



Raytheon
Technologies

**2Q 2020 Earnings
Conference Call**

July 28, 2020

Forward-Looking Statements

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

This press release contains statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide Raytheon Technologies Corporation’s (“RTC”) management’s current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “confident,” “on track” and other words of similar meaning. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, share repurchases, tax rates, R&D spend, other measures of financial performance, potential future plans, strategies or transactions, credit ratings and net indebtedness, other anticipated benefits to RTC of United Technologies Corporation’s (“UTC”) Rockwell Collins acquisition, the merger between UTC and Raytheon Company (“Raytheon”, and such merger, the “merger”) or the spin-offs by UTC of Otis Worldwide Corporation and Carrier Global Corporation into separate independent companies (the “separation transactions”), including estimated synergies and customer cost savings resulting from the merger and the separation transactions and other statements that are not solely historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which RTC operates in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction and in both the commercial and defense segments of the aerospace industry, levels of air travel, financial condition of commercial airlines, and the impact of pandemic health issues (including COVID-19 and its effects, among other things, on global supply, demand and distribution capabilities as the COVID-19 outbreak continues and results in an increasingly prolonged period of disruption to air travel and commercial activities generally, and significant restrictions and limitations on businesses, particularly within the aerospace and commercial airlines industries) aviation safety concerns, weather conditions and natural disasters, the financial condition of our customers and suppliers, and the risks associated with U.S. government sales (including changes or shifts in defense spending due to budgetary constraints, spending cuts resulting from sequestration or the allocation of funds to governmental responses to COVID-19, a government shutdown, or otherwise, and uncertain funding of programs); (2) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits (including our expected returns under customer contracts) of advanced technologies and new products and services; (3) the scope, nature, impact or timing of acquisition and divestiture activity, including among other things the integration of UTC’s and Raytheon’s businesses or the integration of RTC with other businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs and expenses; (4) RTC’s levels of indebtedness, capital spending and research and development spending; (5) future availability of credit and factors that may affect such availability, including credit market conditions and our capital structure; (6) the timing and scope of future repurchases by RTC of its common stock, which have been suspended through the end of the calendar year and may continue to be suspended, or discontinued or delayed, at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (7) delays and disruption in delivery of materials and services from suppliers; (8) company and customer-directed cost reduction efforts and restructuring costs and savings and other consequences thereof (including the potential termination of U.S. government contracts and performance under undefinitized contract awards and the potential inability to recover termination costs); (9) new business and investment opportunities; (10) the ability to realize the intended benefits of organizational changes; (11) the anticipated benefits of diversification and balance of operations across product lines, regions and industries; (12) the outcome of legal proceedings, investigations and other contingencies; (13) pension plan assumptions and future contributions; (14) the impact of the negotiation of collective bargaining agreements and labor disputes; (15) the effect of changes in political conditions in the U.S. and other countries in which RTC and its businesses operate, including the effect of changes in U.S. trade policies or the U.K.’s withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (16) the effect of changes in tax (including U.S. tax reform enacted on December 22, 2017, which is commonly referred to as the Tax Cuts and Jobs Act of 2017), environmental, regulatory and other laws and regulations (including, among other things, export and import requirements such as the International Traffic in Arms Regulations and the Export Administration Regulations, anti-bribery and anti-corruption requirements, including the Foreign Corrupt Practices Act, industrial cooperation agreement obligations, and procurement and other regulations) in the U.S. and other countries in which RTC and its businesses operate; (17) the possibility that the anticipated benefits from the combination of UTC’s and Raytheon’s businesses (including ongoing integration activities from historic UTC and Raytheon acquisitions prior to the merger) cannot be realized in full or at all or may take longer to realize than expected, or the possibility that costs or difficulties related to the integration of UTC’s businesses with Raytheon’s will be greater than expected or may not result in the achievement of estimated synergies within the contemplated time frame or at all; (18) the ability of RTC to retain and hire key personnel and the ability of our personnel to continue to operate our facilities and businesses around the world in light of, among other factors, the COVID-19 outbreak; (19) the expected benefits to RTC of the separation transactions; (20) the intended qualification of (i) the merger as a tax-free reorganization and (ii) the separation transactions as tax-free to UTC and former UTC shareowners, in each case, for U.S. federal income tax purposes; and (21) the risk that dissynergy costs incurred in connection with the separation transactions will exceed legacy UTC’s or legacy Raytheon’s estimates. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the reports of RTC, UTC and Raytheon on Forms S-4, 10-K, 10-Q and 8-K filed with or furnished to the Securities and Exchange Commission from time to time. Any forward-looking statement speaks only as of the date on which it is made, and RTC assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Current Environment

Priorities

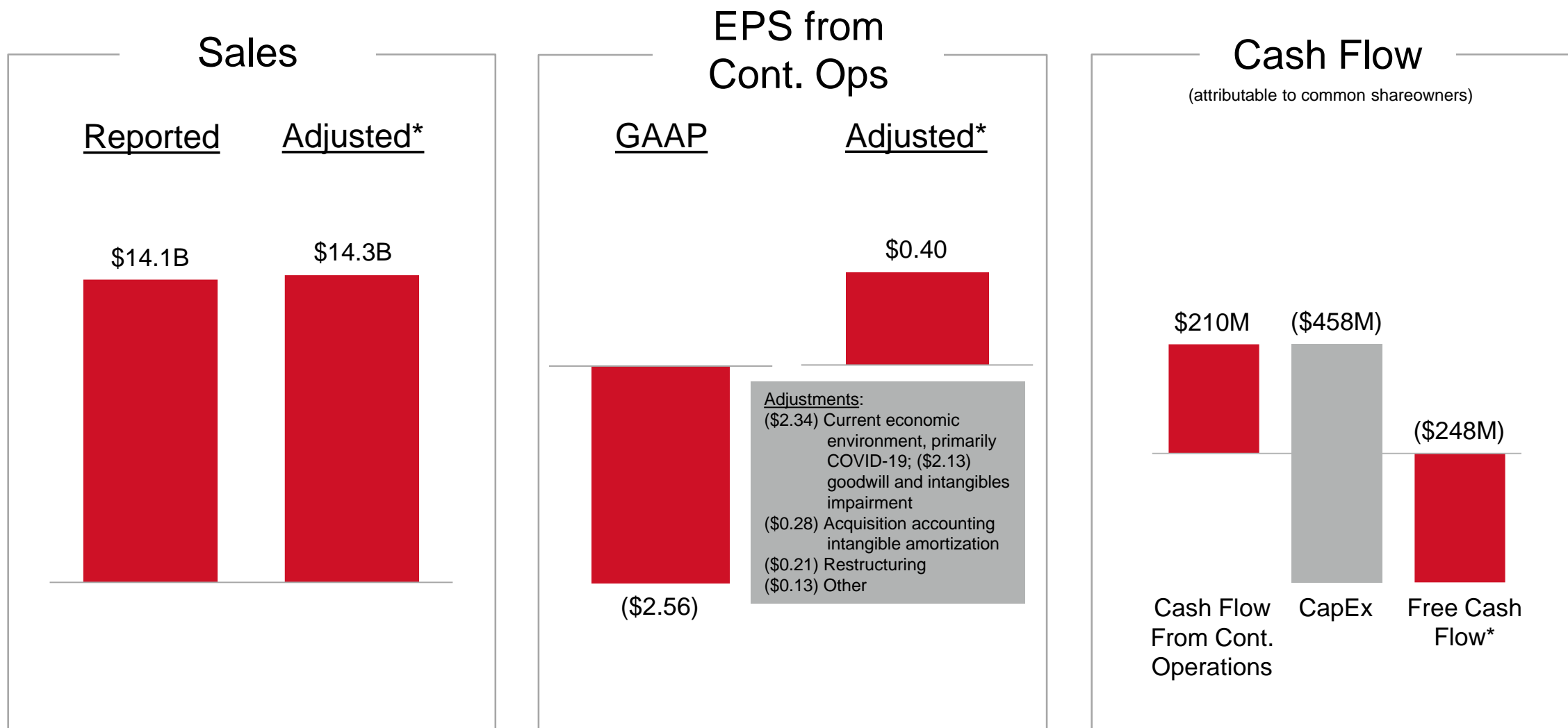
- Focused on employees, customers and suppliers
- Merger integration and synergies on track
- Strong liquidity position
- Executing cost reduction and cash conservation actions
 - ~\$600M of cost reduction in 2Q
 - ~\$1B of cash conservation in 2Q

