Table 1
L3HARRIS TECHNOLOGIES, INC.
CY'21 Second Quarter Summary
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

(In millions, except per share amounts)	Quarter Ended		Two Quarters Ended	
	July 2, 2021	July 3, 2020	July 2, 2021	July 3, 2020
Revenue from product sales and services	$ 4,668	$ 4,445	$ 9,235	$ 9,071
Cost of product sales and services	(3,251)	(3,175)	(6,464)	(6,473)
Engineering, selling and administrative expenses	(891)	(855)	(1,692)	(1,667)
Business divestiture-related gains (losses)	180	(49)	165	(52)
Impairment of goodwill and other assets	(145)	(70)	(207)	(394)
Non-operating income	86	105	203	200
Interest expense, net	(65)	(65)	(131)	(128)
Income from continuing operations before income taxes	582	336	1,109	557
Income taxes	(169)	(58)	(229)	(84)
Income from continuing operations	413	278	880	473
Discontinued operations, net of income taxes	—	—	(1)	(1)
Net income	413	278	879	472
Noncontrolling interests, net of income taxes	—	5	2	28
Net income attributable to L3Harris Technologies, Inc.	$ 413	$ 283	$ 881	$ 500
Net income per common share attributable to L3Harris Technologies, Inc. common shareholders				
Basic				
Continuing operations	$ 2.03	$ 1.31	$ 4.29	$ 2.31
Discontinued operations	—	—	—	(0.01)
	$ 2.03	$ 1.31	$ 4.29	$ 2.30
Diluted				
Continuing operations	$ 2.01	$ 1.30	$ 4.26	$ 2.29
Discontinued operations	—	—	(0.01)	(0.01)
	$ 2.01	$ 1.30	$ 4.25	$ 2.28
Basic weighted average common shares outstanding	203.6	215.9	205.2	216.7
Diluted weighted average common shares outstanding	205.6	217.8	207.1	218.7

Table 2
L3HARRIS TECHNOLOGIES, INC.
CY'21 Second Quarter Summary
BUSINESS SEGMENT INFORMATION
(Unaudited)

(In millions)	Quarter Ended		Two Quarters Ended	
	July 2, 2021	July 3, 2020	July 2, 2021	July 3, 2020
Revenue				
Integrated Mission Systems	$ 1,494	$ 1,331	$ 2,945	$ 2,701
Space and Airborne Systems	1,287	1,249	2,523	2,441
Communication Systems	1,127	1,112	2,239	2,206
Aviation Systems	809	800	1,623	1,811
Corporate eliminations	(49)	(47)	(95)	(88)
	$ 4,668	$ 4,445	$ 9,235	$ 9,071
Income From Continuing Operations Before Income Taxes				
Segment Operating Income (Loss):				
Integrated Mission Systems	$ 229	$ 224	$ 469	$ 425
Space and Airborne Systems	253	235	493	456
Communication Systems	287	265	568	515
Aviation Systems	35	31	163	(146)
Unallocated corporate expenses	(70)	(53)	(110)	(78)
L3Harris Merger-related integration expenses	(20)	(37)	(41)	(68)
Amortization of acquisition-related intangibles	(156)	(208)	(320)	(353)
Business divestiture-related gains (losses)	180	(49)	165	(52)
Impairment of goodwill and other assets	(63)	(14)	(125)	(19)
Pension adjustment	(114)	(98)	(225)	(195)
Non-operating income	86	105	203	200
Interest expense, net	(65)	(65)	(131)	(128)
	$ 582	$ 336	$ 1,109	$ 557

