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June 29, 2025

Christopher Calio
Chairman and Chief Executive Officer
RTX Corporation
1000 Wilson Boulevard
Arlington, Virginia 22209

Dear Mr. Calio,

I write to inquire about RTX Corporation's ongoing efforts to lobby Congress for bigger tax breaks through the Research and Experimentation (R&E) deduction[1] when your company is already enjoying enormous profits.[2] Considering your net income has increased every, single year since 2020,[3] it is unclear why you are seeking to rake in even more corporate tax giveaways at the expense of working families.

As part of President Trump's 2017 *Tax Cuts and Jobs Act* (TCJA), and amid a sea of corporate giveaways, Republicans ended R&E expensing, a benefit that allowed companies to deduct the full cost of R&E expenses the year they are made, as opposed to writing them off over five years

[1] "The top five biggest defense contractors — all of whom are National Defense Industrial Association members — have also lobbied Congress heavily to restore the tax credit, according to lobbying disclosure forms reviewed by Defense News … Lockheed Martin, General Dynamics and Northrop Grumman brought up the R&E tax credit every quarter while lobbying Congress last year, according to the disclosure forms. Boeing and RTX, formerly known as Raytheon Technologies, also raised tax issues every quarter." Defense News, "Tax credit sought by defense industry stuck in Senate limbo," Bryant Harris, March 4, 2024, https://www.defensenews.com/congress/2024/03/04/tax-credit-sought-by-defense-industry-stuck-in-senate-limbo/; Defense News, "Top 100 for 2024," https://people.defensenews.com/top-100/; Aerospace Industries Association, "Our Members," https://www.aia-aerospace.org/membership/our-members/.

[2] RTX Corporation, "RTX: 2024 Annual Report," p. 8, https://investors.rtx.com/static-files/673824a6-3297-4b89-93cd-8aa5378a5e4f.

[3] RTX Corporation, "RTX: 2024 Annual Report," p. 8, (listing RTX's adjusted net income from continuing operations attributable to common shareowners as $7.7 billion) https://investors.rtx.com/static-files/673824a6-3297-4b89-93cd-8aa5378a5e4f; RTX Corporation, "RTX: 2023 Annual Report," p. 14, (listing RTX's adjusted net income from continuing operations attributable to common shareowners as $7.26 billion) https://investors.rtx.com/static-files/2870406d-da57-4e95-8048-2c043e03dc8a; RTX Corporation, "RTX: 2022 Annual Report," p. 14, (listing RTX's adjusted net income from continuing operations attributable to common shareowners as $7.098 billion), https://investors.rtx.com/static-files/765e55a0-fe27-4a6c-b5ac-649cf6fa71cc; RTX Corporation, "RTX: 2021 Annual Report," p. 12, (listing RTX's adjusted net income from continuing operations attributable to common shareowners as $6.4 billion), https://investors.rtx.com/static-files/d6a4fbd3-d8df-40dd-b278-019fb954dfc0; RTX Corporation, "RTX: 2020 Annual Report," p. 23, (listing RTX's adjusted net income from continuing operations attributable to common shareowners as $3.7 billion), https://investors.rtx.com/static-files/225310fa-b108-4298-aa1c-177fd526041e.

as they lose value.[4] Notably, the R&E deduction shift to five-year amortization was originally included in the TCJA to offset steep cuts to the corporate tax rate in the bill,[5] but some hoped that it would never come into force.[6] Despite continuous corporate lobbying efforts over the past several years, R&E expensing expired on December 31, 2021,[7] and companies like yours are paying more of your fair share of taxes.

But now, big corporations and their lobbyists are scrambling to get full expensing back into the tax code,[8] and Congressional Republicans are delivering.[9] Alongside deep cuts to Medicaid and the Affordable Care Act that will cause 16 million Americans to lose their health care coverage,[10] the Republican tax bill passed by the House of Representatives last month includes a return to same-year R&E expensing.[11] In total, this corporate giveaway is estimated to cost taxpayers $130 billion if made permanent.[12]

Corporate lobbyists for large companies like RTX Corporation claim that the current deduction schedule for R&E expenses "significantly limits businesses' ability" to invest in R&E.[13] These claims are simply false: "There is no evidence that spreading out the cost of [R&E] deductions has any effect on corporations' decision to invest in research. In fact, since the 5-year [R&E] rules came into effect in 2022, there has been an explosion of new research spending by major corporations."[14] RTX Corporation's R&E investments continued to increase, even after the