2Q 2020 Highlights

- Selected by the U.S. Air Force to develop the Long-Range Standoff Weapon (LRSO)
- \$2.3B booked for TPY-2 Radars for the Kingdom of Saudi Arabia
- RTX cost synergies on track to achieve gross \$1B+ by 2024
- Achieved \$90M of Collins cost synergies year-to-date

Remain well positioned to deliver long-term value

2Q 2020

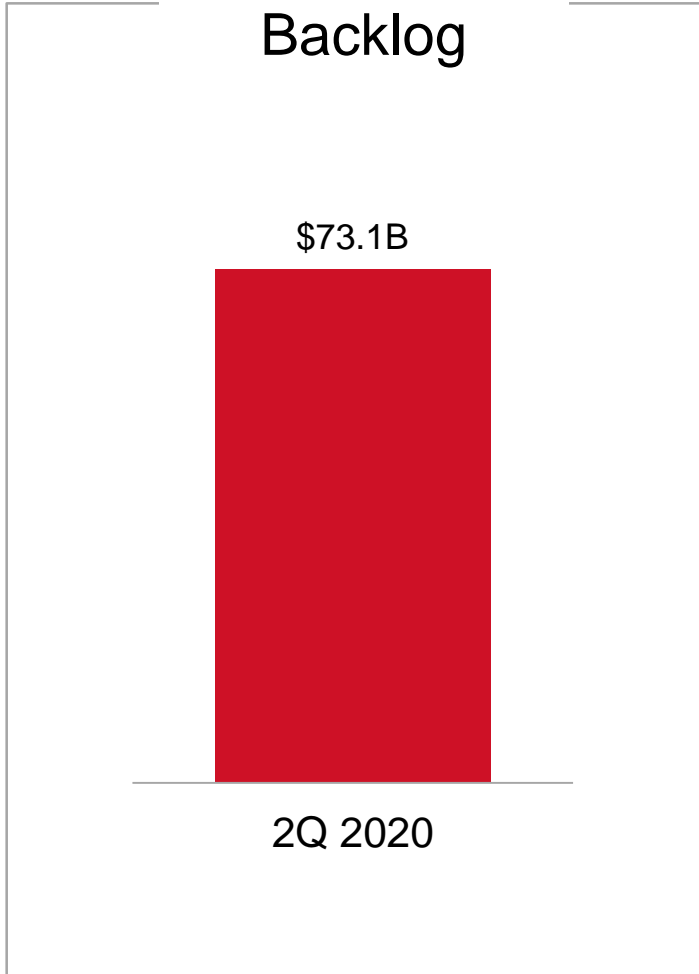


Results significantly impacted by commercial aerospace downturn with continued strength in defense

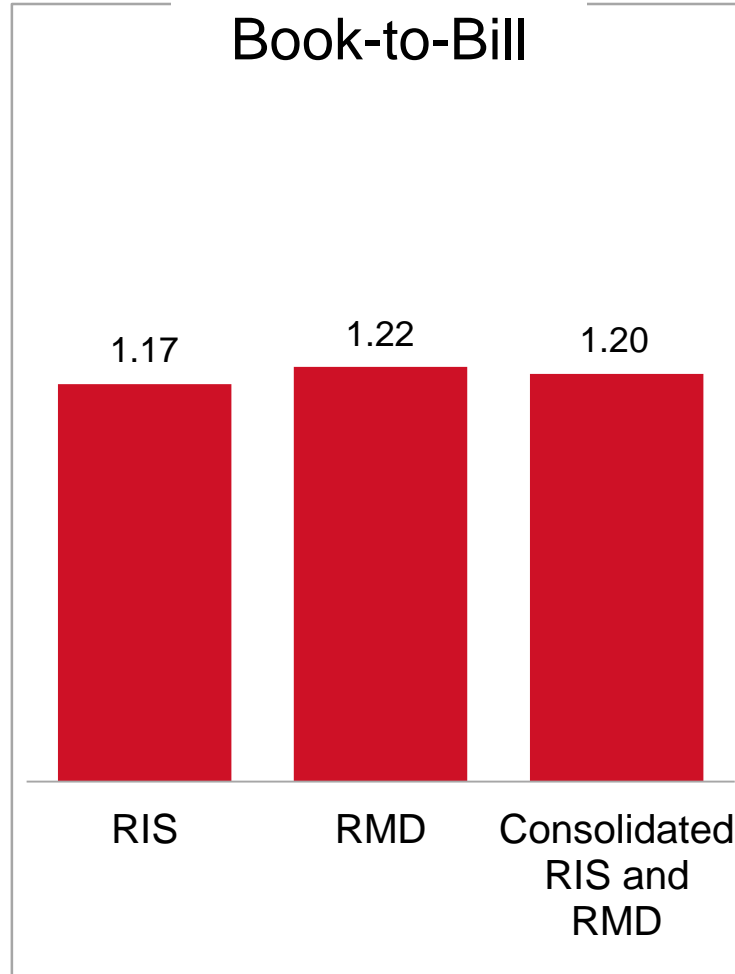
Note: Reported 2Q results do not include the legacy Raytheon business pre-merger stub period from March 30, 2020 to April 2, 2020 which had an estimated \$400M of sales, \$40M of net income, and \$100M of operating cash flow.

2Q 2020 Defense Quarterly Trends

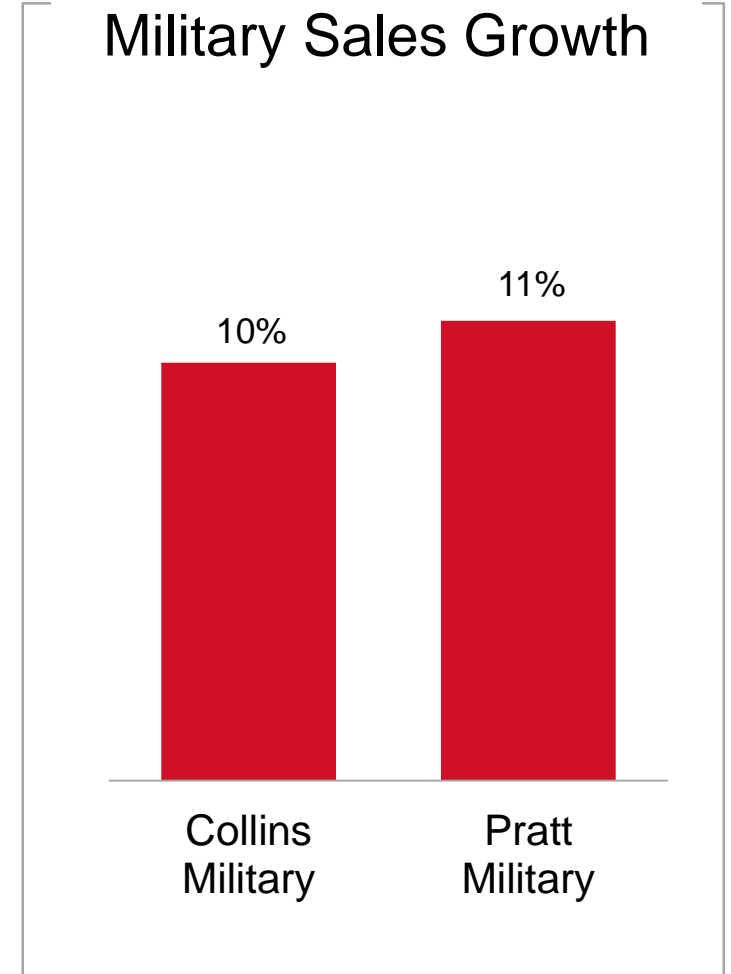
RTX Defense Backlog



RIS and RMD Book-to-Bill



Collins and Pratt Military Sales Growth



Record defense backlog of over \$73B and strong consolidated RIS and RMD book-to-bill ratio of 1.20

