

**Table 1**  
**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**(Unaudited)**

	Quarter Ended		Three Quarters Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
	(In millions, except per share amounts)			
Revenue from product sales and services	\$ 4,431	\$ 1,542	\$ 8,024	\$ 4,765
Cost of product sales and services	(3,242)	(1,010)	(5,604)	(3,135)
Engineering, selling and administrative expenses	(999)	(279)	(1,658)	(902)
Gain on sale of business	229	—	229	—
Non-operating income	79	47	173	113
Interest income	9	1	10	2
Interest expense	(67)	(44)	(149)	(131)
Income from continuing operations before income taxes	440	257	1,025	712
Income taxes	(5)	(41)	(78)	(90)
Income from continuing operations	435	216	947	622
Discontinued operations, net of income taxes	—	(3)	(1)	—
Net income	435	213	946	622
Noncontrolling interests, net of income taxes	(6)	—	(6)	—
Net income attributable to L3Harris Technologies, Inc.	\$ 429	\$ 213	\$ 940	\$ 622
<b>Net income per common share attributable to L3Harris Technologies, Inc. common shareholders</b>				
<b>Basic</b>				
Continuing operations	\$ 1.93	\$ 1.82	\$ 6.25	\$ 5.24
Discontinued operations	—	(0.01)	—	—
	<u>\$ 1.93</u>	<u>\$ 1.81</u>	<u>\$ 6.25</u>	<u>\$ 5.24</u>
<b>Diluted</b>				
Continuing operations	\$ 1.90	\$ 1.78	\$ 6.13	\$ 5.13
Discontinued operations	—	(0.01)	—	—
	<u>\$ 1.90</u>	<u>\$ 1.77</u>	<u>\$ 6.13</u>	<u>\$ 5.13</u>
Basic weighted average common shares outstanding	222.6	117.9	150.6	118.7
Diluted weighted average common shares outstanding	225.4	120.6	153.5	121.2

**Table 2**  
**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**BUSINESS SEGMENT INFORMATION**  
**(Unaudited)**

	Quarter Ended		Three Quarters Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
	(In millions)			
<b>Revenue</b>				
Integrated Mission Systems	\$ 1,303	\$ 12	\$ 1,328	\$ 36
Space and Airborne Systems	1,162	840	3,137	2,568
Communication Systems	1,032	480	2,221	1,540
Aviation Systems	948	172	1,278	510
Other non-reportable business segments	23	39	102	119
Corporate eliminations	(37)	(1)	(42)	(8)
	\$ 4,431	\$ 1,542	\$ 8,024	\$ 4,765
<b>Income From Continuing Operations Before Income Taxes</b>				
<i>Segment Operating Income:</i>				
Integrated Mission Systems	\$ 180	\$ 2	\$ 186	\$ 6
Space and Airborne Systems	226	156	595	476
Communication Systems	234	137	577	441
Aviation Systems	127	24	163	54
Other business activities and non-reportable segments	(93)	6	(80)	(34)
Merger, acquisition and divestiture-related expenses and losses	(281)	—	(333)	—
Amortization of acquisition-related intangibles	(123)	(25)	(173)	(76)
Gain on sale of business	229	—	229	—
Pension adjustment	(80)	(47)	(173)	(139)
Non-operating income	79	47	173	113
Net interest expense	(58)	(43)	(139)	(129)
	\$ 440	\$ 257	\$ 1,025	\$ 712

**Table 3**  
**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(Unaudited)**

	Quarter Ended		Three Quarters Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
(In millions)				
<b>Operating Activities</b>				
Net income	\$ 435	\$ 213	\$ 946	\$ 622
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	201	65	330	194
Pension income and share-based compensation	85	—	88	(9)
Qualified pension plan contributions	(327)	—	(328)	(301)
Gain on sale of business, net	(229)	—	(229)	—
Gain on sale of asset group	(12)	—	(12)	—
Loss on extinguishment of debt	—	—	—	24
(Increase) decrease in:				
Accounts receivable	31	34	50	(53)
Contract assets	(110)	(88)	(88)	(80)
Inventories	75	(3)	88	1
Increase (decrease) in:				
Accounts payable	—	(141)	17	19
Contract liabilities	(7)	38	10	72
Other	(61)	(1)	(75)	6
Net cash provided by operating activities	81	117	797	495
<b>Investing Activities</b>				
Net additions of property, plant and equipment	(84)	(31)	(178)	(124)
Proceeds from sale of business, net	346	—	346	—
Net cash acquired in L3Harris Merger	1,132	—	1,132	—
Proceeds from sale of asset group	20	—	20	—
Other investing activities	—	—	2	(3)
Net cash provided by (used in) investing activities	1,414	(31)	1,322	(127)
<b>Financing Activities</b>				
Net proceeds from borrowings	3	216	4	1,355
Repayments of borrowings	(100)	—	(405)	(1,295)
Proceeds from exercises of employee stock options	95	15	127	31
Repurchases of common stock	(750)	(200)	(750)	(322)
Cash dividends	(177)	(82)	(339)	(217)
Other financing activities	(85)	(18)	(90)	(32)
Net cash used in financing activities	(1,014)	(69)	(1,453)	(480)
Effect of exchange rate changes on cash and cash equivalents	(10)	—	(8)	(5)
<b>Net increase (decrease) in cash and cash equivalents</b>	471	17	658	(117)
<b>Cash and cash equivalents, beginning of period</b>	530	288	343	422
<b>Cash and cash equivalents, end of period</b>	\$ 1,001	\$ 305	\$ 1,001	\$ 305

