on contracts for which we no longer believe we will be able to execute on or obtain required regulatory approvals. These advance payments may become refundable to the customer if the contracts are ultimately terminated.

Contract assets include an allowance for credit losses of \$222 million and \$177 million as of March 31, 2021 and December 31, 2020, respectively. Changes in the allowance for credit losses were not material for the quarters ended March 31, 2021 and 2020.

Note 8: Inventory, net

<i>(dollars in millions)</i>	March 31, 2021	December 31, 2020
Raw materials	\$ 2,995	\$ 3,015
Work-in-process	3,240	2,924
Finished goods	3,263	3,472
Total inventory, net	\$ 9,498	\$ 9,411

Raw materials, work-in-process and finished goods are net of total valuation reserves of \$1,842 million and \$1,788 million as of March 31, 2021 and December 31, 2020, respectively.

Note 9: Borrowings and Lines of Credit

<i>(dollars in millions)</i>	March 31, 2021	December 31, 2020
Commercial paper	\$ 160	\$ 160
Other borrowings	74	87
Total short-term borrowings	\$ 234	\$ 247

As of March 31, 2021, our maximum commercial paper borrowing limit was \$5.0 billion as the commercial paper is backed by our \$5.0 billion revolving credit agreement. We use our commercial paper borrowings for general corporate purposes, including the funding of potential acquisitions, pension contributions, debt refinancing, dividend payments and repurchases of our

common stock. The commercial paper notes outstanding have original maturities of not more than 90 days from the date of issuance.

As of March 31, 2021, we had revolving credit agreements with various banks permitting aggregate borrowings of up to \$7.0 billion consisting of a \$5.0 billion revolving credit agreement that became available upon completion of the Raytheon Merger on April 3, 2020, and a \$2.0 billion revolving credit agreement that we entered into in May 2020 and there were no borrowings outstanding under these agreements.

We did not issue long-term debt during the quarter ended March 31, 2021.

In preparation for and in anticipation of the Separation Transactions and Distributions, the Company, Carrier and Otis issued and the Company repaid long-term debt in the quarter ended March 31, 2020, which are included in the tables below.

We had the following issuances of long-term debt during the quarter ended March 31, 2020, which is inclusive of issuances made by Carrier and Otis prior to the Distributions, the proceeds of which were primarily used by the Company to extinguish Raytheon Technologies short-term and long-term debt, and therefore, these issuances were treated as a distribution from discontinued operations within financing activities from continuing operations on our Condensed Consolidated Statement of Cash Flows:

Issuance Date	Description of Notes	Aggregate Principal Balance (in millions)
March 27, 2020	Term Loan due 2023 (Otis) ⁽¹⁾	\$ 1,000
	Term Loan due 2023 (Carrier) ⁽¹⁾	1,750
February 27, 2020	1.923% notes due 2023 ⁽¹⁾	500
	LIBOR plus 0.450% floating rate notes due 2023 ⁽¹⁾	500
	2.056% notes due 2025 ⁽¹⁾	1,300
	2.242% notes due 2025 ⁽¹⁾	2,000
	2.293% notes due 2027 ⁽¹⁾	500
	2.493% notes due 2027 ⁽¹⁾	1,250
	2.565% notes due 2030 ⁽¹⁾	1,500
	2.722% notes due 2030 ⁽¹⁾	2,000
	3.112% notes due 2040 ⁽¹⁾	750
	3.377% notes due 2040 ⁽¹⁾	1,500
	3.362% notes due 2050 ⁽¹⁾	750
3.577% notes due 2050 ⁽¹⁾	2,000	

(1) The debt issuances and term loan draws reflect debt incurred by Carrier and Otis. The net proceeds of these issuances were primarily utilized to extinguish Raytheon Technologies short-term and long-term debt in order to not exceed the maximum applicable net indebtedness required by the Raytheon Merger Agreement.

We made the following repayments of long-term debt during the quarters ended March 31, 2021 and 2020:

Repayment Date	Description of Notes	Aggregate Principal Balance (in millions)
March 1, 2021	8.750% notes due 2021	\$ 250
March 29, 2020	4.500% notes due 2020 ⁽¹⁾⁽²⁾	1,250
	1.125% notes due 2021 (€950 million principal value) ⁽¹⁾⁽²⁾	1,082
	1.250% notes due 2023 (€750 million principal value) ⁽¹⁾⁽²⁾	836
	1.150% notes due 2024 (€750 million principal value) ⁽¹⁾⁽²⁾	841
	1.875% notes due 2026 (€500 million principal value) ⁽¹⁾⁽²⁾	567
March 3, 2020	1.900% notes due 2020 ⁽¹⁾⁽²⁾	1,000
	3.350% notes due 2021 ⁽¹⁾⁽²⁾	1,000
	LIBOR plus 0.650% floating rate notes due 2021 ⁽¹⁾⁽²⁾	750
	1.950% notes due 2021 ⁽¹⁾⁽²⁾	750
	2.300% notes due 2022 ⁽¹⁾⁽²⁾	500
	3.100% notes due 2022 ⁽¹⁾⁽²⁾	2,300
	2.800% notes due 2024 ⁽¹⁾⁽²⁾	800
March 2, 2020	4.875% notes due 2020 ⁽¹⁾⁽²⁾	171
February 28, 2020	3.650% notes due 2023 ⁽¹⁾⁽²⁾	1,669
	2.650% notes due 2026 ⁽¹⁾⁽²⁾	431

(1) In connection with the early repayment of outstanding principal, Raytheon Technologies recorded debt extinguishment costs of \$660 million for the quarter ended March 31, 2020, which are classified as discontinued operations in our Condensed Consolidated Statement of Operations as we would not have had to redeem the debt, except for the Separation Transactions.

(2) Extinguishment of Raytheon Technologies short-term and long-term debt in order to not exceed the maximum net indebtedness required by the Raytheon Merger Agreement.

Long-term debt consisted of the following:

(dollars in millions)	March 31, 2021	December 31, 2020
8.750% notes due 2021	\$ —	\$ 250
3.100% notes due 2021	250	250
2.800% notes due 2022	1,100	1,100
2.500% notes due 2022 ⁽²⁾	1,100	1,100
3.650% notes due 2023 ⁽¹⁾	171	171
3.700% notes due 2023	400	400
3.200% notes due 2024	950	950
3.150% notes due 2024 ⁽²⁾	300	300
3.950% notes due 2025 ⁽¹⁾	1,500	1,500
2.650% notes due 2026 ⁽¹⁾	719	719
3.125% notes due 2027 ⁽¹⁾	1,100	1,100
3.500% notes due 2027	1,300	1,300
7.200% notes due 2027 ⁽²⁾	382	382
7.100% notes due 2027	141	141
6.700% notes due 2028	400	400
7.000% notes due 2028 ⁽²⁾	185	185
4.125% notes due 2028 ⁽¹⁾	3,000	3,000
7.500% notes due 2029 ⁽¹⁾	550	550
2.150% notes due 2030 (€500 million principal value) ⁽¹⁾	590	612
2.250% notes due 2030 ⁽¹⁾	1,000	1,000
5.400% notes due 2035 ⁽¹⁾	600	600
6.050% notes due 2036 ⁽¹⁾	600	600
6.800% notes due 2036 ⁽¹⁾	134	134

7.000% notes due 2038	159	159
6.125% notes due 2038 ⁽¹⁾	1,000	1,000
4.450% notes due 2038 ⁽¹⁾	750	750
5.700% notes due 2040 ⁽¹⁾	1,000	1,000
4.875% notes due 2040 ⁽²⁾	600	600
4.700% notes due 2041 ⁽²⁾	425	425
4.500% notes due 2042 ⁽¹⁾	3,500	3,500
4.800% notes due 2043	400	400
4.200% notes due 2044 ⁽²⁾	300	300
4.150% notes due 2045 ⁽¹⁾	850	850
3.750% notes due 2046 ⁽¹⁾	1,100	1,100
4.050% notes due 2047 ⁽¹⁾	600	600
4.350% notes due 2047	1,000	1,000
4.625% notes due 2048 ⁽¹⁾	1,750	1,750
3.125% notes due 2050 ⁽¹⁾	1,000	1,000
Other (including finance leases)	296	292
Total principal long-term debt	31,202	31,470
Other (fair market value adjustments, (discounts)/premiums, and debt issuance costs)	102	106
Total long-term debt	31,304	31,576
Less: current portion	1,369	550
Long-term debt, net of current portion	\$ 29,935	\$ 31,026

(1) We may redeem these notes at our option pursuant to their terms.

(2) Debt assumed in the Raytheon Merger.

The average maturity of our long-term debt at March 31, 2021 is approximately 14 years. The average interest expense rate on our total borrowings for the quarters ended March 31, 2021 and 2020 was as follows:

	Quarter Ended March 31,	
	2021	2020
Average interest expense rate	4.1 %	3.8 %

Note 10: Employee Benefit Plans

Pension and Postretirement Plans. We sponsor both funded and unfunded domestic and foreign defined benefit pension and postretirement benefit (PRB) plans and defined contribution plans.

On April 3, 2020, UTC completed the Separation Transactions, which included the transfer of certain defined benefit plans from UTC to Carrier and Otis. The plans transferred were primarily international plans with the majority of the UTC defined benefit liability remaining with Raytheon Technologies. All service cost previously associated with Carrier and Otis was reclassified to discontinued operations. For non-service pension (income) expense and pension liabilities, generally only the portions related to the defined benefit plans transferred to Carrier and Otis as part of the Separation Transactions were reclassified to discontinued operations.

Raytheon Company has both funded and unfunded domestic and foreign defined benefit pension and PRB plans. As of the merger date, the Raytheon Company plans were remeasured at fair value using accounting policies consistent with the UTC plans. The deferred pension and PRB plan losses included in Raytheon Company's accumulated other comprehensive income (loss) as of the merger date were eliminated and are no longer subject to amortization in net periodic benefit (income) expense. Amounts prior to the merger date of April 3, 2020 do not include the Raytheon Company pension plan results.

Contributions to our plans were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
U.S. qualified defined benefit plans	\$ —	\$ —
International defined benefit plans	7	8
PRB plans	—	—
Defined contribution plans	271	213

Future pension and postretirement benefit obligations on the Condensed Consolidated Balance Sheet consists of the following:

<i>(dollars in millions)</i>	March 31, 2021	December 31, 2020
Long-term pension liabilities	\$ 8,669	\$ 9,131
Long-term PRB liabilities	1,073	1,072
Other pension and PRB related items	66	139
Total long-term pension and PRB liabilities	\$ 9,808	\$ 10,342

The following table illustrates the components of net periodic benefit (income) expense for our defined pension and PRB plans:

<i>(dollars in millions)</i>	Pension Benefits Quarter Ended March 31,		PRB Quarter Ended March 31,	
	2021	2020	2021	2020
Operating expense				
Service cost	\$ 131	\$ 37	\$ 2	\$ 1
Non-operating expense				
Interest cost	312	253	6	6
Expected return on plan assets	(868)	(521)	(5)	(1)
Amortization of prior service cost (credit)	(42)	13	(1)	(1)
Recognized actuarial net loss (gain)	109	86	(2)	(3)
Net settlement and curtailment loss (gain)	—	—	—	—
Non-service pension (income) expense	(489)	(169)	(2)	1
Total net periodic benefit (income) expense	\$ (358)	\$ (132)	\$ —	\$ 2

We have set aside assets in separate trusts, which we expect to be used to pay for certain nonqualified defined benefit and defined contribution plan obligations in excess of qualified plan limits. These assets are included in Other assets, current in our Condensed Consolidated Balance Sheet. The fair value of marketable securities held in trusts consisted of the following:

<i>(dollars in millions)</i>	March 31, 2021	December 31, 2020
Marketable securities held in trusts	\$ 879	\$ 881

Note 11: Income Taxes

Our effective tax rate was 29.8% and 56.5% in the quarters ended March 31, 2021 and 2020, respectively. Tax expense in the quarter ended March 31, 2021 includes tax charges of \$148 million associated with the sale of the Forcepoint business. Tax expense in the quarter ended March 31, 2020 includes net deferred tax charges of \$415 million resulting from the Separation Transactions, primarily related to the impairment of deferred tax assets.

We conduct business globally and, as a result, Raytheon Technologies or one or more of our subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as Canada, China, France, Germany, India, Philippines, Poland, Saudi Arabia, Singapore, Switzerland, the United Kingdom and the United States. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations for years before 2012.

In the ordinary course of business, there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting date. It is reasonably possible that a net reduction within the range of \$50 million to \$140 million of unrecognized tax benefits may occur within the next 12 months as a result of the revaluation of

uncertain tax positions arising from the issuance of legislation, regulatory or other guidance or developments in examinations, in appeals, or in the courts, or the closure of tax statutes. Interest on unrecognized tax benefits during the quarters ended March 31, 2021 and 2020 were \$143 million and \$97 million, respectively. The amount of interest accrued at March 31, 2021 was \$9 million.

Management has determined that the distributions of Carrier and Otis on April 3, 2020, and certain related internal business separation transactions, qualified as tax-free under applicable law. In making these determinations, we applied the tax law in the relevant jurisdictions to our facts and circumstances and obtained tax rulings from the relevant taxing authorities, tax opinions, and/or other external tax advice related to the concluded tax treatment. If the completed distributions of Carrier or Otis, in each case, or certain internal business separation transactions, were to fail to qualify for tax-free treatment, the Company could be subject to significant liabilities, and there could be material adverse impacts on the Company's business, financial condition, results of operations and cash flows in future reporting periods.

The Examination Division of the Internal Revenue Service (IRS) is currently auditing Raytheon Technologies tax years 2017 and 2018 and pre-merger Raytheon Company tax periods 2017, 2018 and 2019 as well as certain refund claims of Raytheon Company for tax years 2014, 2015 and 2016 filed prior to the Raytheon Merger.

The Examination Division of the IRS is also auditing pre-acquisition Rockwell Collins fiscal tax years 2016 and 2017, which is projected to close in the second half of 2021. As a result of the projected closure of the audit of Rockwell Collins fiscal tax years 2016 and 2017, it is reasonably possible that the Company may recognize non-cash gains in the range of \$50 million to \$100 million, primarily tax, in the second half of 2021.

Note 12: Restructuring Costs

Restructuring costs are generally expensed as incurred. All U.S. government unallowable restructuring costs related to the Raytheon Merger are recorded within Corporate expenses and other unallocated items, as these costs are not included in management's evaluation of the segments' performance, and as a result, there are no unallowable restructuring costs at the RIS and RMD segments. During the quarter ended March 31, 2021, we recorded net pre-tax restructuring costs totaling \$43 million for new and ongoing restructuring actions.

We recorded charges in the segments as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31, 2021
Pratt & Whitney	\$ 20
Collins Aerospace Systems	18
Corporate expenses and other unallocated items	5
Total	\$ 43

Restructuring charges incurred during the quarter ended March 31, 2021 primarily relate to actions initiated during 2021 and 2020, and were recorded as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31, 2021
Cost of sales	\$ 20
Selling, general and administrative	23
Total	\$ 43

2021 Actions. During the quarter ended March 31, 2021, we recorded net pre-tax restructuring costs of \$36 million, comprised of \$21 million in Cost of sales and \$15 million in Selling, general and administrative expenses. The 2021 actions primarily relate to ongoing cost reduction efforts including workforce reductions and the consolidation of facilities.

The following table summarizes the accrual balance and utilization for the 2021 restructuring actions for the quarter ended March 31, 2021:

<i>(dollars in millions)</i>	Severance	Facility Exit and Other Costs		Total
Restructuring accruals at December 31, 2020	\$ —	\$ —	\$ —	\$ —
Net pre-tax restructuring costs	24	12	36	36
Utilization, foreign exchange and other costs	(1)	(3)	(4)	(4)
Balance at March 31, 2021	\$ 23	\$ 9	\$ 32	\$ 32

The following table summarizes expected, incurred and remaining costs for the 2021 restructuring actions by segment:

<i>(dollars in millions)</i>	Expected Costs	Costs Incurred Quarter Ended March 31, 2021	Remaining Costs at March 31, 2021
Pratt & Whitney	\$ 20	\$ (20)	\$ —
Collins Aerospace Systems	49	(16)	33
Corporate expenses and other unallocated items	—	—	—
Total	\$ 69	\$ (36)	\$ 33

We are targeting to complete the majority of the remaining workforce and facility related cost reduction actions during 2021 and 2022.

2020 Actions. During the quarter ended March 31, 2021, we recorded \$4 million of net pre-tax restructuring costs for restructuring actions initiated in 2020 comprised of \$6 million in Selling, general and administrative expenses and a reversal of \$2 million in Cost of sales. The 2020 actions primarily relate to severance and restructuring actions at Pratt & Whitney and Collins Aerospace in response to the impact on our operating results related to the current economic environment primarily caused by the COVID-19 pandemic, the Raytheon Merger, and ongoing cost reduction efforts including workforce reductions and consolidation of field operations.

The following table summarizes the accrual balances and utilization for the 2020 restructuring actions for the quarter ended March 31, 2021:

<i>(dollars in millions)</i>	Severance	Facility Exit, and Other Costs	Total
Restructuring accruals at December 31, 2020	\$ 334	\$ 6	\$ 340
Net pre-tax restructuring costs	1	3	4
Utilization, foreign exchange and other costs	(130)	(5)	(135)
Balance at March 31, 2021	\$ 205	\$ 4	\$ 209

The following table summarizes expected, incurred and remaining costs for the 2020 restructuring actions by segment:

<i>(dollars in millions)</i>	Expected Costs	Costs Incurred in 2020	Costs Incurred Quarter Ended March 31, 2021	Remaining Costs at March 31, 2021
Pratt & Whitney	\$ 205	\$ (205)	\$ —	\$ —
Collins Aerospace Systems	340	(333)	1	8
Corporate expenses and other unallocated items	237	(232)	(5)	—
Total	\$ 782	\$ (770)	\$ (4)	\$ 8

2019 and Prior Actions. During the quarter ended March 31, 2021, we had net pre-tax restructuring costs of \$3 million for restructuring actions initiated in 2019 and prior. As of March 31, 2021, we have approximately \$32 million of accrual balances remaining related to 2019 and prior actions.

Note 13: Financial Instruments

We enter into derivative instruments primarily for risk management purposes, including derivatives designated as hedging instruments and those utilized as economic hedges. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. We have used derivative instruments, including swaps, forward contracts and options, to manage certain foreign currency, interest rate and commodity price exposures.

The aggregate notional amount of our outstanding foreign currency hedges was \$11.1 billion and \$11.6 billion at March 31, 2021 and December 31, 2020, respectively.

The following table summarizes the fair value and presentation in the Condensed Consolidated Balance Sheet for derivative instruments as of March 31, 2021 and December 31, 2020:

<i>(dollars in millions)</i>	Balance Sheet Location	March 31, 2021	December 31, 2020
Derivatives designated as hedging instruments:			
Foreign exchange contracts	Other assets, current	\$ 171	\$ 197
	Other accrued liabilities	105	66
Derivatives not designated as hedging instruments:			
Foreign exchange contracts	Other assets, current	\$ 22	\$ 44
	Other accrued liabilities	62	32

The effect of cash flow hedging relationships on Accumulated other comprehensive income (loss) and on the Condensed Consolidated Statement of Operations for the quarters ended March 31, 2021 and 2020 are presented in the table below. The amounts of gain or loss are attributable to foreign exchange contract activity and are generally recorded as a component of Product sales when reclassified from Accumulated other comprehensive income (loss).

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Loss recorded in Accumulated other comprehensive loss	\$ (46)	\$ (403)
(Gain) loss reclassified from Accumulated other comprehensive loss into Product sales	(14)	29

The Company utilizes the critical terms match method in assessing derivatives for hedge effectiveness. Accordingly, the hedged items and derivatives designated as hedging instruments are highly effective.

As of March 31, 2021, we have €500 million of euro-denominated long-term debt outstanding, which qualifies as a net investment hedge against our investments in European businesses, which is deemed to be effective.

Assuming current market conditions continue, \$22 million of pre-tax losses is expected to be reclassified from Accumulated other comprehensive loss into Product sales to reflect the fixed prices obtained from foreign exchange hedging within the next 12 months. At March 31, 2021, all derivative contracts accounted for as cash flow hedges will mature by January 2028.

The effect of derivatives not designated as hedging instruments within Other income, net, on the Condensed Consolidated Statement of Operations was as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Foreign exchange contracts	\$ (8)	\$ (39)

Note 14: Fair Value Measurements

In accordance with the provisions of ASC 820, the following tables provide the valuation hierarchy classification of assets and liabilities that are carried at fair value and measured on a recurring basis in our Condensed Consolidated Balance Sheet as of March 31, 2021 and December 31, 2020:

<i>(dollars in millions)</i>	March 31, 2021			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Marketable securities held in trusts	\$ 879	\$ 813	\$ 66	\$ —
Derivative assets	193	—	193	—
Derivative liabilities	(167)	—	(167)	—

<i>(dollars in millions)</i>	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Marketable securities held in trusts	\$ 881	\$ 773	\$ 108	\$ —
Derivative assets	241	—	241	—
Derivative liabilities	(98)	—	(98)	—

Valuation Techniques. Our available-for-sale securities include equity investments that are traded in active markets, either domestically or internationally, and are measured at fair value using closing stock prices from active markets. Our derivative assets and liabilities include foreign exchange contracts that are measured at fair value using internal models based on observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks.

As of March 31, 2021, there has not been any significant impact to the fair value of our derivative liabilities due to our own credit risk. Similarly, there has not been any significant adverse impact to our derivative assets based on our evaluation of our counterparties' credit risks.

The following table provides carrying amounts and fair values of financial instruments that are not carried at fair value in our Condensed Consolidated Balance Sheet at March 31, 2021 and December 31, 2020:

<i>(dollars in millions)</i>	March 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Customer financing notes receivable	\$ 313	\$ 303	\$ 271	\$ 264
Short-term borrowings	(234)	(234)	(247)	(247)
Long-term debt (excluding finance leases)	(31,200)	(35,633)	(31,512)	(38,615)
Long-term liabilities	(28)	(27)	(27)	(25)

The following table provides the valuation hierarchy classification of assets and liabilities that are not carried at fair value in our Condensed Consolidated Balance Sheet at March 31, 2021 and December 31, 2020:

<i>(dollars in millions)</i>	March 31, 2021			
	Total	Level 1	Level 2	Level 3
Customer financing notes receivable	\$ 303	\$ —	\$ 303	\$ —
Short-term borrowings	(234)	—	(160)	(74)
Long-term debt (excluding finance leases)	(35,633)	—	(35,559)	(74)
Long-term liabilities	(27)	—	(27)	—

<i>(dollars in millions)</i>	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Customer financing notes receivable	\$ 264	\$ —	\$ 264	\$ —
Short-term borrowings	(247)	—	(160)	(87)
Long-term debt (excluding finance leases)	(38,615)	—	(38,540)	(75)
Long-term liabilities	(25)	—	(25)	—

Note 15: Variable Interest Entities

Pratt & Whitney holds a 61% program share interest in the International Aero Engines AG (IAE) collaboration with MTU Aero Engines AG (MTU) and Japanese Aero Engines Corporation (JAEC) and a 49.5% ownership interest in IAE. IAE's business purpose is to coordinate the design, development, manufacturing and product support of the V2500 engine program through involvement with the collaborators. Additionally, Pratt & Whitney, JAEC and MTU are participants in International Aero Engines, LLC (IAE LLC), whose business purpose is to coordinate the design, development, manufacturing and product support for the PW1100G-JM engine for the Airbus A320neo aircraft and the PW1400G-JM engine for the Irkut MC-21 aircraft. Pratt & Whitney holds a 59% program share interest and a 59% ownership interest in IAE LLC. IAE and IAE LLC retain limited equity with the primary economics of the programs passed to the participants. As such, we have determined that IAE and IAE LLC are variable interest entities with Pratt & Whitney the primary beneficiary. IAE and IAE LLC have,

therefore, been consolidated. The carrying amounts and classification of assets and liabilities for variable interest entities in our Condensed Consolidated Balance Sheet are as follows:

<i>(dollars in millions)</i>	March 31, 2021		December 31, 2020	
Current assets	\$	7,670	\$	6,652
Noncurrent assets		853		868
Total assets	\$	8,523	\$	7,520
Current liabilities	\$	8,372	\$	7,365
Noncurrent liabilities		83		89
Total liabilities	\$	8,455	\$	7,454

Note 16: Guarantees

We extend a variety of financial, market value and product performance guarantees to third parties. These instruments expire on various dates through 2024. Additional guarantees of project performance for which there is no stated value also remain outstanding. As of March 31, 2021 and December 31, 2020, the following guarantees were outstanding:

<i>(dollars in millions)</i>	March 31, 2021		December 31, 2020	
	Maximum Potential Payment	Carrying Amount of Liability	Maximum Potential Payment	Carrying Amount of Liability
Commercial aerospace financing arrangements	\$ 314	\$ 6	\$ 322	\$ 6
Third party guarantees	379	2	386	3

We have made residual value and other guarantees related to various commercial aerospace customer financing arrangements. The estimated fair market values of the guaranteed assets equal or exceed the value of the related guarantees, net of existing reserves. Collaboration partners' share of these financing guarantees is \$144 million and \$142 million at March 31, 2021 and December 31, 2020, respectively.