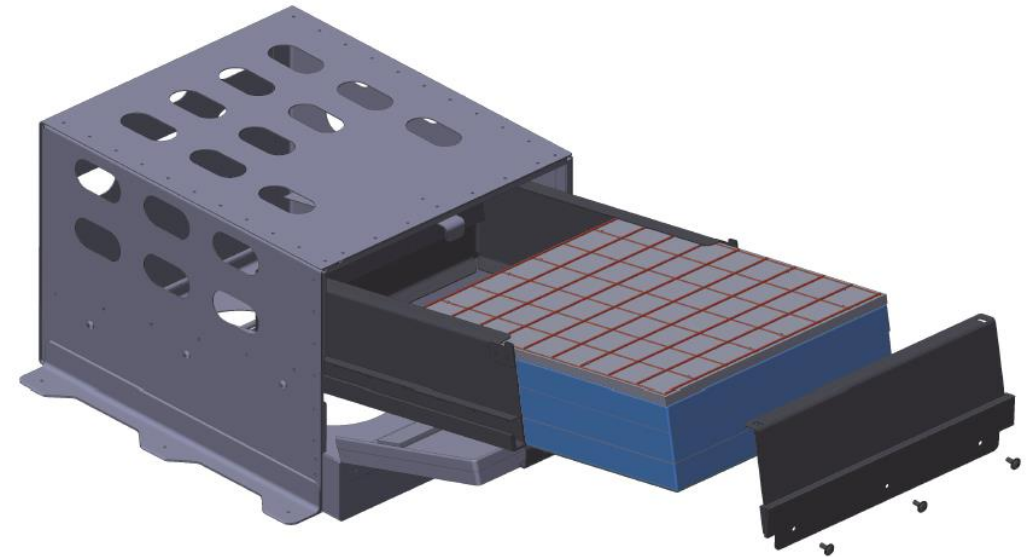
Collins Aerospace Segment Highlights

2Q 2020

(\$ millions)

	Reported	Adjusted*	YOY Var.*
Sales	4,202	4,298	(35)%
Operating Profit	(317)	24	(98)%
ROS	(7.5)%	0.6%	

- Organic sales* down 36%
- Adjusted sales* down 35%
 - Commercial OEM down 53%
 - Commercial aftermarket down 48%
 - Military up 10%
- Adjusted operating profit* down 98%
 - Lower sales and unfavorable absorption driven by COVID-19 impact
 - Cost mitigation tailwinds
 - Favorable military volume
 - Synergy capture



Collins Aerospace Systems, has developed and introduced the only Cabin Air Recirculation high-efficiency particulate air (HEPA) filter installation kit for use on Dash 8 aircraft. The HEPA filter kit mounts inside an aluminum enclosure along with a prefilter and together trap at least 99.97% of the harmful airborne particles that have a diameter of 0.3 micron. These include bacteria, viruses, pollen, dust, mites and other microscopic airborne contaminants in aircraft environmental control systems.

Pratt & Whitney Segment Highlights

2Q 2020

(\$ millions)

	Reported	Adjusted*	YOY Var.*
Sales	3,487	3,607	(30)%
Operating Profit	(457)	(151)	(133)%
ROS	(13.1)%	(4.2)%	

- Organic sales* down 32%
- Adjusted sales* down 30%
 - Commercial OEM down 42%
 - Commercial aftermarket down 51%
 - Military up 11%
- Adjusted operating profit* down 133%
 - Lower sales and unfavorable absorption driven by COVID-19 impact
 - Cost mitigation tailwinds
 - Favorable military volume; offset by unfavorable contract adjustments



Photo: Bell Aircraft

P&W-powered helicopters, by Pratt & Whitney Canada engines, have proven to be critical assets during the COVID-19 pandemic, providing key support in emergency medical operations and transportation missions.

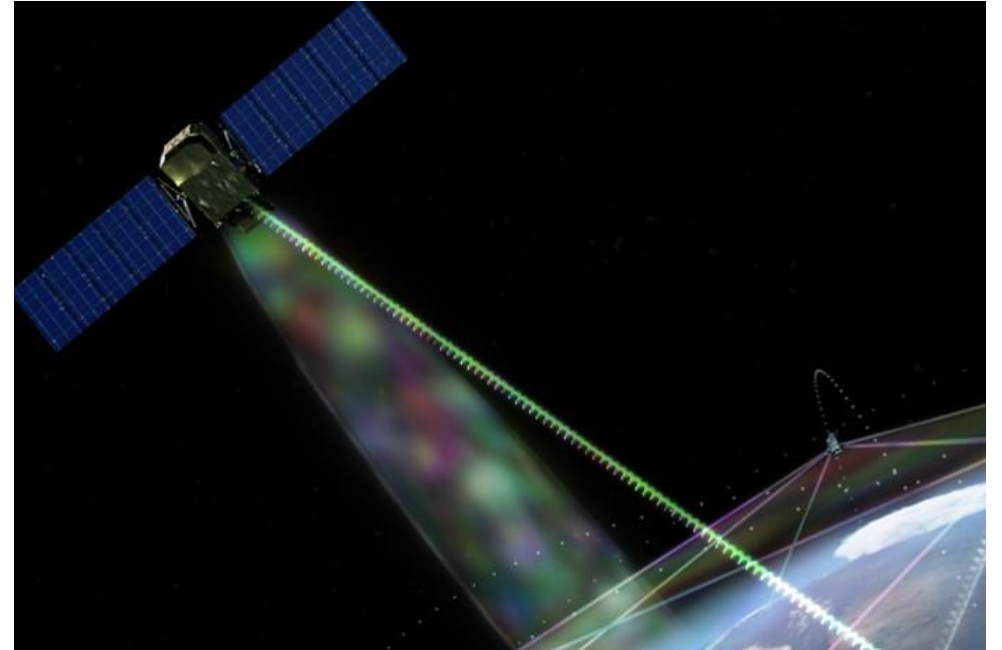
Raytheon Intelligence & Space Segment Highlights

2Q 2020

(\$ millions)

	Reported ¹
Sales	3,314
Operating Profit	311
ROS	9.4%

- Bookings
 - \$1.4B+ of classified bookings
 - \$166M on the Global Aircrew Strategic Network Terminal (Global ASNT) program for the U.S. Air Force
- Book-to-bill ratio 1.17
- Backlog \$19.0B



Raytheon Intelligence & Space will build two prototype sensor payloads for DARPA's Blackjack program, under a new contract awarded by DARPA. Blackjack is a low Earth orbit satellite constellation program that aims to develop and demonstrate the critical elements for persistent global coverage against a range of advanced threats. It seeks to track multiple threats simultaneously for faster and earlier warning for national security.

1: Q2 2020 reported results include RIS since the merger date of April 3, 2020. Reported numbers do not include RIS pre-merger stub period from March 30, 2020 to April 2, 2020 which had an estimated \$200M of sales and \$20M of operating profit.

Raytheon Missiles & Defense Segment Highlights

2Q 2020

(\$ millions)

	Reported ¹
Sales	3,590
Operating Profit	397
ROS	11.1%

- Bookings
 - \$2.3B for TPY-2 Radars for the Kingdom of Saudi Arabia
 - \$299M for SM-3 for the Missile Defense Agency and an international customer
- Selected by the U.S. Air Force to develop the Long-Range Standoff Weapon (LRSO)
- Book-to-bill ratio 1.22
- Backlog \$32.8B








Raytheon Missiles & Defense shipped the first three arrays for the Air & Missile Defense Radar (AMDR), to the U.S. Navy during the second quarter. AMDR, part of the SPY-6 family of radars, will provide significantly enhanced range and sensitivity for U.S. Navy Flight III destroyers.

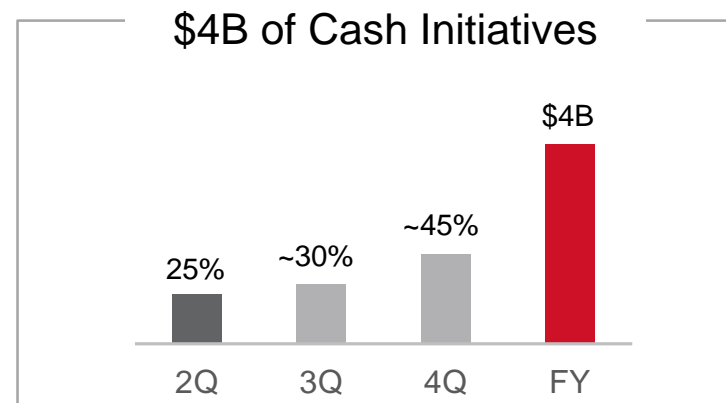
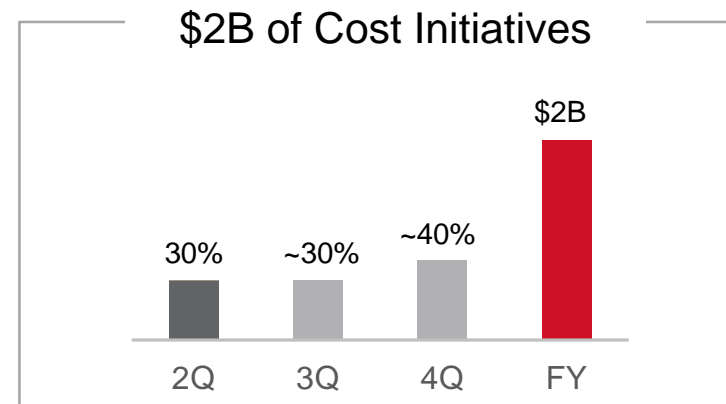
1: Q2 2020 reported results include RMD since the merger date of April 3, 2020. Reported numbers do not include RMD pre-merger stub period from March 30, 2020 to April 2, 2020 which had an estimated \$200M of sales and \$25M of operating profit.

