

**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 June 30, 2025

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

RTX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

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

1000 Wilson Boulevard, Arlington, Virginia 22209
(Address of principal executive offices) (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 75513E101)	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 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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	☒ Accelerated filer	☐
Non-accelerated filer	☐ Smaller reporting company	☐
	Emerging growth company	☐

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

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

At June 30, 2025, there were 1,338,541,827 shares of Common Stock outstanding.

**RTX CORPORATION
AND SUBSIDIARIES**
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Quarter Ended June 30, 2025

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RTX Corporation and its subsidiaries’ names, abbreviations thereof, logos, and products and services designators are all either the registered or unregistered trademarks or tradenames of RTX Corporation and its subsidiaries. Names, abbreviations of names, logos, and products and services 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

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

<i>(dollars in millions, except per share amounts)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net Sales:				
Products sales	\$ 15,551	\$ 14,562	\$ 30,142	\$ 28,865
Services sales	6,030	5,159	11,745	10,161
Total net sales	21,581	19,721	41,887	39,026
Costs and Expenses:				
Cost of sales - products	12,989	12,625	25,272	24,841
Cost of sales - services	4,216	3,516	8,123	7,044
Research and development	697	706	1,334	1,375
Selling, general, and administrative	1,573	1,449	3,021	2,843
Total costs and expenses	19,475	18,296	37,750	36,103
Other income (expense), net	40	(896)	44	(524)
Operating profit	2,146	529	4,181	2,399
Non-operating expense (income), net:				
Non-service pension income	(351)	(374)	(717)	(760)
Interest expense, net	457	475	900	880
Total non-operating expense, net	106	101	183	120
Income before income taxes	2,040	428	3,998	2,279
Income tax expense	315	253	648	361
Net income	1,725	175	3,350	1,918
Less: Noncontrolling interest in subsidiaries' earnings	68	64	158	98
Net income attributable to common shareowners	\$ 1,657	\$ 111	\$ 3,192	\$ 1,820
Earnings Per Share attributable to common shareowners:				
Basic	\$ 1.24	\$ 0.08	\$ 2.38	\$ 1.37
Diluted	1.22	0.08	2.36	1.36

See accompanying Notes to Condensed Consolidated Financial Statements

**RTX CORPORATION
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 1,725	\$ 175	\$ 3,350	\$ 1,918
Other comprehensive income (loss), before tax:				
Foreign currency translation adjustments	863	(68)	1,362	(189)
Pension and postretirement benefit plans adjustments	(181)	(46)	(256)	(97)
Change in unrealized cash flow hedging	138	21	282	(52)
Other comprehensive income (loss), before tax	820	(93)	1,388	(338)
Income tax benefit (expense) related to items of other comprehensive income (loss)	(4)	10	(24)	39
Other comprehensive income (loss), net of tax	816	(83)	1,364	(299)
Comprehensive income	2,541	92	4,714	1,619
Less: Comprehensive income attributable to noncontrolling interest	68	64	158	98
Comprehensive income attributable to common shareowners	\$ 2,473	\$ 28	\$ 4,556	\$ 1,521

See accompanying Notes to Condensed Consolidated Financial Statements

**RTX CORPORATION
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)**

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,782	\$ 5,578
Accounts receivable, net	12,385	10,976
Contract assets, net	15,686	14,570
Inventory, net	14,012	12,768
Other assets, current	7,792	7,241
Total current assets	54,657	51,133
Customer financing assets	2,104	2,246
Fixed assets	33,947	32,783
Accumulated depreciation	(17,742)	(16,694)
Fixed assets, net	16,205	16,089
Operating lease right-of-use assets	1,869	1,864
Goodwill	53,327	52,789
Intangible assets, net	32,748	33,443
Other assets	6,229	5,297
Total assets	\$ 167,139	\$ 162,861
Liabilities, Redeemable Noncontrolling Interest, and Equity		
Current Liabilities		
Short-term borrowings	\$ 1,635	\$ 183
Accounts payable	13,433	12,897
Accrued employee compensation	2,133	2,620
Other accrued liabilities	15,861	14,831
Contract liabilities	19,186	18,616
Long-term debt currently due	2,084	2,352
Total current liabilities	54,332	51,499
Long-term debt	38,259	38,726
Operating lease liabilities, non-current	1,617	1,632
Future pension and postretirement benefit obligations	2,038	2,104
Other long-term liabilities	6,646	6,942
Total liabilities	102,892	100,903
Commitments and contingencies (Note 16)		
Redeemable noncontrolling interest	41	35
Shareowners' Equity:		
Common stock	37,680	37,434
Treasury stock	(26,995)	(27,112)
Retained earnings	54,104	53,589
Accumulated other comprehensive loss	(2,391)	(3,755)
Total shareowners' equity	62,398	60,156
Noncontrolling interest	1,808	1,767
Total equity	64,206	61,923
Total liabilities, redeemable noncontrolling interest, and equity	\$ 167,139	\$ 162,861

See accompanying Notes to Condensed Consolidated Financial Statements

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

<i>(dollars in millions)</i>	Six Months Ended June 30,	
	2025	2024
Operating Activities:		
Net income	\$ 3,350	\$ 1,918
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	2,128	2,131
Deferred income tax provision	121	185
Stock compensation cost	224	223
Net periodic pension income	(636)	(666)
Share-based 401(k) matching contributions	307	146
Gain on sale of business, net of transaction costs (Note 2)	—	(415)
Change in:		
Accounts receivable	(1,137)	587
Contract assets	(1,190)	(1,457)
Inventory	(1,197)	(1,361)
Other current assets	(100)	217
Accounts payable and accrued liabilities	(141)	1,245
Contract liabilities	343	512
Other operating activities, net	(309)	(190)
Net cash flows provided by operating activities	1,763	3,075
Investing Activities:		
Capital expenditures	(1,043)	(1,004)
Dispositions of businesses, net of cash transferred	—	1,283
Increase in other intangible assets	(226)	(318)
Receipts (payments) from settlements of derivative contracts, net	145	(29)
Other investing activities, net	(63)	28
Net cash flows used in investing activities	(1,187)	(40)
Financing Activities:		
Repayment of long-term debt	(789)	(1,700)
Change in commercial paper, net (Note 9)	1,432	—
Change in other short-term borrowings, net	18	43
Dividends paid	(1,750)	(1,592)
Repurchase of common stock	(50)	(100)
Other financing activities, net	(270)	(242)
Net cash flows used in financing activities	(1,409)	(3,591)
Effect of foreign exchange rate changes on cash and cash equivalents	54	(12)
Net decrease in cash, cash equivalents, and restricted cash	(779)	(568)
Cash, cash equivalents, and restricted cash, beginning of period	5,606	6,626
Cash, cash equivalents, and restricted cash, end of period	4,827	6,058
Less: Restricted cash, included in Other assets, current and Other assets	45	47
Cash and cash equivalents, end of period	\$ 4,782	\$ 6,011

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(dollars in millions, except per share amounts; shares in thousands)</i>				
Equity beginning balance	\$ 63,307	\$ 62,100	\$ 61,923	\$ 61,410
Common Stock				
Beginning balance	37,515	37,108	37,434	37,055
Common stock plans activity	99	117	106	111
Share-based 401(k) matching contributions	66	77	140	136
Ending balance	37,680	37,302	37,680	37,302
Treasury Stock				
Beginning balance	(27,069)	(27,029)	(27,112)	(26,977)
Share-based 401(k) matching contributions	74	—	167	—
Common stock repurchased	—	(51)	(50)	(103)
Ending balance	(26,995)	(27,080)	(26,995)	(27,080)
Retained Earnings				
Beginning balance	54,277	53,052	53,589	52,154
Net income attributable to common shareholders	1,657	111	3,192	1,820
Dividends on common stock	(1,740)	(1,646)	(2,543)	(2,415)
Dividends on ESOP common stock	(80)	(30)	(117)	(44)
Other	(10)	1	(17)	(27)
Ending balance	54,104	51,488	54,104	51,488
Unearned ESOP Shares				
Beginning balance	—	(11)	—	(15)
Share-based 401(k) matching contributions	—	4	—	8
Ending balance	—	(7)	—	(7)
Accumulated Other Comprehensive Loss				
Beginning balance	(3,207)	(2,635)	(3,755)	(2,419)
Other comprehensive income (loss), net of tax	816	(83)	1,364	(299)
Ending balance	(2,391)	(2,718)	(2,391)	(2,718)
Noncontrolling Interest				
Beginning balance	1,791	1,615	1,767	1,612
Net income	68	64	158	98
Less: Redeemable noncontrolling interest net income	(4)	(4)	(6)	(4)
Dividends attributable to noncontrolling interest	(47)	(10)	(111)	(41)
Ending balance	1,808	1,665	1,808	1,665
Equity at June 30	\$ 64,206	\$ 60,650	\$ 64,206	\$ 60,650
Supplemental share information				
Shares of common stock issued under employee plans, net	1,535	1,219	4,438	4,378
Shares of common stock repurchased	—	486	396	1,046
Treasury shares reissued related to 401(k) matching contributions	1,053	—	2,376	—
Dividends declared per share of common stock	\$ 1.360	\$ 1.260	\$ 1.990	\$ 1.850

See accompanying Notes to Condensed Consolidated Financial Statements

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

Note 1: Basis of Presentation

The Condensed Consolidated Financial Statements at June 30, 2025 and for the quarters and six months ended June 30, 2025 and 2024 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 2024 Annual Report on Form 10-K.

Unless the context otherwise requires, the terms “we,” “our,” “us,” “the Company,” and “RTX” mean RTX Corporation and its subsidiaries. References to “Raytheon Company” mean Raytheon Company, which became a wholly owned subsidiary of RTX on April 3, 2020 during an all-stock merger transaction between United Technologies Corporation and Raytheon Company (the surviving company of which is RTX Corporation).

We reclassified certain immaterial prior period amounts within our Condensed Consolidated Statement of Cash Flows and Condensed Consolidated Statement of Changes in Equity related to our share-based 401(k) matching contributions to conform to our current period presentation.

Raytheon follows a 4-4-5 fiscal calendar while Collins Aerospace (Collins) and Pratt & Whitney use a calendar quarter end. Throughout this Form 10-Q, when we refer to the quarters and six months ended June 30, 2025 and 2024 with respect to Raytheon, we are referring to their June 29, 2025 and June 30, 2024 fiscal quarter ends, respectively.

Legal Matters. As previously disclosed, in 2024 the Company resolved several outstanding legal matters, herein referred to as “Resolution of Certain Legal Matters.” See “Note 16: Commitments and Contingencies” for additional information.

Note 2: Acquisitions and Dispositions

Dispositions. On June 30, 2025, we entered into a definitive agreement to sell the Simmonds Precision Products business within our Collins segment for approximately \$0.8 billion in cash. The closing of this transaction is subject to required regulatory approvals and other customary closing conditions.

On March 29, 2024, we completed the sale of our Cybersecurity, Intelligence and Services (CIS) business within our Raytheon segment for proceeds of approximately \$1.3 billion in cash, resulting in an aggregate pre-tax gain, net of transaction and other related costs, of \$0.4 billion (\$0.2 billion after tax), primarily recognized in Other income (expense), net within the Condensed Consolidated Statement of Operations.

On July 20, 2023, we entered into a definitive agreement to sell the actuation and flight control business within our Collins segment to Safran S.A. for gross proceeds of approximately \$1.8 billion. During the fourth quarter of 2024, as a result of progress towards regulatory approvals, held for sale criteria was met. At June 30, 2025, assets of approximately \$1.6 billion and liabilities of approximately \$0.6 billion are held for sale. Held for sale assets primarily include \$0.7 billion of goodwill and intangible assets presented in Other assets and \$0.3 billion of inventory presented in Other assets, current, within the Condensed Consolidated Balance Sheet. Held for sale liabilities primarily include \$0.4 billion of contract liabilities and other accrued liabilities presented in Other accrued liabilities within the Condensed Consolidated Balance Sheet. We completed the sale of this business for gross proceeds of \$1.8 billion on July 21, 2025.

Note 3: Goodwill and Intangible Assets

Goodwill. Changes in our goodwill balances for the six months ended June 30, 2025 were as follows:

<i>(dollars in millions)</i>	Balance as of December 31, 2024	Acquisitions and Divestitures	Foreign Currency Translation and Other	Balance as of June 30, 2025
Collins Aerospace ⁽¹⁾	\$ 32,223	\$ (256)	\$ 793	\$ 32,760
Pratt & Whitney	1,563	—	—	1,563
Raytheon	18,986	—	1	18,987
Total Segments	52,772	(256)	794	53,310
Eliminations and other	17	—	—	17
Total	\$ 52,789	\$ (256)	\$ 794	\$ 53,327

(1) The reduction in Acquisitions and Divestitures includes the reclassification of goodwill to held for sale and presented in Other assets within the Condensed Consolidated Balance Sheet.

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

<i>(dollars in millions)</i>	June 30, 2025		December 31, 2024	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortized:				
Collaboration assets	\$ 6,248	\$ (2,138)	\$ 6,159	\$ (1,996)
Exclusivity assets	3,780	(246)	3,692	(361)
Developed technology and other	1,190	(726)	1,197	(698)
Customer relationships	29,379	(13,219)	29,388	(12,401)
	40,597	(16,329)	40,436	(15,456)
Indefinite-lived:				
Trademarks and other	8,480	—	8,463	—
Total	\$ 49,077	\$ (16,329)	\$ 48,899	\$ (15,456)

Amortization of intangible assets for the quarters and six months ended June 30, 2025 and 2024 was \$508 million and \$1,009 million and \$534 million and \$1,060 million, respectively. The following is the expected amortization of intangible assets for the remainder of 2025 through 2030:

<i>(dollars in millions)</i>	Remaining 2025	2026	2027	2028	2029	2030
Amortization expense	\$ 1,069	\$ 2,000	\$ 1,890	\$ 1,819	\$ 1,679	\$ 1,642

Note 4: Earnings Per Share

<i>(dollars and shares in millions, except per share amounts)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income attributable to common shareowners	\$ 1,657	\$ 111	\$ 3,192	\$ 1,820
Basic weighted average number of shares outstanding	1,340.6	1,331.8	1,338.8	1,330.5
Stock awards and equity units (share equivalent)	13.4	10.3	14.1	9.2
Diluted weighted average number of shares outstanding	1,354.0	1,342.1	1,352.9	1,339.7
Earnings Per Share attributable to common shareowners:				
Basic	\$ 1.24	\$ 0.08	\$ 2.38	\$ 1.37
Diluted	1.22	0.08	2.36	1.36

The computation of diluted earnings per share (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 release or exercise of stock awards when the awards' assumed proceeds exceed the average market price of the common shares during the period. For the quarter and six months ended June 30, 2025, the number of stock awards excluded from the computation was 1.8 million and 2.5 million, respectively. For the quarter and six months ended June 30, 2024, the number of stock awards excluded from the computation was 3.9 million and 9.6 million, respectively.

Note 5: Changes in Contract Estimates at Completion

We review our Estimates at Completion (EACs) at least annually or when a change in circumstances warrants a modification to a previous estimate. For significant contracts, we review our EACs more frequently. 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 inputs, 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 must make assumptions and estimates regarding contract revenues 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 including any impact from changing costs or inflation, 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. In particular, fixed-price development programs involve significant management judgment, as development contracts by nature have elements that have not been done before and thus, are highly subject to future unexpected cost changes. 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. 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, and changes to, 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total net sales	\$ (99)	\$ 3	\$ (145)	\$ (15)
Operating profit	(117)	(62)	(275)	(224)
Income attributable to common shareowners ⁽¹⁾	(92)	(49)	(217)	(177)
Diluted earnings per share attributable to common shareowners ⁽¹⁾	\$ (0.07)	\$ (0.04)	\$ (0.16)	\$ (0.13)

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

In addition to the amounts included in the table above, during the quarter ended June 30, 2024, Raytheon initiated the termination of a fixed price development contract with a foreign customer, herein referred to as "Raytheon Contract Termination." As a result of this action, Raytheon recognized a \$0.6 billion charge related to the estimated impact of this termination. This charge included the write-off of remaining contract assets and the estimated settlement with the customer. The Raytheon Contract Termination was completed, including customer settlement, during the fourth quarter of 2024, in line with previously accrued amounts.

Note 6: Accounts Receivable, Net

Accounts receivable, net consisted of the following:

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Accounts receivable	\$ 12,722	\$ 11,265
Allowance for expected credit losses	(337)	(289)
Total accounts receivable, net	\$ 12,385	\$ 10,976

Note 7: Contract Assets and Liabilities

Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billings. 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 were as follows:

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Contract assets, net	\$ 15,686	\$ 14,570
Contract liabilities	(19,186)	(18,616)
Net contract liabilities	\$ (3,500)	\$ (4,046)

Contract assets, net, increased \$1.1 billion during the six months ended June 30, 2025 primarily due to sales in excess of billings on certain contracts at Pratt & Whitney, partially offset by an increase in the allowance for expected credit losses due to a customer bankruptcy recorded at Pratt & Whitney in the second quarter of 2025. Contract liabilities increased \$0.6 billion during the six months ended June 30, 2025 primarily due to advances received and billings in excess of sales on certain contracts at Pratt & Whitney. We recognized revenue of \$2.0 billion and \$5.0 billion during the quarter and six months ended June 30, 2025 related to contract liabilities outstanding as of January 1, 2025 and recognized revenue of \$1.8 billion and \$4.4 billion during the quarter and six months ended June 30, 2024, related to contract liabilities outstanding as of January 1, 2024.