[4] The Committee for a Responsible Federal Budget, "Year-End 'Extenders' Could Worsen Deficits and Inflation," September 20, 2022, https://www.crfb.org/blogs/year-end-extenders-could-worsen-deficits-and-inflation.
[5] Center on American Progress, "House Bill Would Slash Business Taxes and Undermine Efforts to Stem Profit Sharing," Jean Ross, June 20, 2023, https://www.americanprogress.org/article/house-bill-would-slash-business-taxes-and-undermine-efforts-to-stem-profit-shifting/.
[6] Letter from R&D Coalition to Speaker Ryan, Leader Pelosi, Senator McConnell, et al., October 19, 2018, https://documents.nam.org/TAX/RD%20Coalition%20Letter%2010.19.18%20FINAL_leadership_%20signed.pdf?.
[7] Congressional Research Service, "Reference Table: Expiring Provisions in the "Tax Cuts and Jobs Act" (TCJA, P.L.115-97), Updated November 13, 2024, https://www.congress.gov/crs-product/R47846.
[8] Roll Call, "First-quarter tax lobbying bonanza as reconciliation beckons," Caitlin Reilly, April 23, 2025, https://rollcall.com/2025/04/23/first-quarter-tax-lobbying-bonanza-as-reconciliation-beckons/.
[9] One Big Beautiful Bill Act, H.R. 1, Sec. 111002, https://www.congress.gov/bill/119th-congress/house-bill/1/text; United States Senate Committee on Finance, Reconciliation Bill Text, Sec. 70302(f)(2)(A), June 16, 2025, https://www.finance.senate.gov/chairmans-news/chairman-crapo-releases-finance-committee-reconciliation-text.
[10] Roll Call, "16 million lose insurance under budget bill, other policies: CBO," Sandhya Raman and Jessie Hellmann, June 4, 2025, https://rollcall.com/2025/06/04/16-million-lose-insurance-under-budget-bill-other-policies-cbo/.
[11] The Committee for a Responsible Federal Budget, "Breaking Down the One Big Beautiful Bill," June 4, 2025, https://www.crfb.org/blogs/breaking-down-one-big-beautiful-bill.
[12] The Committee for a Responsible Federal Budget, "Permanent Ways & Means Bill Could Add $5.3 Trillion to Deficits," May 13, 2025, https://www.crfb.org/blogs/permanent-ways-means-bill-could-add-53-trillion-deficits.
[13] Defense News, "Tax credit sought by defense industry stuck in Senate limbo," Bryant Harris, March 4, 2024, https://www.defensenews.com/congress/2024/03/04/tax-credit-sought-by-defense-industry-stuck-in-senate-limbo/; DC Journal, "Congress Must Fix Tax Credits for Small Businesses," Karen Kerrigan, December 5, 2022, https://dcjournal.com/congress-must-fix-tax-credits-for-small-businesses/.
[14] Americans for Tax Fairness, "The Research Expensing Tax Deduction vs. The Research Tax Credit," June 12, 2023, https://americansfortaxfairness.org/research-expensing-tax-deduction-vs-research-tax-credit/.

expiration of the expensing tax break (i.e., $7.7 billion in 2024[15] and $7.3 billion in 2023[16] as compared to $7.2 billion in 2021 and $6.7 billion in 2020).[17]

RTX Corporation and other giant, wealthy corporations do not need even larger tax breaks, especially if they come at the expense of middle-class families. Not only does the current tax structure not impede RTX Corporation from investing massive sums in R&E, but your company reported over $22 billion of net income in the three years since the expiration of expensing.[18] On top of that, the backlog of orders of RTX systems amounts to an astounding $218 billion, including "a record $93 billion of defense backlog".[19]

RTX Corporation and other defense contractors are using these enormous profits to lobby Congress for even more; they want a return to the R&E expensing regime and retroactive application of the already gratuitous benefit, allowing them to fully write off investments made as far back as 2022.[20] RTX Corporation stands to make a fortune if R&E expensing is made retroactive; even in six months, defense corporations like RTX Corporation are estimated to make millions of dollars for previously-initiated investments.[21] These retroactive benefits cannot incentivize investments that have already been made – they are simply a handout to corporations for past investments. This outrageous request is an insult to the millions of Americans facing threats of losing their healthcare coverage to fund tax giveaways to wealthy corporations in the Republican tax bill.[22] While the Trump administration and Republicans in Congress are busy cutting programs that lower costs for Americans, they are also planning large increases[23] in the defense budget, which will directly benefit defense contractors. Although the tax package proposed by the House only provides for retroactive application of R&E expensing "after December 31, 2024," such a provision would still result in RTX Corporation gaining millions of dollars for previously-initiated investments.[24] Similarly, the Senate's proposed legislative text would allow your company to immediately write off the entirety of any unamortized R&E