Current Environment

Environment

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

Actions



Positioning for growth in earnings and cash flow as the environment improves

2020 Priorities

- Support employees, customers and suppliers
- Technology and product innovation
- Execute integration and deliver synergies
- Disciplined capital deployment and maintain strong liquidity
- Maintain financial flexibility and structure the business for long-term success

Proactively managing the business and aggressively reducing costs to position for a strong recovery



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Technologies

Appendix

Use and Definitions of Non-GAAP Financial Measures

Raytheon Technologies Corporation's ("RTC") reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP").

We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Adjusted net sales, organic sales, adjusted operating profit (loss), adjusted net income, adjusted earnings per share ("EPS"), adjusted diluted weighted average shares outstanding, and the adjusted effective tax rate are non-GAAP financial measures. Adjusted net sales represents consolidated net sales from continuing operations (a GAAP measure), excluding significant items of a non-recurring and/or nonoperational nature (hereinafter referred to as "other significant items"). Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items. Adjusted operating profit (loss) represents income from continuing operations (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and other significant items. Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and other significant items. Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), excluding restructuring costs, acquisition accounting adjustments and other significant items. Adjusted diluted weighted average shares outstanding represents diluted weighted average shares outstanding (a GAAP measure), including stock awards which were anti-dilutive during the quarter and six months ended June 30, 2020 as a result of the net loss from operations. The adjusted effective tax rate represents the effective tax rate (a GAAP measure), excluding the tax effect of restructuring costs, acquisition accounting adjustments and other significant items. For the Business segments, when applicable, adjustments of net sales similarly reflect continuing operations excluding other significant items, and adjustments of operating profit and margins similarly reflect continuing operations, excluding restructuring, acquisition accounting adjustments and other significant items.

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

A reconciliation of the non-GAAP measures to the corresponding amounts prepared in accordance with GAAP appears in the tables in this Appendix. The tables provide additional information as to the items and amounts that have been excluded from the adjusted measures.

When we provide our expectation for free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected cash flow from operations) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

Raytheon Technologies: P&W Engine Shipments to Customers

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

*Large commercial excludes industrial engine shipments.

**Excludes APUs.

Raytheon Technologies: Free Cash Flow Reconciliation

(\$ millions)

	<u>2Q 2020</u>
Net loss attributable to common shareowners from continuing operations	(3,820)
Depreciation & amortization	1,111
Goodwill impairment	3,183
Change in working capital	(334)
Other	<u>70</u>
Cash flow from operations	210
Capital expenditures	<u>(458)</u>
Free cash flow	<u><u>(248)</u></u>

2Q 2020: Raytheon Technologies Sales Reconciliation

	<u>Total Growth - Reported</u>	<u>Organic</u>	<u>Acquisitions and Divestitures</u>	<u>FX</u>
Collins Aerospace	(36%)	(36%)	-	-
Pratt & Whitney	(32%)	(32%)	-	-
RIS	100%	-	100%	-
RMD	100%	-	100%	-
Elims & Other	<u>33%</u>	<u>16%</u>	=	<u>17%</u>
Total RTC	24%	(36%)	61%	(1%)

Raytheon Technologies: Segment Data – GAAP

RAYTHEON TECHNOLOGIES CORPORATION SEGMENT DATA - Reported

(\$ Millions except per share amounts)

Collins Aerospace Systems

Net Sales (n)	6,438	4,202	10,640
Operating Profit (a),(b),(c),(d),(p)	1,246	(317)	929
Operating Profit %	19.4%	(7.5)%	8.7%

Pratt & Whitney

Net Sales (m)	5,353	3,487	8,840
Operating Profit (a), (o)	475	(457)	18
Operating Profit %	8.9%	(13.1)%	0.2%

Raytheon Intelligence and Space

Net Sales	-	3,314	3,314
Operating Profit	-	311	311
Operating Profit %	-	9.4%	9.4%

Raytheon Missiles and Defense

Net Sales	-	3,590	3,590
Operating Profit	-	397	397
Operating Profit %	-	11.1%	11.1%

Total Segments

Net Sales	11,791	14,593	26,384
Operating Profit	1,721	(66)	6,309
Operating Profit %	14.6%	(0.5)%	6.3%

Corporate, Eliminations, and Other

Net Sales:

Other	(431)	(532)	(963)
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Operating Profit:

Corporate Elims and Other (a),(d),(e),(f),(q),(r)	(155)	(305)	(460)
Acquisition Accounting Adjustments	(271)	(3,745)	(4,016)
FAS/CAS Operating Adjustments	-	356	356

Consolidated

Net Sales	11,360	14,061	25,421
Operating Profit	1,295	(3,760)	(2,465)
Operating Profit %	11.4%	(26.7)%	-9.7%

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

Interest expense, net (h),(t)	(168)	(237)	(405)
	332	335	667

Income from continuing operations before income taxes

Income tax (expense) benefit (j),(k),(l),(u),(v),(w),(x),(y)	(639)	38	(601)
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Effective Tax Rate

Net Income from continuing operations	492	(3,820)	(3,328)
Less: Noncontrolling interest in subsidiaries' earnings (i)	54	24	78

Net income from continuing operations attributable to shareowners

(Loss) income from discontinued operations	(176)	(56)	(232)
Income tax expense from discontinued operations	(302)	65	(237)
Less: Noncontrolling interest in subsidiaries' earnings	43	-	43