We also have obligations arising from sales of certain businesses and assets, including those from representations and warranties and related indemnities for environmental, health and safety, tax and employment matters. The maximum potential payment related to these obligations is not a specified amount as a number of the obligations do not contain financial caps. The carrying amount of liabilities related to these obligations was \$118 million and \$120 million at March 31, 2021 and December 31, 2020, respectively. For additional information regarding the environmental indemnifications, see "Note 17: Commitments and Contingencies."

We accrue for costs associated with guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts, and where no amount within a range of estimates is more likely, the minimum is accrued.

We also provide service and warranty policies on our products and extend performance and operating cost guarantees beyond our normal service and warranty policies on some of our products, particularly commercial aircraft engines. In addition, we incur discretionary costs to service our products in connection with specific product performance issues. Liabilities for performance and operating cost guarantees are based upon future product performance and durability, and are largely estimated based upon historical experience. Adjustments are made to accruals as claims data and historical experience warrant. The changes in the carrying amount of service and product warranties and product performance guarantees for the quarters ended March 31, 2021 and 2020 are as follows:

<i>(dollars in millions)</i>	2021		2020	
Balance as of January 1	\$	1,057	\$	1,033
Warranties and performance guarantees issued		113		90
Settlements		(69)		(87)
Other		(1)		(11)
Balance as of March 31	\$	1,100	\$	1,025

Note 17: Commitments and Contingencies

Except as otherwise noted, while we are unable to predict the final outcome, based on information currently available, we do not believe that resolution of any of the following matters will have a material adverse effect upon our competitive position, financial condition, results of operations, or liquidity.

Environmental. Our operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over our foreign operations. We have accrued for the costs of environmental remediation activities, including but not limited to investigatory, remediation, operating and maintenance costs and performance guarantees, and periodically reassess these amounts. We believe that the likelihood of incurring losses materially in excess of amounts accrued is remote. At March 31, 2021 and December 31, 2020, we had \$834 million and \$835 million, respectively, reserved for environmental remediation.

Commercial Aerospace Financing and Other Commitments. We had commercial aerospace financing commitments and other contractual commitments of approximately \$13.9 billion and \$13.4 billion as of March 31, 2021 and December 31, 2020, respectively, on a gross basis before reduction for our collaboration partners' share. Aircraft financing commitments, in the form of debt or lease financing, are provided to certain commercial aerospace customers. The extent to which the financing commitments will be utilized is not currently known, since customers may be able to obtain more favorable terms from other financing sources. We may also arrange for third-party investors to assume a portion of these commitments. The majority of financing commitments are collateralized arrangements. We may also lease aircraft and subsequently sublease the aircraft to customers under long-term non-cancelable operating leases. Our financing commitments with customers are contingent upon maintenance of certain levels of financial condition by the customers. Associated risks on these commitments are mitigated due to the fact that interest rates are variable during the commitment term and are set at the date of funding based on current market conditions, the fair value of the underlying collateral and the credit worthiness of the customers. As a result, the fair value of these financing commitments is expected to equal the amounts funded.

In addition, in connection with our 2012 agreement to acquire Rolls-Royce's ownership and collaboration interests in IAE, additional payments are due to Rolls-Royce contingent upon each hour flown through June 2027 by the V2500-powered aircraft in service as of the acquisition date. These flight hour payments, which are considered in other contractual commitments, are being capitalized as collaboration intangible assets.

Other Financing Arrangements. We have entered into standby letters of credit and surety bonds with financial institutions to meet various bid, performance, warranty, retention and advance payment obligations for us or our affiliates. We enter into these agreements to assist certain affiliates in obtaining financing on more favorable terms, making bids on contracts and performing their contractual obligations. The stated values of these letters of credit agreements and surety bonds totaled \$4.4 billion as of March 31, 2021.

Offset Obligations. We have entered into industrial cooperation agreements, sometimes in the form of either offset agreements or ICIP agreements, as a condition to obtaining orders for our products and services from certain customers in foreign countries. At March 31, 2021, the aggregate amount of our offset agreements, both agreed to and anticipated to be agreed to, had an outstanding notional value of approximately \$11.0 billion. These agreements are designed to return economic value to the foreign country by requiring us to engage in activities supporting local defense or commercial industries, promoting a balance of trade, developing in-country technology capabilities or addressing other local development priorities. Offset agreements may be satisfied through activities that do not require a direct cash payment, including transferring technology, providing manufacturing, training and other consulting support to in-country projects, and the purchase by third parties (e.g., our vendors) of supplies from in-country vendors. These agreements may also be satisfied through our use of cash for activities such as subcontracting with local partners, purchasing supplies from in-country vendors, providing financial support for in-country projects and making investments in local ventures. Such activities may also vary by country depending upon requirements as dictated by their governments. We typically do not commit to offset agreements until orders for our products or services are definitive. The amounts ultimately applied against our offset agreements are based on negotiations with the customers and typically require cash outlays that represent only a fraction of the notional value in the offset agreements. Offset programs usually extend over several or more years and may provide for penalties in the event we fail to perform in accordance with offset requirements. Historically, we have not been required to pay any penalties of significance.

Government Oversight. In the ordinary course of business, the Company and its subsidiaries and our properties are subject to regulatory and governmental examinations, information gathering requests, inquiries, investigations and threatened legal actions and proceedings. For example, we are now, and believe that, in light of the current U.S. government contracting environment, we will continue to be the subject of one or more U.S. government investigations. Our contracts with the U.S. government are also subject to audits. Agencies that oversee contract performance include: the Defense Contract Audit Agency (DCAA), the Defense Contract Management Agency (DCMA), the Inspectors General of the U.S. Department of Defense (DoD) and other departments and agencies, the Government Accountability Office (GAO), the Department of Justice (DOJ), and Congressional

Committees. Other areas of our business operations may also be subject to audit and investigation by these and other agencies. From time to time, agencies investigate or conduct audits to determine whether our operations are being conducted in accordance with applicable requirements. Such investigations and audits may be initiated due to a number of reasons, including as a result of a whistleblower complaint. Such investigations and audits could result in administrative, civil or criminal liabilities, including repayments, fines, treble or other damages, forfeitures, restitution, or penalties being imposed upon us, the suspension of government export licenses or the suspension or debarment from future U.S. government contracting. U.S. government investigations often take years to complete. The U.S. government also reserves the right to debar a contractor from receiving new government contracts for fraudulent, criminal or other seriously improper conduct. The U.S. government could void any contracts found to be tainted by fraud. Like many defense contractors, we have received audit reports recommending the reduction of certain contract prices because, for example, cost or pricing data or cost accounting practices used to price and negotiate those contracts may not have conformed to government regulations. Some of these audit reports recommend that certain payments be repaid, delayed, or withheld, and may involve substantial amounts. We have made voluntary refunds in those cases we believe appropriate, have settled some allegations and, in some cases, continue to negotiate and/or litigate. The Company may be, and in some cases has been, required to make payments into escrow of disputed liabilities while the related litigation is pending. If the litigation is resolved in the Company's favor, any such payments will be returned to the Company with interest. Our final allowable incurred costs for each year are also subject to audit and have, from time to time, resulted in disputes between us and the U.S. government, with litigation resulting at the Court of Federal Claims (COFC) or the Armed Services Board of Contract Appeals (ASBCA) or their related courts of appeals. In addition, the DOJ has, from time to time, convened grand juries to investigate possible irregularities by us. We also provide products and services to customers outside of the U.S., and those sales are subject to local government laws, regulations and procurement policies and practices. Our compliance with such local government regulations or any applicable U.S. government regulations (e.g., the Foreign Corrupt Practices Act (FCPA) and International Traffic in Arms Regulations (ITAR)) may also be investigated or audited. In addition, we accrue for liabilities associated with those matters that are probable and can be reasonably estimated. The most likely liability amount to be incurred is accrued based upon a range of estimates. Where no amount within a range of estimates is more likely, then we accrue the minimum amount. Other than as specifically disclosed in this Form 10-Q, we do not expect these audits, investigations or disputes to have a material effect on our financial condition, results of operations or liquidity, either individually or in the aggregate.

Legal Proceedings. The Company and its subsidiaries are subject to various contract pricing disputes, government investigations and litigation matters across jurisdictions, updates to certain of which are set forth below.

Cost Accounting Standards Claims

As previously disclosed, in April 2019, a Divisional Administrative Contracting Officer (DACO) of the United States DCMA asserted a claim against Pratt & Whitney to recover overpayments of approximately \$1.73 billion plus interest (\$675 million at March 31, 2021). The claim is based on Pratt & Whitney's alleged noncompliance with Cost Accounting Standards (CAS) from January 1, 2007 to March 31, 2019, due to its method of allocating independent research and development costs to government contracts. Pratt & Whitney believes that the claim is without merit and filed an appeal to the ASBCA on June 7, 2019.

As previously disclosed, in December 2013, a DCMA DACO asserted a claim against Pratt & Whitney to recover overpayments of approximately \$177 million plus interest (\$112 million at March 31, 2021). The claim is based on Pratt & Whitney's alleged noncompliance with CAS from January 1, 2005 to December 31, 2012, due to its method of determining the cost of collaborator parts used in the calculation of material overhead costs for government contracts. In 2014, Pratt & Whitney filed an appeal to the ASBCA. An evidentiary hearing was held and completed in June 2019. The parties concluded post-hearing briefing in January 2020, and now await a decision from the ASBCA. We continue to believe that the claim is without merit. In December 2018, a DCMA DACO issued a second claim against Pratt & Whitney that similarly alleges that its method of determining the cost of collaborator parts does not comply with the CAS for calendar years 2013 through 2017. This second claim demands payment of \$269 million plus interest (\$72 million at March 31, 2021), which we also believe is without merit and which Pratt & Whitney appealed to the ASBCA in January 2019.

Thales-Raytheon Systems Matter

As previously disclosed, in 2019, Raytheon Company received a subpoena from the Securities and Exchange Commission (SEC) seeking information in connection with an investigation into whether there were improper payments made by Thales-Raytheon Systems (TRS) or anyone acting on their behalf in connection with TRS or Raytheon Company contracts in certain Middle East countries since 2014. In the first quarter of 2020, the DOJ advised Raytheon Company it had opened a parallel investigation. In the third quarter of 2020, Raytheon Company received an additional subpoena from the SEC, seeking information and documents as part of its ongoing investigation. Raytheon Company maintains a rigorous anti-corruption compliance program, is cooperating fully with the SEC's inquiry, and is examining whether there has been any conduct that is in violation of Raytheon Company policy. At this time, the Company is unable to predict the outcome of the SEC's or DOJ's

inquiry. Based on the information available to date, however, we do not believe the results of this inquiry will have a material adverse effect on our financial condition, results of operations or liquidity.

DOJ Investigation, Contract Pricing Disputes and Related Civil Litigation

As previously disclosed, on October 8, 2020, the Company received a criminal subpoena from the DOJ seeking information and documents in connection with an investigation relating to financial accounting, internal controls over financial reporting, and cost reporting regarding Raytheon Company's Missiles & Defense business (RMD) since 2009. The investigation includes potential civil defective pricing claims for three RMD contracts entered into between 2011 and 2013. As part of the same investigation, on March 24, 2021, the Company received a second criminal subpoena from the DOJ seeking documents relating to a different RMD contract entered into in 2017. We are cooperating fully with the DOJ's ongoing investigation. Although we believe we have defenses to the potential claims, the Company has determined that there is a meaningful risk of civil liability for damages, interest and potential penalties. At this time, the Company is unable to predict either the outcome of the criminal investigation or the outcome of any potential civil claims based on facts revealed in, or related to, the investigation. Based on the information available to date, however, we do not believe the results of the investigation or of any potential civil litigation will have a material adverse effect on our financial condition, results of operations or liquidity.

Four shareholder lawsuits were filed against the Company after the DOJ investigation was first disclosed. A putative securities class action lawsuit was filed in the United States District Court for the District of Arizona against the Company and certain of its executives alleging that the defendants violated federal securities laws by making material misstatements in regulatory filings regarding internal controls over financial reporting in RMD. Three shareholder derivative lawsuits were filed in the United States District Court for the District of Delaware against the former Raytheon Company Board of Directors, the Company and certain of its executives, each alleging that defendants violated federal securities laws and breached their fiduciary duties by engaging in improper accounting practices, failing to implement sufficient internal financial and compliance controls, and making a series of false and misleading statements in regulatory filings. We believe that each of these lawsuits lacks merit.

Darnis, et al.

As previously disclosed, August 12, 2020, several former employees of UTC or its subsidiaries filed a putative class action complaint in the United States District Court for the District of Connecticut against the Company, Otis, Carrier, the former members of the UTC Board of Directors, and the members of the Carrier and Otis Boards of Directors (Geraud Darnis, et al. v. Raytheon Technologies Corporation, et al.). The complaint challenges the method by which UTC equity awards were converted to Company, Otis, and Carrier equity awards following the separation of UTC into three independent, publicly-traded companies on April 3, 2020. The complaint claims that the defendants are liable for breach of certain equity compensation plans and for breach of fiduciary duty, and also asserts claims under certain provisions of the Employee Retirement Income Security Act of 1974 (ERISA). We believe that the Company has meritorious defenses to these claims. At this time, the Company is unable to predict the outcome, or the possible range of loss, if any, which could result from this action.

Where appropriate, we have recorded loss contingency accruals for the above-referenced matters, and the amount in aggregate is not material.

Other. As described in "Note 16: Guarantees," we extend performance and operating cost guarantees beyond our normal warranty and service policies for extended periods on some of our products. We have accrued our estimate of the liability that may result under these guarantees and for service costs that are probable and can be reasonably estimated.

We also have other commitments and contingent liabilities related to legal proceedings, self-insurance programs and matters arising out of the normal course of business. We accrue contingencies based upon a range of possible outcomes. If no amount within this range is a better estimate than any other, then we accrue the minimum amount.

In the ordinary course of business, the Company and its subsidiaries are also routinely defendants in, parties to or otherwise subject to many pending and threatened legal actions, claims, disputes and proceedings. These matters are often based on alleged violations of contract, product liability, warranty, regulatory, environmental, health and safety, employment, intellectual property, tax and other laws. In some instances, claims for substantial monetary damages are asserted against the Company and its subsidiaries and could result in fines, penalties, compensatory or treble damages or non-monetary relief. We do not believe that these matters will have a material adverse effect upon our competitive position, financial condition, results of operations, or liquidity.

Note 18: Accumulated Other Comprehensive Loss

A summary of the changes in each component of Accumulated other comprehensive loss, net of tax for the quarters ended March 31, 2021 and 2020 is provided below:

<i>(dollars in millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Post- retirement Plans	Unrealized Hedging (Losses) Gains	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2020	\$ 710	\$ (4,483)	\$ 39	\$ (3,734)
Other comprehensive income (loss) before reclassifications, net	(176)	(10)	(46)	(232)
Amounts reclassified, pre-tax	—	64	(14)	50
Tax benefit (expense)	(5)	(12)	12	(5)
Balance at March 31, 2021	\$ 529	\$ (4,441)	\$ (9)	\$ (3,921)

<i>(dollars in millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Post- retirement Plans	Unrealized Hedging (Losses) Gains	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2019	\$ (3,211)	\$ (6,772)	\$ (166)	\$ (10,149)
Other comprehensive income (loss) before reclassifications, net	(1,445)	8	(403)	(1,840)
Amounts reclassified, pre-tax	—	102	29	131
Tax expense (benefit)	9	(31)	92	70
Balance at March 31, 2020	\$ (4,647)	\$ (6,693)	\$ (448)	\$ (11,788)

Note 19: Segment Financial Data

Our operations, for the periods presented herein, are classified into four principal segments: Collins Aerospace, Pratt & Whitney, RIS and RMD. The segments are generally based on the management structure of the businesses and the grouping of similar operating companies, where each management organization has general operating autonomy over diversified products and services. The results of RIS and RMD reflect the period subsequent to the completion of the Raytheon Merger on April 3, 2020.

As previously announced, effective January 1, 2021, we reorganized certain product areas of our Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD) businesses to more efficiently leverage our capabilities. The amounts and presentation of our business segments, including intersegment activity, set forth in this Form 10-Q reflect this reorganization. The reorganization does not impact our previously reported consolidated balance sheets, statements of operations or statements of cash flows.

As a result of the Raytheon Merger, we now present a FAS/CAS operating adjustment outside of segment results, which represents the difference between the service cost component of our pension and PRB expense under the Financial Accounting Standards (FAS) requirements of U.S. Generally Accepted Accounting Principles (GAAP) and our pension and PRB expense under U.S. government Cost Accounting Standards (CAS) primarily related to our RIS and RMD segments. While the ultimate liability for pension and PRB costs under FAS and CAS is similar, the pattern of cost recognition is different. We generally expect to recover the related RIS and RMD pension and PRB liabilities over time through the pricing of our products and services to the U.S. government. Because the Collins Aerospace and Pratt & Whitney segments generally record pension and PRB expense on a FAS basis, historical results were not impacted by this change in segment reporting.

Total sales and operating profit by segment include inter-segment sales which are generally recorded at prices approximating those that the selling entity is able to obtain on external sales for our Collins Aerospace and Pratt & Whitney segments, and at

cost-plus a specified fee, which may differ from what the selling entity would be able to obtain on sales to external customers, for our RIS and RMD segments. Results for the quarters ended March 31, 2021 and 2020 are as follows:

<i>(dollars in millions)</i>	Net Sales		Operating Profit		Operating Profit Margins	
	2021	2020	2021	2020	2021	2020
Collins Aerospace Systems	\$ 4,370	\$ 6,438	\$ 314	\$ 1,246	7.2 %	19.4 %
Pratt & Whitney	4,030	5,353	20	475	0.5 %	8.9 %
Raytheon Intelligence & Space	3,765	—	388	—	10.3 %	— %
Raytheon Missiles & Defense	3,793	—	496	—	13.1 %	— %
Total segment	15,958	11,791	1,218	1,721	7.6 %	14.6 %
Eliminations and other ⁽¹⁾	(707)	(431)	(31)	(25)		
Corporate expenses and other unallocated items ⁽²⁾	—	—	(81)	(130)		
FAS/CAS operating adjustment	—	—	423	—		
Acquisition accounting adjustments	—	—	(516)	(271)		
Consolidated	\$ 15,251	\$ 11,360	\$ 1,013	\$ 1,295	6.6 %	11.4 %

(1) Includes the operating results of certain smaller non-reportable business segments.

(2) The net expenses related to the U.S. Army's Lower Tier Air and Missile Defense Sensor (LTAMDS) project of \$58 million in the quarter ended March 31, 2021 are included in Corporate operating profit as they are not included in management's evaluation of business segment results. No amounts were recorded in the quarter ended March 31, 2020.

We disaggregate our contracts from customers by geographic location based on customer location, by customer and by sales type. Our geographic location based on customer location uses end user customer location where known or practical to determine, or in instances where the end user customer is not known or not practical to determine, we utilize "ship to" location as the customer location. In addition, for our RIS and RMD segments, we disaggregate our contracts from customers by contract type. We believe these categories best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Historical results have been recast to reflect the presentation of this disaggregation.

Segment sales disaggregated by geographic region for the quarters ended March 31, 2021 and 2020 are as follows:

<i>(dollars in millions)</i>	2021						2020					
	Collins Aerospace Systems	Pratt & Whitney	Raytheon Intelligence & Space	Raytheon Missiles & Defense	Other	Total	Collins Aerospace Systems	Pratt & Whitney	Raytheon Intelligence & Space	Raytheon Missiles & Defense	Other	Total
United States	\$ 2,242	\$ 2,159	\$ 2,965	\$ 2,357	\$ 7	\$ 9,730	\$ 3,144	\$ 2,355	\$ —	\$ —	\$ 5	\$ 5,504
Asia Pacific	405	793	204	370	—	1,772	604	1,421	—	—	—	2,025
Middle East and North Africa	95	104	133	660	—	992	143	172	—	—	—	315
Europe	1,079	626	114	327	1	2,147	1,745	1,017	—	—	—	2,762
Canada and All Other	217	348	29	16	—	610	372	382	—	—	—	754
Consolidated net sales	4,038	4,030	3,445	3,730	8	15,251	6,008	5,347	—	—	5	11,360
Inter-segment sales	332	—	320	63	(715)	—	430	6	—	—	(436)	—
Business segment sales	\$ 4,370	\$ 4,030	\$ 3,765	\$ 3,793	\$ (707)	\$ 15,251	\$ 6,438	\$ 5,353	\$ —	\$ —	\$ (431)	\$ 11,360

Segment sales disaggregated by customer for the quarters ended March 31, 2021 and 2020 are as follows:

(dollars in millions)	2021						2020					
	Collins Aerospace Systems	Pratt & Whitney	Raytheon Intelligence & Space	Raytheon Missiles & Defense	Other	Total	Collins Aerospace Systems	Pratt & Whitney	Raytheon Intelligence & Space	Raytheon Missiles & Defense	Other	Total
U.S. government	\$ 1,222	\$ 1,262	\$ 2,900	\$ 2,357	\$ 7	\$ 7,748	\$ 1,289	\$ 1,239	\$ —	\$ —	\$ —	\$ 2,528
Foreign military sales through the U.S. government	40	242	208	805	—	1,295	55	271	—	—	—	326
Foreign government direct commercial sales	245	139	229	567	—	1,180	225	138	—	—	—	363
Commercial aerospace and other commercial	2,531	2,387	108	1	1	5,028	4,439	3,699	—	—	5	8,143
Consolidated net sales	4,038	4,030	3,445	3,730	8	15,251	6,008	5,347	—	—	5	11,360
Inter-segment sales	332	—	320	63	(715)	—	430	6	—	—	(436)	—
Business segment sales	\$ 4,370	\$ 4,030	\$ 3,765	\$ 3,793	\$ (707)	\$ 15,251	\$ 6,438	\$ 5,353	\$ —	\$ —	\$ (431)	\$ 11,360

(1) Excludes foreign military sales through the U.S. government.

Segment sales disaggregated by sales type for the quarters ended March 31, 2021 and 2020 are as follows:

(dollars in millions)	2021						2020					
	Collins Aerospace Systems	Pratt & Whitney	Raytheon Intelligence & Space	Raytheon Missiles & Defense	Other	Total	Collins Aerospace Systems	Pratt & Whitney	Raytheon Intelligence & Space	Raytheon Missiles & Defense	Other	Total
Product	\$ 3,182	\$ 2,423	\$ 2,676	\$ 3,375	\$ 8	\$ 11,664	\$ 4,905	\$ 3,255	\$ —	\$ —	\$ 5	\$ 8,165
Service	856	1,607	769	355	—	3,587	1,103	2,092	—	—	—	3,195
Consolidated net sales	4,038	4,030	3,445	3,730	8	15,251	6,008	5,347	—	—	5	11,360
Inter-segment sales	332	—	320	63	(715)	—	430	6	—	—	(436)	—
Business segment sales	\$ 4,370	\$ 4,030	\$ 3,765	\$ 3,793	\$ (707)	\$ 15,251	\$ 6,438	\$ 5,353	\$ —	\$ —	\$ (431)	\$ 11,360

RIS and RMD segment sales disaggregated by contract type for the quarter ended March 31, 2021 are as follows:

(dollars in millions)	2021	
	Raytheon Intelligence & Space	Raytheon Missiles & Defense
Fixed-price	\$ 1,471	\$ 2,251
Cost-type	1,974	1,479
Consolidated net sales	\$ 3,445	\$ 3,730

Note 20: Remaining Performance Obligations (RPO)

RPO represent the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. Total RPO was \$147.4 billion and \$150.1 billion as of March 31, 2021 and December 31, 2020, respectively. Of the total RPO as of March 31, 2021, we expect approximately 30% will be recognized as sales over the next 12 months. This percentage of RPO to be recognized as sales over the next 12 months depends on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the scope, severity and duration of the COVID-19

pandemic, as well as any worsening of the pandemic, the effect of mutating strains and whether additional outbreaks of the pandemic will continue to occur, actions to contain the pandemic's spread or treat its impact, continued availability of vaccines, and their distribution, acceptance and efficacy, and governmental, business and individual personal actions taken in response to the pandemic, which may result in customer delays or order cancellations.