**Table 4**  
**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**(Unaudited)**

	<u>September 27, 2019</u>	<u>June 28, 2019</u>	<u>December 28, 2018</u>
	(In millions)		
<b>Assets</b>			
Cash and cash equivalents	\$ 1,001	\$ 530	\$ 343
Receivables	1,275	457	494
Contract assets	2,625	807	829
Inventories	1,339	360	425
Property, plant and equipment	2,073	894	901
Operating lease right-of-use assets	934	—	—
Goodwill	20,749	5,340	5,370
Other intangible assets	7,516	870	930
Inventory prepayments	164	—	—
Other assets	1,271	859	560
	<u>\$ 38,947</u>	<u>\$ 10,117</u>	<u>\$ 9,852</u>
<b>Liabilities</b>			
Short-term debt	\$ 3	\$ 103	\$ 103
Accounts payable	1,423	525	521
Contract liabilities	1,210	496	479
Compensation and benefits	521	161	128
Current portion of long-term debt, net	656	656	305
Defined benefit plans	2,145	1,174	635
Operating lease liabilities	831	—	—
Long-term debt, net	6,307	2,763	3,411
Other liabilities	2,926	876	858
Equity	22,925	3,363	3,412
	<u>\$ 38,947</u>	<u>\$ 10,117</u>	<u>\$ 9,852</u>

**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURE**

To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional measures of income from continuing operations per diluted common share, net income, net income margin and net cash provided by operating activities, adjusted for certain costs, charges, expenses and losses or other amounts. L3Harris management believes that these non-GAAP financial measures, when considered together with the GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period. L3Harris management also believes that these non-GAAP financial measures enhance the ability of investors to analyze L3Harris' business trends and to understand L3Harris' performance. In addition, L3Harris may utilize non-GAAP financial measures as guides in its forecasting, budgeting, and long-term planning processes and to measure operating performance for some management compensation purposes. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follows:

**Table 5**  
**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**Adjusted EBIT and Adjusted EBIT Margin**  
**(Unaudited)**

	Quarter Ended		Three Quarters Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
	(In millions)			
Revenue from product sales and services	\$ 4,431	\$ 1,542	\$ 8,024	\$ 4,765
Add pre-merger L3 revenue from product sales and services	—	2,519	5,331	7,473
Less revenue generated by the Harris Night Vision business	(23)	(39)	(102)	(119)
Less revenue generated by divested L3 businesses	—	(6)	(2)	(78)
Intracompany eliminations	—	(6)	(9)	(19)
Combined revenue from product sales and services (B)	\$ 4,408	\$ 4,010	\$ 13,242	\$ 12,022
Net income	\$ 435	\$ 213	\$ 946	\$ 622
Adjustments:				
Pre-merger L3 net income	—	208	437	795
Discontinued operations, net of income taxes	—	3	1	(206)
Net interest expense	58	78	205	241
Income taxes	5	59	165	180
Net operating income generated by the Harris Night Vision business	—	(6)	(14)	(17)
Net operating loss generated by divested L3 businesses	—	2	2	3
(Gain) loss on sale of businesses	(229)	4	(229)	(44)
Gain on sale of asset group	(12)	—	(12)	—
L3Harris Merger transaction costs, including change in control charges, and pre-merger L3 transaction costs	135	5	202	5
L3Harris integration costs	146	—	176	—
Additional cost of sales related to the fair value step-up in inventory sold	92	—	92	—
Amortization of acquisition-related intangibles	123	25	173	76
Non-cash cumulative adjustment to lease expense	12	—	12	—
Charges related to decision to transition and exit a commercial line of business and other items	—	—	—	47
Charge related to consolidation of certain Exelis facilities	—	—	—	5
Losses and other costs related to debt refinancing	1	21	4	95
Total adjustments	331	399	1,214	1,180
Adjusted EBIT (A)	\$ 766	\$ 612	\$ 2,160	\$ 1,802
Adjusted EBIT margin percentage (A) / (B)	17.4%	15.3%	16.3%	15.0%

**Table 6**  
**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**Income from Continuing Operations per Diluted Common Share Attributable to L3Harris Technologies, Inc.**  
**(Unaudited)**