Net (loss) income from discontinued operations attributable to shareowners

Net (loss) income attributable to common shareowners	(83)	(3,835)	(3,918)
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	2020			2019				
	Q1	Q2	YTD 2020	Q1	Q2	Q3	Q4	YTD 2019
Collins Aerospace Systems	6,438	4,202	10,640	6,513	6,576	6,495	6,444	26,028
Operating Profit	1,246	(317)	929	964	1,276	1,259	1,009	4,508
Operating Profit %	19.4%	(7.5)%	8.7%	14.8%	19.4%	19.4%	15.7%	17.3%
Pratt & Whitney	5,353	3,487	8,840	4,818	5,154	5,285	5,645	20,902
Operating Profit	475	(457)	18	478	449	520	354	1,801
Operating Profit %	8.9%	(13.1)%	0.2%	9.9%	8.7%	9.8%	6.3%	8.6%
Raytheon Intelligence and Space	-	3,314	3,314	-	-	-	-	-
Operating Profit	-	311	311	-	-	-	-	-
Operating Profit %	-	9.4%	9.4%	-	-	-	-	-
Raytheon Missiles and Defense	-	3,590	3,590	-	-	-	-	-
Operating Profit	-	397	397	-	-	-	-	-
Operating Profit %	-	11.1%	11.1%	-	-	-	-	-
Total Segments	11,791	14,593	26,384	11,331	11,730	11,780	12,089	46,930
Operating Profit	1,721	(66)	6,309	1,442	1,725	1,779	1,363	6,309
Operating Profit %	14.6%	(0.5)%	6.3%	12.7%	14.7%	15.1%	11.3%	13.4%
Corporate, Eliminations, and Other								
Net Sales:								
Other	(431)	(532)	(963)	(378)	(401)	(407)	(395)	(1,581)
Operating Profit:								
Corporate Elims and Other (a),(d),(e),(f),(q),(r)	(155)	(305)	(460)	(73)	(129)	(129)	(176)	(507)
Acquisition Accounting Adjustments	(271)	(3,745)	(4,016)	(227)	(210)	(220)	(231)	(888)
FAS/CAS Operating Adjustments	-	356	356	-	-	-	-	-
Consolidated	11,360	14,061	25,421	10,953	11,329	11,373	11,694	45,349
Operating Profit	1,295	(3,760)	(2,465)	1,142	1,386	1,430	956	4,914
Operating Profit %	11.4%	(26.7)%	-9.7%	10.4%	12.2%	12.6%	8.2%	10.8%
Non-service pension (benefit) cost (g),(s)	(168)	(237)	(405)	(192)	(200)	(289)	(148)	(829)
Interest expense, net (h),(t)	332	335	667	420	352	402	417	1,591
Income from continuing operations before income taxes	1,131	(3,858)	(2,727)	914	1,234	1,317	687	4,152
Income tax (expense) benefit (j),(k),(l),(u),(v),(w),(x),(y)	(639)	38	(601)	(153)	(6)	(306)	44	(421)
Effective Tax Rate	56.5%	1.0%	(22.0)%	16.7%	0.5%	23.1%	(6.4)%	10.1%
Net Income from continuing operations	492	(3,820)	(3,328)	761	1,228	1,011	731	3,731
Less: Noncontrolling interest in subsidiaries' earnings (i)	54	24	78	49	45	53	74	221
Net income from continuing operations attributable to shareowners	438	(3,844)	(3,406)	712	1,183	958	657	3,510
(Loss) income from discontinued operations	(176)	(56)	(232)	908	1,206	1,071	906	4,091
Income tax expense from discontinued operations	(302)	65	(237)	(244)	(435)	(825)	(370)	(1,874)
Less: Noncontrolling interest in subsidiaries' earnings	43	-	43	30	54	56	50	190
Net (loss) income from discontinued operations attributable to shareowners	(521)	9	(512)	634	717	190	486	2,027
Net (loss) income attributable to common shareowners	(83)	(3,835)	(3,918)	1,346	1,900	1,148	1,143	5,537

Continuing Operations

(Loss) Earnings per share - basic

(Loss) Earnings per share - diluted

Earnings (loss) per share - basic

Earnings (loss) per share - diluted

Total EPS attributable to common shareowners

Total basic (loss) earnings per share

Total diluted (loss) earnings per share

Weighted average number of shares outstanding (millions)

Basic shares

Diluted shares

Effective Tax Rate - continuing operations

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

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

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

	2020			2019				
	Q1	Q2	YTD 2020	Q1	Q2	Q3	Q4	YTD 2019
Operating Profit:								
Collins Aerospace Systems	(6)	(151)	(157)	(39)	(17)	(27)	(19)	(102)
Pratt & Whitney	-	(107)	(107)	(14)	(3)	-	(116)	(133)
Raytheon Intelligence and Space	-	-	-	-	-	-	-	-
Raytheon Missiles and Defense	-	-	-	-	-	-	-	-
Total Segments operating profit	(6)	(258)	(264)	(53)	(20)	(27)	(135)	(235)
General corporate expenses	(1)	(169)	(170)	(1)	(1)	(1)	(3)	(6)
Eliminations and other	(1)	-	(1)	-	-	-	-	-
Total consolidated operating profit, continuing operations	(8)	(427)	(435)	(54)	(21)	(28)	(138)	(241)
Non-service pension costs	-	-	-	-	-	-	(4)	(4)
Total within discontinued operations	(11)	0	(11)	(58)	(45)	(38)	(39)	(180)
Total Net Income	(19)	(427)	(446)	(112)	(66)	(66)	(181)	(425)

2019 Footnotes

- (b) Costs related to amortization of Rockwell Collins inventory fair value adjustment of \$181 million in Q1 2019.
- (c) Unfavorable charges associated with the loss on the sale of a business at Collins Aerospace of \$25 million in Q1 2019.
- (d) Pre-tax charges for costs associated with pension plan amendment of \$33 million at Collins Aerospace and \$10 million at Corporate during Q4 2019.
- (e) Transaction and integration costs related to merger agreement with Rockwell Collins of \$9 million in Q1 2019, \$10 million in Q2 2019, \$11 million in Q3 2019 and \$10 million in Q4 2019.
- (f) Transaction costs related to merger agreement with Raytheon of \$26 million in Q2 2019, \$25 million in Q3 2019, and \$32 million in Q4 2019.
- (g) Pre-tax charges associated with pension curtailment of a favorable \$98 million in Q3 2019 and unfavorable \$25 million in Q4 2019.
- (h) Favorable pre-tax interest related to tax settlements of \$58 million in Q2 2019 and \$5 million in Q3 2019.
- (i) Unfavorable Noncontrolling interest resulting from the Company's announcement of its intention to separate its commercial businesses of \$7 million in Q4 2019.
- (j) Favorable income tax adjustments related to tax settlements of \$264 million in Q2 2019, \$8 million in Q3 2019, and \$6 million in Q4 2019.
- (k) Favorable income tax adjustments related to the 2018 U.S. Tax Reform Legislation of \$21 million in Q4 2019.
- (l) Favorable income tax adjustment resulting from the Company's announcement of its intention to separate its commercial businesses of \$29 million in Q4 2019.

2020 Footnotes

- (m) Favorable impact of a contract termination of \$22 million in Q1 2020 and unfavorable EAC adjustments of \$120 million in Q2 2020 at Pratt & Whitney.
- (n) EAC adjustments for Collins Aerospace Systems of an unfavorable \$22 million in Q1 2020 and \$96 million in Q2 2020.
- (o) Net unfavorable costs related to the impacts of COVID 19 at Pratt & Whitney of \$62 million in Q1 2020 and \$199 million Q2 2020, partially offset by a \$22 million favorable impact of a contract termination in Q1 2020.
- (p) Net unfavorable costs related to the impacts of COVID 19 at Collins Aerospace of \$32 million in Q1 2020 and \$190 in Q2 2020.
- (q) Transaction costs related to merger agreement with Raytheon of \$29 million in Q1 2020 and \$70 million in Q2 2020.
- (r) Costs related to the Company's separation of our commercial businesses of \$14 million in Q2 2020.
- (s) Pre-tax charges associated with pension curtailment of \$25 million in Q2 2020.
- (t) Favorable pre-tax deferred compensation adjustment related to the separation of our commercial businesses of \$4 million in Q2 2020.
- (u) Unfavorable income tax adjustments related to the separation of our commercial businesses of \$415 million in Q1 2020.
- (v) Unfavorable income tax adjustments related to the tax impact from a business disposal of \$22 million in Q2 2020.
- (w) Unfavorable income tax adjustments related to the tax impact related to a debt exchange of \$60 million in Q2 2020.
- (x) Unfavorable income tax adjustments related to the revaluation of certain international tax incentives of \$46 million in Q2 2020.
- (y) Favorable income tax adjustments related to the revaluation of deferred taxes related to the Raytheon Merger of \$31 million in Q2 2020.

Raytheon Technologies: Segment Data – Adjusted

RAYTHEON TECHNOLOGIES CORPORATION

SEGMENT DATA - Adjusted (Unaudited)

(\$ Millions except per share amounts)

Collins Aerospace Systems

	Q1	Q2	Q2 YTD
Net Sales (n)	6,460	4,298	10,758
Operating Profit (a),(p)	1,284	24	1,308
Operating Profit %	19.9%	0.6%	12.2%

Pratt & Whitney

	Q1	Q2	Q2 YTD
Net Sales (m)	5,331	3,607	8,938
Operating Profit (a),(o)	515	(151)	364
Operating Profit %	9.7%	(4.2)%	4.1%

Raytheon Intelligence and Space

	Q1	Q2	Q2 YTD
Net Sales	-	3,314	3,314
Operating Profit	-	311	311
Operating Profit %	-	9.4%	9.4%

Raytheon Missiles and Defense

	Q1	Q2	Q2 YTD
Net Sales	-	3,590	3,590
Operating Profit	-	397	397
Operating Profit %	-	11.1%	11.1%

Total Segments

	Q1	Q2	Q2 YTD
Net Sales	11,791	14,809	26,600
Operating Profit	1,799	581	2,380
Operating Profit %	15.3%	3.9%	8.9%

Corporate, Eliminations, and Other

	Q1	Q2	Q2 YTD
Net Sales:			
Other	(431)	(532)	(963)
Operating Profit:			
Corporate Elims and Other (a),(q),(r)	(124)	(52)	(176)
FAS/CAS Accounting Adjustments	-	356	356