Contract assets are net of an allowance for expected credit losses of \$0.7 billion and \$0.5 billion as of June 30, 2025 and December 31, 2024, respectively. The increase in allowance for expected credit losses as of June 30, 2025 as compared to December 31, 2024 was primarily related to an increase in reserves as a result of a customer bankruptcy recorded at Pratt & Whitney in the quarter ended June 30, 2025.

Note 8: Inventory, net

Inventory, net consisted of the following:

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Raw materials	\$ 4,559	\$ 4,164
Work-in-process	4,822	4,493
Finished goods	4,631	4,111
Total inventory, net	\$ 14,012	\$ 12,768

Note 9: Borrowings and Lines of Credit

As of June 30, 2025, we had a revolving credit agreement with various banks permitting aggregate borrowings of up to \$5.0 billion, which expires in August 2028. As of June 30, 2025, there were no borrowings outstanding under this agreement.

From time to time, we use 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 have original maturities of not more than 364 days from the date of issuance. At December 31, 2024, we had no commercial paper borrowings outstanding. As of June 30, 2025, our maximum commercial paper borrowing limit was \$5.0 billion as the commercial paper is backed by our \$5.0 billion revolving credit agreement. At June 30, 2025 we had \$1.4 billion of commercial paper borrowings outstanding. At June 30, 2025, short-term commercial paper borrowings outstanding had a weighted-average interest rate of 4.7%. There were no new borrowings and no new repayments of commercial paper with maturities greater than 90 days during the six months ended June 30, 2025 and 2024.

We made the following repayments of long-term debt during the six months ended June 30, 2025 and 2024:

Date	Description of Notes	Aggregate Principal Balance (in millions)
May 7, 2025	3 Month SOFR plus 1.225% term loan due 2025	\$ 750
May 7, 2024	3 Month SOFR plus 1.225% Term Loan due 2025	250
April 17, 2024	3 Month SOFR plus 1.225% Term Loan due 2025	250
April 4, 2024	3 Month SOFR plus 1.225% Term Loan due 2025	250
March 15, 2024	3.200% notes due 2024	950

Long-term debt consisted of the following:

(dollars in millions)	June 30, 2025	December 31, 2024
3 Month SOFR plus 1.225% term loan due 2025	\$ —	\$ 750
3.950% notes due 2025 ⁽¹⁾	1,500	1,500
5.000% notes due 2026 ⁽¹⁾	500	500
2.650% notes due 2026 ⁽¹⁾	719	719
3 Month SOFR plus 1.225% term loan due 2026	2,000	2,000
5.750% notes due 2026 ⁽¹⁾	1,250	1,250
3.125% notes due 2027 ⁽¹⁾	1,100	1,100
3.500% notes due 2027 ⁽¹⁾	1,300	1,300
7.200% notes due 2027 ⁽¹⁾	382	382
7.100% notes due 2027	135	135
6.700% notes due 2028	285	285
7.000% notes due 2028 ⁽¹⁾	185	185
4.125% notes due 2028 ⁽¹⁾	3,000	3,000
5.750% notes due 2029 ⁽¹⁾	500	500
7.500% notes due 2029 ⁽¹⁾	414	414
2.150% notes due 2030 (€500 million principal value) ⁽¹⁾	580	520
2.250% notes due 2030 ⁽¹⁾	1,000	1,000
6.000% notes due 2031 ⁽¹⁾	1,000	1,000
1.900% notes due 2031 ⁽¹⁾	1,000	1,000
2.375% notes due 2032 ⁽¹⁾	1,000	1,000
5.150% notes due 2033 ⁽¹⁾	1,250	1,250
6.100% notes due 2034 ⁽¹⁾	1,500	1,500
5.400% notes due 2035 ⁽¹⁾	446	446
6.050% notes due 2036 ⁽¹⁾	410	410
6.800% notes due 2036 ⁽¹⁾	117	117
7.000% notes due 2038	148	148
6.125% notes due 2038 ⁽¹⁾	575	575
4.450% notes due 2038 ⁽¹⁾	750	750
5.700% notes due 2040 ⁽¹⁾	553	553
4.875% notes due 2040 ⁽¹⁾	600	600
4.700% notes due 2041 ⁽¹⁾	425	425
4.500% notes due 2042 ⁽¹⁾	3,500	3,500
4.800% notes due 2043 ⁽¹⁾	400	400
4.200% notes due 2044 ⁽¹⁾	300	300
4.150% notes due 2045 ⁽¹⁾	850	850
3.750% notes due 2046 ⁽¹⁾	1,100	1,100

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
4.050% notes due 2047 ⁽¹⁾	600	600
4.350% notes due 2047 ⁽¹⁾	1,000	1,000
4.625% notes due 2048 ⁽¹⁾	1,750	1,750
3.125% notes due 2050 ⁽¹⁾	1,000	1,000
2.820% notes due 2051 ⁽¹⁾	1,000	1,000
3.030% notes due 2052 ⁽¹⁾	1,100	1,100
5.375% notes due 2053 ⁽¹⁾	1,250	1,250
6.400% notes due 2054 ⁽¹⁾	1,750	1,750
Other (including finance leases)	192	232
Total principal long-term debt	40,416	41,146
Other (fair market value adjustments, (discounts)/premiums, and debt issuance costs)	(73)	(68)
Total long-term debt	40,343	41,078
Less: current portion	2,084	2,352
Long-term debt, net of current portion	\$ 38,259	\$ 38,726

(1) We may redeem these notes, in whole or in part, at our option pursuant to their terms prior to the applicable maturity date.

The average maturity of our long-term debt as of June 30, 2025 is approximately 12 years.

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.

Contributions to our plans were as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
U.S. qualified defined benefit plans	\$ —	\$ —	\$ —	\$ —
International defined benefit plans	11	10	14	12
PRB plans	1	4	11	13
Defined contribution plans	340	339	741	734

The amounts recognized in the Condensed Consolidated Balance Sheet consist of:

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Non-current pension assets (included in Other assets)	\$ 2,358	\$ 1,819
Current pension and PRB liabilities (included in Accrued employee compensation)	257	256
Future pension and postretirement benefit obligations	2,038	2,104

The amounts recognized in Future pension and postretirement benefit obligations consist of:

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Non-current pension liabilities	\$ 1,473	\$ 1,532
Non-current PRB liabilities	498	523
Other pension and PRB related items	67	49
Future pension and postretirement benefit obligations	\$ 2,038	\$ 2,104

The components of net periodic income for our defined pension plans were as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Operating expense				
Service cost	\$ 42	\$ 47	\$ 84	\$ 94
Non-operating expense				
Interest cost	586	596	1,169	1,192
Expected return on plan assets	(921)	(936)	(1,838)	(1,873)
Amortization of prior service credit	(36)	(42)	(75)	(85)
Recognized actuarial net loss	5	5	10	10
Net settlement, curtailment, and special termination benefit (gain) loss	14	3	14	(4)
Non-service pension income	(352)	(374)	(720)	(760)
Total net periodic pension income	\$ (310)	\$ (327)	\$ (636)	\$ (666)

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 in our Condensed Consolidated Balance Sheet. The fair value of marketable securities held in trusts was as follows:

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Marketable securities held in trusts	\$ 679	\$ 786

Note 11: Income Taxes

Our effective tax rate for the quarter and six months ended June 30, 2025 was 15.4% and 16.2%, respectively, as compared to 59.1% and 15.8% for the quarter and six months ended June 30, 2024.

The effective tax rate for the quarter ended June 30, 2025 includes a tax benefit of \$33 million associated with the conclusion of the Internal Revenue Service (IRS) examination of RTX's 2020 tax year. The effective tax rate for the quarter ended June 30, 2024 includes the impact of the \$918 million charge associated with the Resolution of Certain Legal Matters where no related tax benefit was recorded in the quarter.

The effective tax rate for the six months ended June 30, 2025 and June 30, 2024 are relatively consistent. However, the effective tax rate for the six months ended June 30, 2025 includes the impact from the IRS examination noted above and the effective tax rate for the six months ended June 30, 2024 includes a \$275 million tax benefit recognized from the conclusion of the examination phases of the RTX and Rockwell Collins audits, a \$143 million tax cost associated with the sale of the CIS business, and the impact of the \$918 million charge associated with the Resolution of Certain Legal Matters.

We conduct business globally and, as a result, RTX 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, 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 2014.

In connection with certain IRS audits, the Company has previously filed protests with respect to certain IRS proposed adjustments for RTX (formerly United Technologies Corporation) tax years 2017 and 2018, pre-acquisition Rockwell Collins tax years 2016, 2017, and 2018, and pre-merger Raytheon Company tax years 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 Company is in the process of disputing these adjustments at the Appeals Division of the IRS. The Company expects resolution at the Appeals Division for the RTX and Rockwell tax years within the next twelve months. The timing of any resolution at the Appeals Division for the Raytheon Company tax years is uncertain.

During the quarter ended March 31, 2025, the Company received an unfavorable decision from the Appeals Committee of the Kingdom of Saudi Arabia (KSA) General Secretariat of the Tax Committees (GTSC) and recorded the net income impact of this decision. The Company continues to believe the position of the KSA tax authority is not supported by the facts in question or KSA tax law and is pursuing available options to seek reversal of the GTSC's decision.

Note 12: 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 present value of the aggregate notional principal of our outstanding foreign currency hedges was \$21 billion and \$17 billion at June 30, 2025 and December 31, 2024, respectively.

The following table summarizes the fair value and presentation in the Condensed Consolidated Balance Sheet for derivative instruments:

<i>(dollars in millions)</i>	Balance Sheet Location	June 30, 2025	December 31, 2024
Derivatives designated as hedging instruments:			
Foreign exchange contracts	Other assets, current	\$ 473	\$ 177
	Other accrued liabilities	291	350
Derivatives not designated as hedging instruments:			
Foreign exchange contracts	Other assets, current	\$ 17	\$ 10
	Other accrued liabilities	16	101

At June 30, 2025, all derivative contracts accounted for as cash flow hedges will mature by May 2036. Cash receipts or payments on derivatives designated as cash flow hedges are recorded in Other operating activities, net within the Condensed Consolidated Statement of Cash Flows. The Company utilizes the critical terms match method for cash flow hedges in assessing derivatives for hedge effectiveness. Gains or losses attributable to cash flow hedging contract activity are primarily recorded as a component of Products sales when reclassified from Accumulated other comprehensive loss.

During the quarter ended June 30, 2025, the Company entered into forward exchange contracts to partially hedge its net investment in certain foreign subsidiaries denominated in EUR and CAD. The Company assesses the effectiveness of its net investment hedges using the spot method. Cash receipts or payments on derivatives designated as net investment hedges are recorded as investing cash flows within the Condensed Consolidated Statement of Cash Flows.

As of December 31, 2024, we had €320 million of our €500 million principal value of euro-denominated long-term debt designated as a net investment hedge against our investments in European businesses. At March 31, 2025, this was no longer designated as a net investment hedge. For the quarter and six months ended June 30, 2025, the effects are reflected within Other income (expense), net.

The effect of cash flow hedging and net investment hedging relationships on Accumulated other comprehensive loss and on the Condensed Consolidated Statement of Operations in the quarters and six months ended June 30, 2025 and 2024 are presented in "Note 17: Equity." The hedged items and derivatives designated as hedging instruments are highly effective.

The effect of derivatives not designated as hedging instruments is included within Other income (expense), net, on the Condensed Consolidated Statement of Operations and is not significant. Cash receipts or payments related to the settlement of derivatives not designated as hedging instruments are recorded as investing cash flows within the Condensed Consolidated Statement of Cash Flows.

Note 13: Fair Value Measurements

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:

<i>(dollars in millions)</i>	June 30, 2025			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Marketable securities held in trusts	\$ 679	\$ 609	\$ 70	\$ —
Derivative assets	490	—	490	—
Derivative liabilities	307	—	307	—

(dollars in millions)	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Marketable securities held in trusts	\$ 786	\$ 721	\$ 65	\$ —
Derivative assets	187	—	187	—
Derivative liabilities	451	—	451	—

Valuation Techniques. 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 June 30, 2025, 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:

(dollars in millions)	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt (excluding finance leases)	\$ 40,262	\$ 37,877	\$ 40,991	\$ 37,956

The following tables provide the valuation hierarchy classification of assets and liabilities that are not carried at fair value in our Condensed Consolidated Balance Sheet:

(dollars in millions)	June 30, 2025			
	Total	Level 1	Level 2	Level 3
Long-term debt (excluding finance leases)	\$ 37,877	\$ —	\$ 35,845	\$ 2,032

(dollars in millions)	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Long-term debt (excluding finance leases)	\$ 37,956	\$ —	\$ 35,180	\$ 2,776

The fair value of our Short-term borrowings approximates the carrying value due to their short-term nature, with commercial paper classified as level 2 and other short-term borrowings classified as level 3 within the fair value hierarchy.

Note 14: 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 the International Aero Engines, LLC (IAE LLC) collaboration, whose business purpose is to coordinate the design, development, manufacturing, and product support for the PW1100G-JM engine for the Airbus A320neo family of 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 as the primary beneficiary. IAE and IAE LLC have, therefore, been consolidated. Other collaborators participate in Pratt & Whitney's program share interest in IAE and IAE LLC. Pratt & Whitney's net program share interest in

IAE and IAE LLC, after considering its sub-collaborator share, is 57% and 51%, respectively. 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>	June 30, 2025	December 31, 2024
Current assets	\$ 11,611	\$ 10,315
Non-current assets	1,128	1,060
Total assets	\$ 12,739	\$ 11,375
Current liabilities	\$ 14,130	\$ 13,595
Non-current liabilities	123	140
Total liabilities	\$ 14,253	\$ 13,735

Note 15: Guarantees

We extend a variety of financial, market value, and product performance guarantees to third parties. These instruments expire on various dates through 2026. Additional guarantees of project performance for which there is no stated value also remain outstanding. A portion of our third party guarantees are subject to indemnification for our benefit for any liabilities that could arise. As of June 30, 2025 and December 31, 2024, the following financial guarantees were outstanding:

<i>(dollars in millions)</i>	June 30, 2025		December 31, 2024	
	Maximum Potential Payment	Carrying Amount of Liability	Maximum Potential Payment	Carrying Amount of Liability
Commercial aerospace financing arrangements	\$ 211	\$ —	\$ 274	\$ —
Third party guarantees	44	—	79	1

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 was \$0.1 billion at June 30, 2025 and December 31, 2024.

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 \$0.1 billion at June 30, 2025 and December 31, 2024. These primarily relate to environmental liabilities, which are included in our total environmental liabilities as further discussed in "Note 16: 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 six months ended June 30, 2025 and 2024 were as follows:

<i>(dollars in millions)</i>	2025	2024
Balance as of January 1	\$ 993	\$ 1,091
Warranties and performance guarantees issued	152	134
Settlements	(108)	(152)
Other	7	(5)
Balance as of June 30	\$ 1,044	\$ 1,068

Product and service guarantees incurred in connection with long term production contracts and certain aftermarket arrangements are generally accounted for within the contract estimates at completion.

Note 16: 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, results of operations, financial condition, 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 do not expect any additional liability to have a material adverse effect on our results of operations, financial condition, or liquidity. As of both June 30, 2025 and December 31, 2024, we had \$0.8 billion reserved for environmental remediation.

Commercial Aerospace Financing and Other Commitments. We had commercial aerospace financing commitments and other contractual commitments of approximately \$13.6 billion and \$14.1 billion as of June 30, 2025 and December 31, 2024, 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, or pay deposits on behalf of our customers to secure production slots with the airframers (pre-delivery payments). Our financing commitments with customers are contingent upon maintenance of certain levels of financial condition by our 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 creditworthiness of our customers. As a result, the fair value of these financing commitments is expected to equal the amounts funded.

We also have other contractual commitments to make payments to secure certain contractual rights to provide product on new aircraft platforms. The estimated amount and timing of these payments are generally based on future sales or engine flight hours. Payments made on these contractual commitments are included within intangible assets as exclusivity assets and are amortized over the term of underlying economic benefit. We have entered into certain collaboration arrangements, which may include participation by our collaboration partners in these commitments. 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 are capitalized as collaboration intangible assets as payments are made.

Other Financing Arrangements. We have entered into standby letters of credit and surety bonds with financial institutions to meet various bid, performance, warranty, retention, guarantee, 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 \$3.9 billion as of June 30, 2025.

Offset / Industrial Participation 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 June 30, 2025, the aggregate amount of these agreements, both agreed to and anticipated to be agreed to, had an outstanding notional value of approximately \$11.5 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 and overall enforcement 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 the imposition of repayment obligations, fines, treble or other damages, forfeitures, disgorgement, restitution, or penalties, the suspension of government export licenses, and/or suspension or debarment from future U.S. government contracting. They could also result in deferred prosecution agreements, administrative orders, consent agreements, guilty plea agreements, and/or imposition of an independent compliance monitor. U.S. government investigations often take years to complete. In particular, in 2024 the Company entered into a deferred prosecution agreement (DPA) (DPA-1) with the DOJ and the Company settled an administrative proceeding with the Securities and Exchange Commission (SEC) (the SEC Administrative Order) to resolve the previously disclosed criminal and civil government investigations into payments made by Raytheon Company and its joint venture, Thales-Raytheon Systems (TRS), in connection with certain Middle East contracts since 2012 (Thales-Raytheon Systems and Related Matters). The Company also entered into a DPA (DPA-2) and a False Claims Act (FCA) settlement agreement with the DOJ to resolve previously disclosed criminal and civil government investigations into defective pricing claims for certain legacy Raytheon Company contracts entered into between 2011 and 2013 and in 2017 (DOJ Investigation and Contract Pricing Disputes).

