

Table 1
L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth Quarter Summary
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

(In millions, except per share amounts)	Quarter Ended		Fiscal Year Ended	Four Quarters Ended
	January 1, 2021	January 3, 2020	January 1, 2021	January 3, 2020
Revenue from product sales and services	\$ 4,660	\$ 4,832	\$ 18,194	\$ 12,856
Cost of product sales and services	(3,261)	(3,484)	(12,886)	(9,088)
Engineering, selling and administrative expenses	(831)	(882)	(3,315)	(2,540)
Business divestiture-related gains (losses)	11	—	(51)	229
Impairment of goodwill and other assets	(373)	(46)	(767)	(46)
Non-operating income	105	113	401	286
Interest income	4	3	16	13
Interest expense	(68)	(68)	(270)	(217)
Income from continuing operations before income taxes	247	468	1,322	1,493
Income taxes	(63)	(68)	(234)	(146)
Income from continuing operations	184	400	1,088	1,347
Discontinued operations, net of income taxes	—	(1)	(2)	(2)
Net income	184	399	1,086	1,345
Noncontrolling interests, net of income taxes	9	(6)	33	(12)
Net income attributable to L3Harris Technologies, Inc.	\$ 193	\$ 393	\$ 1,119	\$ 1,333
Net income per common share attributable to L3Harris Technologies, Inc. common shareholders				
Basic				
Continuing operations	\$ 0.92	\$ 1.79	\$ 5.24	\$ 8.04
Discontinued operations	—	—	(0.01)	—
	\$ 0.92	\$ 1.79	\$ 5.23	\$ 8.04
Diluted				
Continuing operations	\$ 0.92	\$ 1.77	\$ 5.19	\$ 7.90
Discontinued operations	(0.01)	—	—	(0.01)
	\$ 0.91	\$ 1.77	\$ 5.19	\$ 7.89
Basic weighted average common shares outstanding	209.4	219.9	214.0	166.0
Diluted weighted average common shares outstanding	211.2	222.1	215.9	169.0

Table 2
L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth Quarter Summary
BUSINESS SEGMENT INFORMATION
(Unaudited)

(In millions)	Quarter Ended		Fiscal Year Ended	Four Quarters Ended
	January 1, 2021	January 3, 2020	January 1, 2021	January 3, 2020
Revenue				
Integrated Mission Systems	\$ 1,465	\$ 1,466	\$ 5,538	\$ 2,783
Space and Airborne Systems	1,256	1,204	4,946	4,352
Communication Systems	1,143	1,119	4,443	3,340
Aviation Systems	845	1,090	3,448	2,368
Other non-reportable business segments	—	—	—	102
Corporate eliminations	(49)	(47)	(181)	(89)
	\$ 4,660	\$ 4,832	\$ 18,194	\$ 12,856
Income From Continuing Operations Before Income Taxes				
<i>Segment Operating Income (Loss):</i>				
Integrated Mission Systems	\$ 209	\$ 195	\$ 847	\$ 377
Space and Airborne Systems	245	217	932	816
Communication Systems	296	259	1,084	836
Aviation Systems	(131)	162	(177)	325
Other non-reportable business segments	—	—	—	14
Unallocated corporate expenses and corporate eliminations	4	(46)	(109)	(140)
L3Harris Merger-related transaction, integration and other expenses and losses	(35)	(103)	(130)	(325)
L3Harris Merger-related restructuring charges	(3)	(6)	(10)	(117)
Amortization of acquisition-related intangibles	(180)	(166)	(709)	(339)
Impairment of intangible assets	(113)	—	(113)	—
Business divestiture-related gains (losses)	11	—	(51)	229
Pension adjustment	(97)	(92)	(389)	(265)
Non-operating income	105	113	401	286
Net interest expense	(64)	(65)	(254)	(204)
	\$ 247	\$ 468	\$ 1,322	\$ 1,493