Consolidated

	Q1	Q2	Q2 YTD
Net Sales	11,360	14,277	25,637
Operating Profit	1,675	885	2,560
Operating Profit %	14.7%	6.2%	10.0%

	Q1	Q2	Q2 YTD
Non-service pension (benefit) cost (s)	(168)	(262)	(430)
Interest expense, net (t)	332	339	671

	Q1	Q2	Q2 YTD
Income from continuing operations before income taxes	1,511	808	2,319

	Q1	Q2	Q2 YTD
Income tax (expense) benefit (u),(v),(w),(x),(y)	(306)	(186)	(492)
Effective Tax Rate	20.2%	23.0%	21.2%

	Q1	Q2	Q2 YTD
Net Income from continuing operations	1,205	622	1,827
Less: Noncontrolling interest in subsidiaries' earnings	54	24	78

	Q1	Q2	Q2 YTD
Net income from continuing operations attributable to shareowners	1,151	598	1,749

	Q1	Q2	Q2 YTD
(Loss) income from discontinued operations	(176)	(56)	(232)

	Q1	Q2	Q2 YTD
Income tax expense from discontinued operations	(302)	65	(237)
Less: Noncontrolling interest in subsidiaries' earnings	43	-	43

	Q1	Q2	Q2 YTD
Net (loss) income from discontinued operations attributable to shareowners	(521)	9	(512)

	Q1	Q2	Q2 YTD
Net (loss) income attributable to common shareowners	630	607	1,237

Ex Rest & Significant non-recurring and non-operational items							
2019							
Q1	Q2	Q2 YTD	Q3	Q3 YTD	Q4	Q4 YTD	
6,513	6,576	13,089	6,495	19,584	6,444	26,028	
1,209	1,293	2,502	1,286	3,788	1,061	4,849	
18.6%	19.7%	19.1%	19.8%	19.3%	16.5%	18.6%	
4,818	5,154	9,972	5,285	15,257	5,645	20,902	
492	452	944	520	1,464	470	1,934	
10.2%	8.8%	9.5%	9.8%	9.6%	8.3%	9.3%	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
11,331	11,730	23,061	11,780	34,841	12,089	46,930	
1,701	1,745	3,446	1,806	5,252	1,531	6,783	
15.0%	14.9%	14.9%	15.3%	15.1%	12.7%	14.5%	
(378)	(401)	(779)	(407)	(1,186)	(395)	(1,581)	
(63)	(92)	(155)	(92)	(247)	(121)	(368)	
10,953	11,329	22,282	11,373	33,655	11,694	45,349	
1,638	1,653	3,291	1,714	5,005	1,410	6,415	
15.0%	14.6%	14.8%	15.1%	14.9%	12.1%	14.1%	
(192)	(200)	(392)	(191)	(583)	(177)	(760)	
420	410	830	407	1,237	417	1,654	
1,410	1,443	2,853	1,498	4,351	1,170	5,521	
(262)	(323)	(585)	(346)	(931)	(112)	(1,043)	
18.6%	22.4%	20.5%	23.1%	21.4%	9.7%	18.9%	
1,148	1,120	2,268	1,152	3,420	1,058	4,478	
49	45	94	53	147	67	214	
1,099	1,075	2,174	1,099	3,273	991	4,264	
908	1,206	2,114	1,071	3,185	906	4,091	
(244)	(435)	(679)	(825)	(1,504)	(370)	(1,874)	
30	54	84	56	140	50	190	
634	717	1,351	190	1,541	486	2,027	
1,733	1,792	3,525	1,289	4,814	1,477	6,291	

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

	Q1	Q2	Q2 YTD
(Loss) Earnings per share - basic	1.34	0.40	1.43
(Loss) Earnings per share - diluted	1.33	0.40	1.42
Earnings (loss) per share - basic	(0.61)	0.01	(0.42)
Earnings (loss) per share - diluted	(0.60)	0.01	(0.42)
Total basic (loss) earnings per share	0.73	0.40	1.01
Total diluted (loss) earnings per share	0.73	0.40	1.01
Basic shares	858.4	1,501.3	1,225.4
Diluted shares	865.8	1,503.7	1,230.3

Total EPS attributable to common shareowners

Total basic (loss) earnings per share
Total diluted (loss) earnings per share

Weighted average number of shares outstanding (millions)

Basic shares
Diluted shares

Effective Tax Rate - continuing operations

	Q1	Q2	Q2 YTD
Effective Tax Rate	20.2%	23.0%	21.2%

Q1	Q2	Q2 YTD	Q3	Q3 YTD	Q4	Q4 YTD
(0.45)	0.13	(0.32)	(0.16)	(0.49)	(0.39)	(0.87)
1.29	1.25	2.54	1.29	3.83	1.16	4.99
1.28	1.24	2.52	1.27	3.79	1.14	4.94
0.74	0.84	1.58	0.22	1.80	0.57	2.37
0.74	0.83	1.57	0.22	1.79	0.56	2.35
2.03	2.09	4.12	1.50	5.63	1.72	7.36
2.01	2.07	4.08	1.49	3.79	1.14	4.94
853.2	854.4	853.8	855.1	854.2	856.4	854.8
860.7	863.7	862.3	864.1	862.9	867.0	863.9

Q1	Q2	Q2 YTD	Q3	Q3 YTD	Q4	Q4 YTD
18.6%	22.4%	20.5%	23.1%	21.4%	9.7%	18.9%

Raytheon Technologies: Reconciliation of GAAP to Adjusted

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

(dollars in millions - Income (Expense))	Quarter Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2020	2019	2020	2019
Collins Aerospace Systems				
Net sales	\$ 4,202	\$ 6,576	\$ 10,640	\$ 13,089
Significant unfavorable contract adjustments	(96)	—	(118)	—
Adjusted net sales	\$ 4,298	\$ 6,576	\$ 10,758	\$ 13,089
Operating profit	\$ (317)	\$ 1,276	\$ 929	\$ 2,240
Restructuring	(151)	(17)	(157)	(56)
Significant unfavorable contract adjustments	(122)	—	(144)	—
Bad debt expense driven by customer bankruptcies and collectability risk	(89)	—	(99)	—
Foreign government wage subsidies	24	—	24	—
Fixed asset impairment	(3)	—	(3)	—
Loss on sale of business	—	—	—	(25)
Amortization of Rockwell Collins inventory fair value adjustment	—	—	—	(181)
Adjusted operating profit	\$ 24	\$ 1,293	\$ 1,308	\$ 2,502
Adjusted operating profit margin	0.6 %	19.7 %	12.2 %	19.1 %
Pratt & Whitney				
Net sales	\$ 3,487	\$ 5,154	\$ 8,840	\$ 9,972
Favorable impact of a contract termination	—	—	22	—
Significant unfavorable contract adjustments	(120)	—	(120)	—
Adjusted net sales	\$ 3,607	\$ 5,154	\$ 8,938	\$ 9,972
Operating profit	\$ (457)	\$ 449	\$ 18	\$ 927
Restructuring	(107)	(3)	(107)	(17)
Bad debt expense driven by customer bankruptcies and collectability risk	(148)	—	(210)	—
Significant unfavorable contract adjustments	(110)	—	(110)	—
Foreign government wage subsidies	59	—	59	—
Favorable impact of a contract termination	—	—	22	—
Adjusted operating profit	\$ (151)	\$ 452	\$ 364	\$ 944
Adjusted operating profit margin	(4.2)%	8.8 %	4.1 %	9.5 %
Raytheon Intelligence & Space				
Net sales	\$ 3,314	\$ —	\$ 3,314	\$ —
Operating profit	\$ 311	\$ —	\$ 311	\$ —
Operating profit margin	9.4 %	— %	9.4 %	— %
Raytheon Missiles & Defense				
Net sales	\$ 3,590	\$ —	\$ 3,590	\$ —
Operating profit	\$ 397	\$ —	\$ 397	\$ —
Operating profit margin	11.1 %	— %	11.1 %	— %