Under these DPAs and the SEC Administrative Order, Raytheon Company and the Company are required to retain, among other things, an independent compliance monitor satisfactory to the DOJ and the SEC (for a term ending three years from the date on which the monitor is engaged) and are required to undertake certain cooperation and disclosure obligations (for a term commencing on the effective date of DPA-1 and the SEC Administrative Order, as applicable, and ending three years from the date on which the monitor is engaged). The compliance monitor will oversee Raytheon Company's and the Company's compliance with their respective obligations under the DPAs and the SEC Administrative Order. In 2024, the Company also resolved certain voluntarily disclosed export controls violations primarily identified in connection with the integration of Rockwell Collins and, to a lesser extent, Raytheon Company, including certain violations that were resolved pursuant to a Consent Agreement (CA) with the Department of State (DOS). The CA, which has a three-year term, requires the Company to implement remedial compliance measures and to conduct an external audit of the Company's International Traffic in Arms Regulations (ITAR) compliance program. The CA also requires appointment of an external, independent Special Compliance Officer (SCO). The Company appointed its SCO on September 27, 2024.

As noted above, the U.S. government reserves the right to suspend or debar a contractor from receiving new government contracts for fraudulent, criminal, or other seriously improper conduct. The U.S. government could also 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., Arms Export Control Act (AECA), Export Administration Regulations (EAR), Foreign Corrupt Practices Act (FCPA), and 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 results of operations, financial condition, or liquidity, either individually or in the aggregate.

Tax Treatment of Carrier and Otis Dispositions. 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 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, results of operations, financial condition, or liquidity in future reporting periods.

Pratt & Whitney Powder Metal Matter. In 2023, Pratt & Whitney determined that a rare condition in powder metal used to manufacture certain engine parts requires accelerated inspection of the PW1100G-JM (PW1100) Geared Turbofan (GTF) fleet, which powers the A320neo family of aircraft (A320neo) (herein referred to as the "Powder Metal Matter").

On August 4, 2023, Pratt & Whitney issued a special instruction (SI) to operators of PW1100 GTF powered A320neo aircraft, which required accelerated inspections and engine removals covering an initial subset of operational engines, no later than September 15, 2023. During the third quarter of 2023, through its safety management system, Pratt & Whitney continued its engineering and industrial assessment, which resulted in an updated fleet management plan for the remaining PW1100 fleet. This updated plan requires a combination of part inspections and retirements for some high pressure turbine and high pressure compressor parts made from affected raw material. Guidance to affected operators was released via service bulletins (SB) and SI in November 2023, and this guidance has been reflected in airworthiness directives issued by the Federal Aviation Administration (FAA). Consistent with previous information, the actions are resulting in significant incremental shop visits.

As a result of this matter, Pratt & Whitney expects aircraft on ground levels for the PW1100 powered A320neo fleet to remain elevated through 2026. As a result of anticipated increased aircraft on ground levels and expected compensation to customers for this disruption, as well as incremental maintenance costs resulting from increased inspections and shop visits, Pratt & Whitney recorded a pre-tax operating profit charge in the third quarter of 2023 of \$2.9 billion, reflecting Pratt & Whitney's net 51% program share of the PW1100 program. This amount reflected our best estimate of expected customer compensation for the estimated duration of the disruption as well as the EAC adjustment impact of this matter to Pratt & Whitney's long-term maintenance contracts. The incremental costs to the business's long-term maintenance contracts include the estimated cost of additional inspections, replacement of parts, and other related impacts.

The charge recorded in the third quarter of 2023 resulted in a net increase in Other accrued liabilities of \$2.8 billion, which principally related to our 51% share of an accrual for expected customer compensation. At June 30, 2025 and December 31, 2024, we had other accrued liabilities of \$1.1 billion and \$1.7 billion, respectively, primarily related to expected compensation to customers. The decrease in the accrual during the six months ended June 30, 2025 was primarily due to customer compensation in the form of credits issued to customers during the period.

Other engine models within Pratt & Whitney's fleet contain parts manufactured with affected powder metal, but we do not currently believe there will be any resultant significant financial impact with respect to these other engine models at this time. The financial impact of the powder metal issue is based on historical experience and is subject to various assumptions and judgments, most notably, the number and expected timing of shop visits, inspection results and scope of work to be performed, turnaround time, availability of parts, available capacity at overhaul facilities, and outcomes of negotiations with impacted customers. While these assumptions reflect our best estimates at this time, they are subject to variability. Potential changes to these assumptions and actual incurred costs could significantly affect the estimates inherent in our financial statements and could have a material effect on the Company's results of operations for the periods in which they are recognized.

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 alleged overpayments of approximately \$1.7 billion plus interest (\$1.4 billion at June 30, 2025). 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. On September 30, 2024, a DCMA DACO issued a second claim against Pratt & Whitney that similarly alleges that Pratt & Whitney was noncompliant with CAS due to its method of allocating independent research and development costs to government contracts from April 1, 2019 to December 31, 2023. The second claim demands payment of \$1.1 billion plus interest (\$356 million at June 30, 2025). Pratt & Whitney believes the second claim is without merit and filed an appeal to the ASBCA on October 15, 2024.

As previously disclosed, in December 2013, a DCMA DACO asserted a claim against Pratt & Whitney to recover alleged overpayments of approximately \$177 million plus interest (\$196 million at June 30, 2025). 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. On November 22, 2021, the ASBCA issued its written decision sustaining in part and denying in part Pratt & Whitney's appeal. The ASBCA rejected the DCMA's asserted measure of the cost of collaborator parts, and ruled substantially in Pratt & Whitney's favor on other liability issues. The ASBCA remanded the appeal to the parties for resolution of damages issues, which could require further proceedings at the ASBCA. On December 23, 2021, the DCMA filed a motion with the ASBCA seeking partial reconsideration of the November 22, 2021 decision. The motion for reconsideration was denied on August 29, 2022. On December 23, 2022, the DCMA filed an appeal to the United States Court of Appeals for the Federal Circuit. We continue to believe that the ASBCA's rejection of the DCMA's asserted measure of the cost of collaborator parts is well supported in fact and law and likely will be sustained. 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, which asserts the same measure of the cost of collaborator parts rejected by the ASBCA's November 22, 2021 decision, demands payment of \$269 million plus interest (\$171 million at June 30, 2025). Pratt & Whitney appealed this second claim to the ASBCA in January 2019. In December 2023, a DCMA DACO issued a third 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 2018 through 2022. This third claim, which asserts the same measure of the cost of collaborator parts rejected by the ASBCA's prior decision, demands payment of \$277 million plus interest (\$92 million at June 30, 2025). Pratt & Whitney appealed this third claim to the ASBCA at the end of December 2023. Although subject to further litigation at the ASBCA and potentially further appellate proceedings, we continue to believe that the November 22, 2021 decision in the first claim will apply with equal legal effect to the second and third claims. Accordingly, we believe that the amounts demanded by the DCMA as set forth in the three claims are without legal basis and that any damages owed to the U.S. government for the three claims will not have a material adverse effect on our results of operations, financial condition, or liquidity.

Thales-Raytheon Systems and Related Matters

As previously disclosed, in 2019, Raytheon Company received a subpoena from the SEC seeking information in connection with an investigation into whether there were improper payments made by Raytheon Company, our TRS joint venture, 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 criminal investigation. In the third quarter of 2020, Raytheon Company received an additional subpoena from the SEC, seeking information and documents as part of its investigation. Following the government's and the Company's own internal investigations, the Company engaged in resolution discussions with the DOJ and the SEC, and during the second quarter of 2024, the Company reached agreements in principle with the DOJ and the SEC as to the principal elements of such resolutions, as previously disclosed on July 25, 2024. On October 15, 2024, Raytheon Company entered into DPA-1 with the DOJ and on October 16, 2024, the Company settled an administrative proceeding with the SEC to resolve these matters. Pursuant to DPA-1, the DOJ will defer, for a period of three years, criminal prosecution of Raytheon Company related to Raytheon Company's conspiracy to violate the anti-bribery provisions of the FCPA and conspiracy to violate the AECA by failing to make related disclosures of certain payments that qualified as fees, commissions, and/or political contributions under Part 130 of the ITAR. If Raytheon Company and the Company fully comply with all of their respective obligations under DPA-1 during its three-year term (commencing on the effective date of DPA-1 and ending three years from the date on which the monitor is engaged), the DOJ will move for dismissal with prejudice of the deferred charges against Raytheon Company. DPA-1 provides for a criminal monetary penalty and forfeiture of \$282 million. In addition, the SEC's Administrative Order issued in connection with the administrative proceeding settlement alleged that Raytheon Company violated the anti-bribery, books and records, and internal controls provisions of the FCPA. The order provides for a \$102 million payment to the SEC that includes disgorgement, prejudgment interest on disgorgement, and a civil penalty. Under DPA-1, the SEC's Administrative Order, and DPA-2 discussed in "DOJ Investigation and Contract Pricing Disputes" below, Raytheon Company and the Company are required, among other things, to retain an independent compliance monitor satisfactory to the DOJ and the SEC (for a term ending three years from the date on which the monitor is engaged) and are required to undertake certain cooperation and disclosure obligations (for a term commencing on the effective date of DPA-1 and the SEC's Administrative Order, as applicable, and ending three years from the date on which the monitor is engaged). The compliance monitor will oversee Raytheon Company's and the Company's compliance with their respective obligations under DPA-1, the SEC's Administrative Order, and DPA-2 discussed in "DOJ Investigation and Contract Pricing Disputes" below. During the fourth quarter of 2024, the Company paid \$384 million in the aggregate for DPA-1 and the SEC's Administrative Order which was consistent with amounts accrued. The Company does not believe that these matters will have a material adverse effect on our results of operations, financial condition, or liquidity.

DOJ Investigation and Contract Pricing Disputes

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 since 2009. The investigation involved multi-year contracts subject to governmental regulation, including defective pricing claims for certain Raytheon Company 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 certain contract entered into in 2017 by Raytheon Company. As previously disclosed on July 25, 2024, following the government's and the Company's own internal investigations, the Company engaged in resolution discussions with the DOJ, and during the second quarter of 2024, the Company reached an agreement in principle with the DOJ as to the principal elements of such resolution. In addition, the Company cooperated with the DOJ with respect to a related civil defective pricing investigation under the FCA. On October 16, 2024, Raytheon Company entered into DPA-2 and the FCA Settlement Agreement with the DOJ to resolve these matters. Pursuant to DPA-2, the DOJ will defer, for a period of three years, criminal prosecution of Raytheon Company related to two counts of major fraud against the United States by Raytheon Company involving two legacy contracts. If Raytheon Company and the Company fully comply with all of their respective obligations in DPA-2 during its three-year term (commencing on the effective date of DPA-1 and ending three years from the date on which the monitor is engaged), the DOJ will move for dismissal with prejudice of the deferred charges against Raytheon Company. DPA-2 provides for a criminal penalty in the amount of \$147 million, plus restitution, and the FCA Settlement Agreement provides for an FCA settlement payment in the amount of \$433 million, which includes restitution that will satisfy the criminal restitution obligation when paid. Under DPA-2 as well as DPA-1 and the SEC Administrative Order discussed in "Thales-Raytheon Systems and Related Matters" above, Raytheon Company and the Company are required, among other things, to retain an independent compliance monitor satisfactory to the DOJ and the SEC (for a term ending three years from the date on which the monitor is engaged) and are required to undertake certain cooperation and disclosure obligations (for a term commencing on the effective date of DPA-1 and the SEC's Administrative Order, as applicable, and ending three years from the date on which the monitor is engaged). The compliance monitor will oversee Raytheon Company's and the Company's compliance with their respective obligations under DPA-2 as well as DPA-1 and the SEC Administrative Order discussed in "Thales-Raytheon Systems and Related Matters" above. During the fourth quarter of 2024, the Company paid \$580 million in the aggregate for DPA-2 and the FCA Settlement Agreement which was consistent with amounts accrued plus interest. The Company does not believe that these matters, will have a material adverse effect on our results of operations, financial condition, or liquidity.

Trade Compliance Matters

From time to time, we identify, investigate, remediate, and voluntarily disclose violations or potential violations of the ITAR and EAR to the relevant regulators. In May 2024, the U.S. DOS Office of Defense Trade Controls Compliance (DTCC) informed the Company of its intent to seek administrative penalties for alleged violations of the AECA and the ITAR. The DTCC informed us that it considers certain of our voluntary disclosures, primarily identified in connection with the integration of Rockwell Collins and, to a lesser extent, Raytheon Company, filed since 2019 to reflect deficiencies warranting a civil penalty. On August 29, 2024, the Company entered into a CA with the DOS to resolve these matters. The CA settles certain AECA and ITAR compliance matters with the DTCC and the Directorate of Defense Trade Controls. The CA has a three-year term and provides for: (i) a civil penalty of \$200 million, \$100 million of which is suspended on the condition that such amount is applied to DTCC-approved remedial compliance measures; (ii) the appointment of an external Special Compliance Officer (SCO) to oversee compliance with the CA, the AECA, and the ITAR; (iii) an external audit of the Company's AECA and ITAR compliance program; and (iv) implementation of additional remedial compliance measures related to AECA and ITAR compliance. The \$100 million portion of the settlement that is not subject to suspension, which was accrued by the Company in the second quarter of 2024, will be paid in installments, with \$34 million paid in September 2024, \$33 million due by August 29, 2025, and \$33 million due by August 29, 2026. As previously disclosed, the Company has determined that there is a probable risk of liability for potential penalties related to other export compliance matters which have been voluntarily disclosed to the cognizant regulators, but which are not subject to the CA. We have accrued \$251 million in the aggregate as of June 30, 2025 for these matters and the matters being resolved pursuant to the CA. We are currently unable to estimate the timing or outcome of the other voluntarily disclosed export compliance matters that are not subject to the CA. However, the Company does not believe these matters will have a material adverse effect on our results of operations, financial condition, or liquidity.

UTC Equity Conversion Litigation

As previously disclosed, on December 6, 2022, a shareholder derivative lawsuit was filed in the Delaware Court of Chancery against the Company and certain current and former members of its Board of Directors, alleging that defendants breached their fiduciary duties in May 2020 by amending the method by which United Technologies Corporation (UTC) equity awards were converted to certain Company equity awards following the separation of UTC into three independent, publicly traded

companies. On July 23, 2024, in response to a motion to dismiss filed by defendants, the Court dismissed the shareholder derivative lawsuit in its entirety with prejudice. On May 28, 2025, the Delaware Supreme Court affirmed the dismissal, concluding the case in the Company's favor.

Civil Litigation Related to Employee Hiring Practices

Pratt & Whitney was one of multiple defendants in a class action lawsuit pending in the United States District Court for the District of Connecticut alleging that Pratt & Whitney and the other defendants agreed to restrict the hiring and recruiting of certain engineers and skilled laborers in a manner that violated federal antitrust laws. As of December 2024, all defendants, including Pratt & Whitney, reached a settlement with class counsel. The Court granted final approval of the settlement in May 2025. The case is now concluded.

In April 2024, a shareholder derivative lawsuit was filed in the Delaware Court of Chancery against the Company and certain current and former officers and directors of the Company alleging that defendants breached their fiduciary duties by failing to implement and enforce a reasonable oversight mechanism for compliance with antitrust laws. Based on the information available to date, we do not believe that this matter will have a material adverse effect on our results of operations, financial condition, or liquidity.

Powder Metal Disclosure Litigation and SEC Investigation

Following the Company's disclosures of a rare condition in powder metal used to manufacture certain Pratt & Whitney engine parts, two sets of civil actions were filed against RTX. First, two putative federal securities class action lawsuits were filed in the United States District Court for the District of Connecticut against the Company and certain current and former executives of the Company. The lawsuits allege that defendants violated federal securities laws by making material misstatements and omitting material facts relating to Pratt & Whitney's GTF engine fleet, including the impact of the powder metal issue on the fleet, in various regulatory filings. The lawsuits were consolidated and remain pending. Second, multiple shareholder derivative lawsuits were filed against current and former officers and directors of the Company, all of which have now been consolidated into a single action which is pending in the United States District Court for the District of Delaware. The operative complaint in the consolidated action alleges that the defendants caused the Company to make materially false and misleading statements relating to Pratt & Whitney's GTF engines, and failed to maintain an adequate system of oversight, disclosure controls and procedures, and internal controls over financial reporting. Based on the information available to date, we do not believe that either matter will have a material adverse effect on our results of operations, financial condition, or liquidity.

On November 7, 2023, January 30, 2024, and May 21, 2024, the Company received subpoenas from the SEC seeking engineering, operational, organizational, accounting, and financial documents in connection with an investigation relating to the Company's disclosures in 2023 of issues arising from Pratt & Whitney's use of powder metal in manufacturing various engine parts, its identification of certain risks associated with those manufacturing processes, and corrective actions identified by Pratt & Whitney to mitigate those risks. The Company is cooperating with the SEC and is responding to the subpoenas. At this time, we are unable to predict the timing or outcome of this SEC investigation.

Where appropriate, we have recorded loss contingency accruals for the above-referenced matters. Unless noted above, loss contingency accruals are immaterial individually or in the aggregate.