Table 3
L3HARRIS TECHNOLOGIES, INC.
CY'21 Second Quarter Summary
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(In millions)	Two Quarters Ended	
	July 2, 2021	July 3, 2020
Operating Activities		
Net income	$ 879	$ 472
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of acquisition-related intangibles	320	353
Depreciation and other amortization	164	162
Share-based compensation	67	40
Share-based matching contributions under defined contribution plans	117	122
Qualified pension plan contributions	(4)	(4)
Pension and other postretirement benefit plan income	(188)	(160)
Investment and asset impairment charges	242	394
Business divestiture-related (gains) losses	(165)	52
(Increase) decrease in:		
Accounts receivable	62	(59)
Contract assets	(438)	43
Inventories	46	175
Prepaid expenses and other current assets	(21)	(27)
Increase (decrease) in:		
Accounts payable	69	(116)
Contract liabilities	86	(80)
Other	145	(32)
Net cash provided by operating activities	1,381	1,335
Investing Activities		
Net additions of property, plant and equipment	(124)	(108)
Proceeds from sales of businesses, net	1,430	963
Other investing activities	1	(10)
Net cash provided by investing activities	1,307	845
Financing Activities		
Net proceeds from borrowings	5	248
Repayments of borrowings	(10)	(254)
Proceeds from exercises of employee stock options	38	37
Repurchases of common stock	(1,550)	(700)
Cash dividends	(416)	(367)
Other financing activities	(4)	(6)
Net cash used in financing activities	(1,937)	(1,042)
Effect of exchange rate changes on cash and cash equivalents	2	(15)
Net increase in cash and cash equivalents	753	1,123
Cash and cash equivalents, beginning of year	1,276	824
Cash and cash equivalents, end of quarter	$ 2,029	$ 1,947

Table 4
L3HARRIS TECHNOLOGIES, INC.
CY'21 Second Quarter Summary
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(In millions)	July 2, 2021	January 1, 2021
Assets		
Cash and cash equivalents	$ 2,029	$ 1,276
Receivables, net	1,197	1,344
Contract assets	2,648	2,437
Inventories	872	973
Inventory prepayments	66	61
Assets of disposal groups held for sale	479	35
Property, plant and equipment, net	2,026	2,102
Operating lease right-of-use assets	669	766
Goodwill	18,234	18,876
Other intangible assets, net	6,958	7,908
Other assets	886	1,182
	$ 36,064	$ 36,960
Liabilities and Equity		
Short-term debt	$ 3	$ 2
Accounts payable	1,406	1,406
Contract liabilities	1,205	1,198
Compensation and benefits	404	496
Current portion of long-term debt, net	11	10
Liabilities of disposal groups held for sale	243	13
Defined benefit plans	1,714	1,906
Operating lease liabilities	672	734
Long-term debt, net	7,061	6,943
Other liabilities	3,369	3,411
Equity	19,976	20,841
	$ 36,064	$ 36,960

L3HARRIS TECHNOLOGIES, INC.
CY'21 Second 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'21 Second Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Adjusted EBIT and Adjusted EBIT Margin
(Unaudited)

	Quarter Ended		Two Quarters Ended	
(In millions)	**July 2, 2021**	**July 3, 2020**	**July 2, 2021**	**July 3, 2020**
Revenue from product sales and services (B)	$ 4,668	$ 4,445	$ 9,235	$ 9,071
Net income	$ 413	$ 278	$ 879	$ 472
Adjustments:				
Discontinued operations, net of income taxes	—	—	1	1
Net interest expense	65	65	131	128
Income taxes	169	58	229	84
L3Harris Merger-related integration expenses	20	37	41	68
Restructuring charges and other items	—	20	—	26
Amortization of acquisition-related intangibles	156	208	320	353
Additional cost of sales related to fair value step-up in inventory sold	—	16	—	31
Business divestiture-related (gains) losses	(180)	49	(165)	52
Other divestiture-related expenses	46	9	53	9
Investment and asset impairment charges	180	70	242	394
Total adjustments	456	532	852	1,146
Adjusted EBIT (A)	$ 869	$ 810	$ 1,731	$ 1,618
Adjusted EBIT margin percentage (A) / (B)	18.6 %	18.2 %	18.7 %	17.8 %

Table 6

L3HARRIS TECHNOLOGIES, INC.