Table 3
L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth Quarter Summary
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(In millions)	<u>Fiscal Year Ended</u> <u>January 1, 2021</u>	<u>Four Quarters Ended</u> <u>January 3, 2020</u>
Operating Activities		
Net income	\$ 1,086	\$ 1,345
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of acquisition-related intangibles	709	339
Depreciation and other amortization	323	232
Postretirement benefit plan income and share-based compensation	(11)	72
Qualified pension plan contributions	(8)	(329)
Impairment of goodwill and other assets	767	46
Business divestiture-related losses (gains)	51	(229)
Gain on sale of asset group	—	(12)
Gain on sale of property, plant and equipment	(22)	—
(Increase) decrease in:		
Accounts receivable	(250)	93
Contract assets	(116)	37
Inventories	60	171
Increase (decrease) in:		
Accounts payable	173	(131)
Contract liabilities	14	17
Other	14	4
Net cash provided by operating activities	<u>2,790</u>	<u>1,655</u>
Investing Activities		
Additions of property, plant and equipment	(368)	(267)
Proceeds from sale of property, plant and equipment, net	91	—
Proceeds from sales of businesses, net	1,040	343
Net cash acquired in L3Harris Merger	—	1,130
Proceeds from sale of asset group	—	20
Other investing activities	(12)	2
Net cash provided by investing activities	<u>751</u>	<u>1,228</u>
Financing Activities		
Net proceeds from borrowings	901	397
Repayments of borrowings	(931)	(810)
Payments of interest rate derivative obligations	(113)	(32)
Proceeds from exercises of employee stock options	56	141
Repurchases of common stock	(2,290)	(1,500)
Cash dividends	(725)	(499)
Tax withholding payments associated with vested share-based awards	(4)	(91)
Other financing activities	(6)	(16)
Net cash used in financing activities	<u>(3,112)</u>	<u>(2,410)</u>
Effect of exchange rate changes on cash and cash equivalents	23	8
Net increase in cash and cash equivalents	452	481
Cash and cash equivalents, beginning of year	824	343
Cash and cash equivalents, end of year	\$ 1,276	\$ 824

Table 4
L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth Quarter Summary
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(In millions)	January 1, 2021	January 3, 2020
Assets		
Cash and cash equivalents	\$ 1,276	\$ 824
Receivables	1,344	1,216
Contract assets	2,437	2,459
Inventories	973	1,219
Inventory prepayments	61	91
Assets of disposal group held for sale	35	—
Property, plant and equipment	2,102	2,117
Operating lease right-of-use assets	766	837
Goodwill	18,876	20,001
Other intangible assets	7,908	8,458
Other assets	1,182	1,114
	\$ 36,960	\$ 38,336
Liabilities		
Short-term debt	\$ 2	\$ 3
Accounts payable	1,406	1,261
Contract liabilities	1,198	1,214
Compensation and benefits	496	460
Current portion of long-term debt, net	8	257
Liabilities of disposal group held for sale	13	—
Defined benefit plans	1,906	1,819
Operating lease liabilities	734	781
Long-term debt, net	6,908	6,694
Other liabilities	3,448	3,103
Equity	20,841	22,744
	\$ 36,960	\$ 38,336

L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth 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, net cash provided by operating activities, revenue and segment operating income (loss), adjusted to exclude 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'20 Fourth Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Adjusted EBIT and Adjusted EBIT Margin
(Unaudited)

(In millions)	Quarter Ended		Fiscal Year Ended	Four Quarters Ended
	January 1, 2021	January 3, 2020	January 1, 2021	January 3, 2020
	As Reported	As Reported	As Reported	Pro Forma
Revenue from product sales and services (B)	\$ 4,660	\$ 4,832	\$ 18,194	\$ 18,097
Net income	\$ 184	\$ 399	\$ 1,086	\$ 1,650
Adjustments:				
Discontinued operations, net of income taxes	—	1	2	2
Net interest expense	64	65	254	253
Income taxes	63	68	234	189
Pre-merger integration costs, including change in control charges	—	9	—	100
L3Harris Merger-related transaction costs	—	9	—	83
L3Harris Merger integration costs	35	37	130	102
Restructuring charges and other items	—	6	29	117
Charges related to consolidation of facilities, including right-of-use asset impairment	—	48	—	48
Gain on pension plan curtailment	—	(23)	—	(23)
Amortization of acquisition-related intangibles	180	166	709	601
Additional cost of sales related to the fair value step-up in inventory sold	—	50	31	142
Business divestiture-related (gains) losses	(11)	—	51	(229)
Other divestiture-related expenses	2	—	13	—
Impairment of goodwill and other assets related to divestitures and COVID impacts	373	—	767	—
Gain on sale of property, plant and equipment	(22)	—	(22)	—
Gain on sale of asset group	—	—	—	(12)
Non-cash cumulative adjustment to lease expense	(2)	(2)	(2)	10
(Gains) losses and other costs related to debt refinancing	(2)	2	(2)	6
Total adjustments	680	436	2,194	1,389
Adjusted EBIT (A)	\$ 864	\$ 835	\$ 3,280	\$ 3,039
Adjusted EBIT margin percentage (A) / (B)	18.5 %	17.3 %	18.0 %	16.8 %