Other. As described in "Note 15: 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 results of operations, financial condition, or liquidity.

Note 17: Equity

Accumulated Other Comprehensive Loss. A summary of the changes in each component of Accumulated other comprehensive loss, net of tax for the quarters and six months ended June 30, 2025 and 2024 is provided below:

<i>(dollars in millions)</i>	Foreign Currency Translation ⁽¹⁾	Defined Benefit Pension and Postretirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Loss
Quarter Ended June 30, 2025				
Balance at March 31, 2025	\$ (449)	\$ (2,745)	\$ (13)	\$ (3,207)
Other comprehensive income (loss) before reclassifications, net	863	(143)	112	832
Amounts reclassified, pre-tax	—	(38)	26	(12)
Tax benefit (expense)	—	30	(34)	(4)
Balance at June 30, 2025	\$ 414	\$ (2,896)	\$ 91	\$ (2,391)
Six Months Ended June 30, 2025				
Balance at December 31, 2024	\$ (949)	\$ (2,679)	\$ (127)	\$ (3,755)
Other comprehensive income (loss) before reclassifications, net	1,362	(179)	259	1,442
Amounts reclassified, pre-tax	—	(77)	23	(54)
Tax benefit (expense)	1	39	(64)	(24)
Balance at June 30, 2025	\$ 414	\$ (2,896)	\$ 91	\$ (2,391)

(1) The amount of foreign currency translation recognized in Other Comprehensive Income (loss) (OCI) includes gains (losses) relating to net investment hedges, as further discussed in "Note 12: Financial Instruments".

<i>(dollars in millions)</i>	Foreign Currency Translation	Defined Benefit Pension and Postretirement Plans	Unrealized Hedging Gains (Losses)	Accumulated Other Comprehensive Loss
Quarter Ended June 30, 2024				
Balance at March 31, 2024	\$ (562)	\$ (2,065)	\$ (8)	\$ (2,635)
Other comprehensive income (loss) before reclassifications, net	(68)	(3)	20	(51)
Amounts reclassified, pre-tax	—	(43)	1	(42)
Tax benefit (expense)	(2)	9	3	10
Balance at June 30, 2024	\$ (632)	\$ (2,102)	\$ 16	\$ (2,718)
Six Months Ended June 30, 2024				
Balance at December 31, 2023	\$ (440)	\$ (2,026)	\$ 47	\$ (2,419)
Other comprehensive income (loss) before reclassifications, net	(189)	(10)	(61)	(260)
Amounts reclassified, pre-tax	—	(87)	9	(78)
Tax benefit (expense)	(3)	21	21	39
Balance at June 30, 2024	\$ (632)	\$ (2,102)	\$ 16	\$ (2,718)

Note 18: Segment Financial Data

Our operations, for the periods presented herein, are classified into three principal segments: Collins, Pratt & Whitney, and Raytheon. Our 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.

RTX's chief operating decision maker (CODM) is our Chairman and Chief Executive Officer. The CODM uses segment operating profit as a profitability measure to assess actual and forecasted segment performance to make decisions regarding incentive compensation and the allocation of capital and other investments. Total sales and operating profit by segment include inter-segment sales which are generally recorded at cost-plus a specified fee or at a negotiated fixed price. These pricing arrangements may result in margins different than what the purchasing segment realizes on the ultimate third-party sale.

We 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 Raytheon segment. While the ultimate liability for pension and PRB costs under FAS and CAS is similar, the pattern of cost recognition is different. Over time, we generally expect to recover the related Raytheon pension and PRB liabilities through the pricing of our products and services to the U.S. government. Collins and Pratt & Whitney generally record pension and PRB expense on a FAS basis.

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, the amortization of customer contractual obligations related to loss making or below market contracts acquired, and goodwill impairment, if applicable. These adjustments are not considered part of management's evaluation of segment results.

Results for the quarters ended June 30, 2025 and 2024 are as follows:

	2025				
<i>(dollars in millions)</i>	Net Sales	Research and Development	Other Segment Items ⁽¹⁾	Operating Profit	Operating Profit Margin
Collins Aerospace	\$ 7,622	\$ (329)	\$ (6,120)	\$ 1,173	15.4 %
Pratt & Whitney	7,631	(249)	(6,890)	492	6.4 %
Raytheon	7,001	(121)	(6,075)	805	11.5 %
Total segment	22,254	\$ (699)	\$ (19,085)	2,470	11.1 %
Eliminations and other ⁽²⁾	(673)			24	
Corporate expenses and other unallocated items	—			(47)	
FAS/CAS operating adjustment	—			186	
Acquisition accounting adjustments	—			(487)	
Consolidated	\$ 21,581			\$ 2,146	9.9 %

(1) Includes Cost of sales, Selling, general, and administrative expenses, and Other income (expense), net.

(2) Includes the operating results of certain smaller operations.

	2024				
<i>(dollars in millions)</i>	Net Sales	Research and Development	Other Segment Items ⁽¹⁾	Operating Profit	Operating Profit Margin
Collins Aerospace	\$ 6,999	\$ (354)	\$ (5,527)	\$ 1,118	16.0 %
Pratt & Whitney	6,802	(274)	(5,986)	542	8.0 %
Raytheon ⁽³⁾	6,511	(80)	(6,304)	127	2.0 %
Total segment	20,312	\$ (708)	\$ (17,817)	1,787	8.8 %
Eliminations and other ⁽²⁾	(591)			(36)	
Corporate expenses and other unallocated items ⁽⁴⁾	—			(930)	
FAS/CAS operating adjustment	—			212	
Acquisition accounting adjustments	—			(504)	
Consolidated	\$ 19,721			\$ 529	2.7 %

(1) Includes Cost of sales, Selling, general, and administrative expenses, and Other income (expense), net.

(2) Includes the operating results of certain smaller operations.

(3) Operating Profit and Margin includes a \$0.6 billion charge in the second quarter of 2024 related to the Raytheon Contract Termination. See "Note 5: Changes in Contract Estimates at Completion" for additional information.

(4) Includes a \$0.9 billion charge in the second quarter of 2024 related to the Resolution of Certain Legal Matters.

Results for the six months ended June 30, 2025 and 2024 are as follows:

<i>(dollars in millions)</i>	2025				
	Net Sales	Research and Development	Other Segment Items ⁽¹⁾	Operating Profit	Operating Profit Margin
Collins Aerospace	\$ 14,839	\$ (641)	\$ (11,937)	\$ 2,261	15.2 %
Pratt & Whitney	14,997	(479)	(13,446)	1,072	7.1 %
Raytheon	13,341	(219)	(11,639)	1,483	11.1 %
Total segment	43,177	\$ (1,339)	\$ (37,022)	4,816	11.2 %
Eliminations and other ⁽²⁾	(1,290)			36	
Corporate expenses and other unallocated items	—			(85)	
FAS/CAS operating adjustment	—			371	
Acquisition accounting adjustments	—			(957)	
Consolidated	\$ 41,887			\$ 4,181	10.0 %

(1) Includes Cost of sales, Selling, general, and administrative expenses, and Other income (expense), net.

(2) Includes the operating results of certain smaller operations.

<i>(dollars in millions)</i>	2024				
	Net Sales	Research and Development	Other Segment Items ⁽¹⁾	Operating Profit	Operating Profit Margin
Collins Aerospace	\$ 13,672	\$ (667)	\$ (11,038)	\$ 1,967	14.4 %
Pratt & Whitney	13,258	(543)	(11,761)	954	7.2 %
Raytheon ⁽³⁾	13,170	(169)	(11,878)	1,123	8.5 %
Total segment	40,100	\$ (1,379)	\$ (34,677)	4,044	10.1 %
Eliminations and other ⁽²⁾	(1,074)			(41)	
Corporate expenses and other unallocated items ⁽⁴⁾	—			(1,026)	
FAS/CAS operating adjustment	—			426	
Acquisition accounting adjustments	—			(1,004)	
Consolidated	\$ 39,026			\$ 2,399	6.1 %

(1) Includes Cost of sales, Selling, general, and administrative expenses, and Other income (expense), net.

(2) Includes the operating results of certain smaller operations.

(3) Operating Profit and Margin includes a \$0.6 billion charge in the second quarter of 2024 related to the Raytheon Contract Termination and a \$0.4 billion gain, net of transaction and other related costs, in the first quarter of 2024 related to the sale of our CIS business. See “Note 5: Changes in Contract Estimates at Completion” and “Note 2: Acquisitions and Dispositions,” respectively, for additional information.

(4) Includes a \$0.9 billion charge in the second quarter of 2024 related to the Resolution of Certain Legal Matters.

Capital Expenditures and Depreciation and Amortization segment information for the quarters ended June 30, 2025 and 2024 are as follows:

<i>(dollars in millions)</i>	Capital Expenditures		Depreciation & Amortization	
	2025	2024	2025	2024
Collins Aerospace	\$ 171	\$ 147	\$ 220	\$ 207
Pratt & Whitney	180	207	194	192
Raytheon	134	144	135	126
Total segment	485	498	549	525
Corporate, eliminations, and other	45	39	21	20
Acquisition accounting adjustments			506	527
Consolidated	\$ 530	\$ 537	\$ 1,076	\$ 1,072

Capital Expenditures and Depreciation and Amortization segment information for the six months ended June 30, 2025 and 2024 are as follows:

<i>(dollars in millions)</i>	Capital Expenditures		Depreciation & Amortization	
	2025	2024	2025	2024
Collins Aerospace	\$ 283	\$ 272	\$ 437	\$ 410
Pratt & Whitney	333	346	388	385
Raytheon	359	336	266	253
Total segment	975	954	1,091	1,048
Corporate, eliminations, and other	68	50	42	38
Acquisition accounting adjustments			995	1,045
Consolidated	\$ 1,043	\$ 1,004	\$ 2,128	\$ 2,131

Total assets by segment are as follows:

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Collins Aerospace ⁽¹⁾	\$ 74,247	\$ 72,372
Pratt & Whitney ⁽¹⁾	47,670	44,307
Raytheon ⁽¹⁾	44,855	44,936
Total segment	166,772	161,615
Corporate, eliminations, and other	367	1,246
Consolidated	\$ 167,139	\$ 162,861

(1) Total assets include acquired intangible assets and the property, plant, and equipment fair value adjustment. Related amortization expense is included in Acquisition accounting adjustments.

We disaggregate our contracts from customers by geographic region based on customer location, by type of customer, and by sales type. Our geographic region 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, uses “ship to” location as the customer location. In addition, for our Raytheon segment, 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.

Segment sales disaggregated by geographic region based on customer location for the quarters ended June 30, 2025 and 2024 are as follows:

<i>(dollars in millions)</i>	2025					2024				
	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total
United States	\$ 3,514	\$ 3,260	\$ 4,909	\$ 54	\$ 11,737	\$ 3,406	\$ 3,273	\$ 4,914	\$ 32	\$ 11,625
Europe	1,750	1,539	916	—	4,205	1,645	1,407	536	1	3,589
Asia Pacific	934	1,870	606	—	3,410	780	1,334	547	—	2,661
Middle East and North Africa	271	150	483	—	904	195	172	424	—	791
Other regions	460	812	53	—	1,325	390	615	50	—	1,055
Consolidated net sales	6,929	7,631	6,967	54	21,581	6,416	6,801	6,471	33	19,721
Inter-segment sales	693	—	34	(727)	—	583	1	40	(624)	—
Business segment sales	\$ 7,622	\$ 7,631	\$ 7,001	\$ (673)	\$ 21,581	\$ 6,999	\$ 6,802	\$ 6,511	\$ (591)	\$ 19,721

Segment sales disaggregated by geographic region for the six months ended June 30, 2025 and 2024 are as follows:

(dollars in millions)	2025					2024				
	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total
United States	\$ 6,862	\$ 6,678	\$ 9,356	\$ 107	\$ 23,003	\$ 6,727	\$ 6,283	\$ 9,896	\$ 80	\$ 22,986
Europe	3,480	3,378	1,759	1	8,618	3,260	3,077	1,083	2	7,422
Asia Pacific	1,760	3,111	1,131	—	6,002	1,471	2,528	1,088	1	5,088
Middle East and North Africa	510	325	917	—	1,752	376	310	954	—	1,640
Other regions	904	1,504	104	—	2,512	751	1,059	80	—	1,890
Consolidated net sales	13,516	14,996	13,267	108	41,887	12,585	13,257	13,101	83	39,026
Inter-segment sales	1,323	1	74	(1,398)	—	1,087	1	69	(1,157)	—
Business segment sales	\$ 14,839	\$ 14,997	\$ 13,341	\$ (1,290)	\$ 41,887	\$ 13,672	\$ 13,258	\$ 13,170	\$ (1,074)	\$ 39,026

Segment sales disaggregated by type of customer for the quarters ended June 30, 2025 and 2024 are as follows:

(dollars in millions)	2025					2024				
	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total
Sales to the U.S. government ⁽¹⁾	\$ 1,852	\$ 1,470	\$ 4,900	\$ 51	\$ 8,273	\$ 1,630	\$ 1,511	\$ 4,880	\$ 31	\$ 8,052
Foreign military sales through the U.S. government	104	404	1,127	—	1,635	82	386	801	—	1,269
Foreign government direct commercial sales	321	180	932	—	1,433	317	160	694	—	1,171
Commercial aerospace and other commercial sales	4,652	5,577	8	3	10,240	4,387	4,744	96	2	9,229
Consolidated net sales	6,929	7,631	6,967	54	21,581	6,416	6,801	6,471	33	19,721
Inter-segment sales	693	—	34	(727)	—	583	1	40	(624)	—
Business segment sales	\$ 7,622	\$ 7,631	\$ 7,001	\$ (673)	\$ 21,581	\$ 6,999	\$ 6,802	\$ 6,511	\$ (591)	\$ 19,721

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

Segment sales disaggregated by type of customer for the six months ended June 30, 2025 and 2024 are as follows:

(dollars in millions)	2025					2024				
	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total
Sales to the U.S. government ⁽¹⁾	\$ 3,511	\$ 3,055	\$ 9,335	\$ 104	\$ 16,005	\$ 3,194	\$ 3,069	\$ 9,837	\$ 79	\$ 16,179
Foreign military sales through the U.S. government	220	783	2,103	—	3,106	163	696	1,659	—	2,518
Foreign government direct commercial sales	648	328	1,808	1	2,785	626	318	1,434	1	2,379
Commercial aerospace and other commercial sales	9,137	10,830	21	3	19,991	8,602	9,174	171	3	17,950
Consolidated net sales	13,516	14,996	13,267	108	41,887	12,585	13,257	13,101	83	39,026
Inter-segment sales	1,323	1	74	(1,398)	—	1,087	1	69	(1,157)	—
Business segment sales	\$ 14,839	\$ 14,997	\$ 13,341	\$ (1,290)	\$ 41,887	\$ 13,672	\$ 13,258	\$ 13,170	\$ (1,074)	\$ 39,026

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

Segment sales disaggregated by sales type for the quarters ended June 30, 2025 and 2024 are as follows:

(dollars in millions)	2025					2024				
	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total
Products	\$ 5,408	\$ 4,123	\$ 5,975	\$ 45	\$ 15,551	\$ 5,027	\$ 3,849	\$ 5,657	\$ 29	\$ 14,562
Services	1,521	3,508	992	9	6,030	1,389	2,952	814	4	5,159
Consolidated net sales	6,929	7,631	6,967	54	21,581	6,416	6,801	6,471	33	19,721
Inter-segment sales	693	—	34	(727)	—	583	1	40	(624)	—
Business segment sales	\$ 7,622	\$ 7,631	\$ 7,001	\$ (673)	\$ 21,581	\$ 6,999	\$ 6,802	\$ 6,511	\$ (591)	\$ 19,721

Segment sales disaggregated by sales type for the six months ended June 30, 2025 and 2024 are as follows:

(dollars in millions)	2025					2024				
	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total	Collins Aerospace	Pratt & Whitney	Raytheon	Other	Total
Products	\$ 10,518	\$ 8,155	\$ 11,381	\$ 88	\$ 30,142	\$ 9,860	\$ 7,806	\$ 11,124	\$ 75	\$ 28,865
Services	2,998	6,841	1,886	20	11,745	2,725	5,451	1,977	8	10,161
Consolidated net sales	13,516	14,996	13,267	108	41,887	12,585	13,257	13,101	83	39,026
Inter-segment sales	1,323	1	74	(1,398)	—	1,087	1	69	(1,157)	—
Business segment sales	\$ 14,839	\$ 14,997	\$ 13,341	\$ (1,290)	\$ 41,887	\$ 13,672	\$ 13,258	\$ 13,170	\$ (1,074)	\$ 39,026

Raytheon segment sales disaggregated by contract type for the quarters ended June 30, 2025 and 2024 are as follows:

(dollars in millions)	2025	2024
Fixed-price	\$ 3,991	\$ 3,318
Cost-type	2,976	3,153
Consolidated net sales	6,967	6,471
Inter-segment sales	34	40
Business segment sales	\$ 7,001	\$ 6,511

Raytheon segment sales disaggregated by contract type for the six months ended June 30, 2025 and 2024 are as follows:

(dollars in millions)	2025	2024
Fixed-price	\$ 7,596	\$ 6,611
Cost-type	5,671	6,490
Consolidated net sales	13,267	13,101
Inter-segment sales	74	69
Business segment sales	\$ 13,341	\$ 13,170

Note 19: Remaining Performance Obligations (RPO)

RPO represents the aggregate amount of total contract transaction price that is unsatisfied or partially unsatisfied. Total RPO was approximately \$236 billion as of June 30, 2025. Of the total RPO as of June 30, 2025, we expect approximately 25% will be recognized as revenue over the next 12 months. Approximately 45% of our RPO relates to long-term commercial aerospace maintenance contracts at Pratt & Whitney, which are generally expected to be realized over a span of up to 20 years.