CY'21 Second Quarter Summary

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Income from Continuing Operations per Diluted Common Share Attributable to Common Shareholders

(Unaudited)

	Quarter Ended		Two Quarters Ended	
	July 2, 2021	July 3, 2020	July 2, 2021	July 3, 2020
Income from continuing operations attributable to L3Harris Technologies, Inc. common shareholders	$ 2.01	$ 1.30	$ 4.26	$ 2.29
Adjustments:				
L3Harris Merger-related integration expenses	0.10	0.17	0.20	0.31
Restructuring charges and other items	—	0.09	—	0.12
Amortization of acquisition-related intangibles	0.76	0.96	1.55	1.62
Additional cost of sales related to fair value step-up in inventory sold	—	0.07	—	0.14
Business divestiture-related (gains) losses	(0.88)	0.23	(0.80)	0.24
Other divestiture-related expenses	0.22	0.04	0.26	0.04
Investment and asset impairment charges	0.88	0.32	1.17	1.80
Noncontrolling interests portion of adjustments	—	(0.03)	(0.01)	(0.15)
Total pre-tax adjustments	1.08	1.85	2.37	4.12
Income taxes on above adjustments	0.17	(0.32)	(0.19)	(0.78)
Total adjustments after-tax	1.25	1.53	2.18	3.34
Non-GAAP income from continuing operations per diluted common share attributable to common shareholders	$ 3.26	$ 2.83	$ 6.44	$ 5.63

Table 7

L3HARRIS TECHNOLOGIES, INC.

CY'21 Second Quarter Summary

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Free Cash Flow and Adjusted Free Cash Flow

(Unaudited)

	Quarter Ended		Two Quarters Ended	
(In millions)	**July 2, 2021**	**July 3, 2020**	**July 2, 2021**	**July 3, 2020**
Net cash provided by operating activities	$ 720	$ 802	$ 1,381	$ 1,335
Net additions of property, plant and equipment	(60)	(60)	(124)	(108)
Free cash flow	660	742	1,257	1,227
Cash used for L3Harris Merger integration costs	25	43	58	91
Adjusted free cash flow	$ 685	$ 785	$ 1,315	$ 1,318

Table 8
L3HARRIS TECHNOLOGIES, INC.
CY'21 Second Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Organic Revenue and U.S. and International Government Revenue
(Unaudited)

Organic Revenue

(In millions)	Quarter Ended July 3, 2020			Two Quarters Ended July 3, 2020		
	As Reported	Adjustment (A)	Organic	As Reported	Adjustment (A)	Organic
Revenue from product sales and services						
Integrated Mission Systems segment	$ 1,331	$ —	$ 1,331	$ 2,701	$ —	$ 2,701
Space and Airborne Systems segment	1,249	(2)	1,247	2,441	(7)	2,434
Communication Systems segment	1,112	(20)	1,092	2,206	(33)	2,173
Aviation Systems segment	800	(27)	773	1,811	(150)	1,661
Corporate eliminations	(47)	—	(47)	(88)	—	(88)
	$ 4,445	$ (49)	$ 4,396	$ 9,071	$ (190)	$ 8,881

(In millions)	Fiscal Year Ended January 1, 2021		
	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	(527)	2,921
Corporate eliminations	(181)	—	(181)
	$ 18,194	$ (575)	$ 17,619

(A) Adjustments to exclude revenue attributable to each divested business for the portion of the prior-year period equivalent to the portion of the current-year period following the date the business was divested

Table 9
L3HARRIS TECHNOLOGIES, INC.
CY'21 Second Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Aviation Systems Segment Operating Income (Loss)
(Unaudited)

	Quarter Ended		Two Quarters Ended	
(In millions)	**July 2, 2021**	**July 3, 2020**	**July 2, 2021**	**July 3, 2020**
As Reported	$ 35	$ 31	$ 163	$ (146)
Adjustments (A)	82	69	82	393
Non-GAAP	$ 117	$ 100	$ 245	$ 247

(A) Adjustments for the impairment of long-lived assets in the quarter and two quarters ended July 2, 2021 and for COVID-related charges related to restructuring and impairment of goodwill and other assets in the quarter and two quarters ended July 3, 2020.