Table 6
L3HARRIS TECHNOLOGIES, INC.
CY'21 Guidance
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Adjusted EBIT and Adjusted EBIT Margin
(Unaudited)

(In millions)	<u>2021 Guidance</u>
Revenue from product sales and services (B)	\$18,500 - \$18,900
Net income	\$2,002 - \$2,090
Adjustments:	
Net interest expense	~ 255
Income taxes	310 - 364
L3Harris Merger integration costs	75 - 100
Amortization of acquisition-related intangibles	~ 688
Total adjustments	<u>1,328 - 1,407</u>
Adjusted EBIT (A)	<u>\$3,330 - \$3,497</u>
Adjusted EBIT margin percentage (A) / (B)	<u>18.0% - 18.5%</u>

Table 7
L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Income from Continuing Operations per Diluted Common Share Attributable to Common Shareholders
(Unaudited)

	Quarter Ended		Fiscal Year Ended	Four Quarters Ended
	January 1, 2021	January 3, 2020	January 1, 2021	January 3, 2020
	As Reported	As Reported	As Reported	Pro Forma
Income from continuing operations attributable to L3Harris Technologies, Inc. common shareholders	\$ 0.92	\$ 1.77	\$ 5.19	\$ 7.25
Adjustments:				
Pre-merger integration costs, including change in control charges	—	0.04	—	0.45
L3Harris Merger-related transaction costs	—	0.04	—	0.37
L3Harris Merger integration costs	0.16	0.16	0.60	0.45
Restructuring charges and other items	—	0.03	0.13	0.52
Charges related to consolidation of facilities, including right-of-use asset impairment	—	0.22	—	0.22
Gain on pension plan curtailment	—	(0.10)	—	(0.10)
Amortization of acquisition-related intangibles	0.85	0.75	3.29	2.68
Additional cost of sales related to the fair value step-up in inventory sold	—	0.23	0.14	0.64
Business divestiture-related (gains) losses	(0.05)	—	0.24	(1.02)
Other divestiture-related expenses	0.01	—	0.06	—
Impairment of goodwill and other assets related to divestitures and COVID impacts	1.77	—	3.56	—
Gain on sale of property, plant and equipment	(0.10)	—	(0.10)	—
Gain on sale of asset group	—	—	—	(0.05)
Non-cash cumulative adjustment to lease expense	(0.01)	(0.01)	(0.01)	0.04
(Gains) losses and other costs related to debt refinancing	(0.01)	0.01	(0.01)	0.02
Noncontrolling interests portion of adjustments	(0.05)	—	(0.19)	—
Total pre-tax adjustments	2.57	1.37	7.71	4.22
Income taxes on above adjustments	(0.35)	(0.29)	(1.30)	(1.21)
Total adjustments after-tax	2.22	1.08	6.41	3.01
Non-GAAP income from continuing operations per diluted common share	\$ 3.14	\$ 2.85	\$ 11.60	\$ 10.26

Table 8
L3HARRIS TECHNOLOGIES, INC.
CY'21 Guidance
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Income from Continuing Operations per Diluted Common Share Attributable to Common Shareholders
(Unaudited)

(In millions)	<u>2021 Guidance</u>
Income from continuing operations attributable to L3Harris Technologies, Inc. common shareholders	\$9.80 - \$10.11
Adjustments:	
L3Harris Merger integration costs	0.36 - 0.48
Amortization of acquisition-related intangibles	~ 3.34
Noncontrolling interest portion of adjustments	~ (0.02)
Total pre-tax adjustments	<u>3.68 - 3.80</u>
Income taxes on above adjustments	<u>0.88 - 0.91</u>
Total adjustments after-tax	<u>2.80 - 2.89</u>
Non-GAAP income from continuing operations per diluted common share	<u><u>\$12.60 - \$13.00</u></u>

Table 9
L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Free Cash Flow and Adjusted Free Cash Flow
(Unaudited)