Note 21: Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU and its related amendments (collectively, the Credit Loss Standard) modifies the impairment model to utilize an expected loss methodology in place of the incurred loss methodology for financial instruments, including trade receivables, contract assets and off-balance sheet credit exposures. The Credit Loss Standard requires consideration of a broader range of information to estimate expected credit losses, including historical information, current economic conditions and a reasonable forecast period. This ASU requires that the statement of operations reflect estimates of expected credit losses for newly recognized financial assets as well as changes in the estimate of expected credit losses that have taken place during the period, which may result in earlier recognition of certain losses. We adopted this standard effective January 1, 2020 utilizing a modified retrospective approach. A cumulative-effect non-cash adjustment to retained earnings as of January 1, 2020 was recorded in the amount of \$59 million. The adoption of this standard did not have a material impact on the Company's Condensed Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in this update remove certain exceptions of Topic 740 including the exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income from other items; the exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; the exception to the ability to reverse a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and the exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. There are also additional areas of guidance related to franchise and other taxes partially based on income and the interim recognition of enactment of tax laws and rate changes. We adopted the new standard effective January 1, 2021. The adoption of this standard did not, and is not expected to, have an impact on the Company's Condensed Consolidated Financial Statements.

Other new pronouncements issued but not effective until after March 31, 2021 are not expected to have a material impact on our financial condition, results of operations or liquidity.

With respect to the unaudited condensed consolidated financial information of Raytheon Technologies for the quarters ended March 31, 2021 and 2020, PricewaterhouseCoopers LLP (PwC) reported that it has applied limited procedures in accordance with professional standards for a review of such information. However, its report dated April 27, 2021, appearing below, states that the firm did not audit and does not express an opinion on that unaudited condensed consolidated financial information. PwC has not carried out any significant or additional audit tests beyond those that would have been necessary if their report had not been included. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied. PwC is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended (the Act) for its report on the unaudited condensed consolidated financial information because that report is not a “report” or a “part” of a registration statement prepared or certified by PwC within the meaning of Sections 7 and 11 of the Act.

Report of Independent Registered Public Accounting Firm

To the Shareowners and Board of Directors of Raytheon Technologies Corporation

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Raytheon Technologies Corporation and its subsidiaries (the “Company”) as of March 31, 2021, and the related condensed consolidated statements of operations, of comprehensive income (loss), of changes in equity, and of cash flows for the three-month periods ended March 31, 2021 and 2020, including the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2020, and the related consolidated statements of operations, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 8, 2021, which included a paragraph describing a change in the manner of accounting for leases in the 2020 financial statements, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2020 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company’s management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
April 27, 2021

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS OVERVIEW

We are a global premier systems provider of high technology products and services to the aerospace and defense industries. On April 3, 2020, United Technologies Corporation (UTC) completed the separation of its business into three independent, publicly traded companies – UTC, Carrier Global Corporation (Carrier) and Otis Worldwide Corporation (Otis) (the Separation Transactions). UTC distributed all of the outstanding shares of Carrier common stock and all of the outstanding shares of Otis common stock to UTC shareowners who held shares of UTC common stock as of the close of business on March 19, 2020, the record date for the distributions (the Distributions) effective at 12:01 a.m., Eastern Time, on April 3, 2020. Immediately following the Separation Transactions and Distributions, on April 3, 2020, UTC and Raytheon Company completed their all-stock merger of equals transaction (the Raytheon Merger), pursuant to which Raytheon Company became a wholly-owned subsidiary of UTC and UTC was renamed Raytheon Technologies Corporation. As a result of these transactions, we now operate in four principal business segments: Collins Aerospace Systems (Collins Aerospace), Pratt & Whitney, Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD).

UTC was determined to be the accounting acquirer in the Raytheon Merger, and, as a result, the financial statements of Raytheon Technologies include Raytheon Company’s financial position and results of operations for all periods subsequent to the completion of the Raytheon Merger on April 3, 2020. RIS and RMD follow a 4-4-5 fiscal calendar with a quarter end of April 4, 2021 while Collins Aerospace and Pratt & Whitney continue to use a quarter calendar end of March 31, 2021. Throughout this Quarterly Report on Form 10-Q, when we refer to the quarter ended March 31 with respect to RIS or RMD, we are referring to their April 4, 2021 fiscal quarter end. The historical results of Carrier and Otis are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented. See “Note 3: Discontinued Operations” within Item 1 of this Form 10-Q for additional information. Throughout this Quarterly Report on Form 10-Q, unless otherwise indicated, amounts and activity are presented on a continuing operations basis.

Unless the context otherwise requires, the terms “we,” “our,” “us,” “the Company,” “Raytheon Technologies,” and “RTC” mean United Technologies Corporation and its subsidiaries when referring to periods prior to the Raytheon Merger and to the combined company, Raytheon Technologies Corporation, when referring to periods after the Raytheon Merger. Unless the context otherwise requires, the terms “Raytheon Company,” or “Raytheon” mean Raytheon Company and its subsidiaries prior to the Raytheon Merger.

The current status of significant factors affecting our business environment in 2021 is discussed below. For additional discussion, refer to the “Business Overview” section in Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in our 2020 Annual Report on Form 10-K.

Industry Considerations

Our worldwide operations can be affected by industrial, economic and political factors on both a regional and global level. Our operations include original equipment manufacturer (OEM) and extensive related aftermarket parts and services related to our aerospace operations. Our defense business serves both domestic and international customers primarily as a prime contractor or subcontractor on a broad portfolio of defense and related programs for government customers. Our business mix also reflects the combination of shorter cycles on our commercial aerospace spares contracts and certain service contracts in our defense business primarily at RIS, and longer cycles in our aerospace OEM and aftermarket maintenance contracts and on our defense contracts to design, develop, manufacture or modify complex equipment. Our customers are in the public and private sectors, and our businesses reflect an extensive geographic diversification that has evolved with continued globalization.

Government legislation, policies and regulations, including regulations related to global warming, carbon footprint and fuel efficiency, can have a negative impact on our worldwide operations. Government and industry-driven safety and performance regulations, restrictions on aircraft engine noise and emissions, government imposed travel restrictions, and government procurement practices can impact our businesses.

Collins Aerospace and Pratt & Whitney serve both commercial and government aerospace customers. Revenue passenger miles (RPMs), available seat miles and the general economic health of airline carriers are key barometers for our commercial aerospace operations. Performance in the general aviation sector is closely tied to the overall health of the economy and is positively correlated to corporate profits. Many of our aerospace operations’ customers are covered under long-term aftermarket service agreements at both Collins Aerospace and Pratt & Whitney, which are inclusive of both spare parts and services.

RIS, RMD, and the defense operations of Collins Aerospace and Pratt & Whitney are affected by U.S. Department of Defense (DoD) budget and spending levels, changes in demand, changes in policy positions or priorities from a new U.S. Administration and the global political environment. Total sales to the U.S. government, excluding foreign military sales, were \$7.7 billion and \$2.5 billion for the quarters ended March 31, 2021 and 2020, or 51% and 22% of total net sales for those periods, respectively.

Impact of the COVID-19 Pandemic

In 2020, the coronavirus disease 2019 (COVID-19) negatively impacted both the U.S. and global economy and our business and operations and the industries in which we operate. The continued disruption to air travel and commercial activities and the significant restrictions and limitations on businesses, particularly within the aerospace and commercial airline industries, have negatively impacted global supply, demand and distribution capabilities. In particular, the unprecedented decrease in air travel resulting from the COVID-19 pandemic has adversely affected our airline and airframer customers, and their demand for the products and services of our Collins Aerospace and Pratt & Whitney businesses. We continue to monitor these trends and are working closely with our customers to actively mitigate costs and adjust production schedules to accommodate these declines in demand. Our RIS and RMD businesses, although experiencing minor impacts, have not experienced significant business disruptions as a result of the COVID-19 pandemic.

Given the significant reduction in business and leisure passenger air travel, the number of planes temporarily grounded, and continued travel restrictions that have resulted from the ongoing COVID-19 pandemic, and the resulting impacts on our customers and their business activities, we expect our future operating results, particularly those of our Collins Aerospace and Pratt & Whitney businesses, to continue to be negatively impacted when compared to pre-COVID-19 results. Our expectations regarding the COVID-19 pandemic and its potential financial impact are based on available information and assumptions that we believe are reasonable at this time; however, the actual financial impact is highly uncertain and subject to a wide range of factors and future developments. While we believe that the long-term outlook for the aerospace industry remains positive due to the fundamental drivers of air travel demand, there is significant uncertainty with respect to the point at which commercial air traffic capacity will return to and/or exceed pre-COVID-19 levels. While we have begun to see some indications that commercial air travel is recovering in certain areas of demand, other areas continue to lag. As a result, we continue to estimate that a full recovery may occur in 2023 or 2024. New information may emerge concerning the scope, severity and duration of the COVID-19 pandemic, as well as any worsening of the pandemic, the effect of mutating strains and whether additional outbreaks of the pandemic will continue to occur, actions to contain the pandemic's spread or treat its impact, continued availability of vaccines, and their distribution, acceptance and efficacy, and governmental, business and individual personal actions taken in response to the pandemic (including restrictions and limitations on travel and transportation, and changes in leisure and business travel patterns and work environments) among others. Some of these actions and related impacts may be trends that continue in the future even after the pandemic no longer poses a significant public health risk.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) contains numerous provisions which may impact us. We continue to refine our understanding of the impact of the CARES Act on our business, and ongoing government guidance related to COVID-19 that may be issued. In addition, Congress passed the American Rescue Plan Act of 2021 (ARPA) in March 2021, which included pension funding relief provisions. For further discussion, refer to the "FAS/CAS operating adjustment" subsection under the "Segment Review" section below.

Other Matters

Global economic and political conditions, changes in raw material and commodity prices, interest rates, foreign currency exchange rates, energy costs, levels of air travel, the financial condition of commercial airlines, and the impact from natural disasters and weather conditions create uncertainties that could impact our business for the remainder of 2021. With regard to political conditions, in July 2019, the U.S. government suspended Turkey's participation in the F-35 Joint Strike Fighter program because Turkey accepted delivery of the Russian-built S-400 air and missile defense system. The U.S. has imposed, and may impose additional, sanctions on Turkey as a result of this or other political disputes. Turkish companies supply us with components, some of which are sole-sourced, primarily in our aerospace operations for commercial and military engines and aerospace products. Depending upon the scope and timing of U.S. sanctions on Turkey and potential reciprocal actions, if any, such sanctions or actions could impact our sources of supply and could have a material adverse effect on our results of operations, cash flows or financial condition. In addition, in October 2020, the People's Republic of China (China) announced that it may sanction RTC in connection with a possible Foreign Military Sale to Taiwan of six MS-110 Reconnaissance Pods and related equipment manufactured by Collins Aerospace. Foreign Military Sales are government-to-government transactions that are initiated by, and carried out at the direction of, the U.S. government. To date, the Chinese government has not imposed sanctions on RTC or indicated the nature or timing of any future potential sanctions or other actions. If China were to impose sanctions or take other regulatory action against RTC, our suppliers, teammates or partners, it could potentially disrupt our business operations. The impact of potential sanctions or other actions by China cannot be determined at this time.

The recent change in the U.S. administration could result in changes to the U.S. government's foreign policies that may impact regulatory approval for direct commercial sales contracts for certain of our products and services to certain foreign customers. Likewise, regulatory approvals previously granted for prior sales can be paused or revoked if the products and services have not yet been delivered to the customer. If we ultimately do not receive all of the regulatory approvals, or those approvals are revoked, it could have a material effect on our financial results. In particular, as of March 31, 2021, our contract liabilities

include approximately \$440 million of advance payments received from a certain Middle East customer on contracts for which we no longer believe we will be able to execute on or obtain required regulatory approvals. These advance payments may become refundable to the customer if the contracts are ultimately terminated.

See Part II, Item 1A, “Risk Factors” in our 2020 Annual Report on Form 10-K for further discussion of these items.

CRITICAL ACCOUNTING ESTIMATES

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes the most complex and sensitive judgments, because of their significance to the Condensed Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. See “Critical Accounting Estimates” within Item 7 and “Note 1: Basis of Presentation and Summary of Accounting Principles” within Item 8 of our 2020 Annual Report on Form 10-K, which describe the significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ from management’s estimates. There have been no significant changes in our critical accounting estimates during the quarter ended March 31, 2021.

RESULTS OF OPERATIONS

As described in our “Cautionary Note Regarding Forward-Looking Statements” in this Form 10-Q, our interim period results of operations and period-to-period comparisons of such results, particularly at a segment level, may not be indicative of our future operating results. The following discussions of comparative results among periods, including the discussion of segment results, should be viewed in this context. As discussed further above in “Business Overview,” the results of RIS and RMD reflect the period subsequent to the completion of the Raytheon Merger on April 3, 2020. In addition, as a result of the Separation Transactions and the Distributions, the historical results of Carrier and Otis are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented.

Net Sales

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Net Sales	\$ 15,251	\$ 11,360

The factors contributing to the total change year-over-year in total net sales for the quarter ended March 31, 2021 are as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31, 2021
Organic ⁽¹⁾	\$ (3,180)
Acquisitions and divestitures, net	7,039
Other	32
Total change	\$ 3,891

(1) We provide the organic change in net sales for our consolidated results of operations. We believe that this measure is useful to investors because it provides transparency to the underlying performance of our business, which allows for better year-over-year comparability. The organic change excludes acquisitions and divestitures, net and the effect of foreign currency exchange rate fluctuations and other significant non-recurring and non-operational items (“Other”). A reconciliation of this measure to reported U.S. Generally Accepted Accounting Principles (GAAP) amounts is provided in the table above.

Net sales decreased \$3,180 million organically in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020. This decrease reflects lower organic sales of \$2.0 billion at Collins Aerospace, primarily driven by lower commercial aerospace aftermarket sales and lower commercial aerospace OEM sales primarily due to the current economic environment principally driven by the COVID-19 pandemic which has resulted in lower flight hours, aircraft fleet utilization and commercial OEM deliveries. The decrease in net sales also reflects lower organic sales of \$1.4 billion at Pratt & Whitney primarily driven by lower commercial aftermarket sales, primarily due to a significant reduction in shop visits and related spare part sales, and lower commercial OEM sales, primarily due to a significant reduction in commercial engine deliveries, all principally driven by the current economic environment primarily due to the COVID-19 pandemic. The \$7,039 million increase in net sales related to Acquisitions and divestitures, net for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020, is primarily driven by the Raytheon Merger on April 3, 2020. Included in the change in Acquisitions and divestitures, net is the impact of the sale of the Collins Aerospace military GPS and space-based precision optics businesses sold in the third quarter of 2020.

<i>(dollars in millions)</i>	Quarter Ended March 31,		% of Total Net Sales	
	2021	2020	2021	2020
Net Sales				
Products	\$ 11,664	\$ 8,165	76.5 %	71.9 %
Services	3,587	3,195	23.5 %	28.1 %
Total net sales	\$ 15,251	\$ 11,360	100 %	100 %

Refer to “Note 19: Segment Financial Data” within Item 1 of this Form 10-Q for the composition of external net sales by products and services by segment.

Net products sales increased \$3,499 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 primarily due to an increase in external product sales of \$6.1 billion due to the Raytheon Merger on April 3, 2020, partially offset by decreases in external product sales of \$1.7 billion at Collins Aerospace and \$0.8 billion at Pratt & Whitney.

Net services sales increased \$392 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 primarily due to an increase in external services sales of \$1.1 billion due to the Raytheon Merger on April 3, 2020, partially offset by decreases in external services sales of \$0.5 billion at Pratt & Whitney and \$0.2 billion at Collins Aerospace.

Our sales to major customers were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,		% of Total Net Sales	
	2021	2020	2021	2020
Sales to the U.S. government ⁽¹⁾	\$ 7,748	\$ 2,528	50.8 %	22.3 %
Foreign military sales through the U.S. government	1,295	326	8.5 %	2.9 %
Foreign government direct commercial sales	1,180	363	7.7 %	3.2 %
Commercial aerospace and other commercial sales	5,028	8,143	33.0 %	71.7 %
Total net sales	\$ 15,251	\$ 11,360	100 %	100 %

(1) Excludes foreign military sales through the U.S. government.

Cost of Sales

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Total cost of sales	\$ 12,537	\$ 8,572
Percentage of net sales	82.2 %	75.5 %

The factors contributing to the change year-over-year in total cost of sales for the quarter ended March 31, 2021 are as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31, 2021
Organic ⁽¹⁾	\$ (1,677)
Acquisitions and divestitures, net	5,672
Restructuring	14
FAS/CAS operating adjustment	(375)
Acquisition accounting adjustments	284
Other	47
Total change	\$ 3,965

(1) We provide the organic change in cost of sales for our consolidated results of operations. We believe that this measure is useful to investors because it provides transparency to the underlying performance of our business, which allows for better year-over-year comparability. The organic change excludes acquisitions and divestitures, net; restructuring costs; the FAS/CAS operating adjustment; costs related to certain acquisition accounting adjustments; and the effect of foreign currency exchange rate translation fluctuations and other significant non-recurring and non-operational items (“Other”). A reconciliation of this measure to reported U.S. GAAP amounts is provided in the table above.

The organic decrease in total cost of sales of \$1,677 million for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily driven by the organic sales decreases noted above. The increase in cost of sales related to Acquisitions and divestitures, net of \$5,672 million for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 is primarily driven by the Raytheon Merger on April 3, 2020. Included in the change in Acquisitions and divestitures, net is the impact of the sale of the Collins Aerospace military GPS and space-based precision optics businesses sold in the third quarter of 2020.

For further discussion on Restructuring costs see the “Restructuring Costs” section below. For further discussion on FAS/CAS operating adjustment see the “FAS/CAS operating adjustment” subsection under the “Segment Review” section below. For further discussion on Acquisition accounting adjustments, see the “Acquisition accounting adjustments” subsection under the “Segment Review” section below.

<i>(dollars in millions)</i>	Quarter Ended March 31,		% of Total Net Sales	
	2021	2020	2021	2020
Cost of sales				
Products	\$ 9,974	\$ 6,629	65.4 %	58.4 %
Services	2,563	1,943	16.8 %	17.1 %
Total cost of sales	\$ 12,537	\$ 8,572	82.2 %	75.5 %

Net products cost of sales increased \$3,345 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 primarily due to an increase in external product cost of sales due to the Raytheon Merger on April 3, 2020, partially offset by decreases in external product cost of sales at Collins Aerospace and Pratt & Whitney principally driven by the products sales decreases noted above.

Net services cost of sales increased \$620 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 primarily due to an increase in external services cost of sales due to the Raytheon Merger on April 3, 2020, partially offset by decreases in external services cost of sales at Pratt & Whitney and Collins Aerospace principally driven by the services sales decreases noted above.

Research and Development

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Company-funded	\$ 589	\$ 535
Percentage of net sales	3.9 %	4.7 %
Customer-funded ⁽¹⁾	\$ 1,132	\$ 627
Percentage of net sales	7.4 %	5.5 %

(1) Customer-funded research and development costs are included in cost of sales in our Condensed Consolidated Statement of Operations.

Research and development spending is subject to the variable nature of program development schedules and, therefore, year-over-year fluctuations in spending levels are expected. The increase in company-funded research and development of \$54 million for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily driven by \$0.2 billion related to the Raytheon Merger on April 3, 2020, partially offset by lower expenses of \$0.1 billion across various commercial programs at Pratt & Whitney and Collins Aerospace, which includes the impact of cost reduction initiatives.

The increase in customer-funded research and development of \$505 million for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020, was primarily driven by \$0.6 billion related to the Raytheon Merger on April 3, 2020.

Selling, General and Administrative

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Selling, general and administrative expenses	\$ 1,220	\$ 977
Percentage of net sales	8.0 %	8.6 %

Selling, general and administrative expenses increased \$243 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 primarily driven by \$0.4 billion related to the Raytheon Merger on April 3, 2020, partially offset by lower expenses of \$0.1 billion at Pratt & Whitney and Collins Aerospace, primarily driven by prior year charges related to increased estimates of expected credit losses due to customer bankruptcies and additional allowances for credit losses, and includes the impact of cost reduction initiatives.

We are continuously evaluating our cost structure and have implemented restructuring actions in an effort to keep our cost structure competitive. As appropriate, the amounts reflected above include the beneficial impact of previous restructuring actions on Selling, general and administrative expenses. See “Note 12: Restructuring Costs” within Item 1 of this Form 10-Q and Restructuring Costs, below, for further discussion.

Other Income, Net

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Other income, net	\$ 108	\$ 19

Other income, net includes equity earnings in unconsolidated entities, royalty income, foreign exchange gains and losses, as well as other ongoing and nonrecurring items. The increase in Other income, net of \$89 million for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily due to a prior year impairment of a Collins Aerospace tradename of \$40 million resulting from the projected impact of COVID-19 and \$29 million related to foreign government wage subsidies due to COVID-19 at Pratt & Whitney in the quarter ended March 31, 2021.

Operating Profit

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Operating profit	\$ 1,013	\$ 1,295
Operating profit margin	6.6 %	11.4 %

The decrease in Operating profit of \$282 million for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily driven by the operating performance at our segments as described below in the individual segment results and an increase in acquisition accounting adjustments of \$245 million primarily related to the Raytheon Merger, partially offset by an increase in our FAS/CAS operating adjustment of \$423 million due to the Raytheon Merger. Included in the decrease in Operating profit was an increase in restructuring costs of \$35 million primarily related to restructuring actions taken at our Collins Aerospace and Pratt & Whitney segments.

Non-service Pension (Income) Expense

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Non-service pension (income) expense	\$ (491)	\$ (168)

The change in Non-service pension (income) expense of \$323 million for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily driven by the inclusion of the Raytheon Company plans as a result of the Raytheon Merger, and to a lesser extent, a decrease in the discount rate and prior year pension asset returns exceeding our expected return on assets (EROA) assumption.

Interest Expense, Net

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Interest expense	\$ 357	\$ 339
Interest income	(11)	(7)
Interest expense, net	\$ 346	\$ 332
Average interest expense rate	4.1 %	3.8 %

Interest expense, net in the quarter ended March 31, 2021, was relatively consistent with the quarter ended March 31, 2020. Included in the increase in interest expense was a \$45 million change in the mark-to-market fair value of marketable securities held in trusts associated with certain of our nonqualified deferred compensation and employee benefit plans, which was partially offset by a decrease in interest expense primarily due to the repayment of long-term debt. The average maturity of certain long-term debt at March 31, 2021 is approximately 14 years.

Income Taxes

	Quarter Ended March 31,	
	2021	2020
Effective income tax rate	29.8 %	56.5 %

The effective tax rate for the quarter ended March 31, 2021 includes a \$148 million tax charge related to the sale of our Forcepoint business.

The effective tax rate for the quarter ended March 31, 2020 includes \$415 million of deferred tax charges resulting from the Separation Transactions, primarily related to the impairment of deferred tax assets.

Net Income from Continuing Operations Attributable to Common Shareowners

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended March 31,	
	2021	2020
Net income from continuing operations attributable to common shareowners	\$ 772	\$ 438
Diluted earnings per share from continuing operations	\$ 0.51	\$ 0.50

Net income from continuing operations attributable to common shareowners for the quarter ended March 31, 2021 includes the following:

- acquisition accounting adjustments primarily related to the Raytheon Merger of \$398 million, net of tax, which had an unfavorable impact on diluted earnings per share (EPS) from continuing operations of \$0.26;
- tax expense of \$148 million related to the sale of our Forcepoint business, which had an unfavorable impact on diluted EPS from continuing operations of \$0.10; and
- restructuring charges of \$33 million, net of tax, which had an unfavorable impact on diluted EPS from continuing operations of \$0.02.

Net income from continuing operations attributable to common shareowners for the quarter ended March 31, 2020 includes the following:

- acquisition accounting adjustments of \$179 million, net of tax, which had an unfavorable impact on diluted EPS from continuing operations of \$0.21;
- net deferred tax charges of \$415 million resulting from the Separation Transactions primarily related to the impairment of deferred tax assets, which had an unfavorable impact on diluted EPS from continuing operations of \$0.48;
- increased estimates of expected credit losses driven by customer bankruptcies and additional allowances for credit losses of \$55 million, net of tax, which had an unfavorable impact on diluted EPS from continuing operations of \$0.06; and
- the impairment of a Collins Aerospace tradename of \$31 million, net of tax, which had an unfavorable impact on diluted EPS from continuing operations of \$0.04.

Net Loss from Discontinued Operations Attributable to Common Shareowners

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended March 31,	
	2021	2020
Net loss from discontinued operations attributable to common shareowners	\$ (19)	\$ (521)
Diluted loss per share from discontinued operations	\$ (0.01)	\$ (0.60)

On April 3, 2020, we completed the separation of our commercial businesses, Carrier and Otis. Effective as of such date, the historical results of the Carrier and Otis segments have been reclassified to discontinued operations for all periods presented. See “Note 3: Discontinued Operations” within Item 1 of this Form 10-Q for additional information.