Note 20: Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03, Disaggregation of Income Statement Expenses, which requires a tabular disclosure of the amounts of specified natural expense categories included in each relevant expense caption. Additionally, ASU 2024-03 requires the disclosure of the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. The new standard is effective for annual reporting periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, on a prospective basis. Early adoption is permitted. We are currently evaluating the impact on our disclosures of adopting this new pronouncement.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, to enhance income tax reporting disclosures and require disclosure of specific categories in the tabular rate reconciliation. The new standard is effective for fiscal years beginning after December 15, 2024, on a prospective basis. We are currently evaluating the impact on our disclosures of adopting this new pronouncement.

Other new pronouncements issued but not effective until after June 30, 2025 are not expected to have a material impact on our results of operations, financial condition, or liquidity.

With respect to the unaudited condensed consolidated financial information of RTX for the quarters and six months ended June 30, 2025 and 2024, 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 July 22, 2025, 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 RTX Corporation

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of RTX Corporation and its subsidiaries (the “Company”) as of June 30, 2025, and the related condensed consolidated statements of operations, of comprehensive income, and of changes in equity for the three-month and six-month periods ended June 30, 2025 and 2024, and the condensed consolidated statement of cash flows for the six-month periods ended June 30, 2025 and 2024, 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) (“PCAOB”), the consolidated balance sheet of the Company as of December 31, 2024, and the related consolidated statements of operations, of comprehensive income, of changes in equity, and of cash flows for the year then ended (not presented herein), and in our report dated February 3, 2025, 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, 2024, 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 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
July 22, 2025

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.

Unless the context otherwise requires, the terms “we,” “our,” “us,” “the Company,” and “RTX” mean RTX Corporation and its subsidiaries. References to “Raytheon Company” mean Raytheon Company, which became a wholly owned subsidiary of RTX on April 3, 2020 during an all-stock merger transaction between United Technologies Corporation and Raytheon Company (the surviving company of which is RTX Corporation).

Raytheon follows a 4-4-5 fiscal calendar while Collins Aerospace (Collins) and Pratt & Whitney use a quarter calendar end. Throughout this Form 10-Q, when we refer to the quarters and six months ended June 30, 2025 and 2024 with respect to Raytheon, we are referring to their June 29, 2025 and June 30, 2024 fiscal quarter ends, respectively.

The current status of significant factors affecting our business environment in 2025 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 2024 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 in our commercial aerospace spares contracts and certain service contracts in our defense business, 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 can impact our business and operations. Changes in environmental and climate change-related laws or regulations, including regulations on greenhouse gas emissions, carbon pricing, and energy taxes, could lead to new or additional investment in product designs and facility upgrades and could increase our operational and environmental compliance expenditures, including increased energy and raw materials costs and costs associated with manufacturing changes. In addition, 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 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 and airframers, as well as the financial strength and performance of airframers, 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 customers are covered under long-term aftermarket service agreements at both Collins and Pratt & Whitney, which are inclusive of both spare parts and services.

Our defense operations are affected by U.S. Department of Defense (DoD) budget and spending levels, changes in demand, changes in policy positions or priorities, the domestic and global political and economic environment, and the evolving nature of the global and national security threat environment. In addition, our defense businesses engage in both direct commercial sales, which generally require U.S. government licenses and approvals, as well as foreign military sales, which are government-to-government transactions initiated by, and carried out at the direction of, the U.S. government. Changes in these budget and spending levels, policies, or priorities, which are subject to U.S. domestic and foreign geopolitical risks and threats, may impact our defense businesses, including the timing of and delays in U.S. government licenses and approvals for sales, the risk of sanctions, or other restrictions.

Other Matters

Global, economic, and political conditions, changes in raw material and commodity prices and supply, labor availability and costs, inflation, interest rates, potential changes in U.S. government policy positions, including changes in DoD policies or priorities, geopolitical conflicts and strained intercountry relations, U.S. and non-U.S. tax law changes, foreign currency exchange rates, sanctions, tariffs, energy costs and supply, 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 businesses.

Legal Matters. As previously announced, in 2024 the Company resolved several outstanding legal matters, herein referred to as “Resolution of Certain Legal Matters.” The Company entered into a deferred prosecution agreement (DPA) (DPA-1) with

the Department of Justice (DOJ) and the Company settled an administrative proceeding with the Securities and Exchange Commission (SEC) (the SEC Administrative Order) to resolve the previously disclosed criminal and civil government investigations into payments made by Raytheon Company and its joint venture, Thales-Raytheon Systems (TRS), in connection with certain Middle East contracts since 2012 (Thales-Raytheon Systems and Related Matters). The Company also entered into a DPA and a False Claims Act (FCA) settlement agreement with the DOJ to resolve previously disclosed criminal and civil government investigations into defective pricing claims for certain legacy Raytheon Company contracts entered into between 2011 and 2013 and in 2017 (DOJ Investigation and Contract Pricing Disputes). Under these DPAs and the SEC Administrative Order, Raytheon Company and the Company are required to retain, among other things, an independent compliance monitor satisfactory to the DOJ and the SEC (for a term ending three years from the date on which the monitor is engaged) and are required to undertake certain cooperation and disclosure obligations (for a term commencing on the effective date of DPA-1 and the SEC Administrative Order, as applicable, and ending three years from the date on which the monitor is engaged). The compliance monitor will oversee Raytheon Company's and the Company's compliance with their respective obligations under the DPAs and the SEC Administrative Order. The DPAs further provide that, in the event the DOJ, in its sole discretion, determines during the period of deferral of prosecution that Raytheon Company or the Company have violated any provision of either DPA, Raytheon Company or the Company may be subject to prosecution for any federal criminal violation, including the charges against Raytheon Company in the relevant DPA. The SEC Administrative Order further provides that, in the event of a breach of the SEC Administrative Order, the SEC may vacate the SEC Administrative Order and institute proceedings against the Company. In the event of any such determination or breach, the Company may face additional adverse impacts. In addition, the Company resolved certain voluntarily disclosed export controls violations primarily identified in connection with the integration of Rockwell Collins and, to a lesser extent, Raytheon Company, including certain violations that were resolved pursuant to a Consent Agreement (CA) with the Department of State (DOS) (Trade Compliance Matters). The CA, which has a three-year term, requires the Company to implement remedial compliance measures and to conduct an external audit of the Company's International Traffic in Arms Regulations (ITAR) compliance program. The CA also requires appointment of an external, independent Special Compliance Officer (SCO). The Company appointed its SCO on September 27, 2024.

For further discussion of DPA-1, DPA-2, the SEC Administrative Order, and the CA, see "Note 16: Commitments and Contingencies," within Item 1 of this Form 10-Q.

Pratt & Whitney Powder Metal Matter. As described further in "Note 16: Commitments and Contingencies," within Item 1 of this Form 10-Q, in 2023, Pratt & Whitney determined that a rare condition in powder metal used to manufacture certain engine parts requires accelerated inspection of the PW1100G-JM (PW1100) Geared Turbofan (GTF) fleet, which powers the A320neo family of aircraft (A320neo) (herein referred to as the "Powder Metal Matter").

Global Supply Chain. We are dependent on a global supply chain and have experienced supply chain disruptions that resulted in delays and increased costs and adversely affected our performance. These disruptions impacted our ability to procure raw materials, including certain rare earth elements, microelectronics, and certain commodities on a timely basis and/or at expected prices, and are driven by supply chain market constraints and macroeconomic conditions, including inflation and labor market shortages. Current geopolitical conditions, including conflicts and other causes of strained intercountry relations, as well as sanctions and other trade restrictive activities, such as tariffs, are contributing to these issues. Furthermore, our suppliers and subcontractors have been impacted by these same issues. We have implemented actions and programs to mitigate some of the impacts but anticipate supply chain disruptions to continue.

Pratt & Whitney IAM Work Stoppage. On May 27, 2025, the International Association of Machinists and Aerospace Workers (IAM) Local 1746 and Local 700 (District 26) voted to ratify a new contract with Pratt & Whitney, thereby ending the work stoppage initiated on May 5, 2025, which impacted production and aftermarket service of certain Pratt & Whitney commercial and military engine models, including the PW1100G-JM Geared Turbo Fan, and the F135. The IAM work stoppage reduced engine deliveries during the second quarter of 2025. Full production operations for all affected engine programs resumed in June 2025.

Economic Environment. The inflationary environment has increased material and component prices, labor rates, and supplier costs and has negatively impacted our performance, including our productivity expectations. Due to the nature of our government and commercial aerospace businesses, and their respective customer and supplier contracts, we are not always able to offset cost increases by increasing our contract value or pricing, in particular on our fixed-price contracts. Increasing material, component, and labor prices could subject us to losses in our fixed price contracts in the event of cost overruns. In addition, higher interest rates have increased the cost of borrowing and tightened the availability of capital. Among other things, these effects can constrain our customers' purchasing power and decrease orders for our products and services and impact the ability of our customers to make payments and our suppliers to perform. Moreover, changes in the macroeconomic environment, including volatility with respect to global trade policy, interest rates, and financial markets, can lead to economic uncertainty, an economic downturn or recession and impact the demand for our products and services as well as our supply chain. We continue to pursue strategic and operational initiatives to help address these macroeconomic pressures, including our

digital transformation, operational modernization, cost reduction, and advanced technology programs, and we apply our Customer Oriented Results and Excellence (CORE) operating platform to the execution of these initiatives. However, the impact of these pressures and corresponding initiatives is uncertain and subject to a range of factors and future developments.

The global trade environment is highly dynamic. Since February 2025, the U.S. government has imposed tariffs on imports from all countries with which the U.S. engages in trade. In response, China, the European Union, Canada and other countries have announced, and in some cases imposed, tariffs, and non-tariff countermeasures on goods that are imported from the U.S. Our businesses and suppliers import goods subject to U.S. imposed tariffs, as well as goods subject to counter tariffs imposed by other countries. We continue to pursue available options to mitigate the impact of tariffs and countermeasures, including (i) utilizing available exemptions or exclusions to tariffs, such as trade agreements, treaties or other statutory relief, (ii) evaluating operational and supply chain changes, and (iii) where feasible, increasing the prices of our goods and services. Our results for the quarter ended June 30, 2025, reflect our best estimate of the impact of the tariffs then in effect. As the duration and extent of the tariffs and counter tariffs remain uncertain, we are continuing to evaluate the potential future impacts of the imposition of the announced tariffs to our business and financial condition. Based on current conditions, we do not believe that the tariffs announced by the U.S. or counter tariffs or other actions taken by other countries will have a material adverse effect upon our results of operations, financial condition, or cash flows. However, the actual financial impacts of tariffs are dependent upon various factors, most notably, the scope of goods covered by tariffs, the value of our imports subject to tariffs, the rate of tariffs applied, the timing and duration of tariffs, the implementation of tariff and non-tariff countermeasures by countries subject to U.S. tariffs, and our and our suppliers' ability to mitigate the impacts of tariffs. Changes in any of these factors and actual tariff costs incurred could significantly affect the estimates inherent in our financial statements, including those used in our estimates-at-completion (EACs), and estimates supporting the recoverability of our inventories, contract fulfillment costs, deferred tax assets, intangible assets and goodwill, and could have a material effect on our results of operations and cash flows in the periods recognized and paid.

U.S. Government's Budget & Tax Legislation. On March 15, 2025, the President signed a continuing resolution (CR) under which U.S. government Departments and Agencies will continue to operate through September 30, 2025, the end of the government fiscal year. The CR funds the government at fiscal year 2024 levels with certain exceptions, including the addition of approximately \$6 billion to the DoD budget. Although Congress provided guidelines to the Executive Branch, the CR generally permits individual Departments and Agencies to determine the areas and programs to fund. The impact of the CR on RTX ultimately will depend on funding decisions, however, RTX currently does not expect that the CR will materially impact our business or results of operations.

On July 4th, 2025, "An Act to Provide for Reconciliation Pursuant to Title II of the H. Con. Res. 14" (the Act) was enacted. The Act provides for several corporate tax changes including, but not limited to, restoring full expensing of domestic research and development costs, restoring immediate deductibility of certain capital expenditures, and changes in the computations of U.S. taxation on international earnings. We do not expect the new provisions of the Act to have a significant impact to tax expense and cash flows for 2025.

The Act also provides a supplementary \$156.2 billion to the DoD for obligations through 2029. Congress has also begun deliberations on the President's budget request for fiscal year 2026.

Executive Order Regarding Modernizing Defense Acquisitions. On April 9, 2025, the U.S. government issued an executive order requiring, among other things, a DoD review of its Major Defense Acquisition Programs to identify those that are 15% behind schedule, 15% over budget, unable to meet key performance parameters, or unaligned with the Secretary of Defense's mission priorities for potential cancellation. Although RTX does not, at this time, believe the Executive Order will have a material impact on our business or results of operations, the longer-term ramifications, if any, to RTX will depend on a variety of factors including the formulation and implementation of the review criteria in the order, the review timeline, the Secretary of Defense's mission priorities, and future budget determinations based on the results of such review.

Executive Order Regarding the Iron Dome for America. On January 27, 2025, the U.S. government issued an executive order calling for the development and deployment of a next-generation missile defense shield. On May 20, 2025, the DoD announced a draft architecture and implementation plan for the system and the Act allocates \$24.4 billion to the DoD for the project. With next generation technologies across all domains that build upon existing, proven defense capabilities, RTX's portfolio is well-positioned to play a role to deliver reliable solutions for the Iron Dome for America initiative. Whether this Executive Order or corresponding funding will have a material impact on our business or results or operations will depend on a variety of factors including award timelines, mission priorities, and future budget determinations.

Geopolitical Matters. In response to Russia's invasion of Ukraine, the U.S. government and the governments of various jurisdictions in which we operate, have imposed broad economic sanctions and export controls targeting specific industries, entities, and individuals in Russia. The Russian government has implemented similar counter-sanctions and export controls targeting specific industries, entities, and individuals in the U.S. and other jurisdictions in which we operate, including certain

members of the Company's management team and Board of Directors. These government measures, among other limitations, restrict transactions involving various Russian banks and financial institutions and impose enhanced export controls limiting transfers of various goods, software, and technologies to and from Russia, including broadened export controls specifically targeting the aerospace sector. These measures have adversely affected, and could continue to adversely affect, the Company and/or our supply chain, business partners, or customers; however, based on information available to date, we do not currently expect these issues will have a material adverse effect on our financial results. We will continue to monitor future developments, including additional sanctions and other measures, that could adversely affect the Company and/or our supply chain, business partners, or customers.

In February 2023, China announced sanctions against Raytheon Missiles & Defense (RMD) (a former RTX business segment which became part of the Raytheon business during the third quarter of 2023), and previously announced it may take measures against RTX, in connection with certain foreign military sales to Taiwan. The Chinese sanctions against RMD included a fine equal to twice the value of the arms that RMD sold to Taiwan since September 2020. Since that time, China has announced additional sanctions against the Raytheon business and a Collins joint venture. If China were to impose additional sanctions, enforce announced sanctions, or take other regulatory action against RTX, our suppliers, affiliates, or partners, it could potentially disrupt our business operations. Any impact of these or other potential sanctions or other actions by China, is uncertain.

We have direct commercial sales contracts for products and services to certain foreign customers, for which U.S. government review and approval have been pending. The U.S. government's approval of these sales is subject to a range of factors, including its foreign policies related to these customers, which are subject to continuing review and potential changes. 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. In addition, certain programs require approvals by foreign governments, and those approvals may not be obtained on a timely basis or at all or may be revoked. 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.

We continue to closely monitor potential impacts to RTX's business, customers, suppliers, employees, and operations in Israel, the Middle East, and the region at large due to continuing tensions between Israel and the U.S. with Iran, resumed Houthi missile attacks against Israel, and uncertainty related to regime change in Syria. RTX's commercial manufacturing facilities in Israel remain open and operational and we continue to reassess operations daily, based upon Israel directives and the local security situation. RTX's defense programs' ability to receive components from Israel has not been impacted in any material respect, although we could experience future delivery delays of certain products if further escalations arise. To date, the overall impacts to RTX from this situation have been minimal; however, given the volatile nature of the situation, the potential impacts to RTX are subject to change.

See Part I, Item 1A, "Risk Factors" in our 2024 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 2024 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 six months ended June 30, 2025.

RESULTS OF OPERATIONS

As described in our "Cautionary Note Concerning Factors That May Affect Future Results" of this Form 10-Q, our interim period results of operations and period-to-period comparisons of our 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.