	Quarter Ended		Three Quarters Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
Income from continuing operations per diluted common share attributable to L3Harris Technologies, Inc. common shareholders	\$ 1.90	\$ 1.78	\$ 6.13	\$ 5.13
Pre-merger L3 income from continuing operations per diluted common share attributable to common shareholders	—	0.90	1.89	2.55
Impact of L3 diluted common shares	—	(0.81)	(1.95)	(2.35)
	1.90	1.87	6.07	5.33
<b>Adjustments:</b>				
Net operating income generated by the Harris Night Vision business	—	(0.03)	(0.04)	(0.06)
Net operating loss generated by divested L3 businesses	—	0.01	0.01	0.01
(Gain) loss on sale of businesses	(1.02)	0.02	(1.02)	(0.19)
Gain on sale of asset group	(0.05)	—	(0.05)	—
L3Harris Merger transaction costs, including change in control charges, and pre-merger L3 transaction costs	0.60	0.02	0.90	0.02
L3Harris integration costs	0.65	—	0.78	—
Additional cost of sales related to the fair value step-up in inventory sold	0.41	—	0.41	—
Amortization of acquisition-related intangibles	0.55	0.11	0.77	0.34
Non-cash cumulative adjustment to lease expense	0.05	—	0.05	—
Charges related to decision to transition and exit a commercial line of business and other items	—	—	—	0.21
Charge related to consolidation of certain Exelis facilities	—	—	—	0.03
Losses and other costs related to debt refinancing	—	0.09	0.01	0.42
Total pre-tax adjustments	1.19	0.22	1.82	0.78
Income taxes on above adjustments	(0.51)	(0.05)	(0.66)	(0.18)
Impact of non-cash adjustments related to tax reform	—	—	—	(0.23)
Total adjustments after-tax	0.68	0.17	1.16	0.37
Adjusted income from continuing operations per diluted common share	\$ 2.58	\$ 2.04	\$ 7.23	\$ 5.70

**Table 7**  
**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**Income from Continuing Operations per Diluted Common Share Attributable to L3Harris Technologies, Inc.**  
**(Unaudited)**

	Guidance	
	Two Quarters Ended January 3, 2020	Four Quarters Ended January 3, 2020
Income from continuing operations per diluted common share attributable to L3Harris Technologies, Inc. common shareholders	~ \$3.81	~ \$8.03
Pre-merger L3 income from continuing operations per diluted common share attributable to common shareholders	—	~ 1.89
Impact of L3 diluted common shares	—	~ (1.95)
	~ 3.81	~ 7.97
Adjustments:		
Net operating income generated by the Harris Night Vision business	—	~ (0.04)
Net operating loss generated by divested L3 businesses	—	~ 0.01
L3Harris Merger transaction costs, including change in control charges, and pre-merger L3 transaction costs	~ 0.61	~ 0.92
L3Harris integration costs	~ 0.96	~ 1.10
Gain on sale of business	~ (1.01)	~ (1.02)
Amortization of acquisition-related intangibles	~ 1.09	~ 1.32
Additional cost of sales related to the fair value step-up in inventory sold	~ 0.68	~ 0.68
Gain on sale of asset group	~ (0.05)	~ (0.05)
Non-cash cumulative adjustment to lease expense	~ 0.05	~ 0.05
Losses related to debt refinancing	~ 0.01	~ 0.02
Total pre-tax adjustments	~ 2.34	~ 2.99
Income taxes on above adjustments	~ (0.80)	~ (0.96)
Total adjustments after-tax	~ 1.54	~ 2.03
Non-GAAP income from continuing operations per diluted common share	~ \$5.35	~ \$10.00



**Table 8**  
**L3HARRIS TECHNOLOGIES, INC.**  
**CY '19 Third Quarter Summary**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**Free Cash Flow and Adjusted Free Cash Flow**  
**(Unaudited)**

	Quarter Ended		Three Quarters Ended	
	September 27, 2019	September 28, 2018	September 27, 2019	September 28, 2018
	(In millions)			
Net cash provided by operating activities	\$ 81	\$ 117	\$ 797	\$ 495
Pre-merger L3 net cash provided by operating activities	—	164	414	351
Net additions of property, plant and equipment	(84)	(31)	(178)	(124)
Pre-merger L3 net additions of property, plant and equipment	—	(58)	(98)	(165)
Free cash flow	(3)	192	935	557
Less net cash provided by operating activities from L3 discontinued operations	—	—	(19)	(9)
Income tax payments attributable to discontinued operations	—	69	—	78
Cash used for L3Harris Merger transaction costs, including change in control payments, and pre-merger L3 transaction costs	251	16	320	16
Cash used for L3Harris integration costs	68	—	91	—
Voluntary contribution to defined pension plans	302	—	302	300
Adjusted free cash flow	<u>\$ 618</u>	<u>\$ 277</u>	<u>\$ 1,629</u>	<u>\$ 942</u>

	Guidance	
	Two Quarters Ended January 3, 2020	Four Quarters Ended January 3, 2020
Net cash provided by operating activities	~ \$834	~ \$1,951
Less capital expenditures	~ (190)	~ (380)
Free cash flow	~ 644	~ 1,571
Less net cash provided by operating activities from L3 discontinued operations	—	~ (19)
Cash used for L3Harris Merger transaction costs, including change in control payments, and pre-merger L3 transaction costs	~ 262	~ 331
Cash used for L3Harris integration costs	~ 142	~ 165
Voluntary contribution to defined pension plans	~ 302	~ 302
Adjusted free cash flow	<u>~ \$1,350</u>	<u>~ \$2,350</u>