The decrease in net loss from discontinued operations attributable to common shareowners of \$502 million and the related change in diluted loss per share from discontinued operations of \$0.59 in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily due to higher prior year costs associated with the separation of our commercial businesses, including debt extinguishment costs of \$577 million, net of tax in connection with the early repayment of outstanding principal, partially offset by prior year Carrier and Otis operating activity, as the Separation Transactions occurred on April 3, 2020.

Net Income (Loss) Attributable to Common Shareowners

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended March 31,	
	2021	2020
Net income (loss) attributable to common shareowners	\$ 753	\$ (83)
Diluted earnings (loss) per share from operations	\$ 0.50	\$ (0.10)

The increase in net income (loss) attributable to common shareowners and diluted earnings (loss) per share from operations for the quarter ended March 31, 2021 was driven by the change from discontinued operations, as discussed above in Net Loss from Discontinued Operations and the increase in continuing operations, as discussed above in Net Income from Continuing Operations Attributable to Common Shareowners.

RESTRUCTURING COSTS

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Restructuring costs	\$ 43	\$ 8

Restructuring actions are an essential component of our operating margin improvement efforts and relate to both existing operations and recent mergers and acquisitions. Charges generally arise from severance related to workforce reductions and facility exit costs associated with the consolidation of field and manufacturing operations and costs to exit legacy programs. We continue to closely monitor the economic environment and may undertake further restructuring actions to keep our cost structure aligned with the demands of the prevailing market conditions.

2021 Actions. During the quarter ended March 31, 2021, we recorded net pre-tax restructuring charges of \$36 million, primarily related to ongoing cost reduction efforts including workforce reductions and the consolidation of facilities initiated in 2021. We expect to incur additional restructuring charges of \$33 million to complete these actions. We are targeting to complete the majority of the remaining workforce and facility related cost reduction actions initiated in 2021 by 2022. We expect recurring pre-tax savings related to these actions to reach approximately \$40 million annually within one to two years. Approximately 65% of the restructuring costs will require cash payments, which we have funded and expect to continue to fund with cash generated from operations. During the quarter ended March 31, 2021, we had cash outflows of \$2 million related to the 2021 actions.

2020 Actions. During the quarters ended March 31, 2021 and 2020, we recorded \$4 million and \$2 million respectively, of net pre-tax restructuring charges for actions initiated in 2020. We expect to incur additional restructuring charges of \$8 million to complete these actions. We are targeting to complete in 2021 the majority of the remaining workforce and facility related cost reduction actions initiated in 2020. We expect annual recurring pre-tax savings related to these actions to reach approximately \$1.2 billion annually within two years of initiating these actions. Approximately 85% of the restructuring costs will require cash payments, which we have funded and expect to continue to fund with cash generated from operations. During the quarter ended March 31, 2021, we had cash outflows of \$132 million related to the 2020 actions.

In addition, during the quarters ended March 31, 2021 and 2020, we recorded \$3 million and \$6 million, respectively, of net pre-tax restructuring charges for restructuring actions initiated in 2019 and prior. For additional discussion of restructuring, see “Note 12: Restructuring Costs” within Item 1 of this Form 10-Q.

SEGMENT REVIEW

As discussed further above in Business Overview, on April 3, 2020, we completed the Separation Transactions, Distributions and the Raytheon Merger. The results of RIS and RMD reflect the period subsequent to the completion of the Raytheon Merger on April 3, 2020. The historical results of Carrier and Otis are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented.

As previously announced, effective January 1, 2021, we reorganized certain product areas of our Raytheon Intelligence & Space (RIS) and Raytheon Missiles & Defense (RMD) businesses to more efficiently leverage our capabilities. The amounts and presentation of our business segments, including intersegment activity, set forth in this Form 10-Q reflect this reorganization. The reorganization does not impact our previously reported consolidated balance sheets, statements of operations or statements of cash flows.

As a result of the Raytheon Merger, we now present a FAS/CAS operating adjustment outside of segment results, which represents the difference between the service cost component of our pension and PRB expense under the Financial Accounting Standards (FAS) requirements of U.S. Generally Accepted Accounting Principles (GAAP) and our pension and postretirement benefit (PRB) expense under U.S. government Cost Accounting Standards (CAS) primarily related to our RIS and RMD segments. While the ultimate liability for pension and PRB costs under FAS and CAS is similar, the pattern of cost recognition is different. We generally expect to recover the related RIS and RMD pension and PRB liabilities over time through the pricing of our products and services to the U.S. government. Because the Collins Aerospace and Pratt & Whitney segments generally record pension and PRB expense on a FAS basis, historical results were not impacted by this change in segment reporting.

Segments are generally based on the management structure of the businesses and the grouping of similar operations, based on capabilities and technologies, where each management organization has general operating autonomy over diversified products and services. Segment total net sales and operating profit include intercompany sales and profit, which are ultimately eliminated within Eliminations and other, which also includes certain smaller non-reportable segments. For our defense contracts, where the primary customer is the U.S. government subject to Federal Acquisition Regulation (FAR) part 12, our intercompany sales and profit is generally recorded at cost-plus a specified fee, which may differ from what the selling entity would be able to

obtain on sales to external customers. Segment results exclude certain acquisition accounting adjustments, the FAS/CAS operating adjustment and certain corporate expenses, as further discussed below.

Given the nature of our business, we believe that total net sales and operating profit (and the related operating profit margin percentage), which we disclose and discuss at the segment level, are most relevant to an understanding of management's view of our segment performance, as described below.

Total Net Sales. Total net sales by segment were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Collins Aerospace Systems	\$ 4,370	\$ 6,438
Pratt & Whitney	4,030	5,353
Raytheon Intelligence & Space	3,765	—
Raytheon Missiles & Defense	3,793	—
Total segment	15,958	11,791
Eliminations and other	(707)	(431)
Consolidated	\$ 15,251	\$ 11,360

Operating Profit. Operating profit by segment was as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Collins Aerospace Systems	\$ 314	\$ 1,246
Pratt & Whitney	20	475
Raytheon Intelligence & Space	388	—
Raytheon Missiles & Defense	496	—
Total segment	1,218	1,721
Eliminations and other	(31)	(25)
Corporate expenses and other unallocated items	(81)	(130)
FAS/CAS operating adjustment	423	—
Acquisition accounting adjustments	(516)	(271)
Consolidated	\$ 1,013	\$ 1,295

Included in segment operating profit are Estimate at Completion (EAC) adjustments, which relate to changes in operating profit and margin due to revisions to total estimated revenues and costs at completion. These changes reflect improved or deteriorated operating performance or award fee rates. For a full description of our EAC process, refer to "Note 5: Changes in Contract Estimates at Completion" within Item 1 of this Form 10-Q. Given that we have thousands of individual contracts and given the types and complexity of the assumptions and estimates we must make on an on-going basis, we have both favorable and unfavorable EAC adjustments.

We had the following aggregate EAC adjustments for the periods presented:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Gross favorable	\$ 312	\$ 137
Gross unfavorable	(300)	(116)
Total net EAC adjustments	\$ 12	\$ 21

As a result of the Raytheon Merger, RIS's and RMD's long-term contracts that are accounted for on a percentage of completion basis, were reset to zero percent complete as of the merger date because only the unperformed portion of the contract at the merger date represents an obligation of the Company. The decrease in net EAC adjustments of \$9 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily due to an unfavorable change in net EAC adjustments of \$63 million at Collins Aerospace spread across numerous individual programs with no individual or common significant driver, partially offset by net favorable EAC adjustments of \$35 million at RMD and \$29 million at RIS in the quarter ended March 31, 2021 due to the Raytheon Merger. Significant EAC adjustments, when they occur, are discussed in each business segment's discussion below.

Backlog and Defense Bookings. Total backlog was approximately \$147.4 billion and \$150.1 billion as of March 31, 2021 and December 31, 2020, respectively, which includes defense backlog of \$65.2 billion and \$67.3 billion as of March 31, 2021 and December 31, 2020, respectively. Our defense operations consist primarily of our RIS and RMD businesses and operations in the defense businesses within our Collins Aerospace and Pratt & Whitney segments. Defense bookings were approximately \$8.5 billion and \$3.2 billion for the quarters ended March 31, 2021 and 2020, respectively.

Defense bookings are impacted by the timing and amounts of awards in a given period, which are subject to numerous factors, including: (1) the desired capability by the customer and urgency of customer needs, (2) customer budgets and other fiscal constraints, (3) political and economic and other environmental factors, (4) the timing of customer negotiations, (5) the timing of governmental approvals and notifications, and (6) the timing of option exercises or increases in scope. In addition, due to these factors, quarterly bookings tend to fluctuate from period to period, particularly on a segment basis. As a result, we believe comparing bookings on a quarterly basis or for periods less than one year is less meaningful than for longer periods and that shorter term changes in bookings may not necessarily indicate a material trend.

Collins Aerospace Systems

<i>(dollars in millions)</i>	Quarter Ended March 31,		
	2021	2020	Change
Net Sales	\$ 4,370	\$ 6,438	(32)%
Operating Profit	314	1,246	(75)%
Operating Profit Margins	7.2 %	19.4 %	

Quarter Ended March 31, 2021 Compared with Quarter Ended March 31, 2020

	Factors Contributing to Total Change				Total Change
	Organic ⁽¹⁾	Acquisitions / Divestitures, net	Restructuring Costs	Other	
Net Sales	\$ (1,964)	\$ (136)	\$ —	\$ 32	\$ (2,068)
Operating Profit	(859)	(45)	(12)	(16)	(932)

(1) We provide the organic change in net sales and operating profit for our segments. We believe that these measures are useful to investors because they provide transparency to the underlying performance of our business, which allows for better year-over-year comparability. The organic change excludes acquisitions and divestitures, net; restructuring costs; and the effect of foreign currency exchange rate translation fluctuations and other significant non-recurring and non-operational items ("Other"). A reconciliation of these measures to reported U.S. GAAP amounts is provided in the table above.

The organic sales decrease of \$2.0 billion in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 primarily relates to lower commercial aerospace aftermarket sales of \$1.0 billion, including declines across all aftermarket sales channels, and lower commercial aerospace OEM sales of \$1.0 billion. These reductions were primarily due to the current economic environment principally driven by the COVID-19 pandemic which has resulted in lower flight hours, aircraft fleet utilization and commercial OEM deliveries. This decrease was partially offset by an increase in military sales of \$0.1 billion.

The organic profit decrease of \$0.9 billion in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily due to lower commercial aerospace operating profit of \$1.0 billion principally driven by the lower commercial aerospace aftermarket sales volume discussed above. This decrease was partially offset by lower Selling, general and administrative expenses and Research and development costs of \$0.1 billion in total, which includes the impact of cost reduction initiatives.

The decrease in net sales and operating profit due to acquisitions / divestitures, net primarily relates to the sale of our Collins Aerospace military GPS and space-based precision optics businesses in the third quarter of 2020.

Pratt & Whitney

<i>(dollars in millions)</i>	Quarter Ended March 31,		
	2021	2020	Change
Net Sales	\$ 4,030	\$ 5,353	(25)%
Operating Profit	20	475	(96)%
Operating Profit Margins	0.5 %	8.9 %	

Quarter Ended March 31, 2021 Compared with Quarter Ended March 31, 2020

	Factors Contributing to Total Change				Total Change
	Organic ⁽¹⁾	Acquisitions / Divestitures, net	Restructuring Costs	Other	
Net Sales	\$ (1,352)	\$ —	\$ —	\$ 29	\$ (1,323)
Operating Profit	(448)	—	(20)	13	(455)

(1) We provide the organic change in net sales and operating profit for our segments. We believe that these measures are useful to investors because they provide transparency to the underlying performance of our business, which allows for better year-over-year comparability. The organic change excludes acquisitions and divestitures, net; restructuring costs; and the effect of foreign currency exchange rate translation fluctuations and other significant non-recurring and non-operational items ("Other"). A reconciliation of these measures to reported U.S. GAAP amounts is provided in the table above. For Pratt & Whitney only, Other also includes the transactional impact of foreign exchange hedging at Pratt & Whitney Canada due to its significance to Pratt & Whitney's overall operating results.

The organic sales decrease of \$1.4 billion in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 primarily reflects lower commercial aftermarket sales of \$0.9 billion, primarily due to a significant reduction in shop visits and related spare part sales, and lower commercial OEM sales of \$0.5 billion, primarily due to a significant reduction in commercial engine deliveries, all principally driven by the current economic environment primarily due to the COVID-19 pandemic. Military sales were up slightly in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020.

The organic profit decrease of \$0.4 billion in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was primarily driven by lower commercial aerospace operating profit of \$0.6 billion principally due to the aftermarket sales volume decrease discussed above and unfavorable mix. This decrease was partially offset by lower Research and development costs of \$0.1 billion, which includes the impact of cost reduction initiatives, and lower Selling, general and administrative expenses of \$0.1 billion primarily driven by the absence of a \$62 million charge related to increased estimates of expected credit losses due to customer bankruptcies and additional allowances for credit losses in the quarter ended March 31, 2020. Included in organic profit in the quarter ended March 31, 2021 was other income of \$29 million related to foreign government wage subsidies due to COVID-19.

In the quarter ended March 31, 2021, Pratt & Whitney had two notable defense bookings for \$593 million in total for F-135 sustainment services.

Raytheon Intelligence & Space

<i>(dollars in millions)</i>	Quarter Ended March 31,		
	2021	2020	Change
Net Sales	\$ 3,765	—	NM
Operating Profit	388	—	NM
Operating Profit Margins	10.3 %	—	NM
Bookings	\$ 3,726	—	NM

NM = Not meaningful

The increase in net sales of \$3,765 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was due to the Raytheon Merger on April 3, 2020.

The increase in operating profit of \$388 million and the related increase in operating profit margins in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was due to the Raytheon Merger.

Backlog and Bookings— Backlog was \$19,225 million at March 31, 2021 and \$19,166 million at December 31, 2020. In the quarter ended March 31, 2021, RIS booked \$1,427 million on a number of classified contracts, \$227 million on a missile warning and defense contract, \$199 million on an international tactical airborne radar sustainment contract and \$185 million on an international training contract with the U.K. Royal Navy.

Raytheon Missiles & Defense

<i>(dollars in millions)</i>	Quarter Ended March 31,		
	2021	2020	Change
Net Sales	\$ 3,793	—	NM
Operating Profit	496	—	NM
Operating Profit Margins	13.1 %	—	NM
Bookings	\$ 2,532	—	NM

NM = Not meaningful

The increase in net sales of \$3,793 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was due to the Raytheon Merger on April 3, 2020.

The increase in operating profit of \$496 million and the related increase in operating profit margins in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020, was due to the Raytheon Merger.

Backlog and Bookings— Backlog was \$27,710 million at March 31, 2021 and \$29,103 million at December 31, 2020. In the quarter ended March 31, 2021, RMD booked \$518 million for Advanced Medium-Range Air-to-Air Missile (AMRAAM) for the U.S. Air Force and Navy and international customers and \$247 million to provide Patriot engineering services support for the U.S. Army and international customers.

Eliminations and other

Eliminations and other reflects the elimination of sales, other income and operating profit transacted between segments, as well as the operating results of certain smaller non-reportable business segments, including Forcepoint, LLC, which was acquired as part of the Raytheon Merger and subsequently disposed of on January 8, 2021, as further discussed in “Note 2: Acquisitions, Dispositions, Goodwill and Intangible Assets” within Item 1 of this Form 10-Q.

<i>(dollars in millions)</i>	Net Sales		Operating Profit	
	Quarter Ended March 31,		Quarter Ended March 31,	
	2021	2020	2021	2020
Inter segment eliminations	\$ (715)	\$ (436)	\$ (25)	\$ (13)
Other non-reportable segments	8	5	(6)	(12)
Eliminations and other	\$ (707)	\$ (431)	\$ (31)	\$ (25)

Other non-reportable segments sales and operating profit for the quarter ended March 31, 2021 was relatively consistent with the quarter ended March 31, 2020.

Corporate expenses and other unallocated items

Corporate expenses and other unallocated items consists of costs and certain other unallowable corporate costs not considered part of management’s evaluation of reportable segment operating performance including restructuring and merger costs related to the Raytheon Merger, net costs associated with corporate research and development, including the Lower Tier Air and Missile Defense Sensor (LTAMDS) program which was acquired as part of the Raytheon Merger, and certain reserves. See Restructuring Costs, above, for a more detailed discussion of our restructuring costs.

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Corporate expenses and other unallocated items	\$ (81)	\$ (130)

Included in the change in Corporate expenses and other unallocated items of \$49 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was \$58 million of net expenses related to the LTAMDS project acquired as part of the Raytheon Merger, partially offset by other unallocated items with no individual or common significant driver.

FAS/CAS operating adjustment

The segment results of RIS and RMD include pension and PRB expense as determined under U.S. government CAS, which we generally recover through the pricing of our products and services to the U.S. government. The difference between our CAS expense and the FAS service cost attributable to these segments under U.S. GAAP is the FAS/CAS operating adjustment. The FAS/CAS operating adjustment results in consolidated pension expense in operating profit equal to the service cost component of FAS expense under U.S. GAAP. The segment results of Collins Aerospace and Pratt & Whitney generally include FAS service cost.

The components of the FAS/CAS operating adjustment were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
FAS service cost (expense)	\$ (101)	\$ —
CAS expense	524	—
FAS/CAS operating adjustment	\$ 423	\$ —

The change in our FAS/CAS operating adjustment of \$423 million in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 was due to the Raytheon Merger on April 3, 2020.

In response to the economic environment resulting from the COVID-19 pandemic, Congress passed the American Rescue Plan Act of 2021 (ARPA) in March 2021, which included pension funding relief provisions. These provisions extend and expand upon existing pension funding relief, most notably by increasing the liability interest rates used to determine the required cash contributions for our U.S. qualified pension plans. As a result, we expect required cash contributions to our U.S. qualified pension plans to be reduced beginning in 2022.

The ARPA pension funding relief provisions are expected to result in decreases to CAS expense, and the related recovery under our contracts, for our U.S. qualified pension plans beginning in 2022 as the interest rates used to determine pension funding requirements for these plans are also used in determining CAS expense.

Acquisition accounting adjustments

Acquisition accounting adjustments include the amortization of acquired intangible assets related to acquisitions, the amortization of the property, plant and equipment fair value adjustment acquired through acquisitions and the amortization of customer contractual obligations related to loss making or below market contracts acquired. These adjustments are not considered part of management's evaluation of segment results.

The components of Acquisition accounting adjustments were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Amortization of acquired intangibles	\$ (587)	\$ (340)
Amortization of property, plant and equipment fair value adjustment	(19)	(7)
Amortization of customer contractual obligations related to acquired loss-making and below-market contracts	90	76
Acquisition accounting adjustments	\$ (516)	\$ (271)

Acquisition accounting adjustments related to acquisitions in each segment were as follows:

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Collins Aerospace Systems	\$ (149)	\$ (198)
Pratt & Whitney	(22)	(73)
Raytheon Intelligence & Space	(139)	—
Raytheon Missiles & Defense	(206)	—
Total segment	(516)	(271)
Eliminations and other	—	—
Acquisition accounting adjustments	\$ (516)	\$ (271)

The change in the Acquisition accounting adjustments of \$245 million for the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020, is primarily driven by \$345 million related to the Raytheon Merger, principally driven by the amortization of intangibles. Included in Acquisitions accounting adjustments in the quarter ended March 31, 2021 was \$47 million of amortization of customer contractual obligations due to the accelerated liquidation of a below-market contract reserve at Collins Aerospace driven by the termination of a customer contract.

LIQUIDITY AND FINANCIAL CONDITION

<i>(dollars in millions)</i>	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 8,579	\$ 8,802
Total debt	31,538	31,823
Total equity	73,308	73,852
Total capitalization (total debt plus total equity)	104,846	105,675
Total debt to total capitalization	30 %	30 %

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. Our principal source of liquidity is cash flows from operating activities. In addition to operating cash flows, other significant factors that affect our overall management of liquidity include: capital expenditures, customer financing requirements, investments in businesses, dividends, common stock repurchases, pension funding, access to the commercial paper markets, adequacy of available bank lines of credit, redemptions of debt, and the ability to attract long-term capital at satisfactory terms. We had \$6.84 billion available under our various credit facilities at March 31, 2021.

Although our business has been and will continue to be impacted by COVID-19, as discussed above in Business Overview, we currently believe we have sufficient liquidity to withstand the potential impacts.

At March 31, 2021, we had cash and cash equivalents of \$8.6 billion, of which approximately 48% was held by RTC's foreign subsidiaries. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. The Company does not intend to reinvest certain undistributed earnings of its international subsidiaries that have been previously taxed in the U.S. Taxes associated with the future remittance of these earnings have been recorded. For the remainder of the Company's undistributed international earnings, unless tax effective to repatriate, RTC will continue to permanently reinvest these earnings. We did not repatriate cash in the quarter ended March 31, 2021.

Historically, our strong credit ratings and financial position have enabled us to issue long-term debt at favorable interest rates.

As of March 31, 2021, our maximum commercial paper borrowing limit was \$5.0 billion as the commercial paper is backed by our \$5.0 billion revolving credit agreement. We had \$160 million of commercial paper borrowings as of March 31, 2021. The maximum amount of short-term commercial paper borrowings outstanding at any point in time during the quarter ended March 31, 2021 was \$660 million. We use our commercial paper borrowings for general corporate purposes, including the funding of potential acquisitions, pension contributions, debt refinancing, dividend payments and repurchases of our common stock. The commercial paper notes outstanding have original maturities of not more than 90 days from the date of issuance.

As of March 31, 2021, we had revolving credit agreements with various banks permitting aggregate borrowings of up to \$7.0 billion consisting of a \$5.0 billion revolving credit agreement that became available upon completion of the Raytheon Merger on April 3, 2020, and a \$2.0 billion revolving credit agreement that we entered into in May 2020 and there were no borrowings outstanding under these agreements.

We have an existing universal shelf registration statement, which we filed with the Securities and Exchange Commission (SEC) on September 27, 2019, for an indeterminate amount of debt and equity securities for future issuance, subject to our internal limitations on the amount of debt to be issued under this shelf registration statement.

The Company has offered a voluntary supply chain finance (SCF) program with a global financial institution which enables our suppliers, at their sole discretion, to sell their receivables from the Company to the financial institution at a rate that leverages our credit rating, which might be beneficial to them. Our suppliers' participation in the SCF program does not impact or change our terms and conditions with those suppliers, and therefore, we have no economic interest in a supplier's decision to participate in the program. In addition, we provide no guarantees or otherwise pay for any of the costs of the program incurred by those suppliers that choose to participate, and have no direct financial relationship with the financial institution, as it relates to the program. As such, amounts due to suppliers that have elected to participate in the SCF program are included in Accounts payable on our Condensed Consolidated Balance Sheet and all payment activity related to amounts due to suppliers that elected to participate in the SCF program are reflected in cash flows from operating activities in our Condensed Consolidated Statement of Cash Flows. As of March 31, 2021, and December 31, 2020, the amount due to suppliers participating in the SCF program and included in Accounts payable was approximately \$377 million and \$394 million, respectively. The SCF program does not impact our overall liquidity.

We believe our future operating cash flows will be sufficient to meet our future operating cash needs. Further, we continue to have access to the commercial paper markets and our existing credit facilities, and our ability to obtain debt or equity financing, as well as the availability under committed credit lines, provides additional potential sources of liquidity should they be required or appropriate.

Cash Flow - Operating Activities

(dollars in millions)	Quarter Ended March 31,	
	2021	2020
Net cash flows provided by operating activities from continuing operations	\$ 723	\$ 1,132
Net cash used in operating activities from discontinued operations	(5)	(472)

Operating Activities - Continuing Operations. Cash generated by operating activities from continuing operations in the quarter ended March 31, 2021 was \$409 million lower than the same period in 2020. This decrease was primarily due to the RIS and RMD segments as a result of the Raytheon Merger, which includes a cash outflow for accounts payable and accrued liabilities due to the timing of incentive compensation payments. Included in the change in cash generated by operating activities from continuing operations is an unfavorable change in accounts receivable of \$1.2 billion primarily driven by an increase in collaborator receivables at Pratt & Whitney largely offset by a related increase to collaborator payables.

The Company enters into various factoring agreements with third-party financial institutions to sell certain of its receivables. Factoring activity resulted in an increase of approximately \$260 million in cash flows from operating activities during the quarter ended March 31, 2021, as compared to the prior year.

We made the following contributions to our U.S. qualified and international defined benefit and PRB plans:

(dollars in millions)	Quarter Ended March 31,	
	2021	2020
U.S. qualified defined benefit plans	\$ —	\$ —
International defined benefit plans	7	8
PRB plans	—	—
Total	\$ 7	\$ 8

We expect to make total contributions of approximately \$50 million to our international defined benefit plans in 2021, which are expected to meet or exceed the current funding requirements.