We provide the organic change in Net sales and Cost of sales for our consolidated results of operations as well as the organic change in Net sales and Operating profit for our segments. We believe that these non-Generally Accepted Accounting Principles (non-GAAP) 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 in Net sales, Cost of sales, and Operating profit excludes acquisitions and divestitures, net, and the effect of foreign currency exchange rate translation fluctuations and other significant non-operational items and/or significant operational items that may occur at irregular intervals

(Other). Additionally, the organic change in Cost of sales and Operating profit excludes restructuring costs, the FAS/CAS operating adjustment, and costs related to certain acquisition accounting adjustments. Restructuring costs generally arise from severance related to workforce reductions and facility exit costs. We are continuously evaluating our cost structure and implement restructuring actions in an effort to keep our cost structure competitive. The FAS/CAS operating adjustment represents the difference between the service cost component of our pension and postretirement benefit (PRB) expense under the Financial Accounting Standards (FAS) requirements of U.S. GAAP and our pension and PRB expense under U.S. government Cost Accounting Standards (CAS), primarily related to our Raytheon segment. 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, the amortization of customer contractual obligations related to loss making or below market contracts acquired, and goodwill impairment, if applicable.

Net Sales

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales	\$ 21,581	\$ 19,721	\$ 41,887	\$ 39,026

The factors contributing to the change year-over-year in total net sales for the quarter and six months ended June 30, 2025 are as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30, 2025	Six Months Ended June 30, 2025
Organic ⁽¹⁾	\$ 1,783	\$ 3,304
Acquisitions and divestitures, net	(30)	(522)
Other	107	79
Total change	\$ 1,860	\$ 2,861

(1) See “Results of Operations” for definition of organic. A reconciliation of this measure to reported U.S. GAAP amounts is provided in the table above.

Net sales increased \$1.8 billion organically in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 primarily due to higher organic net sales of \$0.8 billion at Pratt & Whitney, \$0.6 billion at Collins, and \$0.4 billion at Raytheon.

Net sales increased \$3.3 billion organically in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily due to higher organic net sales of \$1.7 billion at Pratt & Whitney, \$1.2 billion at Collins, and \$0.6 billion at Raytheon.

The decrease in net sales due to Acquisitions and divestitures, net of \$0.5 billion for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily driven by the sale of our Cybersecurity, Intelligence and Services (CIS) business within our Raytheon segment completed in the first quarter of 2024.

See “Segment Review” below for further information by segment.

<i>(dollars in millions)</i>	Quarter Ended June 30,		% of Total Net Sales	
	2025	2024	2025	2024
Net Sales				
Products	\$ 15,551	\$ 14,562	72.1 %	73.8 %
Services	6,030	5,159	27.9 %	26.2 %
Total net sales	\$ 21,581	\$ 19,721	100 %	100 %

Refer to “Note 18: 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 \$1.0 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 primarily due to increases in external products sales of \$0.4 billion at Collins, \$0.3 billion at Pratt & Whitney, and \$0.3 billion at Raytheon.

Net services sales increased \$0.9 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 primarily due to increases in external services sales of \$0.6 billion at Pratt & Whitney, \$0.2 billion at Raytheon, and \$0.1 billion at Collins.

<i>(dollars in millions)</i>	Six Months Ended June 30,		% of Total Net Sales	
	2025	2024	2025	2024
Net Sales				
Products	\$ 30,142	\$ 28,865	72.0 %	74.0 %
Services	11,745	10,161	28.0 %	26.0 %
Total net sales	\$ 41,887	\$ 39,026	100 %	100 %

Net products sales increased \$1.3 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily driven by increases in external products sales of \$0.7 billion at Collins, \$0.3 billion at Pratt & Whitney, and \$0.3 billion at Raytheon.

Net services sales increased \$1.6 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily due to increases in external services sales of \$1.4 billion at Pratt & Whitney and \$0.3 billion at Collins, partially offset by a decrease in external services sales of \$0.1 billion at Raytheon, primarily driven by the sale of the CIS business within our Raytheon segment completed in the first quarter of 2024.

Our sales to major customers were as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,		% of Total Net Sales	
	2025	2024	2025	2024
Sales to the U.S. government ⁽¹⁾	\$ 8,273	\$ 8,052	38.3 %	40.8 %
Foreign military sales through the U.S. government	1,635	1,269	7.6 %	6.4 %
Foreign government direct commercial sales	1,433	1,171	6.6 %	5.9 %
Commercial aerospace and other commercial sales	10,240	9,229	47.4 %	46.8 %
Total net sales	\$ 21,581	\$ 19,721	100 %	100 %

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

<i>(dollars in millions)</i>	Six Months Ended June 30,		% of Total Net Sales	
	2025	2024	2025	2024
Sales to the U.S. government ⁽¹⁾	\$ 16,005	\$ 16,179	38.2 %	41.5 %
Foreign military sales through the U.S. government	3,106	2,518	7.4 %	6.5 %
Foreign government direct commercial sales	2,785	2,379	6.6 %	6.1 %
Commercial aerospace and other commercial sales	19,991	17,950	47.7 %	46.0 %
Total net sales	\$ 41,887	\$ 39,026	100 %	100 %

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

<i>(dollars in millions)</i>	<i>Cost of Sales</i>			
	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total cost of sales	\$ 17,205	\$ 16,141	\$ 33,395	\$ 31,885
Percentage of net sales	79.7 %	81.8 %	79.7 %	81.7 %

The factors contributing to the change year-over-year in total cost of sales for the quarter and six months ended June 30, 2025 are as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30, 2025	Six Months Ended June 30, 2025
Organic ⁽¹⁾	\$ 1,510	\$ 2,579
Acquisitions and divestitures, net	(23)	(471)
Restructuring	13	57
FAS/CAS operating adjustment	28	58
Acquisition accounting adjustments	(18)	(46)
Other	(446)	(667)
Total change	\$ 1,064	\$ 1,510

(1) See “Results of Operations” for definition of organic. A reconciliation of this measure to reported U.S. GAAP amounts is provided in the table above.

The organic increase in total cost of sales of \$1.5 billion for the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024, was primarily driven by the organic net sales increases at Pratt & Whitney, Collins, and Raytheon noted above.

Other cost of sales decreased \$0.4 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024, primarily driven by a \$0.5 billion charge recorded in the second quarter of 2024 at Raytheon related to the termination of a fixed price development contract with a foreign customer (herein referred to as “Raytheon Contract Termination”).

The organic increase in total cost of sales of \$2.6 billion for the six months ended June 30, 2025 compared to the six months ended June 30, 2024, was primarily driven by the organic net sales increases at Pratt & Whitney, Collins, and Raytheon noted above.

Other cost of sales decreased \$0.7 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024, primarily driven by a \$0.5 billion charge recorded in the second quarter of 2024 at Raytheon related to the Raytheon Contract Termination and \$0.2 billion of charges recorded in the first quarter of 2024 at Collins related to the recognition of unfavorable purchase commitments and an impairment of contract fulfillment costs that were no longer recoverable as a result of initiating alternative titanium sources.

The decrease in total cost of sales due to Acquisitions and divestitures, net of \$0.5 billion for the six months ended June 30, 2025 compared to the six months ended June 30, 2024, was primarily driven by the sale of the CIS business within our Raytheon segment completed in the first quarter of 2024.

Restructuring actions relate to ongoing cost reduction efforts including workforce reductions and the consolidation of facilities.

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

<i>(dollars in millions)</i>	Quarter Ended June 30,		% of Total Net Sales	
	2025	2024	2025	2024
Cost of sales				
Products	\$ 12,989	\$ 12,625	60.2 %	64.0 %
Services	4,216	3,516	19.5 %	17.8 %
Total cost of sales	\$ 17,205	\$ 16,141	79.7 %	81.8 %

Net products cost of sales increased \$0.4 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024, primarily driven by increases in external products cost of sales at Collins, Pratt & Whitney, and Raytheon, each driven by the products sales changes noted above. The increase was partially offset by a \$0.5 billion charge recorded in the second quarter of 2024 at Raytheon related to the Raytheon Contract Termination.

Net services cost of sales increased \$0.7 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024, primarily due to increases in external services cost of sales at Pratt & Whitney, Raytheon, and Collins, driven by the services sales changes noted above.

<i>(dollars in millions)</i>	Six Months Ended June 30,		% of Total Net Sales	
	2025	2024	2025	2024
Cost of sales				
Products	\$ 25,272	\$ 24,841	60.3 %	63.7 %
Services	8,123	7,044	19.4 %	18.0 %
Total cost of sales	\$ 33,395	\$ 31,885	79.7 %	81.7 %

Net products cost of sales increased \$0.4 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024, primarily driven by increases in external products cost of sales at Collins, Pratt & Whitney, and Raytheon, each driven by the products sales changes noted above. The increase was partially offset by a \$0.5 billion charge recorded in the second quarter of 2024 at Raytheon related to the Raytheon Contract Termination and charges of \$0.2 billion recorded in the first quarter of 2024 at Collins as a result of initiating alternative titanium sources.

Net services cost of sales increased \$1.1 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024, primarily due to increases in external services cost of sales at Pratt & Whitney and Collins, driven by the services sales changes noted above, partially offset by a decrease in external services cost of sales at Raytheon, primarily driven by the sale of the CIS business completed in the first quarter of 2024.

<i>(dollars in millions)</i>	<u>Research and Development</u>			
	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Company-funded	\$ 697	\$ 706	\$ 1,334	\$ 1,375
Percentage of net sales	3.2 %	3.6 %	3.2 %	3.5 %
Customer-funded ⁽¹⁾	\$ 1,247	\$ 1,186	\$ 2,447	\$ 2,422
Percentage of net sales	5.8 %	6.0 %	5.8 %	6.2 %

(1) 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.

Company-funded research and development expenses for the quarter and six months ended June 30, 2025 were relatively consistent with the quarter and six months ended June 30, 2024, respectively.

The increase in Customer-funded research and development expenses of \$0.1 billion for the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 was primarily driven by higher expenses on various military and commercial programs at Collins and increased spending at Pratt & Whitney on military development programs. These increases were partially offset by lower customer-funded expenses at Raytheon primarily related to the Next Generation Interceptor (NGI) program.

Customer-funded research and development expenses for the six months ended June 30, 2025 were relatively consistent with the six months ended June 30, 2024.

<i>(dollars in millions)</i>	<u>Selling, General, and Administrative</u>			
	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Selling, general, and administrative	\$ 1,573	\$ 1,449	\$ 3,021	\$ 2,843
Percentage of net sales	7.3 %	7.3 %	7.2 %	7.3 %

The increase in Selling, general, and administrative expenses of \$0.1 billion for the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 was primarily driven by a \$0.1 billion charge at Pratt & Whitney related to a customer bankruptcy during the second quarter of 2025.

The increase in Selling, general, and administrative expenses of \$0.2 billion for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily driven by a \$0.1 billion charge at Pratt & Whitney related to a customer bankruptcy during the second quarter of 2025 and \$0.1 billion of higher restructuring costs related to ongoing cost reduction efforts driven by various workforce reductions primarily initiated in the first half of 2025 at Collins.

We are continuously evaluating our cost structure and have implemented restructuring actions in an effort to keep our cost structure competitive. Therefore, the amounts reflected above include the beneficial impact of previous restructuring actions on Selling, general, and administrative expenses.

Other Income (Expense), Net

<i>(dollars in millions)</i>	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2025	2024	2025	2024
Other income (expense), net	\$ 40	\$ (896)	\$ 44	\$ (524)

Other income (expense), net includes equity earnings in unconsolidated entities, royalty income, foreign exchange gains and losses, and other ongoing and non-recurring items.

The increase in Other income (expense), net of \$0.9 billion for the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 was primarily due to the absence of a \$0.9 billion charge recorded in the second quarter of 2024 related to the Resolution of Certain Legal Matters.

The increase in Other income (expense), net of \$0.6 billion for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily due to the absence of a \$0.9 billion charge recorded in the second quarter of 2024 related to the Resolution of Certain Legal Matters, partially offset by the absence of a \$0.4 billion gain on sale of the CIS business net of transaction and other related costs, in the first quarter of 2024.

Operating Profit

<i>(dollars in millions)</i>	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2025	2024	2025	2024
Operating profit	\$ 2,146	\$ 529	\$ 4,181	\$ 2,399
Operating profit margin	9.9 %	2.7 %	10.0 %	6.1 %

The increase in Operating profit of \$1.6 billion for the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 was primarily driven by the operating performance of our segments and the absence of charges recorded in the first half of 2024, including a \$0.9 billion charge related to the Resolution of Certain Legal Matters and a \$0.6 billion charge related to the Raytheon Contract Termination. These increases were partially offset by a \$0.1 billion charge at Pratt & Whitney related to a customer bankruptcy during the second quarter of 2025.

The increase in Operating profit of \$1.8 billion for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily driven by an increase in the operating performance of our segments of \$0.7 billion and the absence of charges recorded in the first half of 2024, including a \$0.9 billion charge related to the Resolution of Certain Legal Matters, a \$0.6 billion charge related to the Raytheon Contract Termination, and charges of \$0.2 billion at Collins as a result of initiating alternative titanium sources. These items were partially offset by \$0.1 billion of higher restructuring costs, a \$0.1 billion charge at Pratt & Whitney related to a customer bankruptcy, and the absence of a \$0.4 billion gain on sale of the CIS business, net of transaction and other related costs, in the first quarter of 2024.

Non-service Pension Income

<i>(dollars in millions)</i>	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2025	2024	2025	2024
Non-service pension income	\$ (351)	\$ (374)	\$ (717)	\$ (760)

The Non-service pension income in the quarter and six months ended June 30, 2025 was relatively consistent with the quarter and six months ended June 30, 2024, respectively.

	<i>Interest Expense, Net</i>							
	Quarter Ended June 30,				Six Months Ended June 30,			
<i>(dollars in millions)</i>	2025		2024		2025		2024	
Interest expense	\$	480	\$	488	\$	982	\$	908
Interest income		(28)		(19)		(79)		(30)
Other non-operating expense (income) ⁽¹⁾		5		6		(3)		2
Interest expense, net	\$	457	\$	475	\$	900	\$	880
Average interest expense rate		4.5 %		4.6 %		4.5 %		4.6 %

(1) Primarily consists of the gains or losses on assets associated with certain of our nonqualified deferred compensation and employee benefit plans, the gains or losses on liabilities associated with certain of our nonqualified deferred compensation plans, and non-operating dividend income.

Interest expense, net for the quarter and six months ended June 30, 2025 was relatively consistent with the quarter and six months ended June 30, 2024, respectively.

The increase in Interest expense of \$0.1 billion for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily due to the reversal of interest accruals as a result of the conclusion of certain tax audits recorded during the first half of 2024, partially offset by lower net interest expense on long-term debt and short-term borrowings in the first half of 2025.

	<i>Income Taxes</i>			
	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Effective income tax rate	15.4 %	59.1 %	16.2 %	15.8 %

Our effective tax rate for the quarter and six months ended June 30, 2025 was 15.4% and 16.2%, respectively, as compared to 59.1% and 15.8% for the quarter and six months ended June 30, 2024.

The effective tax rate for the quarter ended June 30, 2025 includes a tax benefit of \$33 million associated with the conclusion of the Internal Revenue Service (IRS) examination of RTX's 2020 tax year. The effective tax rate for the quarter ended June 30, 2024 includes the impact of the \$918 million charge associated with the Resolution of Certain Legal Matters where no related tax benefit was recorded in the quarter.

The effective tax rate for the six months ended June 30, 2025 and June 30, 2024 are relatively consistent. However, the effective tax rate for the six months ended June 30, 2025 includes the impact from the IRS examination noted above and the effective tax rate for the six months ended June 30, 2024 includes a \$275 million tax benefit recognized from the conclusion of the examination phases of the RTX and Rockwell Collins audits, a \$143 million tax cost associated with the sale of the CIS business, and the impact of the \$918 million charge associated with the Resolution of Certain Legal Matters.

	<u>Net Income Attributable to Common Shareowners</u>							
	Quarter Ended June 30,				Six Months Ended June 30,			
<i>(dollars in millions, except per share amounts)</i>	2025		2024		2025		2024	
Net income attributable to common shareowners	\$	1,657	\$	111	\$	3,192	\$	1,820
Diluted earnings per share	\$	1.22	\$	0.08	\$	2.36	\$	1.36

Net income attributable to common shareowners for the quarter ended June 30, 2025 includes the following:

- acquisition accounting adjustments of \$0.4 billion, net of tax, which had an unfavorable impact on diluted earnings per share (EPS) of \$0.28.

Net income attributable to common shareowners for the quarter ended June 30, 2024 includes the following:

- a charge related to the Resolution of Certain Legal Matters of \$0.9 billion, which had an unfavorable impact on diluted EPS of \$0.68;
- a charge of \$0.4 billion, net of tax, related to the Raytheon Contract Termination, which had an unfavorable impact on diluted EPS of \$0.33; and
- acquisition accounting adjustments of \$0.4 billion, net of tax, which had an unfavorable impact on diluted EPS of \$0.29.

Net income attributable to common shareowners for the six months ended June 30, 2025 includes the following:

- acquisition accounting adjustments of \$0.7 billion, net of tax, which had an unfavorable impact on diluted EPS of \$0.55;

- restructuring charges of \$0.1 billion, net of tax, which had an unfavorable impact on diluted EPS of \$0.10.

Net income attributable to common shareowners for the six months ended June 30, 2024 includes the following:

- a charge related to the Resolution of Certain Legal Matters of \$0.9 billion, which had an unfavorable impact on diluted EPS of \$0.69;
- acquisition accounting adjustments of \$0.8 billion, net of tax, which had an unfavorable impact on diluted EPS of \$0.58;
- a charge of \$0.4 billion, net of tax, related to the Raytheon Contract Termination, which had an unfavorable impact on diluted EPS of \$0.33;
- benefit recognized as a result of the conclusion of the examination phases of the RTX and Rockwell Collins tax audits of \$0.3 billion, net of tax, which had a favorable impact on diluted EPS of \$0.21;
- a gain on sale of the CIS business, net of transaction and other related costs, of \$0.2 billion, net of tax, which had a favorable impact on diluted EPS of \$0.18; and
- charges related to initiating alternative titanium sources at our Collins segment of \$0.2 billion, which had an unfavorable impact on diluted EPS of \$0.13.