(dollars in millions - Income (Expense))	Quarter Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2020	2019	2020	2019
Corporate, Eliminations and other items				
Net sales	\$ (532)	\$ (401)	\$ (963)	\$ (779)
Operating profit	\$ (305)	\$ (129)	\$ (460)	\$ (202)
Restructuring	(169)	(1)	(171)	(2)
Transaction and integration costs related to acquisition of Rockwell Collins, Inc.	—	(10)	—	(19)
Costs associated with the separation of the commercial businesses	(14)	—	(14)	—
Transaction expenses associated with the Raytheon Merger	(70)	(26)	(99)	(26)
Adjusted operating profit	\$ (52)	\$ (92)	\$ (176)	\$ (155)
Acquisition Accounting Adjustments				
Operating Profit	\$ (3,745)	\$ (210)	\$ (4,016)	\$ (437)
Intangible impairment	(17)	—	(57)	—
Goodwill impairment	(3,183)	—	(3,183)	—
Acquisition accounting adjustments	(545)	(210)	(776)	(437)
Adjusted operating profit	\$ —	\$ —	\$ —	\$ —
RTC Consolidated				
Net sales	\$ 14,061	\$ 11,329	\$ 25,421	\$ 22,282
Significant unfavorable contract adjustments	(216)	—	(216)	—
Adjusted net sales	\$ 14,277	\$ 11,329	\$ 25,637	\$ 22,282
Operating profit	\$ (3,760)	\$ 1,386	\$ (2,465)	\$ 2,528
Restructuring	(427)	(21)	(435)	(75)
Acquisition accounting adjustments	(545)	(210)	(776)	(437)
Total significant non-recurring and non-operational items included in Operating Profit above	(3,673)	(36)	(3,814)	(251)
Consolidated adjusted operating profit	\$ 885	\$ 1,653	\$ 2,560	\$ 3,291

Raytheon Technologies: Reconciliation of GAAP to Adjusted, cont.

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

	Quarter Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2020	2019	2020	2019
<i>(dollars and shares in millions - Income (Expense))</i>				
Income (loss) from continuing operations attributable to common shareowners	\$ (3,844)	\$ 1,183	\$ (3,406)	\$ 1,895
Total Restructuring Costs	(427)	(21)	(435)	(75)
Total Acquisition accounting adjustments	(545)	(210)	(776)	(437)
Total significant non-recurring and non-operational items included in Operating Profit	(3,673)	(36)	(3,814)	(251)
<i>Significant non-recurring and non-operational items included in Non-service Pension</i>				
Pension curtailment	(25)	—	(25)	—
<i>Significant non-recurring and non-operational items included in Interest Expense, Net</i>				
Interest on tax settlements	—	58	—	58
Deferred compensation	4	—	4	—
Tax effect of restructuring and significant non-recurring and non-operational items above	321	53	403	162
<i>Significant non-recurring and non-operational items included in Income Tax Expense</i>				
Tax expenses associated with the Company's separation of Otis and Carrier	—	—	(415)	—
Tax settlements	—	264	—	264
Tax impact from business disposal	(22)	—	(22)	—
Tax impact related to debt exchange	(60)	—	(60)	—
Revaluation of certain international tax incentives	(46)	—	(46)	—
Revaluation of deferred taxes related to Raytheon merger and the Company's separation of Otis and Carrier	31	—	31	—
Less: Impact on net income attributable to common shareowners	(4,442)	108	(5,155)	(279)
Adjusted income (loss) from continuing operations attributable to common shareowners	\$ 598	\$ 1,075	\$ 1,749	\$ 2,174

	Quarter Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2020	2019	2020	2019
<i>(dollars and shares in millions - Income (Expense))</i>				
Diluted (Loss) Earnings Per Share	\$ (2.56)	\$ 1.37	\$ (2.78)	\$ 2.20
Impact on Diluted (Loss) Earnings Per Share	(2.96)	0.13	(4.20)	(0.32)
Adjusted Diluted Earnings Per Share	\$ 0.40	\$ 1.24	\$ 1.42	\$ 2.52
Weighted Average Number of Shares Outstanding				
Reported Diluted	1,501.3	863.7	1,225.4	862.3
Impact of dilutive shares ⁽¹⁾	2.4	—	4.9	—
Adjusted Diluted	1,503.7	863.7	1,230.3	862.3
Effective Tax Rate	1.0 %	0.5 %	(22.0)%	7.4 %
Impact on Effective Tax Rate	22.0 %	21.9 %	43.2 %	13.1 %
Adjusted Effective Tax Rate	23.0 %	22.4 %	21.2 %	20.5 %

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

Raytheon Technologies: Pro Forma Segment Data - GAAP and Adjusted¹

RTX Pro Forma Segment Recast, GAAP and Adjusted
(dollars in millions)

	2020			2019				
	Q1	Q2	YTD Q2	Q1	Q2	Q3	Q4	FY
Pro Forma Net Sales¹								
Collins Aerospace Systems	\$ 6,438	\$ 4,202	\$ 10,640	\$ 6,513	\$ 6,576	\$ 6,495	\$ 6,444	\$ 26,028
Pratt & Whitney	5,353	3,487	8,840	4,818	5,154	5,285	5,645	20,902
Raytheon Intelligence & Space	3,589	3,528	7,117	3,397	3,557	3,761	3,730	14,445
Raytheon Missiles & Defense	3,839	3,796	7,635	3,519	3,804	3,882	4,289	15,494
Total segment	19,219	15,013	34,232	18,247	19,091	19,423	20,108	76,869
Eliminations and other	(768)	(543)	(1,311)	(625)	(675)	(671)	(661)	(2,632)
Consolidated	\$ 18,451	\$ 14,470	\$ 32,921	\$ 17,622	\$ 18,416	\$ 18,752	\$ 19,447	\$ 74,237

Pro Forma Operating Profit¹								
Collins Aerospace Systems	\$ 1,246	\$ (317)	\$ 929	\$ 964	\$ 1,276	\$ 1,259	\$ 1,009	\$ 4,508
Pratt & Whitney	475	(457)	18	478	449	520	354	1,801
Raytheon Intelligence & Space	383	331	714	398	386	428	425	1,637
Raytheon Missiles & Defense	570	422	992	441	508	494	597	2,040
Total segment	2,674	(21)	2,653	2,281	2,619	2,701	2,385	9,986
Eliminations and other	(82)	(29)	(111)	(84)	(85)	(75)	(62)	(307)
Corporate expenses and other unallocated items	(142)	(201)	(343)	(61)	(51)	(52)	(152)	(316)
FAS/CAS operating adjustment	381	379	760	356	353	351	355	1,414
Acquisition accounting adjustments	(644)	(3,745)	(4,389)	(588)	(571)	(581)	(594)	(2,332)
Consolidated	\$ 2,187	\$ (3,617)	\$ (1,430)	\$ 1,904	\$ 2,265	\$ 2,344	\$ 1,932	\$ 8,445

	2020			2019				
	Q1	Q2	YTD Q2	Q1	Q2	Q3	Q4	FY
Adjusted Pro Forma Net Sales¹								
Collins Aerospace Systems	\$ 6,460	\$ 4,298	\$ 10,758	\$ 6,513	\$ 6,576	\$ 6,495	\$ 6,444	\$ 26,028
Pratt & Whitney	5,331	3,607	8,938	4,818	5,154	5,285	5,645	20,902
Raytheon Intelligence & Space	3,589	3,528	7,117	3,397	3,557	3,761	3,730	14,445
Raytheon Missiles & Defense	3,839	3,796	7,635	3,519	3,804	3,882	4,289	15,494
Total segment	19,219	15,229	34,448	18,247	19,091	19,423	20,108	76,869
Eliminations and other	(768)	(543)	(1,311)	(625)	(675)	(671)	(661)	(2,632)
Consolidated	\$ 18,451	\$ 14,686	\$ 33,137	\$ 17,622	\$ 18,416	\$ 18,752	\$ 19,447	\$ 74,237

Adjusted Pro Forma Op Profit¹								
Collins Aerospace Systems	\$ 1,284	\$ 24	\$ 1,308	\$ 1,209	\$ 1,293	\$ 1,286	\$ 1,061	\$ 4,849
Pratt & Whitney	515	(151)	364	492	452	520	470	1,934
Raytheon Intelligence & Space	383	331	714	398	386	428	425	1,637
Raytheon Missiles & Defense	570	422	992	441	508	494	597	2,040
Total segment	2,752	626	3,378	2,540	2,639	2,728	2,553	10,460
Eliminations and other, Pro Forma	(82)	(29)	(111)	(84)	(85)	(75)	(62)	(307)
Corporate expenses and other unallocated items	(140)	(32)	(172)	(51)	(40)	(40)	(129)	(260)
FAS/CAS operating adjustment	381	379	760	356	353	351	355	1,414
Acquisition accounting adjustments	-	-	-	-	-	-	-	-
Consolidated	\$ 2,911	\$ 944	\$ 3,855	\$ 2,761	\$ 2,867	\$ 2,964	\$ 2,717	\$ 11,307