In response to the economic environment resulting from the COVID-19 pandemic, Congress passed ARPA in March 2021, which included pension funding relief provisions. These provisions extend and expand upon existing pension funding relief, most notably by increasing the liability interest rates used to determine the required cash contributions for our U.S. qualified pension plans. As a result, we expect required cash contributions to our U.S. qualified pension plans to be reduced beginning in 2022.

We made net tax payments of \$113 million and \$19 million in the quarters ended March 31, 2021 and 2020, respectively.

Operating Activities - Discontinued Operations. The \$467 million increase in cash flows used in operating activities from discontinued operations in the quarter ended March 31, 2021 compared to March 31, 2020 was primarily driven by the absence of separation costs in 2021 as the Separation Transactions occurred on April 3, 2020.

Cash Flow - Investing Activities

(dollars in millions)	Quarter Ended March 31,	
	2021	2020
Net cash flows provided by (used in) investing activities from continuing operations	\$ 582	\$ (1,040)
Net cash used in investing activities from discontinued operations	—	(241)

Our investing activities primarily include capital expenditures, cash investments in customer financing assets, investments/dispositions of businesses, payments related to our collaboration intangible assets and contractual rights to provide product on new aircraft platforms, and settlements of derivative contracts not designated as hedging instruments.

Investing Activities - Continuing Operations. The \$1,622 million change in cash flows provided by (used in) investing activities from continuing operations in the quarter ended March 31, 2021 compared to March 31, 2020 primarily relates to the sale of our Forcepoint business and the timing of our derivative contract settlements, both of which are described below.

Additions to property, plant and equipment were as follows:

(dollars in millions)	Quarter Ended March 31,	
	2021	2020
Additions to property, plant and equipment	\$ (387)	\$ (325)

Capital expenditures for the quarter ended March 31, 2021 increased by \$62 million from the quarter ended March 31, 2020. The reductions in capital expenditures at Collins Aerospace and Pratt & Whitney were more than offset by an increase in capital expenditures driven by the Raytheon Merger.

Dispositions of businesses in the quarter ended March 31, 2021 was \$1.0 billion, net of cash transferred and related to the sale of our Forcepoint business. For additional detail, see “Note 2: Acquisitions, Dispositions, Goodwill and Intangible Assets” within Item 1 of this Form 10-Q.

Increases to customer financing assets is primarily driven by additional Geared Turbofan engines to support customer fleets and was a use of cash of \$95 million and \$107 million in quarters ended March 31, 2021 and 2020, respectively. The decline within increases to customer financing assets is due to fewer engines added in the first quarter of 2021 compared to 2020. The decrease in customer financing assets, which provided a source of cash of \$14 million in the quarter ended March 31, 2021 compared to \$19 million in the quarter ended March 31, 2020, is driven by fewer sales of customer financing assets.

During the quarter ended March 31, 2021, we increased our collaboration intangible assets by \$32 million, which primarily relates to payments made under our 2012 agreement to acquire Rolls-Royce’s collaboration interests in International Aero Engines AG (IAE).

As discussed in “Note 13: Financial Instruments” within Item 1 of this Form 10-Q, we enter into derivative instruments primarily for risk management purposes, including derivatives designated as hedging instruments and those utilized as economic hedges. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. We have used derivative instruments, including swaps, forward contracts and options, to manage certain foreign currency, interest rate and commodity price exposures. During the quarters ended March 31, 2021 and 2020, we had net cash receipts of approximately \$49 million and net cash payments of \$524 million, respectively, from the settlement of these derivative instruments not designated as hedging instruments.

Investing Activities - Discontinued Operations. The \$241 million decrease in cash flows used in investing activities from discontinued operations in the quarter ended March 31, 2021 compared to the quarter ended March 31, 2020 is primarily driven by outflows from short-term investment activity of \$160 million and capital expenditures of \$87 million in 2020 which did not recur in 2021, as the Separation Transactions occurred on April 3, 2020.

Cash Flow - Financing Activities

<i>(dollars in millions)</i>	Quarter Ended March 31,	
	2021	2020
Net cash flows (used in) provided by financing activities from continuing operations	\$ (1,544)	\$ 1,040
Net provided by financing activities from discontinued operations	5	322

Our financing activities primarily include the issuance and repayment of short-term and long-term debt, payment of dividends and stock repurchases.

Financing Activities - Continuing Operations. Financing activities were a cash outflow of \$1.5 billion in the quarter ended March 31, 2021 compared to a cash inflow of \$1.0 billion in the quarter ended March 31, 2020. This change is driven by the absence of distributions from discontinued operations of \$17.2 billion in the quarter ended March 31, 2020 and an increase in share repurchases of \$328 million, partially offset by a decrease in long-term debt repayments of \$13.5 billion, a \$1.0 billion change in net cash transfers to discontinued operations and a decrease in short-term borrowing repayments of \$650 million.

We did not issue long-term debt during the quarter ended March 31, 2021.

In preparation for and in anticipation of the Separation Transactions and Distributions, the Company, Carrier and Otis issued and the Company repaid long-term debt in the quarter ended March 31, 2020, which are included in the tables below.

We had the following issuances of long-term debt during the quarter ended March 31, 2020, which is inclusive of issuances made by Carrier and Otis prior to the Distributions, the proceeds of which were primarily used by the Company to extinguish Raytheon Technologies short-term and long-term debt, and therefore, these issuances were treated as a distribution from

discontinued operations within financing activities from continuing operations on our Condensed Consolidated Statement of Cash Flows:

Issuance Date	Description of Notes	Aggregate Principal Balance (in millions)
March 27, 2020	Term Loan due 2023 (Otis) ⁽¹⁾	\$ 1,000
	Term Loan due 2023 (Carrier) ⁽¹⁾	1,750
February 27, 2020	1.923% notes due 2023 ⁽¹⁾	500
	LIBOR plus 0.450% floating rate notes due 2023 ⁽¹⁾	500
	2.056% notes due 2025 ⁽¹⁾	1,300
	2.242% notes due 2025 ⁽¹⁾	2,000
	2.293% notes due 2027 ⁽¹⁾	500
	2.493% notes due 2027 ⁽¹⁾	1,250
	2.565% notes due 2030 ⁽¹⁾	1,500
	2.722% notes due 2030 ⁽¹⁾	2,000
	3.112% notes due 2040 ⁽¹⁾	750
	3.377% notes due 2040 ⁽¹⁾	1,500
	3.362% notes due 2050 ⁽¹⁾	750
	3.577% notes due 2050 ⁽¹⁾	2,000

(1) The debt issuances and term loan draws reflect debt incurred by Carrier and Otis. The net proceeds of these issuances were primarily utilized to extinguish Raytheon Technologies short-term and long-term debt in order to not exceed the maximum applicable net indebtedness required by the Raytheon Merger Agreement.

We made the following repayments of long-term debt during the quarters ended March 31, 2021 and 2020:

Repayment Date	Description of Notes	Aggregate Principal Balance (in millions)
March 1, 2021	8.750% notes due 2021	\$ 250
March 29, 2020	4.500% notes due 2020 ⁽¹⁾⁽²⁾	1,250
	1.125% notes due 2021 (€950 million principal value) ⁽¹⁾⁽²⁾	1,082
	1.250% notes due 2023 (€750 million principal value) ⁽¹⁾⁽²⁾	836
	1.150% notes due 2024 (€750 million principal value) ⁽¹⁾⁽²⁾	841
	1.875% notes due 2026 (€500 million principal value) ⁽¹⁾⁽²⁾	567
March 3, 2020	1.900% notes due 2020 ⁽¹⁾⁽²⁾	1,000
	3.350% notes due 2021 ⁽¹⁾⁽²⁾	1,000
	LIBOR plus 0.650% floating rate notes due 2021 ⁽¹⁾⁽²⁾	750
	1.950% notes due 2021 ⁽¹⁾⁽²⁾	750
	2.300% notes due 2022 ⁽¹⁾⁽²⁾	500
	3.100% notes due 2022 ⁽¹⁾⁽²⁾	2,300
	2.800% notes due 2024 ⁽¹⁾⁽²⁾	800
March 2, 2020	4.875% notes due 2020 ⁽¹⁾⁽²⁾	171
February 28, 2020	3.650% notes due 2023 ⁽¹⁾⁽²⁾	1,669
	2.650% notes due 2026 ⁽¹⁾⁽²⁾	431

(1) In connection with the early repayment of outstanding principal, Raytheon Technologies recorded debt extinguishment costs of \$660 million for the quarter ended March 31, 2020, which are classified as discontinued operations in our Condensed Consolidated Statement of Operations as we would not have had to redeem the debt, except for the Separation Transactions.

(2) Extinguishment of Raytheon Technologies short-term and long-term debt in order to not exceed the maximum net indebtedness required by the Raytheon Merger Agreement.

At March 31, 2021, management had remaining authority to repurchase approximately \$4.6 billion of our common stock under the December 7, 2020 share repurchase program. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs, and under plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. We may also reacquire shares outside of the program from time to time in connection with the

surrender of shares to cover taxes on vesting of restricted stock and as required under our employee savings plan. Our ability to repurchase shares is subject to applicable law.

Our share repurchases were as follows:

<i>(dollars in millions; shares in thousands)</i>	Quarter Ended March 31,			
	2021		2020	
	\$	Shares	\$	Shares
Shares of Common Stock repurchased	\$ 375	5,197	\$ 47	330

Our Board of Directors authorized the following cash dividends:

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended March 31,	
	2021	2020
Dividends per share of Common Stock	\$ 0.475	\$ 0.735
Total dividends paid	\$ 705	\$ 614

On April 26, 2021 the Board of Directors declared a dividend of \$0.51 per share payable June 17, 2021 to shareowners of record at the close of business on May 21, 2021.

Financing Activities - Discontinued Operations. The \$317 million decrease in cash flows provided by financing activities from discontinued operations in the quarter ended March 31, 2021 compared to March 31, 2020 is driven by net transfer activity of \$1.0 billion, partially offset by \$660 million of debt extinguishment costs related to the early repayment of debt in the quarter ended March 31, 2020, none of which recurred in the first quarter of 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the quarter ended March 31, 2021. For discussion of our exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in our 2020 Form 10-K.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation under the supervision and with the participation of our management, including the President and Chief Executive Officer (CEO), the Executive Vice President and Chief Financial Officer (CFO) and the Corporate Vice President and Controller (Controller), of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2021. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our CEO, CFO and Controller concluded that, as of March 31, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our CEO, CFO and Controller, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Note Concerning Factors That May Affect Future Results

This Form 10-Q 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 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, the Raytheon Merger or the Separation Transactions, including estimated synergies and customer cost savings resulting from the Raytheon 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:

- the effect of economic conditions in the industries and countries in which Raytheon Technologies Corporation (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-customer demand in both the commercial and defense segments of the aerospace industry, levels of air travel, financial condition of commercial airlines, the impact of pandemic health issues (including the coronavirus disease 2019 (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);
- 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;
- the scope, nature, impact or timing of acquisition and divestiture activity, including among other things the integration of United Technologies Corporation (UTC) and Raytheon Company’s businesses and the integration of RTC with other businesses acquired before and after the Raytheon Merger, and realization of synergies and opportunities for growth and innovation and incurrence of related costs and expenses, including the possibility that the anticipated benefits from the combination of UTC and Raytheon Company’s businesses or other acquired businesses 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 Company’s or other acquired businesses will be greater than expected or may not result in the achievement of estimated synergies within the contemplated time frame or at all;
- RTC’s levels of indebtedness, capital spending and research and development spending;
- future availability of credit and factors that may affect such availability, including credit market conditions and our capital structure;
- 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;
- delays and disruption in delivery of materials and services from suppliers;
- 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);
- new business and investment opportunities;
- the ability to realize the intended benefits of organizational changes;
- the anticipated benefits of diversification and balance of operations across product lines, regions and industries;
- the outcome of legal proceedings, investigations and other contingencies;
- pension plan assumptions and future contributions;
- the impact of the negotiation of collective bargaining agreements and labor disputes;

- 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;
- potential changes in policy positions or priorities that emerge from a new U.S. Administration, including changes in the U.S. Department of Defense (DoD) policies or priorities;
- the effect of changes in tax, 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;
- 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
- the intended qualification of (1) the Raytheon Merger as a tax-free reorganization and (2) 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.

In addition, this Form 10-Q includes important information as to risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. See “Note 17: Commitments and Contingencies” within Item 1 of this Form 10-Q and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the headings “Results of Operations,” “Restructuring Costs” and “Liquidity and Financial Condition,” within Item 2 of this Form 10-Q. Additional important information as to these factors is included in our Annual Report on Form 10-K in the sections titled Item 1, “Business” under the headings “General,” “Business Segments” and “Other Matters Relating to Our Business,” Item 1A, “Risk Factors,” Item 3, “Legal Proceedings,” and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the headings “Business Overview,” “Critical Accounting Estimates,” “Environmental Matters” and “Governmental Matters.” The forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements is disclosed from time to time in our other filings with the Securities and Exchange Commission (SEC).

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See “Note 17: Commitments and Contingencies” within Item 1 of this Form 10-Q for a discussion regarding material legal proceedings.

Except as otherwise noted above, there have been no material developments in legal proceedings. For previously reported information about legal proceedings refer to Part I, Item 3, “Legal Proceedings,” of our 2020 Annual Report on Form 10-K.

Item 1A. Risk Factors

Risk Factors

You should carefully review and consider the information regarding certain factors which could materially affect our business, financial condition or future results set forth under Item 1A. in our 2020 Annual Report on Form 10-K (2020 Form 10-K). There have been no material changes from the factors disclosed in our 2020 Form 10-K, although we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the Securities and Exchange Commission (SEC).

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**Issuer Purchases of Equity Securities**

The following table provides information about our purchases of equity securities that are registered by us pursuant to Section 12 of the Exchange Act during the quarter ended March 31, 2021.

2021	Total Number of Shares Purchased (000's)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (000's)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (dollars in millions)
January 1 - January 31	589	\$ 67.57	589	\$ 4,960
February 1 - February 28	3,655	71.92	3,655	\$ 4,697
March 1 - March 31	953	75.93	953	\$ 4,625
Total	5,197	\$ 72.16	5,197	

On December 7, 2020, our Board of Directors authorized a share repurchase program for up to \$5 billion of our common stock, replacing the previous program announced on October 14, 2015. Under this program, shares may be purchased on the open market, in privately negotiated transactions, under accelerated share repurchase programs, and under plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. We may also reacquire shares outside of the program from time to time in connection with the surrender of shares to cover taxes on vesting of restricted stock and as required under our employee savings plan. Our ability to repurchase shares is subject to applicable law. No shares were reacquired in transactions outside the program during the quarter ended March 31, 2021.

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1	First Amendment, dated March 4, 2021, to Employment Agreement between Gregory J. Hayes and Raytheon Technologies Corporation (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission file number 1-812) filed with the SEC on March 5, 2021).
10.2	Employment Agreement, dated as of June 9, 2019, between Thomas A. Kennedy and United Technologies Corporation, which supersedes Exhibit 10.46 to the Company's Annual Report on Form 10-K (Commission file number 1-812) for the fiscal year ended December 31, 2020. This Exhibit 10.2 is being filed as an administrative correction to Exhibit 10.46 to the Company's Annual Report on Form 10-K (Commission file number 1-812), which inadvertently contained formatting errors.*
10.3	First Amendment, dated March 4, 2021, to Employment Agreement between Thomas A. Kennedy and Raytheon Technologies Corporation (incorporated by reference to Exhibit 10.2 filed herein).*
10.4	Schedule of Terms for restricted stock unit awards relating to the Raytheon Technologies Corporation 2018 Long-Term Incentive Plan, as amended (referred to in Exhibit 10.22 to the Company's Annual Report on Form 10-K (Commission file number 1-812) for the fiscal year ended December 31, 2020).*
10.5	Schedule of Terms for performance share unit awards relating to the Raytheon Technologies Corporation 2018 Long-Term Incentive Plan, as amended (referred to in Exhibit 10.22 to the Company's Annual Report on Form 10-K (Commission file number 1-812) for the fiscal year ended December 31, 2020).*
10.6	Schedule of Terms for stock appreciation right awards relating to the Raytheon Technologies Corporation 2018 Long-Term Incentive Plan, as amended (referred to in Exhibit 10.22 to the Company's Annual Report on Form 10-K (Commission file number 1-812) for the fiscal year ended December 31, 2020).*
10.7	Schedule of Terms for stock option awards relating to the Raytheon Technologies Corporation 2018 Long-Term Incentive Plan, as amended (referred to in Exhibit 10.22 to the Company's Annual Report on Form 10-K (Commission file number 1-812) for the fiscal year ended December 31, 2020).*
15	Letter re: unaudited interim financial information.*
31.1	Rule 13a-14(a)/15d-14(a) Certification.*
31.2	Rule 13a-14(a)/15d-14(a) Certification.*
31.3	Rule 13a-14(a)/15d-14(a) Certification.*
32	Section 1350 Certifications.*
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

Notes to Exhibits List:

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statement of Operations for the quarters ended March 31, 2021 and 2020, (ii) Condensed Consolidated Statement of Comprehensive Income for the quarters ended March 31, 2021 and 2020, (iii) Condensed Consolidated Balance Sheet as of March 31, 2021 and December 31, 2020, (iv) Condensed Consolidated Statement of Cash Flows for the quarters ended March 31, 2021 and 2020, (v) Condensed Consolidated Statement of Changes in Equity for the quarters ended March 31, 2021 and 2020 and (vi) Notes to Condensed Consolidated Financial Statements.

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the “*Agreement*”), dated as of June 9, 2019, by and between United Technologies Corporation, a Delaware corporation (the “*Company*”), and Thomas A. Kennedy (“*Executive*”).

WHEREAS, Executive is currently the Chief Executive Officer of Raytheon Company, a Delaware corporation (“*Raytheon*”); and

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company and its shareholders to ensure that the Company will have the continued dedication of Executive following the consummation of the transactions contemplated by the Agreement and Plan of Merger dated as of June 9, 2019, entered into by and among Raytheon, the Company and Light Merger Sub, a Delaware corporation and wholly owned subsidiary of the Company (the “*Merger Agreement*”); and

WHEREAS, Executive and the Company mutually desire that Executive provide services to the Company on the terms herein provided.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties set forth in this Agreement, and other good and valuable consideration the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Term. The term of this Agreement shall commence on the Closing Date (as defined in the Merger Agreement) (the “*Effective Date*”) and shall continue, unless earlier terminated pursuant to Section 5 of this Agreement, through the later of (a) March 31, 2022 and (b) the second anniversary of the Closing Date (the “*Term*”). Unless otherwise mutually agreed to by the parties, Executive shall retire from employment with the Company at the expiration of the Term. This Agreement shall automatically terminate and be of no force or effect if the Merger Agreement is terminated for any reason without the occurrence of the Closing (as defined in the Merger Agreement).

2. Position and Responsibilities.

(a) During the Term, Executive shall serve as Executive Chairman of the Board of Directors of the Company (the “*Board*”), and a member of the Board, and shall report solely and directly to the Board.

(b) In his capacity as Executive Chairman, Executive shall devote his best efforts to the performance of the duties and responsibilities customarily incident to such position and shall perform such other duties as may be reasonably assigned by the Board commensurate with his position and as reasonably agreed to by Executive and the Board. Such duties and responsibilities shall in any event include, and otherwise be consistent with, the duties and responsibilities specifically established and approved by the Board and the Board of Directors of Raytheon in connection with their respective approvals of the Merger Agreement on or prior to the date hereof.

(c) Executive's principal place of employment shall be the Company's headquarters in the Greater Boston Metro Area.

3. Performance of Duties. Executive shall devote his full business time, attention, and energies to the Company's business (except for periods of absence occasioned by illness, vacation and reasonable leaves of absence) and shall not engage in consulting work or any business for his own account or for any person, firm or corporation other than the Company. Subject to the Company's corporate governance policies, during the Term it shall not be a violation of this Agreement for Executive to (a) serve on corporate, civic, or charitable boards or committees or (b) manage personal investments, in each case, so long as this service does not interfere with the performance of his duties with the Company in accordance with this Agreement and complies with applicable provisions of any codes of business conduct and ethics of the Company, as in effect from time to time. It is expressly understood and agreed that to the extent that any such activities have been conducted by Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of Executive's responsibilities to the Company.

4. Compensation.

(a) Salary. During the Term, the Company shall pay Executive an annual base salary of \$1,540,864, subject to any upward adjustment made to such amount in the ordinary course of business consistent with past practice prior to the Effective Date, payable in equal installments on the Company's regularly recurring paydays in accordance with the Company's normal payroll practice. Increases in annual base salary shall be at the sole discretion of the Board or the compensation committee of the Board (the "*Compensation Committee*") and the annual base salary shall not be reduced after any such increase. The base salary as determined herein and increased from time to time shall constitute "Base Salary" for purposes of this Agreement.

(b) Annual Bonus Incentive Program.

(i) With respect to each fiscal year of the Company during the Term, Executive shall be entitled to participate in the Company's annual cash incentive bonus program established for the Company's executives (such bonus program, as in effect from time to time, the "*Bonus Program*"). Executive's target annual bonus opportunity under the Bonus Program shall be no less than 200% of Executive's Base Salary. Executive's annual bonus under the Bonus Program shall be earned based upon objectives established by the Compensation Committee with respect to each fiscal year of the Company. Any annual bonus earned with respect to any fiscal year during the Term shall be paid to Executive consistent with the Company's prevailing bonus payment practices, but no later than March 15 following the end of such fiscal year.

(ii) Notwithstanding the foregoing, for the year in which the Effective Date occurs, Executive's annual cash incentive bonus shall consist of: (A) a pro-rated

portion of the bonus for the period that occurs prior to the Effective Date through and including the Effective Date, determined in accordance with the terms of the Raytheon Results-Based Incentive Plan as in effect immediately prior to the Effective Date, based on actual performance during the period from the first day of such year through the latest practicable date prior to the Effective Date (as determined by the Management Development and Compensation Committee of the Board of Directors of Raytheon prior to the Effective Date); *plus* (B) a pro-rated portion of the bonus for the period beginning the day following the date of the Effective Date through the end of the year, paid (x) in accordance with the Bonus Program based on the actual achievement levels of the performance goals established by the Compensation Committee after the Effective Date or (y) based on the greater of target or the payout, as a percentage of target, determined under clause (ii)(A) to the extent that the Compensation Committee does not establish performance goals for such period.

(c) Long-Term Incentive and Equity Awards. Executive shall be eligible to receive equity and other long-term incentive awards under any applicable plan adopted by the Company during the Term for which employees are generally eligible. For each fiscal year of the Term, the Company shall grant Executive annual equity awards with an aggregate target grant date value equal to or greater than \$10,500,000. The form and terms and conditions of Executive's annual equity awards will be determined by the Compensation Committee and will be no less favorable than those applicable to equity awards granted to any other executive officer of the Company.

(d) Reimbursement of Expenses. In accordance with established policies and procedures of the Company as in effect from time to time, the Company shall pay or reimburse Executive for all reasonable and actual out-of-pocket expenses, including, but not limited to, travel, hotel, and similar expenses, incurred by Executive from time to time in performing his obligations under this Agreement. Any reimbursement of Executive's expenses made by the Company pursuant to this Agreement shall be payable in the normal business course in accordance with the Company's expense reimbursement policy.

(e) Other Benefits. During the Term, Executive shall be entitled to such other employee benefits and perquisites, including, but not limited, to life insurance, medical and hospitalization, use of Company aircraft, leased car allowance and/or driver, disability, and retirement benefits, as may be provided by the Company and as may be amended from time to time, consistent with the benefits and perquisites provided to other executive officers of the Company; *provided, however*, that (i) Executive's use of the Company aircraft and the Company's vehicle policy (including Executive's use of a driver) shall be on terms no less favorable than those provided to Executive by Raytheon immediately prior to the Effective Date (or if more favorable, as provided to any other executive officer of the Company) and (ii) the remaining perquisites provided to Executive shall be no less favorable, in the aggregate, than the perquisites in effect for Executive at Raytheon immediately prior to the Effective Date (or if more favorable, as provided to any other executive officer of the Company).

5. Employment Termination.

(a) Termination of Employment. Subject to the terms of this Section 5, either the Company or Executive can terminate Executive's employment at any time for any or no reason. Notwithstanding anything to the contrary, during the Term, the affirmative written approval of members of the Board representing at least 75% of the then serving independent members of the Board shall be required to bring before any meeting of the Board (whether organizational, stated, special or otherwise) the termination of Executive's employment with the Company for any reason as an item of business to be transacted at such meeting (or to present the termination of Executive's employment for any reason as an item of business to be transacted pursuant to action by written consent of the Board), or to validly include the termination of Executive's employment as an item of business in any notice of any such meeting. Upon Executive's termination of employment for any reason, Executive shall be entitled to receive, within 30 days following the date of termination (subject to any applicable deferral election), a cash payment equal to the sum of (1) Executive's accrued Base Salary through the date of termination, (2) any annual incentive bonus earned by Executive under the Bonus Program for a performance period that was completed prior to the date of termination, and (3) any business expenses incurred by Executive that are unreimbursed as of the date of termination, in each case, to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "*Accrued Obligations*").