[15] RTX Corporation, "RTX: 2024 Annual Report," p. 1, https://investors.rtx.com/static-files/673824a6-3297-4b89-93cd-8aa5378a5e4f.
[16] RTX Corporation, "RTX: 2024 Annual Report," p. 42, https://investors.rtx.com/static-files/673824a6-3297-4b89-93cd-8aa5378a5e4f.
[17] RTX Corporation, "RTX: 2021 Annual Report," p. 36, https://investors.rtx.com/static-files/d6a4fbd3-d8df-40dd-b278-019fb954dfc0.
[18] RTX Corporation, "RTX: 2024 Annual Report," p. 8, https://investors.rtx.com/static-files/673824a6-3297-4b89-93cd-8aa5378a5e4f; RTX Corporation, "RTX: 2023 Annual Report," p. 14, https://investors.rtx.com/static-files/2870406d-da57-4e95-8048-2c043e03dc8a; RTX Corporation, "RTX: 2022 Annual Report," p. 14, https://investors.rtx.com/static-files/765e55a0-fe27-4a6c-b5ac-649cf6fa71cc.
[19] The Motley Fool, "RTX (RTX) Q4 2024 Earnings Call Transcript," Motley Fool Transcribing, January 28, 2025, https://www.fool.com/earnings/call-transcripts/2025/01/28/rtx-rtx-q4-2024-earnings-call-transcript/.
[20] Defense News, "Tax credit sought by defense industry stuck in Senate limbo," Bryant Harris, March 4, 2024, https://www.defensenews.com/congress/2024/03/04/tax-credit-sought-by-defense-industry-stuck-in-senate-limbo/.
[21] Wall Street Journal, "Finance Chiefs Hope New Congress Will Revisit Tax Rule on R&D Expenses," Jennifer Williams-Alvarez, January 19, 2023, https://www.wsj.com/articles/finance-chiefs-hope-new-congress-will-revisit-tax-rule-on-r-d-expenses-11674150952.
[22] The Boston Globe "Congress's budget aims to target Medicaid fraud. In Massachusetts, the reality is more complicated," Jason Laughlin, May 20, 2025, https://www.bostonglobe.com/2025/05/20/metro/congress-budget-aims-target-medicaid-fraud-massachusetts-reality-is-more-complicated/.
[23] The Motley Fool, "Defense Stocks Surge on Trillion-Dollar Budget Talk," Lou Whiteman, April 8, 2025, https://www.fool.com/investing/2025/04/08/defense-stocks-surge-on-trillion-dollar-budget-tal/.
[24] One Big Beautiful Bill Act, H.R. 1, Sec. 111002, https://www.congress.gov/bill/119th-congress/house-bill/1/text.

expenses incurred since 2022.[25] RTX Corporation does not need additional handouts – particularly as middle-class families struggle.

To better understand how a return to R&E expensing would benefit RTX Corporation, I ask that you answer the following questions by July 6, 2025:

1. How much does your company expect to save in 2025 taxes, based on anticipated 2025 R&E spending, if R&E expensing is enacted as set forth in the reconciliation bill passed by the House of Representatives?
2. How much does your company expect to receive in refunds if R&E expensing is enacted retroactively to encompass 2022, 2023, and 2024?
3. Please list the trade associations, lobbying coalitions, or similar entities that your company is a part of – or has been a part of in the last five years – that advocated for tax cuts for your corporation, including the retroactive application and extension of R&E expensing.
4. If your company is rewarded with retroactive tax refunds, how do you expect it will affect RTX Corporation's outlook for stock buybacks and executive compensation?

Thank you for your attention to this important matter.

Sincerely,

Elizabeth Warren
United States Senator

[25] United States Senate Committee on Finance, Reconciliation Bill Text, Sec. 70302(f)(2)(A), June 16, 2025, https://www.finance.senate.gov/chairmans-news/chairman-crapo-releases-finance-committee-reconciliation-text.