Raytheon Technologies: Pro Forma Segment Data

Reconciliation of Pro Forma¹ GAAP to Adjusted Pro Forma Sales

<i>(dollars in millions)</i>	2020			2019				
	Q1	Q2	YTD Q2	Q1	Q2	Q3	Q4	FY
<u>Collins Aerospace Systems</u>								
Net sales, Pro Forma	\$ 6,438	\$ 4,202	\$ 10,640	\$ 6,513	\$ 6,576	\$ 6,495	\$ 6,444	\$ 26,028
Significant unfavorable contract adjustments	(22)	(96)	(118)	-	-	-	-	-
Adjusted Net sales, Pro Forma	\$ 6,460	\$ 4,298	\$ 10,758	\$ 6,513	\$ 6,576	\$ 6,495	\$ 6,444	\$ 26,028
<u>Pratt & Whitney</u>								
Net sales, Pro Forma	\$ 5,353	\$ 3,487	\$ 8,840	\$ 4,818	\$ 5,154	\$ 5,285	\$ 5,645	\$ 20,902
Favorable impact of a contract termination	22	-	22	-	-	-	-	-
Significant unfavorable contract adjustments	-	(120)	(120)	-	-	-	-	-
Adjusted Net sales, Pro Forma	\$ 5,331	\$ 3,607	\$ 8,938	\$ 4,818	\$ 5,154	\$ 5,285	\$ 5,645	\$ 20,902
<u>Raytheon Intelligence & Space</u>								
Net sales, Pro Forma	\$ 3,589	\$ 3,528	\$ 7,117	\$ 3,397	\$ 3,557	\$ 3,761	\$ 3,730	\$ 14,445
Adjusted Net sales, Pro Forma	\$ 3,589	\$ 3,528	\$ 7,117	\$ 3,397	\$ 3,557	\$ 3,761	\$ 3,730	\$ 14,445
<u>Raytheon Missiles & Defense</u>								
Net sales, Pro Forma	\$ 3,839	\$ 3,796	\$ 7,635	\$ 3,519	\$ 3,804	\$ 3,882	\$ 4,289	\$ 15,494
Adjusted Net sales, Pro Forma	\$ 3,839	\$ 3,796	\$ 7,635	\$ 3,519	\$ 3,804	\$ 3,882	\$ 4,289	\$ 15,494
<u>Corporate, Eliminations, and Other</u>								
Net sales, Pro Forma	\$ (768)	\$ (543)	\$ (1,311)	\$ (625)	\$ (675)	\$ (671)	\$ (661)	\$ (2,632)
Adjusted Net sales, Pro Forma	\$ (768)	\$ (543)	\$ (1,311)	\$ (625)	\$ (675)	\$ (671)	\$ (661)	\$ (2,632)
Total Adjusted net sales, Pro Forma	\$ 18,451	\$ 14,686	\$ 33,137	\$ 17,622	\$ 18,416	\$ 18,752	\$ 19,447	\$ 74,237

1: Pro forma segment information prepared in a manner consistent with Article 11 of Regulation S-X.

Raytheon Technologies: Pro Forma Segment Data

Reconciliation of Pro Forma¹ GAAP to Adjusted Pro Forma Operating Profit

<i>(dollars in millions)</i>	2020			2019				
	Q1	Q2	YTD Q2	Q1	Q2	Q3	Q4	FY
Collins Aerospace Systems								
Operating profit, Pro Forma	\$ 1,246	\$ (317)	\$ 929	\$ 964	\$ 1,276	\$ 1,259	\$ 1,009	\$ 4,508
Restructuring	(6)	(151)	(157)	(39)	(17)	(27)	(19)	(102)
Loss on sale of business	-	-	-	(25)	-	-	-	(25)
Amortization of Rockwell Collins inventory fair value adjustment	-	-	-	(181)	-	-	-	(181)
Costs associated with pension plan amendment	-	-	-	-	-	-	(33)	(33)
Government wage subsidies	-	24	24	-	-	-	-	-
Fixed asset impairment	-	(3)	(3)	-	-	-	-	-
Bad debt expense driven by customer bankruptcies and collectability risk	(10)	(89)	(99)	-	-	-	-	-
Significant unfavorable contract adjustments	(22)	(122)	(144)	-	-	-	-	-
Adjusted operating profit, Pro Forma	\$ 1,284	\$ 24	\$ 1,308	\$ 1,209	\$ 1,293	\$ 1,286	\$ 1,061	\$ 4,849
Pratt & Whitney								
Operating profit, Pro Forma	\$ 475	\$ (457)	\$ 18	\$ 478	\$ 449	\$ 520	\$ 354	\$ 1,801
Restructuring	-	(107)	(107)	(14)	(3)	-	(116)	(133)
Bad debt expense driven by customer bankruptcies and collectability risk	(62)	(148)	(210)	-	-	-	-	-
Significant unfavorable contract adjustments	-	(110)	(110)	-	-	-	-	-
Government wage subsidies	-	59	59	-	-	-	-	-
Favorable impact of a contract termination	22	-	22	-	-	-	-	-
Adjusted operating profit, Pro Forma	\$ 515	\$ (151)	\$ 364	\$ 492	\$ 452	\$ 520	\$ 470	\$ 1,934
Raytheon Intelligence & Space								
Operating profit, Pro Forma	\$ 383	\$ 331	\$ 714	\$ 398	\$ 386	\$ 428	\$ 425	\$ 1,637
Adjusted operating profit, Pro Forma	\$ 383	\$ 331	\$ 714	\$ 398	\$ 386	\$ 428	\$ 425	\$ 1,637
Raytheon Missiles & Defense								
Operating profit, Pro Forma	\$ 570	\$ 422	\$ 992	\$ 441	\$ 508	\$ 494	\$ 597	\$ 2,040
Adjusted operating profit, Pro Forma	\$ 570	\$ 422	\$ 992	\$ 441	\$ 508	\$ 494	\$ 597	\$ 2,040
Eliminations and other								
Operating profit, Pro Forma	\$ (82)	\$ (29)	\$ (111)	\$ (84)	\$ (85)	\$ (75)	\$ (62)	\$ (307)
Adjusted operating profit, Pro Forma	\$ (82)	\$ (29)	\$ (111)	\$ (84)	\$ (85)	\$ (75)	\$ (62)	\$ (307)
Corporate expenses and other unallocated items								
Operating profit, Pro Forma	\$ (142)	\$ (201)	\$ (343)	\$ (61)	\$ (51)	\$ (52)	\$ (152)	\$ (316)
Restructuring	(2)	(169)	(171)	(1)	(1)	(1)	(3)	(6)
Transaction and integration costs related to merger agreement with Rockwell Collins	-	-	-	(9)	(10)	(11)	(10)	(40)
Costs associated with pension plan amendment	-	-	-	-	-	-	(10)	(10)
Adjusted operating profit, Pro Forma	\$ (140)	\$ (32)	\$ (172)	\$ (51)	\$ (40)	\$ (40)	\$ (129)	\$ (260)
FAS/CAS operating adjustment								
Operating profit, Pro Forma	\$ 381	\$ 379	\$ 760	\$ 356	\$ 353	\$ 351	\$ 355	\$ 1,414
Adjusted operating profit, Pro Forma	\$ 381	\$ 379	\$ 760	\$ 356	\$ 353	\$ 351	\$ 355	\$ 1,414
Acquisition accounting adjustments								
Operating profit, Pro Forma	\$ (644)	\$ (3,745)	\$ (4,389)	\$ (588)	\$ (571)	\$ (581)	\$ (594)	\$ (2,332)
Elimination of Acquisition Accounting Adjustments	644	3,745	4,389	588	571	581	594	2,332
Adjusted operating profit, Pro Forma	-	-	-	-	-	-	-	-
Total Adjusted operating profit, Pro Forma	\$ 2,911	\$ 944	\$ 3,855	\$ 2,761	\$ 2,867	\$ 2,964	\$ 2,717	\$ 11,307