(b) Qualifying Termination. If, during the Term, (i) the Company terminates Executive's employment for any reason other than for Cause or due to Executive's death or disability (within the meaning of the Company's long-term disability plan applicable to Executive), or (ii) Executive resigns for Good Reason (each of clauses (i) and (ii), a "*Qualifying Termination*"), then Executive shall be entitled to receive the severance benefits set forth in Section 5(c), conditioned upon Executive's execution and delivery of a general release of claims in favor of the Company (which release shall not include any additional restrictive covenants) on the Company's standard form, and such release becoming effective and irrevocable no later than the 30th day following the Qualifying Termination. The Company shall provide Executive with the form of release no later than two days after the Qualifying Termination.

(c) Severance Benefits. The severance benefits due upon a Qualifying Termination shall consist of the following, with cash payments pursuant to clauses (i) and (ii) payable, subject to any applicable deferral election in the case of clause (ii), on the date that is six months following the date of termination due to a Qualifying Termination:

(i) a lump sum cash payment equal to the product of (A) the sum of (1) Executive's Base Salary (disregarding any reduction thereto that serves as a basis for Executive's resignation for Good Reason), and (2) the greater of (x) Executive's annual bonus earned for the fiscal year immediately prior to the Effective Date and (y) Executive's target annual bonus established for the fiscal

year in which a Qualifying Termination occurs or, if not yet established, the target annual bonus for the prior fiscal year (disregarding any reduction thereto that serves as a basis for Executive's resignation for Good Reason), *provided* that such target annual bonus shall not be less than 200% of Base Salary, *multiplied by* (B) three (3);

(ii) a lump sum cash payment equal to the product of (A) Executive's target annual bonus established for the fiscal year in which the Qualifying Termination occurs or, if not yet established, the target annual bonus for the prior fiscal year (disregarding any reduction thereto that serves as a basis for Executive's resignation for Good Reason), *provided* that such target annual bonus shall not be less than 200% of Base Salary, *multiplied by* (B) a fraction, the numerator of which is the number of days elapsed from the first day of the fiscal year in which the Qualifying Termination occurs to the Qualifying Termination, and the denominator of which is 365;

(iii) (A) with respect to Company equity awards granted prior to the Effective Date and held by Executive as of the Qualifying Termination, Executive's Qualifying Termination shall be treated as an "Involuntary Termination" as such term is used in the award agreements applicable to such awards (subject to the modification to such term described in Section 4(e)), and (B) with respect to Company equity awards granted after the Effective Date and held by Executive as of the Qualifying Termination, Executive's Qualifying Termination shall be treated as a retirement for purposes of the applicable terms and conditions, and any minimum holding period that would otherwise apply as a condition to vesting upon retirement shall be waived; and

(iv) for the period of 12 months (the "*Benefit Continuation Period*") following the Qualifying Termination, the Company shall continue to provide to Executive (and Executive's dependents who were covered by healthcare benefit coverage from the Company as of immediately prior to the date of termination, if any (the "*eligible dependents*")), without any requirement for Executive (or the eligible dependents) to pay a monthly premium, healthcare benefit coverage (including medical, prescription, dental, vision, basic life, employee assistance program coverage, and annual executive physicals) at least equal to the coverage that would have been provided to Executive (and Executive's eligible dependents, if any) if Executive had continued employment with the Company during the Benefit Continuation Period; *provided, however*, that if Executive becomes reemployed with another employer and is eligible to receive any of the types of healthcare benefits under another employer-provided plan, the healthcare benefit coverage that is duplicative of the type of coverage provided hereunder shall cease. Executive shall promptly notify the Company that Executive has become eligible to receive healthcare benefits under another employer-provided plan. The period for providing continuation coverage under the group health plans of the Company and its affiliates as described in Section 4980B of the Internal Revenue Code of 1986, as amended (the "*Code*") (*i.e.*, "COBRA" continuation benefits)

shall commence upon the expiration of the Benefits Continuation Period (or, if earlier, upon the cessation of the healthcare benefits coverage provided hereunder). For purposes of determining eligibility (but not the time of commencement of benefits) of Executive for retiree benefits pursuant to any applicable plans, practices, programs, and policies of the Company, Executive shall be considered to have remained employed during the Benefit Continuation Period and to have retired on the last day of such period.

(d) Cause. For purposes of this Agreement and for purposes of all Company equity awards held by Executive, “Cause” means Executive’s:

(i) willful and continued failure to perform substantially Executive’s duties with the Company pursuant to this Agreement after the Company delivers to Executive written demand for substantial performance specifically identifying the manner in which Executive has not substantially performed Executive’s duties;

(ii) conviction of a felony; or

(iii) willfully engaging in illegal conduct or gross misconduct (including a willful and material violation of the code of business conduct and ethics of the Company, as in effect from time to time), which is materially and demonstrably injurious to the Company.

For purposes of this Section 5(d), no act or omission by Executive shall be considered “willful” unless it is done or omitted in bad faith or without reasonable belief that Executive’s action or omission was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board, or advice of counsel for the Company, shall be conclusively presumed to be done or omitted to be done by Executive in good faith and in the best interests of the Company. For purposes of subsections (i) and (iii) above, Executive shall not be deemed to be terminated for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the Board in compliance with the process set forth in Section 5(a) (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive is guilty of the conduct described in subsection (i) or (iii) above and specifying the particulars thereof in detail.

(e) Good Reason. For purposes of this Agreement and for purposes of all Company equity awards held by Executive that were granted to Executive prior to the Effective Date, “Good Reason” (and any term of similar import used in the terms and conditions applicable to such equity awards, including “Involuntary Termination”) means any breach by the Company of a material provision of this Agreement, including, without limitation:

(i) a diminution of Executive's duties or responsibilities, authorities, powers or functions, including ceasing to serve in the positions contemplated by this Agreement or the assignment to Executive of any duties inconsistent with Executive's positions (including offices, titles and reporting requirements), authority, powers, functions, duties or responsibilities as contemplated by Section 2 of this Agreement;

(ii) requiring Executive (A) to be based at any office or location in excess of 50 miles from the Greater Boston Metro Area or (B) to travel on Company business to a substantially greater extent than required immediately prior to the Effective Time;

(iii) reducing Executive's Base Salary;

(iv) reducing Executive's incentive opportunities as described in Sections 4(b) and 4(c) of this Agreement; and

(v) failing to maintain Executive's benefits and perquisites as described in this Agreement.

Executive's resignation from employment shall not constitute a resignation for "Good Reason" as defined above unless (A) Executive has first delivered to the Company, not later than 90 days after the initial occurrence of the event or circumstance underlying Executive's claim that Good Reason exists, a written notice of termination indicating Executive's intention to resign for Good Reason and describing in reasonable detail the event that Executive believes to constitute Good Reason, (B) the Company has not cured such event or circumstance within 30 days after its receipt of such written notice and (C) Executive actually resigns within 30 days after the expiration of such cure period.

(f) Section 280G.

(i) If any payment or benefit Executive would receive under this Agreement, when combined with any other payment or benefit Executive receives pursuant to the termination of Executive's employment with the Company ("*Payment*"), would constitute a "parachute payment" within the meaning of Section 280G of the Code, and would, but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "*Excise Tax*"), then such Payment shall either be (A) delivered in full or (B) delivered in such amount that no portion of the Payment would be subject to the Excise Tax, whichever of the foregoing results in the receipt by Executive of the greatest benefit on an after-tax basis (taking into account the applicable federal, state and local income taxes and the Excise Tax).

(ii) All determinations required to be made under this Section 5(d), including whether and to what extent the Payment shall be reduced and the assumptions to be utilized in arriving at such determination, shall be made by a national independent accounting firm registered with the Public Company Accounting

Oversight Board as shall be designated by the Company (the “*Accounting Firm*”). The Accounting Firm shall provide detailed supporting calculations both to Executive and the Company at such time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. For purposes of making the calculations required by this Section 5(e), the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good-faith interpretations concerning the application of Sections 280G and 4999 of the Code.

(iii) To the extent any reduction of the Payment becomes necessary pursuant to this Section 5(e), payments or benefits included in the Payment shall be reduced or eliminated by applying the following principles in order: (A) the payment or benefit with the higher ratio of the parachute payment value to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a payment or benefit with a lower ratio; (B) the payment or benefit with the later possible payment date shall be reduced or eliminated before a payment or benefit with an earlier payment date; and (C) cash payments shall be reduced prior to non-cash benefits; *provided* that if the foregoing order or reduction or elimination would violate Section 409A of the Code, then the reduction shall be made pro rata among the payments or benefits included in the Payment (on the basis of the relative present value of the parachute payments).

6. Resignation as a Member of the Board of Directors. In all cases of termination of Executive’s employment, including upon the expiration of this Agreement (if applicable), unless otherwise agreed to in writing, Executive shall be deemed to have contemporaneously resigned from his position as a member of the Board and any other position he then holds with the Company or any of its subsidiaries or other entities controlled by, controlling, or under common control with, the Company (“*Affiliated Entities*”) and shall execute any documentation reasonably required by the Company in order to effectuate such resignation.

7. Cooperation in Proceedings. In all cases of termination of Executive’s employment, including upon Executive’s termination of employment upon the expiration of this Agreement, unless otherwise agreed to in writing, Executive agrees to cooperate with the Company and its Affiliated Entities with respect to any litigation or administrative proceedings involving any matters with which Executive was involved during Executive’s employment with the Company. Such cooperation shall be at such time or times requested by the Company upon reasonable advance notice to Executive and the Company shall cover any reasonable out-of-pocket expenses of Executive in so cooperating.

8. Restrictive Covenants.

(a) Executive understands and agrees that Executive’s employment creates a relationship of confidence and trust between Executive and the Company with respect to all Confidential Information (as defined below). At all times, both during Executive’s employment with the Company and after its termination, Executive shall keep in

confidence and trust all such Confidential Information, and shall not use or disclose any such Confidential Information without the written consent of the Company, except as may be necessary in the ordinary course of performing Executive's duties to the Company. Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency. Upon receipt of any such order, Executive shall promptly provide written notice to the Company of any such order, and shall consult with and assist the Company in seeking a protective order or request for other appropriate remedy. Notwithstanding any provision of this Agreement to the contrary, the provisions of this Agreement are not intended to, and shall be interpreted in a manner that does not, limit or restrict Executive from exercising any legally protected whistleblower rights (including pursuant to Rule 21F under the Securities Exchange Act of 1934). As used in this Agreement, "*Confidential Information*" means information belonging to the Company that is of value to the Company in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Company. Confidential Information includes, without limitation, financial information, reports, and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management or Board of the Company. Confidential Information includes information developed by Executive in the course of Executive's employment by the Company, as well as other information to which Executive may have access in connection with Executive's employment. Confidential Information also includes the confidential information of others with which the Company has a relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of Executive's duties under this Section 8.

(b) To further ensure the protection of the Confidential Information, Executive agrees that, for a period of one year after Executive's date of termination of employment, including upon Executive's termination of employment upon the expiration of this Agreement, Executive shall not accept employment with or provide services in any form to (including serving as a director, partner or founder, or entering into a consulting relationship or similar arrangements) a business that (i) competes, directly or indirectly, with any of the Company's principal business units as of the date of termination; or (ii) is a material customer of or a material supplier to any of the Company's businesses as of the date of termination (a "*Competitive Business*"); *provided* that it shall not be considered a breach of this Agreement for Executive to be a passive owner of not more than 5% of the outstanding stock or other securities or interests of a corporation or other entity that is a Competitive Business, so long as Executive has no direct or indirect active participation in the business or management of such corporation or entity.

(c) Executive agrees that, for a period of two years after Executive's date of termination of employment, including upon Executive's termination of employment upon the expiration of this Agreement, Executive shall not, directly or indirectly: (i) solicit any individual who is, at the time of such solicitation (or was during the three-month period prior to the date of such solicitation), employed by the Company or one of its Affiliated Entities with whom Executive had direct contact (other than incidental) during the two-year period prior to the date of termination to terminate or refrain from rendering services to the Company or its Affiliated Entities for the purpose of becoming employed by, or becoming a consultant to, any individual or entity other than the Company or its Affiliated Entities, or (ii) induce or attempt to induce any current customer, investor, supplier, licensee, or other business relation of the Company or any of its Affiliated Entities with whom or which Executive had direct contact (other than incidental) during the two-year period prior to the date of termination ("*Customer*") to cease doing business with the Company or its Affiliated Entities, or in any way interfere with the relationship between any such Customer, on the one hand, and the Company or any of its Affiliated Entities, on the other hand.

(d) Executive agrees that it would be difficult to measure any damages caused to the Company that might result from any breach by Executive of Sections 8(a), (b), or (c), that in any event money damages would be an inadequate remedy for any such breach and that the Company and its Affiliated Entities would be irreparably injured by any such breach. Accordingly, Executive agrees that the Company shall be entitled to a preliminary injunction, temporary restraining order or other equivalent relief, restraining Executive from any actual or threatened material breach of any of Sections 8(a), (b), or (c) of this Agreement without showing or proving any actual damage to the Company.

(e) To the extent that any court action is permitted consistent with or to enforce Section 8(a) of this Agreement, the parties hereby consent to the jurisdiction of the State of Delaware and the United States District Court for the District of Delaware. Accordingly, with respect to any such court action, Executive (i) submits to the personal jurisdiction of such courts; (ii) consents to service process; and (iii) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

9. Dispute Resolution.

(a) Subject to Section 8(e), Executive shall have the right to have settled by arbitration any dispute or controversy arising in connection herewith. Such arbitration shall be conducted in accordance with the rules of the American Arbitration Association before a panel of three arbitrators sitting in a location selected by Executive. Judgment may be entered on the award of the arbitrators in any court having proper jurisdiction. All expenses of such arbitration shall be borne by the Company in accordance with Section 9(b) hereof.

(b) The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any

contest (regardless of the outcome thereof) by the Company, Executive, or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about the amount of payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code.

(c) This arbitration provision does not limit Executive's right to file an administrative charge with the National Labor Relations Board, the Equal Employment Opportunity Commission, or any state agency charged with the enforcement of fair employment practice laws.

10. Miscellaneous.

(a) Entire Agreement. This Agreement supersedes any prior agreements or understandings, oral or written, between Executive and the Company with respect to the subject matter hereof, including the Change in Control Severance Agreement, dated March 31, 2014, between Executive and Raytheon, as amended to date, and constitutes the entire agreement of the parties with respect thereto.

(b) Modification. This Agreement shall not be varied, altered, modified, cancelled, changed or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties.

(c) Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected and shall remain in full force and effect.

(d) Tax Withholding. The Company may withhold all Federal, state, city or other taxes required pursuant to any law or governmental regulation or ruling.

(e) Binding Effect. This Agreement shall bind and inure to the benefit of each of the parties and their respective heirs, successors, administrators, executors, and assigns.

(f) Governing Law. The provisions of this Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to its principles of conflicts of law.

(g) Notice. Any notices, requests, demands, or other communications required by or provided for in this Agreement shall be sufficient if in writing and (i) if addressed to Executive, delivered personally to Executive, or sent by registered or certified mail to Executive at the last address Executive has filed in writing with the Company or by electronic mail to Executive's Company email address prior to the date of termination of Executive's employment, or thereafter to the email address provided by Executive to the Company, or (ii) if addressed to the Company, delivered personally to the General

Counsel of the Company or sent by registered or certified mail to the Company at its principal office, or by electronic mail to the Company's General Counsel at such individual's Company email address.

(h) Compliance with Company Policies. Executive acknowledges and agrees that Executive will be subject to all applicable compensation and benefit and governance policies of the Company applicable to executive officers, as in effect from time to time (including, for the avoidance of doubt, any applicable policy related to the recoupment of incentive compensation).

(i) Section 409A.

(i) General. The obligations under this Agreement are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception, or another exception under Section 409A of the Code shall be paid under the applicable exception to the maximum extent possible. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation for purposes of applying the exclusion under Section 409A of the Code for short-term deferral amounts, the separation pay exception or any other exception or exclusion under Section 409A of the Code. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Executive pursuant to Section 409A of the Code.

(ii) Reimbursements and In-Kind Benefits. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including without limitation, where applicable, the requirement that (A) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (B) the reimbursement of eligible fees and expenses shall be made no later than the last day of the calendar year following the year in which the applicable fees and expenses were incurred; *provided* that Executive shall have submitted an invoice for such fees and expenses at least 30 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; and (C) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) Delay of Payments. Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a “specified employee” for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the Date of Termination), any payment or benefit that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to be paid to Executive under this Agreement during the six-month period immediately following Executive’s separation from service (as determined in accordance with Section 409A of the Code) because of Executive’s separation from service shall be accumulated and paid to Executive on the first business day of the seventh month following Executive’s separation from service, to the extent necessary to avoid penalty taxes or accelerated taxation pursuant to Section 409A of the Code. If Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of his or her estate within 30 days following Executive’s death.

(j) No Mitigation or Offset. The Company’s obligation to provide the payments and benefits under this Agreement and otherwise to perform its obligations hereunder shall be absolute and unconditional and shall not be affected by any setoff, counterclaim, recoupment, defense, or other claim, right, or action that the Company may have against Executive. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under Section 5(c) of the Agreement, and, except as provided in Section 5(c)(iv) regarding healthcare benefits, no payments or benefits received from other employment shall serve to mitigate the payments and benefits hereunder.

(k) Survival. Any provision of this Agreement that by its terms continues after the expiration of the Term or the termination of Executive’s employment shall survive in accordance with its terms.

(l) Counterparts; Facsimiles. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. This Agreement may be executed and delivered by exchange of facsimile copies showing the signatures of the parties, and those signatures need not be affixed to the same copy. The facsimile copies so signed shall constitute originally signed copies of the same consent requiring no further execution.

[Signature page follows]

IN WITNESS WHEREOF, Executive and the Company have executed this Agreement as of the date first above written.

UNITED TECHNOLOGIES CORPORATION

By: /s/ Charles D. Gill

Name: Charles D. Gill

Title: Executive Vice President and
General Counsel

EXECUTIVE

/s/ Thomas A. Kennedy

Thomas A. Kennedy

[SIGNATURE PAGE TO EXECUTIVE CHAIRMAN EMPLOYMENT AGREEMENT]

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to the Employment Agreement (this "Amendment") is entered into as of March 4, 2021 by and between Thomas A. Kennedy (the "Executive") and Raytheon Technologies Corporation (formerly known as United Technologies Corporation) (the "Company").

WHEREAS the Company and the Executive entered into an Employment Agreement on June 9, 2019, which became effective as of April 3, 2020 (the "Employment Agreement"); and

WHEREAS the parties desire to enter into this Amendment to effect changes to the Employment Agreement as set forth herein;

NOW THEREFORE, it is hereby mutually agreed as follows:

1. Paragraph 4(c) is deleted in its entirety and replaced with the following:

(c) Long-Term Incentive and Equity Awards. Executive shall be eligible to receive equity and other long-term incentive awards under any applicable plan adopted by the Company during the Term for which employees are generally eligible. The amount, form, and terms and conditions of Executive's annual equity awards will be determined by the Compensation Committee and the form and terms and conditions of Executive's annual equity awards will be no less favorable than those applicable to equity awards granted to any other executive officer of the Company.

2. Section (iv) of Paragraph 5(e) is deleted in its entirety and replaced with the following:

(iv) (A) reducing Executive's annual bonus incentive opportunity as described in Section 4(b), or (B) a diminution in the Executive's target annual long-term incentive opportunity from the level in effect as of immediately prior to the signing of this Agreement on June 9, 2019 or a material breach by the Company of Section 4(c);

Except as expressly amended by this Amendment, the Employment Agreement shall remain in full force and effect in accordance with its terms.

[Signature page follows]

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the date first above written.

RAYTHEON TECHNOLOGIES CORPORATION

By /s/ Dantaya M. Williams

Dantaya M. Williams

Executive Vice President and Chief Human Resources Officer

EXECUTIVE

/s/ Thomas A. Kennedy

Thomas A. Kennedy

[SIGNATURE PAGE TO FIRST AMENDMENT TO EMPLOYMENT AGREEMENT]

Raytheon Technologies Corporation
2018 Long-Term Incentive Plan

Restricted Stock Unit Award
Schedule of Terms

(Rev February, 2021)

This Schedule of Terms describes the material features of the Participant's Restricted Stock Unit Award (the "RSU Award" or the "Award") granted under the Raytheon Technologies Corporation 2018 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available at www.ubs.com/onesource/rtx.

Certain Definitions

A Restricted Stock Unit (an "RSU") represents the right to receive one share of Common Stock of Raytheon Technologies Corporation (the "Common Stock") (or a cash payment equal to the Fair Market Value thereof). RSUs generally vest and are converted into shares of Common Stock if the Participant remains employed by the Company through the applicable vesting date schedule set forth on the Award Agreement (see "Vesting" below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see "Termination of Service" below). "Company" means Raytheon Technologies Corporation (the "Corporation" or "RTX"), together with its subsidiaries, divisions and affiliates. "Termination Date" means the date a Participant's employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to "Termination of Service" as defined in the LTIP. "Committee" means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of RSUs awarded is set forth in the Award Agreement. An LTIP Award recipient (a "Participant") must affirmatively acknowledge and accept the terms and conditions of the RSU Award within 150 days following the Grant Date. A failure to acknowledge and accept the RSU Award subject to the LTIP and this Schedule of Terms, within such 150-day period may result in forfeiture of the RSU Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this RSU Award electronically via the UBS *One Source* website at www.ubs.com/onesource/rtx. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this RSU Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Dividends

RSUs granted under this Award will earn dividend equivalent units each time the Corporation pays a cash dividend to Common Stock shareholders of record. Dividend equivalents will be credited as additional RSUs to Awards outstanding on the dividend payment date and will vest on the same date as the underlying RSUs. The number of additional RSUs that will be credited on any dividend payment date will equal (1) the per share cash dividend amount, multiplied by (2) the number of RSUs subject to the RSU Award (including RSUs resulting from prior dividend equivalents), divided by (3) the Fair Market Value of a share of Common Stock on the dividend payment date, rounded down to the nearest whole number of RSUs.

Vesting

RSUs will vest in accordance with the schedule set forth in the Award Agreement, subject to the Participant's continued employment with the Company through each applicable vesting date. RSUs will be forfeited in the event of Termination of Service prior to the vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination (Not for Cause), Disability, Change-in-Control Termination, or Death (see "Termination of Service" below).

RSUs may also be forfeited and value realized from previously vested RSUs may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

An RSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment and certain other conditions. The holder of an RSU has no voting or other rights accorded to owners of Common Stock, unless and until RSUs are converted into shares of Common Stock.

Payment / Conversion of RSUs

Vested RSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following the vesting date. RSUs may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

Termination of Service

The treatment of RSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. RSUs held for less than one year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. If the Participant’s termination results from Retirement, unvested RSUs held for at least one year as of the Termination Date will vest and convert into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable thereafter. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- “Normal Retirement” means retirement on or after age 65;
- “Early Retirement” means retirement on or after:
 - Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - Age 50, but before age 55, and the Participant’s age and continuous service as of the Termination Date adds up to 65 or more (“Rule of 65”).

Service used to determine eligibility for Normal or Early Retirement means “Continuous Service” as determined under the UTC Savings Plan. The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

Involuntary Termination for Cause. If the Participant's termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), unvested RSUs will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously vested RSUs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

Involuntary Termination. If the Participant's termination results from an involuntary termination by the Company for reasons other than Cause, unvested RSUs held for at least one year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Company with a release of claims against the Company in a form and manner satisfactory to the Company. The pro-rata vesting of an RSU Award held for at least one year will be based on the number of months worked during the vesting period, including partial months, relative to the full vesting period. RSUs not vested under this pro-rata vesting formula will be forfeited as of the Termination Date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage.

Pro-rata vesting will occur for involuntary terminations resulting from workforce reductions, location closings, restructurings, layoffs, or similar events, as determined by the Committee.

Retirement eligible Participants will vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below. A Participant who is involuntarily terminated for Cause is not eligible for pro-rata vesting of Awards.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for Retirement or a Change-in-Control Termination) is not entitled to pro-rata vesting and will forfeit all unvested RSUs.

Disability. If a Participant incurs a Disability (as defined in the LTIP), unvested RSUs will not be forfeited while a Participant remains disabled under a Company sponsored long-term disability plan. Unvested RSUs will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability.