SEGMENT REVIEW

Our operations, for the periods presented herein, are classified into three principal segments: Collins, Pratt & Whitney, and Raytheon. 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. Segment Operating Profit excludes 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.

We provide the organic change in Net sales and Operating profit for our segments as discussed above in "Results of Operations." We believe that these non-GAAP measures are useful to investors because they provide transparency to the underlying performance of our business, which allows for better year-over-year comparability. 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.

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

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Collins Aerospace	\$ 7,622	\$ 6,999	\$ 14,839	\$ 13,672
Pratt & Whitney	7,631	6,802	14,997	13,258
Raytheon	7,001	6,511	13,341	13,170
Total segment	22,254	20,312	43,177	40,100
Eliminations and other ⁽¹⁾	(673)	(591)	(1,290)	(1,074)
Consolidated	\$ 21,581	\$ 19,721	\$ 41,887	\$ 39,026

(1) Includes the operating results of certain smaller operations.

Operating Profit. Operating profit by segment was as follows:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Collins Aerospace	\$ 1,173	\$ 1,118	\$ 2,261	\$ 1,967
Pratt & Whitney	492	542	1,072	954
Raytheon ⁽²⁾	805	127	1,483	1,123
Total segment	2,470	1,787	4,816	4,044
Eliminations and other ⁽¹⁾	24	(36)	36	(41)
Corporate expenses and other unallocated items ⁽³⁾	(47)	(930)	(85)	(1,026)
FAS/CAS operating adjustment	186	212	371	426
Acquisition accounting adjustments	(487)	(504)	(957)	(1,004)
Consolidated	\$ 2,146	\$ 529	\$ 4,181	\$ 2,399

(1) Includes the operating results of certain smaller operations.

(2) Operating Profit and Margin includes a \$0.6 billion charge in the second quarter of 2024 related to the Raytheon Contract Termination and a \$0.4 billion gain, net of transaction and other related costs, in the first quarter of 2024 related to the sale of our CIS business. See “Note 5: Changes in Contract Estimates at Completion” and “Note 2: Acquisitions and Dispositions,” respectively, within Item 1 of this Form 10-Q for additional information.

(3) Includes a \$0.9 billion charge in the second quarter of 2024 related to the Resolution of Certain Legal Matters.

Included in segment Operating profit are EAC adjustments, which relate to changes in Operating profit and margin due to revisions to total estimated revenues and costs at completion. These changes may reflect improved or deteriorated operating performance, as well as changes in facts and assumptions related to contract options, contract modifications, incentive and award fees associated with program performance, customer activity levels, and other customer-directed changes. 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, and the nature of the work required to be performed under our contracts, we have both favorable and unfavorable EAC adjustments in the ordinary course.

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

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total net EAC adjustments	\$ (117)	\$ (62)	\$ (275)	\$ (224)

The change in net EAC adjustments of approximately \$50 million for both the quarter and six months ended June 30, 2025 compared to the quarter and six months ended June 30, 2024 was primarily due to unfavorable changes in net EAC adjustments across our businesses. The changes were spread across numerous programs and contracts, with no individual or common significant driver.

In addition to the amounts included in the table above, during the second quarter of 2024, Raytheon initiated the Raytheon Contract Termination and recognized a \$0.6 billion charge related to its impact. The charge included the write-off of remaining contract assets and the estimated settlement with the customer. The Raytheon Contract Termination was completed, including the customer settlement, during the fourth quarter of 2024, in line with previously accrued amounts.

Significant EAC adjustments, when they occur, are discussed in each business segment’s discussion below.

Backlog and Bookings. Total backlog was \$236 billion and \$218 billion as of June 30, 2025 and December 31, 2024, respectively. Total backlog includes commercial backlog of \$144 billion and \$125 billion as of June 30, 2025 and December 31, 2024, and defense backlog of \$92 billion and \$93 billion as of June 30, 2025 and December 31, 2024, respectively.

We believe bookings are an important measure of future performance for our defense businesses. Our defense operations consist primarily of our Raytheon business and operations in the defense businesses within our Collins and Pratt & Whitney segments. Defense bookings were approximately \$12 billion and \$11 billion for the quarters ended June 30, 2025 and 2024, respectively, and approximately \$21 billion and \$22 billion for the six months ended June 30, 2025 and 2024.

Bookings are impacted by the timing and amounts of awards in a given period, which are subject to numerous factors, including: the desired capability by the customer and urgency of customer needs, customer budgets and other fiscal constraints, political and economic and other environmental factors, the timing of customer negotiations, and the timing of customer and governmental approvals and notifications. In addition, due to these factors, quarterly bookings tend to fluctuate from period to period, particularly on a segment basis.

Collins Aerospace

(dollars in millions)	Quarter Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Net sales	\$ 7,622	\$ 6,999	9 %	\$ 14,839	\$ 13,672	9 %
Operating profit	1,173	1,118	5 %	2,261	1,967	15 %
Operating profit margins	15.4 %	16.0 %		15.2 %	14.4 %	

Quarter Ended June 30, 2025 Compared with Quarter Ended June 30, 2024

(dollars in millions)	Factors Contributing to Total Change				
	Organic ⁽¹⁾	Acquisitions / Divestitures, net	Restructuring Costs	Other	Total Change
Net sales	\$ 631	\$ (31)	\$ —	\$ 23	\$ 623
Operating profit	91	—	(27)	(9)	55

(1) See “Segment Review” above for definition of organic. A reconciliation of these measures to reported U.S. GAAP amounts is provided in the table above.

The organic net sales increase of \$0.6 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 primarily relates to higher commercial aerospace aftermarket sales of \$0.3 billion, higher defense sales of \$0.3 billion, and a slight increase in commercial aerospace OEM sales. The increase in commercial aerospace aftermarket sales was principally driven by continued growth in commercial air traffic, which has resulted in an increase in flight hours and increased volume. The increase in defense sales was primarily due to higher volume across multiple programs and platforms.

The organic operating profit increase of \$0.1 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 was primarily due to higher defense operating profit of \$0.1 billion, principally driven by higher volume and favorable mix. Commercial aerospace operating profit in the quarter ended June 30, 2025 was slightly higher as compared to the prior year as the benefit of higher commercial aftermarket volume was mostly offset by unfavorable OEM mix including the impact of higher tariffs.

Six Months Ended June 30, 2025 Compared with Six Months Ended June 30, 2024

(dollars in millions)	Factors Contributing to Total Change				
	Organic ⁽¹⁾	Acquisitions / Divestitures, net	Restructuring Costs	Other	Total Change
Net sales	\$ 1,223	\$ (63)	\$ —	\$ 7	\$ 1,167
Operating profit	278	(3)	(134)	153	294

(1) See “Segment Review” above for definition of organic. A reconciliation of these measures to reported U.S. GAAP amounts is provided in the table above.

The organic net sales increase of \$1.2 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily relates to higher commercial aerospace aftermarket sales of \$0.7 billion, higher defense sales of \$0.5 billion and a slight increase in commercial aerospace OEM sales. The increase in commercial aerospace aftermarket sales was principally driven by continued growth in commercial air traffic, which has resulted in an increase in flight hours and increased volume. The increase in defense sales was primarily due to higher volume across multiple programs and platforms.

The organic profit increase of \$0.3 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 is primarily due to higher commercial aerospace operating profit of \$0.2 billion principally driven by higher commercial aerospace aftermarket sales volume, partially offset by unfavorable OEM mix including the impact of higher tariffs. Defense operating profit increased \$0.1 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 due to the higher volume and favorable mix.

The increase in Other operating profit of \$0.2 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily due to the absence of \$0.2 billion of charges in the first quarter of 2024, primarily related to the recognition of unfavorable purchase commitments and an impairment of contract fulfillment costs that are no longer recoverable as a result of initiating alternative titanium sources.

The increase in restructuring costs in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 relates to ongoing cost reduction efforts driven by various workforce reductions primarily initiated in the first half of 2025.

Defense Bookings – In addition to a number of smaller bookings, in the six months ended June 30, 2025, Collins booked \$358 million as the primary subcontractor for the U.S. Navy's solution for engineering design and manufacturing of the Very Low Frequency communication subsystem, which is intended to provide secure and survivable communications to the U.S. Navy.

Pratt & Whitney

<i>(dollars in millions)</i>	Quarter Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Net sales	\$ 7,631	\$ 6,802	12 %	\$ 14,997	\$ 13,258	13 %
Operating profit	492	542	(9) %	1,072	954	12 %
Operating profit margins	6.4 %	8.0 %		7.1 %	7.2 %	

Quarter Ended June 30, 2025 Compared with Quarter Ended June 30, 2024

<i>(dollars in millions)</i>	Factors Contributing to Total Change				
	Organic ⁽¹⁾	Acquisitions / Divestitures, net	Restructuring Costs	Other	Total Change
Net sales	\$ 811	\$ —	\$ —	\$ 18	\$ 829
Operating profit	79	—	7	(136)	(50)

(1) See “Segment Review” above for definition of organic. A reconciliation of these measures to reported U.S. GAAP amounts is provided in the table above.

The organic net sales increase of \$0.8 billion in the quarter ended June 30, 2025, compared to the quarter ended June 30, 2024, reflects higher commercial aftermarket sales of \$0.6 billion, primarily driven by higher volume in large commercial engines and higher commercial OEM sales of \$0.2 billion driven by favorable mix within large commercial engines. Military sales were flat driven by lower F135 volume, including the impact of contract award timing.

The organic operating profit increase of \$0.1 billion in the quarter ended June 30, 2025, compared to the quarter ended June 30, 2024 reflects higher commercial aerospace operating profit of \$0.1 billion, driven by higher commercial aftermarket sales volume, and favorable large commercial OEM mix, partially offset by unfavorable aftermarket mix and the impact of higher tariffs. Organic operating profit also benefited from lower research and development expenses.

The decrease in other operating profit of \$0.1 billion in the quarter ended June 30, 2025, compared to the quarter ended June 30, 2024, primarily relates to a \$0.1 billion charge related to a customer bankruptcy during the second quarter of 2025.

Six Months Ended June 30, 2025 Compared with Six Months Ended June 30, 2024

<i>(dollars in millions)</i>	Factors Contributing to Total Change				
	Organic ⁽¹⁾	Acquisitions / Divestitures, net	Restructuring Costs	Other	Total Change
Net sales	\$ 1,741	\$ —	\$ —	\$ (2)	\$ 1,739
Operating profit	242	—	15	(139)	118

(1) See “Segment Review” above for definition of organic. A reconciliation of these measures to reported U.S. GAAP amounts is provided in the table above.

The organic net sales increase of \$1.7 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 reflects higher commercial aftermarket sales of \$1.4 billion primarily driven by higher volume. The increase also includes higher commercial OEM sales of \$0.3 billion, primarily driven by higher volume and favorable mix within large commercial engines. Military sales increased \$0.1 billion, primarily due to higher engine deliveries on the tanker program and higher volume on the F135 Engine Core Upgrade, partially offset by the impact of contract award timing.

The organic profit increase of \$0.2 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was driven by higher commercial aerospace operating profit of \$0.2 billion, primarily driven by higher commercial aftermarket volume, partially offset by lower commercial OEM operating profit, including higher tariff costs, driven by the higher volume discussed above, and unfavorable aftermarket mix. Organic operating profit also benefited from lower research and development expenses.

The decrease in other operating profit of \$0.1 billion in the quarter ended June 30, 2025, compared to the quarter ended June 30, 2024, primarily relates to a \$0.1 billion charge related to a customer bankruptcy during the second quarter of 2025.

Defense Bookings – In addition to a number of smaller bookings, in the six months ended June 30, 2025, Pratt & Whitney booked \$541 million for F135 sustainment.

Raytheon

(dollars in millions)	Quarter Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Net sales	\$ 7,001	\$ 6,511	8 %	\$ 13,341	\$ 13,170	1 %
Operating profit	805	127	534 %	1,483	1,123	32 %
Operating profit margins	11.5 %	2.0 %		11.1 %	8.5 %	
Defense Bookings	\$ 9,399	\$ 5,028	87 %	\$ 13,795	\$ 13,150	5 %

Quarter Ended June 30, 2025 Compared with Quarter Ended June 30, 2024

(dollars in millions)	Factors Contributing to Total Change				
	Organic ⁽¹⁾	Acquisitions / Divestitures, net	Restructuring Costs	Other	Total Change
Net sales	\$ 415	\$ —	\$ —	\$ 75	\$ 490
Operating Profit	85	—	3	590	678

(1) See “Segment Review” above for definition of organic. A reconciliation of these measures to reported U.S. GAAP amounts is provided in the table above.

The organic net sales increase of \$0.4 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 was primarily due to higher net sales of \$0.4 billion from land and air defense systems programs primarily driven by higher net sales on international Patriot programs and international National Advanced Surface-to-Air Missile System (NASAMS) programs. The increase in the quarter was also driven by higher net sales of \$0.1 billion from naval power programs primarily due to higher net sales on Evolved SeaSparrow Missile (ESSM) programs and SPY-6 radar programs, partially offset by lower net sales of \$0.1 billion driven by lower development program volume within air and space defense systems.

The organic operating profit increase of \$0.1 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 was driven by a favorable change in mix and other performance of approximately \$50 million and higher volume of approximately \$40 million. The favorable change in mix and other performance was primarily due to increased production on international Patriot programs. The increase in volume was primarily driven by the higher net sales discussed above.

The Other net sales and operating profit increases of \$0.1 billion and \$0.6 billion, respectively, in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024 was primarily due to a charge related to the Raytheon Contract Termination initiated in the second quarter of 2024.

Six Months Ended June 30, 2025 Compared with Six Months Ended June 30, 2024

(dollars in millions)	Factors Contributing to Total Change				
	Organic ⁽¹⁾	Acquisitions / Divestitures, net	Restructuring Costs	Other	Total Change
Net sales	\$ 561	\$ (460)	\$ —	\$ 70	\$ 171
Operating Profit	173	(34)	12	209	360

(1) See “Segment Review” above for definition of organic. A reconciliation of this measure to the reported U.S. GAAP amount is provided in the table above.

The organic net sales increase of \$0.6 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily due to higher net sales of \$0.7 billion from land and air defense systems programs primarily driven by higher net sales on international Patriot programs, international NASAMS programs, and Lower Tier Air and Missile Defense Sensor (LTAMDS) programs, and higher net sales of \$0.2 billion from naval power programs primarily due to higher net sales on ESSM programs and SPY-6 radar programs. These increases were partially offset by lower net sales of \$0.3 billion driven by lower development program volume within air and space defense systems.

The organic operating profit increase of \$0.2 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily due to a favorable change in mix and other performance of \$0.1 billion and higher volume of approximately \$40 million. The favorable change in mix and other performance was primarily driven by increased production on international Patriot programs. The increase in volume was principally driven by the higher net sales discussed above. In addition, favorable changes in net EAC adjustments were a modest contributor to the organic operating profit increase.

The decrease in net sales and operating profit due to acquisitions / divestitures, net in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily relates to the sale of the CIS business completed in the first quarter of 2024.

The other net sales and operating profit increases of \$0.1 billion and \$0.2 billion, respectively, in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 were primarily due to a charge related to the Raytheon Contract Termination initiated in the second quarter of 2024, with the operating profit decrease partially offset by a gain on sale of the CIS business, net of transaction and other related costs, in the first quarter of 2024.

Defense Backlog and Bookings – Backlog was \$64 billion as of June 30, 2025 and \$63 billion as of December 31, 2024. In addition to a number of smaller bookings, in the quarter ended June 30, 2025, Raytheon booked \$1.1 billion for AIM-9X Sidewinder Block II short-range air-to-air missiles for the U.S. Navy and international customers, \$901 million to provide Standard Missile-3 (SM-3) for the Missile Defense Agency (MDA), \$647 million for a SPY-6 Hardware Production and Sustainment contract for the U.S. Navy, \$581 million for Next Generation Jammer Mid-Band (NGJ-MB) for the U.S. Navy and the Royal Australian Air Force, \$326 million for an advanced development program for the U.S. government, \$325 million for an Advanced Tactical Electro-Optical Infrared (EO/IR) system for the U.S. Air Force, \$322 million for SM-3 to the MDA and international customers, \$314 million for various Multi-Spectral Targeting System-A (MTS-A) for the U.S. Navy and international customers, \$300 million to provide ESSM to the U.S. Navy, and \$1.8 billion on a number of classified contracts. In addition to these bookings, in the six months ended June 30, 2025, Raytheon booked \$529 million to provide Patriot systems for the Netherlands, \$251 million to provide ESSM for Japan, and \$651 million on a number of classified contracts.

Corporate and 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 operations.

Corporate expenses and other unallocated items consists of costs not considered part of management's evaluation of reportable segment operating performance, including certain unallowable costs and reserves.

(dollars in millions)	Net Sales		Operating Profit	
	Quarter Ended June 30,		Quarter Ended June 30,	
	2025	2024	2025	2024
Eliminations and other	\$ (673)	\$ (591)	\$ 24	\$ (36)
Corporate expenses and other unallocated items	—	—	(47)	(930)

The increase in eliminations and other net sales of \$0.1 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024, was primarily due to an increase in intersegment eliminations, principally driven by Collins.