(In millions)	Quarter Ended		Fiscal Year Ended	Four Quarters Ended	2021 Guidance
	January 1, 2021	January 3, 2020	January 1, 2021	January 3, 2020	
Net cash provided by operating activities	\$ 698	\$ 858	\$ 2,790	\$ 1,655	\$3,100 - \$3,175
Additions of property, plant and equipment	(174)	(89)	(368)	(267)	~ (375)
Proceeds from sale of property, plant and equipment, net	91	—	91	—	—
Free cash flow	615	769	2,513	1,388	2,725 - 2,800
Cash used for L3Harris Merger transaction costs, including change in control payments	—	3	—	278	—
Cash used for L3Harris Merger integration costs	27	59	173	127	75 - 100
Voluntary contribution to pension plans	—	—	—	302	—
Adjusted free cash flow	\$ 642	\$ 831	\$ 2,686	\$ 2,095	\$2,800 - \$2,900

Table 10
L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Segment Operating Income (Loss)
(Unaudited)

(In millions)	Quarter Ended January 1, 2021			Fiscal Year Ended January 1, 2021		
	As Reported	Adjustment (A)	Non-GAAP	As Reported	Adjustment (A)	Non-GAAP
Segment Operating Income (Loss)						
Aviation Systems	\$ (131)	\$ 257	\$ 126	\$ (177)	\$ 653	\$ 476
Communication Systems	296	—	296	1,084	1	1,085

(A) Adjustments for COVID-related charges for restructuring and impairment of goodwill and other assets related to the commercial aviation business in the case of Aviation Systems and COVID-related restructuring charges in the case of Communication Systems.

Table 11
L3HARRIS TECHNOLOGIES, INC.
CY'20 Fourth Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Organic Revenue
(Unaudited)

Fiscal Year Ended
January 1, 2021

(In millions)	As Reported	Adjustment (A)	Organic
Revenue from product sales and services			
Integrated Mission Systems segment	\$ 5,538	\$ —	\$ 5,538
Space and Airborne Systems segment	4,946	(7)	4,939
Communication Systems segment	4,443	(41)	4,402
Aviation Systems segment	3,448	(147)	3,301
Corporate eliminations	(181)	—	(181)
Consolidated	<u>\$ 18,194</u>	<u>\$ (195)</u>	<u>\$ 17,999</u>

Quarter Ended
January 3, 2020

Four Quarters Ended
January 3, 2020

(In millions)	As Reported	Adjustment (B)	Organic	Pro Forma	Adjustment (C)	Organic
Revenue from product sales and services						
Integrated Mission Systems segment	\$ 1,466	\$ —	\$ 1,466	\$ 5,360	\$ —	\$ 5,360
Space and Airborne Systems segment	1,204	(5)	1,199	4,689	(12)	4,677
Communication Systems segment	1,119	(14)	1,105	4,278	(21)	4,257
Aviation Systems segment	1,090	(141)	949	3,917	(364)	3,553
Other non-reportable business segments	—	—	—	23	(23)	—
Corporate eliminations	(47)	—	(47)	(170)	—	(170)
Consolidated	<u>\$ 4,832</u>	<u>\$ (160)</u>	<u>\$ 4,672</u>	<u>\$ 18,097</u>	<u>\$ (420)</u>	<u>\$ 17,677</u>

(In millions)	Quarter Ended		Fiscal Year Ended	Four Quarters Ended
	As Reported		As Reported	Pro Forma
	January 1, 2021	January 3, 2020	January 1, 2021	January 3, 2020
Revenue from product sales and services	\$ 4,660	\$ 4,832	\$ 18,194	\$ 18,097
Adjustment for divestitures (B)(C)	—	(160)	—	(420)
Commercial Aviation Solutions sector (D)	(97)	(231)	(588)	(900)
Public Safety sector	(99)	(137)	(413)	(499)
	<u>\$ 4,464</u>	<u>\$ 4,304</u>	<u>\$ 17,193</u>	<u>\$ 16,278</u>

(A) Adjustment to exclude revenue attributable to each divested business for fiscal 2020.

(B) Adjustment to exclude revenue attributable to each divested business for the quarter ended January 3, 2020.

(C) Adjustment to exclude revenue attributable to each divested business for the remaining portion of calendar 2019 that is equivalent to the balance of fiscal 2020 following the date the business was divested.

(D) Excludes revenue from the airport security and automation business for the remaining portion of calendar 2019 that is equivalent to the balance of fiscal 2020 following the date the business was divested.