Death. If a Participant dies while actively employed by the Company, or on Disability, all RSUs will vest as of the date of death and be converted to shares of Common Stock to be delivered to the Participant's estate, net of taxes (where applicable), as soon as administratively practicable.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested RSUs will vest as of the Termination Date and be converted into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable after the Termination Date, subject to the six-month delay noted below under "Specified Employees", if applicable.

Specified Employees. If a Participant is a “specified employee” within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Company) at the time of the Participant’s Termination of Service, and the RSUs will vest by reason of such Participant’s Termination of Service, then, to the extent necessary to avoid the application of any additional tax or penalty under IRC Section 409A and consistent with the terms of the Plan, RSUs will be held in the Participant’s UBS account and will vest on the first day of the seventh month following the Termination Date. Upon vest, RSUs will convert into an equal number of shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable. The value of the RSUs will be determined as of the vest date.

Forfeiture of Award and Repayment of Realized Gains

RSU Awards, including common stock delivered for vested RSUs, are subject to the Raytheon Technologies Corporation Clawback Policy, as amended from time to time, available on www.rtx.com. RSUs will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from previously vested RSUs upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) Within three-years following a Participant’s Termination Date, the Committee determines that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause;
- (iii) A restatement of financial results attributable to a Participant’s actions, whether intentional or negligent.
- (iv) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (v) At any time during the twelve-month period following the Termination Date: (A) the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities that compete with the Corporation or the business unit that employed the Participant; or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.
- (vi) Negligent conduct injurious to the Company, including negligent supervision of a subordinate whose action requires a restatement of financial results, or other significant harm to the Company as determined by the Committee.

In addition, the Committee reserves the right to require repayment of all or any portion of an RSU Award under item (iii) above, without regard to whether a restatement is attributable to the Participant's actions, as appropriate and determined at the Committee's sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of awards and the obligation to repay gains realized from LTIP awards are set forth in Section 14(i) of the LTIP, available at www.ubs.com/onesource/rtx, and the Raytheon Technologies Corporation Clawback Policy, available on www.rtx.com.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, RSU awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(e) of the LTIP, available at www.ubs.com/onesource/rtx.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, which can be located at www.ubs.com/onesource/rtx.

Awards Not to Affect Certain Transactions

RSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The Fair Market Value of Common Stock on the New York Stock Exchange on the date the taxable event occurs will be used to calculate taxable income realized from the RSUs. The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award. The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the vesting of any RSU. Acceptance of an Award constitutes affirmative consent by Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

If the Participant is a Section 16 officer of the Company under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the Company shall satisfy the Participant's withholding obligation as follows: (i) with respect to FICA taxes due and owing prior the vesting of the RSU Award, the Company shall satisfy the withholding obligation by deducting from Participant's regular compensation through payroll withholding; and (ii) with respect to any other Tax-Related Items, the Company shall satisfy the withholding obligation by withholding shares of Common Stock subject to the RSU Award having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). Provided for both items (i) and (ii) above, the Committee retains the right to determine an alternative method of withholding for the Participant, at its sole discretion, provided in all cases, such determination shall be made by the Committee prior to the Tax-Related Items withholding event.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/rtx.

Nonassignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any RSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to

the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any RSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended. Awards to these employees will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Conduct and Company policies and procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Conduct and Company policies are available online at <http://epolicy.corp.ray.com/epolicy/>.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the RSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/rtx. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the

Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator
rtxstockadmin@rtx.com

OR

Raytheon Technologies Corporation
Attn: Stock Plan Administrator
4 Farm Springs Road
Farmington, CT 06032

The Corporation and/or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Raytheon Technologies Corporation
2018 Long-Term Incentive Plan

Performance Share Unit Award
Schedule of Terms

(Rev. February 2021)

This Schedule of Terms describes the material features of the Participant's Performance Share Unit Award (the "PSU Award" or the "Award") granted under the Raytheon Technologies Corporation 2018 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available on at www.ubs.com/onesource/RTX.

Certain Definitions

A Performance Share Unit (a "PSU") represents the right to receive one share of Common Stock of Raytheon Technologies Corporation (the "Common Stock") (or a cash payment equal to the Fair Market Value thereof). PSUs generally vest and are converted into shares of Common Stock if, and to the extent, the associated pre-established performance targets are achieved and the Participant remains employed by the Company through the end of the applicable performance measurement period (see "Vesting" below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see "Termination of Service" below). "Company" means Raytheon Technologies Corporation (the "Corporation" or "RTX"), together with its subsidiaries, divisions and affiliates. "Termination Date" means the date a Participant's employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to "Termination of Service" as defined in the LTIP. "Committee" means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of PSUs awarded is set forth in the Award Agreement. An LTIP Award recipient (a "Participant") must affirmatively acknowledge and accept the terms and conditions of the PSU Award within 150 days following the Grant Date. A failure to acknowledge and accept the PSU Award subject to the LTIP and this Schedule of Terms, within such 150-day period will result in forfeiture of the PSU Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this PSU Award electronically via the UBS *One Source* website at www.ubs.com/onesource/RTX. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this PSU Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Vesting

PSU Awards will vest in accordance with the schedule set forth in the Award Agreement, subject to performance relative to pre-established Performance Goals, and the Participant's continued employment with the Company through the applicable performance measurement period, and vesting date. Potential Performance Goals are provided in the LTIP. PSU Awards may be subject to multiple Performance Goals. The Award Agreement will specify the performance period and vesting date. **Please refer to Appendix A for actual Performance Goals for the 2021-2023 performance cycle, including minimum performance required for vesting, range of vesting and relative weighting for each Performance Goal.**

2021 Performance Goals include: (i) diluted earnings per share ("EPS"); (ii) return on invested capital ("ROIC"); (iii) total shareholder return ("TSR") relative to the companies within the S&P 500 index; and (iv) TSR relative to nine aerospace and defense companies (i.e., Honeywell, Boeing, General Electric, Lockheed Martin, Airbus, Northrop Grumman, General Dynamics, L3Harris and Safran) (the "A&D peer companies"). For 2021, certain Performance Goals will only be measured for the first year of the three-year performance period of the Award (as discussed below); however, PSU Awards will not vest until the completion of the three-year performance period, following the Committee's certification of performance results.

The 2021 PSU Award will include a one-year EPS goal measured for the first year only of the three-year performance period of the Award. EPS is net income from continuing operations divided by weighted average diluted shares outstanding, subject to adjustments for restructuring, non-recurring and other significant, defined non-operational items. The Committee may adjust the EPS calculation (positively or negatively) to exclude the impact of certain items unrelated to operational performance. Such adjustment may be made when necessary to maintain the validity of the Performance Goal, as originally established.

The 2021 PSU Award will measure TSR over the three-year performance period of the Award. TSR is the percentage change in share price over the cumulative three-year performance period (plus reinvested dividends) divided by the share price at the beginning of the performance period. TSR is calculated using the trailing November/December average adjusted closing share price prior to and at the end of the three-year period, as calculated by Standard & Poor's. If relative TSR is negative for the three-year performance period, the TSR payout percentage for that metric may not exceed 100% of target, even if relative performance exceeds the target-level Performance Goal. Relative TSR is the rank of RTX's three-year TSR versus: (i) the companies within the S&P 500 Index at the beginning of the three-year performance period; and (ii) the A&D peer companies. To the extent that such companies are acquired, delist from a stock exchange, or in the case of the S&P 500, companies are removed from the S&P 500 Index during the performance period, these companies will be excluded from the relative ranking calculation.

The 2021 PSU Award will include a one-year ROIC goal measured on an average quarterly basis over the first year only of the three-year performance period of the Award. ROIC is the ratio of net operating profit after tax ("NOPAT") to Invested Capital (total debt less cash plus equity), subject to certain adjustments as detailed below. NOPAT excludes non-controlling interest, non-service pension, acquisitions and divestiture earnings, one-timers, restructuring, material one-time tax charges and the impact of foreign exchange fluctuations. Invested Capital excludes accumulated other comprehensive income, cash and equivalents, acquisition and divestiture borrowings, short-term borrowings and material one-time tax charges. ROIC is based on continuing operations and subject to adjustment for the impact of restructuring charges and other significant non-operational, and non-recurring items when necessary to maintain the validity of the Performance Goal, as originally established.

In the case that that value of the PSU award at vesting is greater than 400% of the value of the PSU award at grant, the performance results shall be reduced so that the value delivered to participants will be no greater than 400% of the grant value. The value of the PSU award at grant is equal to the number of PSUs at target level performance granted to a participant multiplied by the closing stock price of RTX on the grant date. The value of the PSU award at vest is equal to the product of: (i) the number of the PSUs at target level performance granted to a participant; (ii) the Performance Factor certified by the Compensation Committee; and (iii) the closing stock price of RTX on the vesting date.

PSUs will be forfeited in the event of a Termination of Service prior to the vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination (Not for Cause), Disability, Change-in-Control Termination or Death (see "Termination of Service" below).

PSUs may also be forfeited and value realized from previously vested PSUs may be recouped by the Company under certain circumstances (see "Forfeiture of Award and Repayment of Realized Gains" below).

No Shareowner Rights

A PSU is the right to receive a share of Common Stock in the future (or a cash payment equal to the Fair Market Value), subject to continued employment, achievement of performance targets, and certain other conditions. The holder of a PSU has no voting, dividend or other rights accorded to owners of Common Stock unless and until PSUs are converted into shares of Common Stock.

Payment / Conversion of PSUs

Vested PSUs will be converted into shares of Common Stock to be delivered to the Participant as soon as administratively practicable following the vesting date and, when the Committee determines if, and to what extent, PSUs have vested as a result of the achievement of Performance Goals. If Performance Goals are not met, the PSUs that do not vest will be cancelled without value. PSUs may be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

Termination of Service

The treatment of PSUs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. PSUs held for less than one year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. If the Participant's termination results from Retirement, unvested PSUs held for at least one year as of the Termination Date will remain outstanding and eligible to vest on the originally scheduled vest date, if and to the extent the Committee determines that Performance Goals have been achieved. Upon vest, PSUs will be converted into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable thereafter. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- "Normal Retirement" means retirement on or after age 65;
- "Early Retirement" means retirement on or after:
 - Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - Age 50, but before age 55, and the Participant's age and continuous service as of the Termination Date adds up to 65 or more ("Rule of 65").

Service used to determine eligibility for Normal or Early Retirement means "Continuous Service" as determined under the UTC Savings Plan. The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

Involuntary Termination for Cause. If the Participant's termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), unvested PSUs will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously vested PSUs is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

Involuntary Termination. If the Participant's termination results from an involuntary termination by the Company for reasons other than Cause, unvested PSUs held for at least one year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Company with a release of claims against the Company in a form and manner satisfactory to the Company. The pro-rata vesting of a PSU Award held for at least one year will be based on the number of months worked during the vesting period, including partial months, relative to the full vesting period. The pro-rata PSUs will remain outstanding and eligible to vest on the originally scheduled vest date, following the Compensation Committee's certification of performance results, per the terms of the Award. PSUs not deemed eligible to vest under this pro-rata vesting formula will be forfeited as of the Termination Date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage.

Pro-rata vesting eligibility will occur for involuntary terminations resulting from workforce reductions, location closings, restructurings, layoffs, or similar events, as determined by the Committee.

Retirement eligible Participants will be eligible to vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below. A Participant who is involuntarily terminated for Cause is not eligible for pro-rata vesting of Awards.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for Retirement or a Change-in-Control Termination) is not entitled to pro-rata vesting and will forfeit all unvested PSUs.

Disability. If a Participant incurs a Disability (as defined in the LTIP), unvested PSUs will not be forfeited while a Participant remains disabled under a Company-sponsored long-term disability plan. Unvested PSUs will remain eligible to vest on the earlier of (1) the vesting date specified in the Award Agreement; or (2) 29 months following the date a Participant incurs a Disability.

Death. If a Participant dies while actively employed by the Company, or on Disability, all PSUs will vest as of the date of death and be converted (at target performance) to shares of Common Stock to be delivered to the Participant's estate, net of taxes (where applicable), as soon as administratively practicable.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason", in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all PSUs will vest at the greater of: (1) the applicable target level

performance as of the Termination Date; or (2) the level of achievement as determined by the Committee not later than the date of the Change-in-Control, taking into account performance through the latest date preceding the Change-in-Control as to which performance can, as a practical matter be determined (but not later than the end of the applicable performance period) and be converted into shares of Common Stock (or cash) to be delivered to the Participant as soon as administratively practicable after the Termination Date, subject to the six-month delay noted below under "Specified Employees," if applicable.

Specified Employees. If a Participant is a "specified employee" within the meaning of Section 409A of the Code (i.e., generally the fifty highest paid employees, as determined by the Company) at the time of the Participant's Termination of Service, and PSUs are accelerated and will vest by reason of such Participant's Termination of Service (e.g., Change-in-Control Termination), then, to the extent necessary to avoid the application of any additional tax or penalty under IRC Section 409A and consistent with the terms of the Plan, PSUs will be held in the Participant's UBS account and will vest on the first day of the seventh month following the Participant's Termination Date. Upon vest, PSUs will convert into an equal number of shares of Common Stock (or cash). The value of the PSUs will be determined as of the vest date.

Forfeiture of Award and Repayment of Realized Gains

PSU Awards, including common stock delivered for vested PSUs, are subject to the Raytheon Technologies Corporation Clawback Policy, as amended from time to time, available at www.rtx.com. PSUs will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from previously vested PSUs upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) The Committee determines that Award vesting was based on incorrect performance measurement calculations. In such event, vesting (and recoupment, if applicable) will be adjusted consistent with the actual corrected results;
- (iii) Within three-years following a Participant's Termination Date, the Committee determines that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause;
- (iv) A restatement of financial results attributable to a Participant's actions, whether intentional or negligent.
- (v) Within twenty-four months following a Participant's Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (vi) At any time during the twelve-month period following a Participant's Termination Date: (i) the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities that compete with the Corporation or the

business unit that employed the Participant; or (ii) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.

(vii) Negligent conduct injurious to the Company, including negligent supervision of a subordinate whose action requires a restatement of financial results, or other significant harm to the Company as determined by the Committee.

In addition, the Committee reserves the right to require repayment of all or any portion of a PSU Award under item (iv) above, without regard to whether a restatement is attributable to the Participant's actions, as appropriate and determined at the Committee's sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of awards and the obligation to repay gains realized from LTIP awards are set forth in Section 14(i) of the LTIP, available at www.ubs.com/onesource/RTX, and the Raytheon Technologies Corporation Clawback Policy, available at www.rtx.com.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock, or other events affecting the value of Common Stock, PSU Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(e) of the LTIP, available at www.ubs.com/onesource/RTX.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards or Performance Goals, as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, available at www.ubs.com/onesource/RTX.

Awards Not to Affect Certain Transactions

PSU Awards do not in any way affect the right of the Corporation or its shareowners to effect: (a) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (b) any merger or consolidation of the Corporation; (c) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (d) the dissolution or liquidation of the Corporation; (e) any sale or transfer of all or any part of its assets or business; or (f) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The Fair Market Value of Common Stock on the New York Stock Exchange on the date the taxable event occurs will be used to calculate taxable income realized from the PSUs. The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award. The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the vesting of any PSU. Acceptance of an Award constitutes affirmative consent by Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if the Participant fails to comply with his or her obligations in connection with Tax-Related Items.

If the Participant is a Section 16 officer of the Company under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the Company shall satisfy the Participant's withholding obligation as follows: (i) with respect to FICA taxes due and owing prior the vesting of the PSU Award, the Company shall satisfy the withholding obligation by deducting from Participant's regular compensation through payroll withholding; and (ii) with respect to any other Tax-Related Items, the Company shall satisfy the withholding obligation by withholding shares of Common Stock subject to the PSU Award having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). Provided for both items (i) and (ii) above, the Committee retains the right to determine an alternative method of withholding for the Participant, at its sole discretion, provided in all cases, such determination shall be made by the Committee prior to the Tax-Related Items withholding event.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/RTX.

Deferral of Gain (U.S. based executives)

A Participant who is qualified to participate in the Company's LTIP PSU Deferral Plan may irrevocably elect to defer the conversion of vested PSUs into shares of Common Stock to a date that is at least five years after the scheduled vesting date. The election to defer the conversion of shares must be made no later than the end of the second year of the performance measurement period, or such earlier date as may be specified by the Committee. Vested PSUs subject to a deferral election will be converted to unfunded deferred share units that will convert into shares of Common Stock on the distribution date as specified in the deferral election and the LTIP PSU Deferral Plan. Deferred share units will be credited with dividend equivalents. Under U.S. income tax law, a Participant will generally not be taxed until the resulting deferred share units are converted to shares of Common Stock and distributed. Deferred share units will not be funded by the Company. In this regard, a Participant's rights to deferred share units are those of a general unsecured creditor of the Company. Details of the deferral of PSUs into deferred share units will be provided with the election materials. The opportunity to make such an election is subject to changes in Federal tax law. The Committee reserves the right to discontinue offering PSU deferral elections at any time for any reason it deems appropriate in its sole discretion.

Nonassignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any PSU Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any PSU Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures, as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended. Awards to these employees will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate

on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Conduct and Company policies and procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Conduct and Company policies are available online at <http://epolicy.corp.ray.com/epolicy/>.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the PSU Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, which can be located at www.ubs.com/onesource/RTX. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator
rxstockadmin@rtx.com

OR

Raytheon Technologies Corporation
Attn: Stock Plan Administrator
4 Farm Springs Road
Farmington, CT 06032

The Corporation and/or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Appendix A: 2021 PSU Performance Goals

The table below illustrates the Performance Goals for the 2021-2023 performance cycle.

Threshold, target and maximum Performance Goals each have a corresponding payout percentage, and each metric is measured and funded independently. Performance below the threshold level will result in 0% payout, while performance above the maximum level cannot exceed the maximum payout level. Performance that falls between the threshold, target and maximum levels will result in a payout that is interpolated between the applicable levels.

The final Performance Factor will be based on the Company's actual achievement against these Performance Goals at the conclusion of the award's performance cycle and will equal the sum of the four payout percentages after weighting is applied.

Metric	Weight	Performance Goals			Payout (as a % of target)		
		Threshold	Target	Maximum	Threshold	Target	Maximum
EPS ⁽¹⁾	25%	\$3.00	\$3.55	\$3.90	25%	100%	200%
ROIC ⁽¹⁾	25%	3.20%	3.70%	4.05%	25%	100%	200%
TSR vs. S&P 500 companies ⁽²⁾	25%	25 th percentile	50 th percentile	75 th percentile	25%	100%	200%
TSR vs. A&D peers ⁽²⁾	25%	25 th percentile	50 th percentile	75 th percentile	25%	100%	200%

(1) Measurement period: January 1, 2021 through December 31, 2021

(2) Measurement period: January 1, 2021 through December 31, 2023, calculated using the November/December average adjusted stock price prior to and at the end of the performance measurement period.

Raytheon Technologies Corporation
2018 Long-Term Incentive Plan

Stock Appreciation Right Award
Schedule of Terms

(Rev. February, 2021)

This Schedule of Terms describes the material features of the Participant's Stock Appreciation Right Award (the "SAR Award" or the "Award") granted under the Raytheon Technologies Corporation 2018 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available at www.ubs.com/onesource/rtx.

Certain Definitions

A Stock Appreciation Right (a "SAR") represents the right to receive the appreciation in one share of Common Stock of Raytheon Technologies Corporation (the "Common Stock") measured from the date of grant to the date of exercise. The appreciation, upon exercise, is generally paid to the Participant in the form of shares of Common Stock. SARs are generally exercisable if the Participant remains employed by the Company through the applicable vesting date schedule set forth on the Award Agreement (see "Vesting" below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see "Termination of Service" below). "Company" means Raytheon Technologies Corporation (the "Corporation" or "RTX"), together with its subsidiaries, divisions and affiliates. "Termination Date" means the date a Participant's employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to "Termination of Service" as defined in the LTIP. "Committee" means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of SARs awarded and the SAR grant price are set forth in the Award Agreement. An LTIP Award recipient (a "Participant") must affirmatively acknowledge and accept the terms and conditions of the SAR Award within 150 days following the Grant Date. A failure to acknowledge and accept the SAR Award subject to the LTIP and this Schedule of Terms, within such 150-day period may result in forfeiture of the SAR Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this SAR Award electronically via the UBS *One Source* website at www.ubs.com/onesource/rtx. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this SAR Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Exercise Price (or "Grant Price")

The Grant Price represents the Fair Market Value of the Corporation's Common Stock on the date of grant. "Fair Market Value" means, as of any given date, the closing price of the Common Stock on the New York Stock Exchange.

Vesting and Expiration

SARs will vest and expire (if unexercised) in accordance with the schedule set forth in the Award Agreement, subject to the Participant's continued employment with the Company through each applicable vesting date. SARs will be forfeited in the event of Termination of Service prior to the vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination (Not for Cause), Disability, Change-in-Control Termination, or Death (see "Termination of Service" below).

SARs may be exercised on or after the vesting date until the earlier of the:

- (i) Expiration date specified in the Award Agreement, at which time the SARs and all associated rights lapse; or
- (ii) Last day permitted on or following Termination of Service as specified in “Termination of Service” below.

SARs may also be forfeited and value realized from exercised SARs may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

A SAR is the right to receive the appreciation in a share of Common Stock, subject to continued employment and certain other conditions. The holder of a SAR has no voting, dividend, or other rights accorded to owners of Common Stock, unless and until SARs are exercised and settled in Common Stock.

Exercise and Payment

While a Participant is employed by the Company, the Participant may exercise SARs on or after the vesting date until the expiration date. The value a Participant will realize upon the exercise of a SAR is the difference between the price of the Common Stock at the time of exercise and the Grant Price. The Participant will generally receive shares of Common Stock as soon as administratively practicable following exercise. The value of the SARs may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

It is the responsibility of the Participant, or a designated representative, to track the expiration of the Award and exercise SARs in a timely manner. The Company assumes no responsibility for, and will make no adjustments with respect to, SARs that expire unexercised. Any communication from the Plan Administrator or the Company to the Participant with respect to expiration is provided as a courtesy only.

Termination of Service

The treatment of SARs upon Termination of Service depends upon the reason for termination, as detailed in the following sections. SARs held for less than one year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. If the Participant’s termination results from Retirement, unvested SARs held for at least one year as of the Termination Date will vest and become exercisable. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- “Normal Retirement” means retirement on or after age 65;

- “Early Retirement” means retirement on or after:
 - Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - Age 50, but before age 55, and the Participant’s age and continuous service as of the Termination Date adds up to 65 or more (“Rule of 65”).

Upon Retirement, vested SARs may be exercised as detailed in the chart below:

Retirement Type	Company Consents to Early Retirement *	Exercise Period
Normal Retirement (age 65)	N/A	SARs may be exercised until the expiration of their term
Early Retirement on or after age 55 + 10 years of continuous service as of the Termination Date	Yes	SARs may be exercised until the expiration of their term
	No	SARs may be exercised for three (3) years following the Termination Date or until the expiration of the SAR, whichever is earlier
Early Retirement on or after age 50, but prior to age 55 + years of service = 65+ as of the Termination Date	Yes	SARs may be exercised for five (5) years following the Termination Date or until the expiration of the SAR, whichever is earlier
	No	SARs may be exercised for three (3) years following the Termination Date or until the expiration of the SAR, whichever is earlier
* The Company’s consent to the Participant’s Retirement will be at the sole discretion of the Company based on its ability to effectively transition the Participant’s responsibilities as of the Termination Date and such other factors as it may deem appropriate.		

Service used to determine eligibility for Normal or Early Retirement means “Continuous Service” as determined under the UTC Savings Plan. The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month. A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

Involuntary Termination for Cause. If the Participant’s termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), both vested and unvested SARs will be forfeited as of the Termination Date regardless of the Participant’s Retirement eligibility. In addition, value realized from previously exercised SARs is subject to repayment in the event of termination for Cause or certain other occurrences (see “Forfeiture of Award and Repayment of Realized Gains” below).

Involuntary Termination. If the Participant’s termination results from an involuntary termination by the Company for reasons other than Cause, unvested SARs held for at least one year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Company with a release of claims against the Company in a form and manner satisfactory to the Company. The pro-rata vesting of a SAR Award held for at least one year will be based on the number of months worked during the vesting period, including partial months, relative to the

full vesting period. SARs not vested under this pro-rata vesting formula will be forfeited as of the Termination Date.

Upon involuntary termination for reasons other than Cause, vested SARs may be exercised for one (1) year following the Termination Date or until the expiration of the SAR, whichever is earlier. Unexercised SARs will expire without value at the close of the NYSE on the first anniversary of the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the SARs will be cancelled at the end of the last trading day prior to such date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage.

Pro-rata vesting will occur for involuntary terminations resulting from workforce reductions, location closings, restructurings, layoffs, or similar events, as determined by the Committee.