The change in eliminations and other operating profit of \$0.1 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024, was primarily due to a gain related to the increase in fair value on an investment recognized in the second quarter of 2025.

The change in corporate expenses and other unallocated items of \$0.9 billion in the quarter ended June 30, 2025 compared to the quarter ended June 30, 2024, was primarily due to a \$0.9 billion charge recorded in the second quarter of 2024 related to the Resolution of Certain Legal Matters.

(dollars in millions)	Net Sales		Operating Profit	
	Six months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Eliminations and other	\$ (1,290)	\$ (1,074)	\$ 36	\$ (41)
Corporate expenses and other unallocated items	—	—	(85)	(1,026)

The increase in eliminations and other sales of \$0.2 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 was primarily due to an increase in intersegment eliminations, principally driven by Collins.

The change in eliminations and other operating profit of \$0.1 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024, was primarily due to a gain related to the increase in fair value on an investment recognized in the second quarter of 2025.

The change in Corporate expenses and other unallocated items of \$0.9 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024, was primarily due to a \$0.9 billion charge recorded in the second quarter of 2024 related to the Resolution of Certain Legal Matters.

FAS/CAS operating adjustment

We 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 FAS requirements of U.S. GAAP and our pension and PRB expense under U.S. government CAS, primarily related to our Raytheon segment. While the ultimate liability for pension and PRB costs under FAS and CAS is similar, the pattern of cost recognition is different. Over time, we generally expect to recover the related Raytheon pension and PRB liabilities through the pricing of our products and services to the U.S. government. Collins and Pratt & Whitney generally record pension and PRB expense on a FAS basis.

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

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
FAS service cost (expense)	\$ (30)	\$ (34)	\$ (60)	\$ (69)
CAS expense	216	246	431	495
FAS/CAS operating adjustment	\$ 186	\$ 212	\$ 371	\$ 426

The FAS/CAS operating adjustments in the quarter and six months ended June 30, 2025 were relatively consistent with the quarter and six months ended June 30, 2024, respectively.

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, the amortization of customer contractual obligations related to loss making or below market contracts acquired, and goodwill impairment, if applicable. 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Amortization of acquired intangibles	\$ (498)	\$ (516)	\$ (978)	\$ (1,022)
Amortization of property, plant, and equipment fair value adjustment	(8)	(11)	(17)	(23)
Amortization of customer contractual obligations related to acquired loss-making and below-market contracts	19	23	38	41
Acquisition accounting adjustments	\$ (487)	\$ (504)	\$ (957)	\$ (1,004)

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

<i>(dollars in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Collins Aerospace	\$ (203)	\$ (205)	\$ (403)	\$ (416)
Pratt & Whitney	(81)	(70)	(147)	(130)
Raytheon	(203)	(229)	(407)	(458)
Total segment	(487)	(504)	(957)	(1,004)
Eliminations and other	—	—	—	—
Acquisition accounting adjustments	\$ (487)	\$ (504)	\$ (957)	\$ (1,004)

Acquisition accounting adjustments in the quarter and six months ended June 30, 2025 were relatively consistent with the quarter and six months ended June 30, 2024.

LIQUIDITY AND FINANCIAL CONDITION

<i>(dollars in millions)</i>	June 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 4,782	\$ 5,578
Total debt	41,978	41,261
Total equity	64,206	61,923
Total capitalization (total debt plus total equity)	106,184	103,184
Total debt to total capitalization	40 %	40 %

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing, and financing activities and the timing of such 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 and divestitures of 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.

At June 30, 2025, we had cash and cash equivalents of \$4.8 billion, of which approximately 48% was held by RTX'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 intends to repatriate 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, RTX will continue to permanently reinvest these earnings.

Our ability to access global debt markets and the related cost of these borrowings depends on the strength of our credit rating and market conditions. In March 2025, our Moody's Investors Service outlook improved from Baa1/negative to Baa1/stable. In June 2025, our S&P Global rating was affirmed and our outlook was revised from BBB+/negative to BBB+/stable. Though the Company expects to continue having adequate access to funds, declines in our credit ratings or Company outlook could result in higher borrowing costs.

As of June 30, 2025, we had a revolving credit agreement with various banks permitting aggregate borrowings of up to \$5.0 billion, which expires in August 2028. As of June 30, 2025, there were no borrowings outstanding under this agreement.

From time to time, we use 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 have original maturities of not more than 364 days from the date of issuance. As of June 30, 2025, our maximum commercial paper borrowing limit was \$5.0 billion as the commercial paper is backed by our \$5.0 billion revolving credit agreement. At June 30, 2025, we had \$1.4 billion of commercial paper borrowings outstanding. At June 30, 2025, short-term commercial paper borrowings outstanding had a weighted-average interest rate of 4.7%.

We made the following repayment of long-term debt during the six months ended June 30, 2025:

Date	Description of Notes	Aggregate Principal Balance (in millions)
May 7, 2025	3 Month SOFR plus 1.225% term loan due 2025	\$ 750

We have an existing universal shelf registration statement, which we filed with the SEC on September 22, 2022, 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.

We believe our cash on hand and 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

<i>(dollars in millions)</i>	Six Months Ended June 30,	
	2025	2024
Net cash flows provided by operating activities	\$ 1,763	\$ 3,075

Included within Net income for the six months ended June 30, 2024, was a \$0.9 billion charge related to the Resolution of Certain Legal Matters and a \$0.4 billion, net of tax, charge related to the Raytheon Contract Termination, both of which had no effect on cash flow in that period. These charges also had the effect of increasing Other accrued liabilities by \$1.3 billion in the six months ended June 30, 2024.

Excluding the impact of these charges, the \$1.3 billion decrease in cash flows provided by operating activities in the six months ended June 30, 2025 compared to in the six months ended June 30, 2024, was primarily driven by an increase in accounts receivable, including an increase in collaborator receivables, due to timing of collections, and higher tax payments in the six months ended June 30, 2025. These changes were partially offset by higher net income after adjustments to reconcile to net cash provided by operating activities.

The Company enters into various factoring agreements with third-parties to sell certain of its receivables, primarily related to customer facilitated programs. The activity in these agreements is generally dependent on underlying delivery volumes within our commercial OEM programs. Factoring activity resulted in a \$0.2 billion decrease in cash provided by operating activities during the six months ended June 30, 2025 compared to during the six months ended June 30, 2024.

We made tax payments, net of refunds of \$0.7 billion and \$0.2 billion in the six months ended June 30, 2025 and 2024, respectively.

While the timing of cash flows are subject to a number of variables, for the Powder Metal Matter we estimate the accrual for expected customer compensation to be utilized consistent with the timing of execution of the fleet management plan, the period of increased aircraft on ground levels, and contractual terms with customers. We currently estimate a full year 2025 cash impact related to the Powder Metal Matter of approximately \$1.1 billion to \$1.3 billion, which includes the impact of cash paid, customer credits applied, and the timing of partner recovery.

Cash Flow - Investing Activities

<i>(dollars in millions)</i>	Six Months Ended June 30,	
	2025	2024
Net cash flows used in investing activities	\$ (1,187)	\$ (40)

Our investing activities primarily include capital expenditures, cash investments in customer financing assets, investments in and 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.

The \$1.1 billion change in cash flows used in investing activities in the six months ended June 30, 2025, compared to the six months ended June 30, 2024, was primarily related to the sale of the CIS business during the quarter ended March 31, 2024 for proceeds of approximately \$1.3 billion in cash.

During the six months ended June 30, 2025 and 2024, other intangible assets increased by \$0.2 billion and \$0.3 billion, respectively, primarily related to collaboration payments made under our 2012 agreement to acquire Rolls-Royce's collaboration interests in International Aero Engines AG (IAE) and exclusivity payments made on contractual commitments included within intangible assets.

Cash Flow - Financing Activities

<i>(dollars in millions)</i>	Six Months Ended June 30,	
	2025	2024
Net cash flows used in financing activities	\$ (1,409)	\$ (3,591)

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

The \$2.2 billion change in cash flows used in financing activities in the six months ended June 30, 2025, compared to the six months ended June 30, 2024, was primarily driven by an increase in issuance of commercial paper of \$1.4 billion and lower 2025 long-term debt repayments of \$0.9 billion. Refer to "Note 9: Borrowings and Lines of Credit" within Item 1 of this Form 10-Q for additional information on debt repayments.

At June 30, 2025, management had remaining authority to repurchase approximately \$0.6 billion of our common stock under the October 21, 2023 share repurchase program. Under the 2023 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 Securities Exchange Act of 1934, as amended. We may also reacquire shares outside of the program in connection with the surrender of shares to cover taxes on vesting of restricted stock. Our ability to repurchase shares is subject to applicable law.

Our share repurchases, which include shares reacquired outside of our share repurchase program, were as follows:

	Six Months Ended June 30,			
	2025		2024	
<i>(dollars in millions; shares in thousands)</i>	\$	Shares	\$	Shares
Shares of common stock repurchased ⁽¹⁾	\$ 50	396	\$ 100	1,045

(1) Amounts relate to share repurchases that were settled in cash during the period.

On May 1, 2025, the Board of Directors declared a dividend of \$0.68 per share payable June 12, 2025 to shareowners of record at the close of business on May 23, 2025. On June 27, 2025, the Board of Directors declared a dividend of \$0.68 per share payable September 4, 2025 to shareowners of record at the close of business on August 15, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the six months ended June 30, 2025. For discussion of our exposure to market risk, refer to Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” contained in our 2024 Form 10-K.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended, we carried out an evaluation under the supervision and with the participation of our management, including the Chairman 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 June 30, 2025. 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 June 30, 2025, 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 Securities Exchange Act of 1934, as amended, 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 June 30, 2025 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, and are not statements of historical fact. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “commit,” “commitment,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “goals,” “objectives,” “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, cost savings, other measures of financial performance, potential future plans, strategies or transactions, credit ratings and net indebtedness, the Powder Metal Matter and related matters and activities, including without limitation other engine models that may be impacted, targets and commitments (including for share repurchases or otherwise), and other statements which 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 changes in economic, capital market, and political conditions in the U.S. and globally, such as from the global sanctions and export controls with respect to Russia, and any changes therein, and including changes related to financial market conditions, banking industry disruptions, fluctuations in commodity prices or supply (including energy supply), inflation, interest rates and foreign currency exchange rates, disruptions in global supply chain and labor markets, levels of consumer and business confidence, the imposition and duration of tariffs (including counter tariffs) and other trade measures and the inability of RTX to mitigate U.S. tariffs and countermeasures including by exemptions, exclusions, operational changes or otherwise, and geopolitical risks, including, without limitation, in the Middle East and Ukraine;
- risks associated with U.S. government sales, including changes or shifts in defense spending due to budgetary constraints, spending cuts resulting from sequestration, a continuing resolution, a government shutdown, the debt ceiling or measures taken to avoid default, or otherwise, and uncertain funding of programs;
- risks relating to our performance on our contracts and programs, including our ability to control costs, the mix of our contracts and programs, and our inability to pass some or all of our costs on fixed price contracts to the customer, and risks related to our dependence on U.S. government approvals for international contracts;
- challenges in the development, certification, production, delivery, support, and performance of RTX advanced technologies and new products and services and the realization of the anticipated benefits (including our expected returns under customer contracts), as well as the challenges of operating in RTX’s highly-competitive industries both domestically and abroad;
- risks relating to RTX’s reliance on U.S. and non-U.S. suppliers and commodity markets, including the effect of sanctions, tariffs (and counter tariffs) and other trade measures and the duration thereof, delays, and disruptions in the delivery of materials and services to RTX or its suppliers and cost increases, and the inability of RTX to mitigate U.S. tariffs and countermeasures including by exemptions, exclusions, operational changes or otherwise;
- risks relating to RTX’s international operations from, among other things, changes in trade policies and implementation of sanctions, foreign currency fluctuations, economic conditions, political factors, sales methods, U.S. or local government regulations, and our dependence on U.S. government approvals for international contracts;
- the condition of the aerospace industry;
- potential changes in U.S. government policy positions, including changes in Department of Defense (DoD) policies or priorities;
- the ability of RTX to attract, train, qualify, and retain qualified personnel and maintain its culture and high ethical standards, and the ability of our personnel to continue to operate our facilities and businesses around the world;
- the scope, nature, timing, and challenges of managing acquisitions, investments, divestitures, and other transactions, including the realization of synergies and opportunities for growth and innovation, the assumption of liabilities, and other risks and incurrence of related costs and expenses, and risks related to completion of announced divestitures;
- compliance with legal, environmental, regulatory, and other requirements, including, among other things, obtaining regulatory approvals for new technologies and products, and export and import requirements such as International Traffic in Arms Regulations (ITAR) and Export Administration Regulations (EAR), anti-bribery and anticorruption requirements, such as the Foreign Corrupt Practices Act (FCPA), industrial cooperation agreement obligations, and procurement and other regulations in the U.S. and other countries in which RTX and its businesses operate;

- the outcome of pending, threatened, and future legal proceedings, investigations, and other contingencies, including those related to U.S. government audits and disputes and the potential for suspension or debarment of U.S. government contracting or export privileges as a result thereof;
- risks relating to the Deferred Prosecution Agreements, Securities and Exchange Commission (SEC) Administrative Order, the Consent Agreement; and the related investigations by the SEC and the Department of Justice (DOJ);
- factors that could impact RTX's ability to engage in desirable capital-raising or strategic transactions, including its credit rating, capital structure, levels of indebtedness, and related obligations, capital expenditures, and research and development spending, and capital deployment strategy including with respect to share repurchases, and the availability of credit, borrowing costs, credit market conditions, and other factors;
- uncertainties associated with the timing and scope of future repurchases by RTX of its common stock, or declarations of cash dividends, which 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;
- risks relating to realizing expected benefits from, incurring costs for, and successfully managing strategic initiatives such as cost reduction, restructuring, digital transformation, and other operational initiatives;
- risks of additional tax exposures due to new tax legislation or other developments in the U.S. and other countries in which RTX and its businesses operate;
- risks relating to addressing the Powder Metal Matter, including, without limitation, the number and expected timing of shop visits, inspection results and scope of work to be performed, turnaround time, availability of parts, available capacity at overhaul facilities, outcomes of negotiations with impacted customers, and risks related to other engine models that may be impacted by the Powder Metal Matter, and in each case the timing and costs relating thereto, as well as other issues that could impact RTX product performance, including quality, reliability, or durability;
- changes in production volumes of one or more of our significant customers as a result of business, labor, or other challenges, and the resulting effect on its or their demand for our products and services;
- risks relating to an RTX product safety failure, quality issue, or other failure affecting RTX's or its customers' or suppliers' products or systems;
- risks relating to cybersecurity, including cyber-attacks on RTX's information technology (IT) infrastructure, products, suppliers, customers and partners, and cybersecurity-related regulations;
- risks relating to insufficient indemnity or insurance coverage;
- risks relating to artificial intelligence;
- risks relating to our intellectual property and certain third-party intellectual property;
- threats to RTX facilities and personnel, or those of its suppliers or customers, as well as other events outside of RTX's control that may affect RTX or its suppliers or customers, including without limitation public health crises, damaging weather, or other acts of nature;
- the effect of changes in accounting estimates for our programs on our financial results;
- the effect of changes in pension and other postretirement plan estimates and assumptions and contributions;
- risks relating to an impairment of goodwill and other intangible assets;
- the effects of climate change and changing or new climate-related regulations, customer and market demands, products and technologies; 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 us (formerly known as United Technologies Corporation (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 16: 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 "Business Overview," "Results of Operations," 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," "Results of Operations," "Liquidity and Financial Condition," "Critical Accounting Estimates," and "Government 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 SEC.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See “Note 16: Commitments and Contingencies” within Item 1 of this Form 10-Q for a discussion regarding additional 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 2024 Annual Report on Form 10-K.

Item 1A. 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 2024 Annual Report on Form 10-K (2024 Form 10-K). There have been no material changes from the factors disclosed in our 2024 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 June 30, 2025.

	Total Number of Shares Purchased (000's)	Average Price Paid per Share (dollars)	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)
2025				
April 1 - April 30	—	\$ —	—	\$ 615
May 1 - May 31	—	—	—	615
June 1 - June 30	—	—	—	615
Total	—	\$ —	—	

On October 21, 2023, our Board of Directors authorized a share repurchase program for up to \$11 billion of our common stock, replacing the previous program announced on December 12, 2022. Under the 2023 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 Securities Exchange Act of 1934, as amended.

We may also reacquire shares outside of the program in connection with the surrender of shares to cover taxes on vesting of restricted stock. Our ability to repurchase shares is subject to applicable law. During the quarter ended June 30, 2025, we did not repurchase shares outside of the program.

Item 5. Other Information

During the quarter ended June 30, 2025, no director or “officer” (as defined in Rule 16a-1(f)) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Exhibit Description
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.

SIGNATURES

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

**RTX CORPORATION
(Registrant)**

Dated: July 22, 2025

By: /s/ NEIL G. MITCHILL, JR.
Neil G. Mitchill, Jr.
Executive Vice President and Chief Financial Officer
(on behalf of the Registrant and as the Registrant's Principal Financial Officer)

Dated: July 22, 2025

By: /s/ AMYL L. JOHNSON
Amy L. Johnson
Corporate Vice President and Controller
(on behalf of the Registrant and as the Registrant's Principal Accounting Officer)