Retirement eligible Participants will vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below. A Participant who is involuntarily terminated for Cause is not eligible for pro-rata vesting of Awards.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for Retirement or a Change-in-Control Termination) is not entitled to pro-rata vesting and will forfeit all unvested SARs. Vested SARs may be exercised for up to ninety (90) days from the Termination Date or until the expiration of the SAR (if earlier). Unexercised SARs will expire without value at the close of the NYSE on the ninetieth (90th) day following the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the SARs will be cancelled at the end of the last trading day prior to the 90th day.

Disability. If a Participant incurs a Disability (as defined in the LTIP), vested SARs may be exercised for up to three (3) years from the Termination Date (or until the expiration of the SAR, if earlier). While a Participant remains disabled under a Company sponsored long-term disability plan, unvested SARs will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability, and may then be exercised for three (3) years following the vesting date.

Death. If a Participant dies while actively employed by the Company, or on Disability, all unvested SARs will vest as of the date of death and become exercisable. A Participant's estate will have three (3) years from the date of death (or until the expiration of the SAR, if earlier) to exercise all outstanding SARs, provided however, that if a SAR expires prior to the expiration of the three-year extension period, the SAR will be deemed to be exercised by the Participant's estate as of the SAR expiration date with net proceeds (where applicable) held for distribution to the estate.

Different tax rules may apply when the estate or heir exercises the deceased Participant's SARs. A personal tax or financial advisor should be consulted under this scenario.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's

voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested SARs will vest and become exercisable as of the Termination Date and all vested SARs will be exercisable until the third anniversary of the Termination Date (or until the expiration of the SAR, if earlier).

Forfeiture of Award and Repayment of Realized Gains

SAR Awards, including common stock delivered for exercised SARs, are subject to the Raytheon Technologies Corporation Clawback Policy, as amended from time to time, available at www.rtx.com. SARs, whether or not vested, will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from the prior exercise of SARs upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) Within three-years following a Participant's Termination Date, the Committee determines that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause;
- (iii) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (iv) A restatement of financial results attributable to a Participant's actions, whether intentional or negligent.
- (v) At any time during the twelve-month period following the Termination Date: (A) the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities that compete with the Corporation or the business unit that employed the Participant; or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.
- (vi) Negligent conduct injurious to the Company, including negligent supervision of a subordinate whose action requires a restatement of financial results, or other significant harm to the Company as determined by the Committee.

In addition, the Committee reserves the right to require repayment of all or any portion of a SAR Award under item (iv) above, without regard to whether a restatement is attributable to the Participant's actions, as appropriate and determined at the Committee's sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these covenants. Further details concerning the forfeiture of Awards and the obligation to repay gains realized from LTIP Awards are set forth in Section 14(i) of the LTIP, available at www.ubs.com/onesource/rtx, and the Raytheon Technologies Corporation Clawback Policy, available at www.rtx.com.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, SAR Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(e) of the LTIP, available at www.ubs.com/onesource/rtx.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, available at www.ubs.com/onesource/rtx.

Awards Not to Affect Certain Transactions

SAR Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award; provided that, if the Participant is a Section 16 officer of the Company under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the Company's withholding obligations with respect to such taxable event will be satisfied by the Company withholding shares of Common Stock subject to the SAR Award having a Fair Market Value on the date of exercise equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). The Company shall have the right to deduct directly from any payment or delivery

of shares due to a Participant or from a Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the exercise of any SAR. Acceptance of an Award constitutes affirmative consent by a Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/rtx.

Nonassignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any SAR Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any SAR Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended. Awards to these employees will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of

its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Conduct and Company policies and procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Conduct and Company policies are available online at <http://epolicy.corp.ray.com/epolicy/>.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the SAR Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, available at www.ubs.com/onesource/rtx. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator
rtxstockadmin@rtx.com

OR

Raytheon Technologies Corporation
Attn: Stock Plan Administrator
4 Farm Springs Road
Farmington, CT 06032

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

Raytheon Technologies Corporation
2018 Long-Term Incentive Plan

Non-Qualified Stock Option Award
Schedule of Terms

(Rev. February 2021)

This Schedule of Terms describes the material features of the Participant's Non-Qualified Stock Option Award (the "Option Award" or the "Award") granted under the Raytheon Technologies Corporation 2018 Long-Term Incentive Plan (the "LTIP"), subject to this Schedule of Terms, the Award Agreement, and the terms and conditions set forth in the LTIP. The LTIP Prospectus contains further information about the LTIP and this Award and is available at www.ubs.com/onesource/rtx.

Certain Definitions

A Non-qualified Stock Option (an "Option") represents the right to purchase a specified number of shares of Common Stock of Raytheon Technologies Corporation (the "Common Stock") for a specified price (the "Grant Price"). Options are generally exercisable if the Participant remains employed by the Company through the applicable vesting date schedule set forth on the Award Agreement (see "Vesting" below), or upon an earlier Termination of Service under limited circumstances that result in accelerated vesting (see "Termination of Service" below). "Company" means Raytheon Technologies Corporation (the "Corporation" or "RTX"), together with its subsidiaries, divisions and affiliates. "Termination Date" means the date a Participant's employment ends, or, if different, the date a Participant ceases providing services to the Company as an employee, consultant, or in any other capacity. For the avoidance of doubt, absences from employment by reason of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service shall not be recognized as service in determining the Termination Date. All references to termination of employment in this Schedule of Terms will be deemed to refer to "Termination of Service" as defined in the LTIP. "Committee" means the Compensation Committee of the Board. Capitalized terms not otherwise defined in this Schedule of Terms have the same meaning as defined in the LTIP.

Acknowledgement and Acceptance of Award

The number of Options awarded and the Option grant price are set forth in the Award Agreement. An LTIP Award recipient (a "Participant") must affirmatively acknowledge and accept the terms and conditions of the Option Award within 150 days following the Grant Date. A failure to acknowledge and accept the Option Award subject to the LTIP and this Schedule of Terms, within such 150-day period may result in forfeiture of the Option Award, effective as of the 150th day following the Grant Date.

Participants must acknowledge and accept the terms and conditions of this Option Award electronically via the UBS *One Source* website at www.ubs.com/onesource/rtx. Participants based in certain countries may be required to acknowledge and accept the terms and conditions of this Option Award by signing and returning the designated hard copy portion of the Award Agreement to the Stock Plan Administrator. These countries currently include Russia, Turkey, Hungary, and Slovenia.

Exercise Price (or "Grant Price")

The Grant Price represents the Fair Market Value of the Corporation's Common Stock on the date of grant. "Fair Market Value" means, as of any given date, the closing price of the Common Stock on the New York Stock Exchange.

Vesting and Expiration

Options will vest and expire (if unexercised) in accordance with the schedule set forth in the Award Agreement, subject to the Participant's continued employment with the Company through each applicable vesting date. Options will be forfeited in the event of Termination of Service prior to the vesting date, except in certain earlier terminations involving Retirement, Involuntary Termination (Not for Cause), Disability, Change-in-Control Termination, or Death (see "Termination of Service" below).

Options may be exercised on or after the vesting date until the earlier of the:

- (i) Expiration date specified in the Award Agreement, at which time the Stock Options and all associated rights lapse; or

(ii) Last day permitted on or following Termination of Service as specified in “Termination of Service” below.

Options may also be forfeited and value realized from exercised Options may be recouped by the Company under certain circumstances (see “Forfeiture of Award and Repayment of Realized Gains” below).

No Shareowner Rights

An Option is the right to purchase a specified number of shares of Common Stock for a specified price, subject to continued employment and certain other conditions. The holder of an Option has no voting, dividend, or other rights accorded to owners of Common Stock, unless and until Options are exercised and settled in Common Stock.

Exercise and Payment

While a Participant is employed by the Company, the Participant may exercise Options on or after the vesting date until the expiration date. The value a Participant will realize upon the exercise of an Option is the difference between the price of the Common Stock at the time of exercise and the Grant Price. The Participant will generally receive shares of Common Stock as soon as administratively practicable following exercise. The value of the Options may instead be paid in cash if the Committee so determines, including where local law restricts the distribution of Common Stock.

It is the responsibility of the Participant, or a designated representative, to track the expiration of the Award and exercise Options in a timely manner. The Company assumes no responsibility for, and will make no adjustments with respect to, Options that expire unexercised. Any communication from the Plan Administrator or the Company to the Participant with respect to expiration is provided as a courtesy only.

Termination of Service

The treatment of Options upon Termination of Service depends upon the reason for termination, as detailed in the following sections. Options held for less than one year as of the Termination Date will be forfeited, except in the event of Death, Disability, or Change-in-Control Termination, as discussed below.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the Termination Date.

Retirement. If the Participant’s termination results from Retirement, unvested Options held for at least one year as of the Termination Date will vest and become exercisable. For this purpose, Retirement means either a Normal Retirement or Early Retirement as defined below:

- “Normal Retirement” means retirement on or after age 65;
- “Early Retirement” means retirement on or after:
 - Age 55 with 10 or more years of continuous service as of the Termination Date; or
 - Age 50, but before age 55, and the Participant’s age and continuous service as of the Termination Date adds up to 65 or more (“Rule of 65”).

Upon Retirement, vested Options may be exercised as detailed in the chart below:

Retirement Type	Company Consents to Early Retirement *	Exercise Period
Normal Retirement (age 65)	N/A	Options may be exercised until the expiration of their term
Early Retirement on or after age 55 + 10 years of continuous service as of the Termination Date	Yes	Options may be exercised until the expiration of their term
	No	Options may be exercised for three (3) years following the Termination Date or until the expiration of the Stock Option, whichever is earlier
Early Retirement on or after age 50, but prior to age 55 + years of service = 65+ as of the Termination Date	Yes	Options may be exercised for five (5) years following the Termination Date or until the expiration of the Option, whichever is earlier
	No	Options may be exercised for three (3) years following the Termination Date or until the expiration of the Option, whichever is earlier
* The Company's consent to the Participant's Retirement will be at the sole discretion of the Company based on its ability to effectively transition the Participant's responsibilities as of the Termination Date and such other factors as it may deem appropriate.		

Service used to determine eligibility for Normal or Early Retirement means "Continuous Service" as determined under the UTC Savings Plan. The calculation to determine Early Retirement will include partial years, rounded down to the nearest full month.

A Participant will not receive Retirement treatment with respect to any Award in the event of involuntary termination by the Company for Cause.

Involuntary Termination for Cause. If the Participant's termination results from an involuntary termination by the Company for Cause (as defined in the LTIP), both vested and unvested Options will be forfeited as of the Termination Date regardless of the Participant's Retirement eligibility. In addition, value realized from previously exercised Option is subject to repayment in the event of termination for Cause or certain other occurrences (see "Forfeiture of Award and Repayment of Realized Gains" below).

Involuntary Termination. If the Participant's termination results from an involuntary termination by the Company for reasons other than Cause, unvested Options held for at least one year as of the Termination Date will receive pro-rata vesting treatment, subject to the Participant providing the Company with a release of claims against the Company in a form and manner satisfactory to the Company. The pro-rata vesting of an Option Award held for at least one year will be based on the number of months worked during the vesting period, including partial months, relative to the full vesting period. Options not vested under this pro-rata vesting formula will be forfeited as of the Termination Date.

Upon involuntary termination for reasons other than Cause, vested Options may be exercised for one (1) year following the Termination Date or until the expiration of the Option, whichever is

earlier. Unexercised Options will expire without value at the close of the NYSE on the first anniversary of the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the Options will be cancelled at the end of the last trading day prior to such date.

Absences from employment because of notice periods, garden leaves, or similar paid leaves associated with a Termination of Service will not be recognized as service in determining the pro-rata vesting percentage.

Pro-rata vesting will occur for involuntary terminations resulting from workforce reductions, location closings, restructurings, layoffs, or similar events, as determined by the Committee.

Retirement eligible Participants will vest in accordance with the Retirement provisions set forth above. Change-in-Control Terminations are subject to vesting treatment as set forth in the Change-in-Control provisions below. A Participant who is involuntarily terminated for Cause is not eligible for pro-rata vesting of Awards.

Voluntary Termination. A Participant who voluntarily terminates employment (other than for Retirement or a Change-in-Control Termination) is not entitled to pro-rata vesting and will forfeit all unvested Options. Vested Options may be exercised for up to ninety (90) days from the Termination Date or until the expiration of the Option (if earlier). Unexercised Options will expire without value at the close of the NYSE on the ninetieth (90th) day following the Termination Date, or the expiration date, whichever comes first. In the event that the date falls on a weekend or market holiday, the Options will be cancelled at the end of the last trading day prior to the 90th day.

Disability. If a Participant incurs a Disability (as defined in the LTIP), vested Options may be exercised for up to three (3) years from the Termination Date (or until the expiration of the Option, if earlier). While a Participant remains disabled under a Company sponsored long-term disability plan, unvested Options will remain eligible to vest on the earlier of (i) the vesting date specified in the Award Agreement; or (ii) 29 months following the date a Participant incurs a Disability, and may then be exercised for three (3) years following the vesting date.

Death. If a Participant dies while actively employed by the Company, or on Disability, all unvested Options will vest as of the date of death and become exercisable. A Participant's estate will have three (3) years from the date of death (or until the expiration of the Options, if earlier) to exercise all outstanding Options, provided however, that if an Option expires prior to the expiration of the three-year extension period, the Option will be deemed to be exercised by the Participant's estate as of the Option expiration date with net proceeds (where applicable) held for distribution to the estate.

Different tax rules may apply when the estate or heir exercises the deceased Participant's Options. A personal tax or financial advisor should be consulted under this scenario.

Change-in-Control Termination. If a Participant's termination results from an involuntary termination by the Company for reasons other than for Cause, or due to the Participant's voluntary termination for "Good Reason," in each case, within 24 months following a Change-in-Control in accordance with Section 10(d) of the LTIP (such Termination of Service, a "CIC Termination"), then all unvested Options will vest and become exercisable as of the Termination Date and all vested Options will be exercisable until the third anniversary of the Termination Date (or until the expiration of the Option, if earlier).

Forfeiture of Award and Repayment of Realized Gains

Option Awards, including common stock delivered for exercised Options, are subject to the Raytheon Technologies Corporation Clawback Policy, as amended from time to time, available at www.rtx.com. Options, whether or not vested, will be immediately forfeited and a Participant will be obligated to repay to the Company the value realized from the prior exercise of Options upon the occurrence of any of the following events:

- (i) Termination for Cause (as defined in the LTIP);
- (ii) Within three-years following a Participant's Termination Date, the Committee determines that the Participant engaged in conduct that could have constituted the basis for a Termination for Cause;
- (iii) Within twenty-four months following the Termination Date, the Participant:
 - (A) Solicits a Company employee, or individual who had been a Company employee within the previous three months, for an opportunity outside of the Company; or
 - (B) Publicly disparages the Company, its employees, directors, products, or otherwise makes a public statement that is materially detrimental to the interests of the Company or such individuals; or
- (iv) A restatement of financial results attributable to a Participant's actions, whether intentional or negligent.
- (v) At any time during the twelve-month period following the Termination Date: (A) the Participant becomes employed by, consults for, or otherwise renders services to any business entity or person engaged in activities that compete with the Corporation or the business unit that employed the Participant; or (B) that is a material customer of or a material supplier to the Corporation or the business unit that employed the Participant, unless, in either case, the Participant has first obtained the consent of the Chief Human Resources Officer or her or his delegate. This restriction applies to competitors, customers, and suppliers of each business unit that employed the Participant within the two-year period prior to the Termination Date. The determination of status of competitors, customers, and suppliers will be made by the Chief Human Resources Officer (or her or his delegate) in her or his sole discretion.
- (vi) Negligent conduct injurious to the Company, including negligent supervision of a subordinate whose action requires a restatement of financial results, or other significant harm to the Company as determined by the Committee.

In addition, the Committee reserves the right to require repayment of all or any portion of an Option Award under item (iv) above, without regard to whether a restatement is attributable to the Participant's actions, as appropriate and determined at the Committee's sole discretion.

The Participant agrees that the foregoing restrictions are reasonable and that the value of the LTIP awards is reasonable consideration for accepting such restrictions and forfeiture contingencies. However, if any portion of this section is held by competent authority to be unenforceable, this section shall be deemed amended to limit its scope to the broadest scope that such authority determines is enforceable, and as so amended shall continue in effect. The Participant acknowledges that this Award shall constitute compensation in satisfaction of these

covenants. Further details concerning the forfeiture of Awards and the obligation to repay gains realized from LTIP Awards are set forth in Section 14(i) of the LTIP, available at www.ubs.com/onesource/rtx and the Raytheon Technologies Corporation Clawback Policy, available at www.rtx.com.

Adjustments

If the Corporation engages in a transaction affecting its capital structure, such as a merger, distribution of a special dividend, spin-off of a business unit, stock split, subdivision or consolidation of shares of Common Stock or other events affecting the value of Common Stock, Option Awards may be adjusted as determined by the Committee, in its sole discretion.

Further information concerning capital adjustments is set forth in Section 3(e) of the LTIP, available at www.ubs.com/onesource/rtx.

Change-in-Control

In the event of a Change-in-Control or restructuring of the Company, the Committee may, in its sole discretion, take certain actions with respect to outstanding Awards to assure fair and equitable treatment of LTIP Participants. Such actions may include the acceleration of vesting, canceling an outstanding Award in exchange for its equivalent cash value (as determined by the Committee), or providing for other adjustments or modifications to outstanding Awards as the Committee may deem appropriate. Further details concerning Change-in-Control are set forth in Section 10 of the LTIP, available at www.ubs.com/onesource/rtx.

Awards Not to Affect Certain Transactions

Option Awards do not in any way affect the right of the Corporation or its shareowners to effect: (i) any adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital or business structure; (ii) any merger or consolidation of the Corporation; (iii) any issue of bonds, debentures, shares of stock preferred to, or otherwise affecting the Common Stock of the Corporation or the rights of the holders of such Common Stock; (iv) the dissolution or liquidation of the Corporation; (v) any sale or transfer of all or any part of its assets or business; or (vi) any other corporate act or proceeding.

Taxes / Withholding

The Participant is responsible for all income taxes, social insurance contributions, payroll taxes, payment on account or other tax-related items attributable to any Award ("Tax-Related Items"). The provisions of Section 14(d) (Required Taxes) of the LTIP apply to this Award; provided that, if the Participant is a Section 16 officer of the Company under Section 16 of the Securities Exchange Act of 1934, as amended, at the time that a taxable event occurs, then the Company's withholding obligations with respect to such taxable event will be satisfied by the Company withholding shares of Common Stock subject to the Option Award having a Fair Market Value on the date of exercise equal to the amount required to be withheld for tax purposes (calculated using the minimum statutory withholding rate, except as otherwise approved by the Committee). The Company shall have the right to deduct directly from any payment or delivery of shares due to a Participant or from a Participant's regular compensation to effect compliance with all Tax-Related Items, including withholding and reporting with respect to the exercise of any Option. Acceptance of an Award constitutes affirmative consent by a Participant to such reporting and withholding. The Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable

event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction. In those countries where there is no withholding on account of such Tax-Related Items, Participants must pay the appropriate taxes as required by any country where they are subject to tax. In those instances where Company is required to calculate and remit withholding on Tax-Related Items after shares have already been delivered, the Participant shall pay the Company any amount of Tax-Related Items that the Company is required to pay. The Company may refuse to distribute an Award if a Participant fails to comply with his or her obligations in connection with Tax-Related Items.

Important information about the U.S. Federal income tax consequences of LTIP Awards can be found in the LTIP Prospectus at www.ubs.com/onesource/rtx.

Nonassignability

Unless otherwise approved by the Committee or its delegate, no assignment or transfer of any right or interest of a Participant in any Option Award, whether voluntary or involuntary, by operation of law or otherwise, is permitted except by will or the laws of descent and distribution. Any other attempt to assign such rights or interest shall be void and without force or effect.

Nature of Payments

All Awards made pursuant to the LTIP are in consideration of services performed for the Company. Any gains realized pursuant to such Awards constitute a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any of the employee benefit plans of the Company. Awards are made at the discretion of the Committee. Receipt of a current Award does not guarantee receipt of a future Award.

Right of Discharge Reserved

Nothing in the LTIP or in any Option Award shall confer upon any Participant the right to continued employment or service for any period of time, or affect any right that the Company may have to terminate the employment of any Participant at any time for any reason.

Administration

The Board of Directors of the Corporation has delegated the administration and interpretation of the Awards granted pursuant to the LTIP to the Compensation Committee. The Committee establishes such procedures as it deems necessary and appropriate to administer Awards in a manner that is consistent with the terms of the LTIP. The Committee has, consistent with its charter and subject to certain limitations, delegated to the Chief Executive Officer and the Chief Human Resources Officer (and to such subordinates as he or she may further delegate) the authority to grant, administer, and interpret Awards, provided that, such delegation will not apply with respect to employees of the Company who are covered under Section 16 of the Securities Exchange Act of 1934, as amended. Awards to these employees will be granted, administered, and interpreted exclusively by the Committee. The Committee's decision or that of its delegate on any matter related to an Award shall be binding, final, and conclusive on all parties in interest.

Data Privacy

The Corporation maintains electronic records for the purpose of administering the LTIP and individual Awards. In the normal course of plan administration, electronic data may be transferred to different sites within the Company and to outside service providers. Acceptance of

an Award constitutes consent by the Participant to the collection, use, processing, transmission, and holding of personal data, in electronic or other form, as required for the implementation, administration, and management of this Award and the LTIP by the Company or its third-party administrators within or outside the country in which the Participant resides or works. All such collection, use, processing, transmission, and holding of data will comply with applicable privacy protection requirements. If you do not want to have your personal data shared, you may choose to not accept this Award.

Company Compliance Policies

Participants must comply with the Company's Code of Conduct and Company policies and procedures. Violations can result in the forfeiture of Awards and the obligation to repay previous gains realized from LTIP Awards. The Company's Code of Conduct and Company policies are available online at <http://epolicy.corp.ray.com/epolicy/>.

Interpretations

This Schedule of Terms provides a summary of terms applicable to the Option Award. This Schedule of Terms and each Award Agreement are subject in all respects to the terms of the LTIP, available at www.ubs.com/onesource/rtx. In the event that any provision of this Schedule of Terms or any Award Agreement is inconsistent with the terms of the LTIP, the terms of the LTIP shall govern. Capitalized terms used but not otherwise defined herein shall have the meanings as defined in the LTIP. Any question concerning administration or interpretation arising under the Schedule of Terms or any Award Agreement will be determined by the Committee or its delegates, and such determination shall be final, binding, and conclusive upon all parties in interest. If this Schedule of Terms or any other document related to this Award is translated into a language other than English and a conflict arises between the English and translated version, the English version will control.

Governing Law

The LTIP, this Schedule of Terms, and the Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

Additional Information

Questions concerning the LTIP or Awards and requests for LTIP documents can be directed to:

Stock Plan Administrator
rtxstockadmin@rtx.com

OR

Raytheon Technologies Corporation
Attn: Stock Plan Administrator
4 Farm Springs Road
Farmington, CT 06032

The Corporation and / or its approved Stock Plan Administrator will send any Award-related communications to the Participant's email address or physical address on record. It is the responsibility of the Participant to ensure that both the e-mail and physical address on record are up-to-date and accurate at all times to ensure delivery of Award-related communications.

April 27, 2021

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated April 27, 2021 on our review of interim financial information of Raytheon Technologies Corporation, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-3 (No. 333-234027) and Form S-8 (Nos. 333-237576, 333-234086, 333-234085, 333-234084, 333-228649, 333-225839, 333-207193, 333-197704, 333-183123, 333-177517, 333-175781, 333-150643, 333-125293, 333-110020, 333-100724, 333-100723, 333-100718 and 033-51385) of Raytheon Technologies Corporation.

Very truly yours,

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts

CERTIFICATION

I, Gregory J. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Raytheon Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2021

/s/ GREGORY J. HAYES

Gregory J. Hayes

President and Chief Executive Officer

CERTIFICATION

I, Neil G. Mitchell Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Raytheon Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2021

/s/ NEIL G. MITCHILL JR.

Neil G. Mitchill Jr.

Executive Vice President and Chief Financial Officer

CERTIFICATION

I, Michael J. Wood, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Raytheon Technologies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2021

/s/ MICHAEL J. WOOD

Michael J. Wood

Corporate Vice President and Controller

Section 1350 Certifications
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Raytheon Technologies Corporation, a Delaware corporation (the "Corporation"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (the "Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: April 27, 2021

/s/ GREGORY J. HAYES

Gregory J. Hayes

President and Chief Executive Officer

Date: April 27, 2021

/s/ NEIL G. MITCHILL JR.

Neil G. Mitchill Jr.

Executive Vice President and Chief Financial Officer

Date: April 27, 2021

/s/ MICHAEL J. WOOD

Michael J. Wood

Corporate Vice President and Controller