L3HARRIS®

FAST. FORWARD.

Investor Letter 3Q 2023

October 26, 2023

Moving fast requires trust,
Moving forward requires disruption.

Letter from the **CEO**

Investors, Customers, and Employees,

National security is at the core of our mission and the customers we serve. Following the recent terrorist attacks in Israel, there are heightened geopolitical tensions worldwide further emphasizing the need for strengthened deterrence to support the U.S. and its allies. Despite these threats, the U.S. has begun the government fiscal year under a 48-day Continuing Resolution and with the looming threat of a government shutdown if Congress fails to act. Budgets will be further pressured as the U.S. attempts to balance priorities and a rising national debt.

In times like these, our Trusted Disruptor strategy sets L3Harris apart from our peers. With a national security, technology-focused portfolio, we can meet our customers' evolving needs across all domains. Demand for L3Harris solutions remains robust, and in the third quarter we received $5.0B in orders, bringing year-to-date funded book-to-bill to 1.17x. These orders were underpinned by strategic awards, including a $220 million contract for advanced solid rocket motors for the Army's Guided Multiple Launch Rocket System (GMLRS), and a $200 million prime contract to deliver Maritime Underwater Tracking Ranges for the Royal Australian Navy.

Our third quarter financial results reflect the momentum we are building and underscore the resilience and effectiveness of our *Performance First* focus.

3Q23 financial takeaways:

Year-over-year

- Strong backlog growth of 49% driven by continued demand and strategic, national security-focused acquisitions, providing longer-term visibility
- Delivered a 5th consecutive quarter of revenue growth
- Higher adjusted free-cash-flow performance

Sequentially

- Solid revenue growth
- Margin expansion: net income margin expanded 30 bps and segment operating income margin expanded 20 bps
    - IMS segment operating margin up 180 bps to 11.9%
- Increased earnings per share
- Double-digit growth in cash from operations and adjusted FCF[1]

Since closing the Aerojet Rocketdyne (AR) acquisition on July 28, the leadership team and I have been actively engaged with our new colleagues across various sites. These sessions reaffirm our acquisition thesis with strong customer relationships, an energized employee base, and increasing product demand amid a heightened threat environment. We are already seeing the benefits of combining our resources and expertise with AR's propulsion and energetics capabilities.

3Q *Fast. Facts.*

$32B
total backlog

1.17x
YTD funded book-to-bill[1]

16%
3Q23 revenue vs. 3Q22

$2.02 / $3.19
EPS / non-GAAP EPS[1]

$543M / $635M
cash from ops / adjusted FCF[1]

$216M
dividends paid

Operationally at AR, my team and I are focused and actively working to stabilize and enhance performance on a few visible programs that are behind schedule. We are leveraging L3Harris standard tools, processes and global operations resources, and we expect to drive continuous improvement throughout the AR portfolio. At the foundation of this effort is a modernization plan that utilizes Defense Production Act funding to increase capacity and efficiency to support long-term growth.

Regardless of the volatile and uncertain environment, we are focusing on what we can control and our third quarter results reflect our progress. I want to thank the more than 50,000 L3Harris employees for their focus on execution as we strive to meet commitments to our stakeholders.

Chris

Christopher E. Kubasik
Chair and Chief Executive Officer

Refer to endnotes on page 16

Table of Contents and Other Information

Key Takeaways.......... 4
Consolidated Results.......... 5
Segment Results.......... 7
Financial Guidance.......... 9
Demand Environment.......... 11
Key Awards.......... 12
Operational Update.......... 13
Balance Sheet & Cash Flow Management.......... 15
Endnotes.......... 16
Financial Tables.......... 18
Non-GAAP Financial Measures.......... 23
Reconciliation of Non-GAAP Financial Measures.......... 24
Forward-Looking Statements.......... 30

Conference Call Information

L3Harris Technologies will host a call tomorrow, October 27, 2023, at 8:30 a.m. Eastern Time (ET). The call will last approximately 45 minutes and be focused on questions and answers.

The dial-in numbers for the teleconference are (U.S.) 877-407-6184 and (International) 201-389-0877, and participants will be directed to an operator. Participants are encouraged to listen via webcast, which will be broadcast live at L3Harris.com/investors. A recording of the call will be available on the L3Harris website, beginning at approximately 12 p.m. ET on October 27, 2023.

Investor Day Information

L3Harris Technologies will host an Investor Day on December 12, 2023, at the company's Florida headquarters and will also stream the event live online. Investor Day details and registration information can be found on Investorday.L3Harris.com.

Refer to endnotes on page 16

Key **Takeaways**

3Q23 financial results

- Awarded $5.0B in orders; reported funded book-to-bill[1] of 1.02x
- Revenue up 16%, 3% organic[1] vs. 3Q22
  - Communication Systems up 18%, 8% organic[1]
  - Space & Airborne Systems up 6%
  - Integrated Mission Systems down 4%
  - Aerojet Rocketdyne (AR) delivered $455 million for Aug.-Sept.
- Earnings per share (EPS) $2.02; non-GAAP[1] EPS $3.19
- Cash from operations $543 million and adjusted free cash flow[1] (FCF) $635 million

Legacy LHX guidance remains unchanged; Incorporating Aerojet Rocketdyne

- Increased and narrowed revenue range to $19.2B - $19.4B
  - No change to legacy LHX
  - Added $1B+ for AR for the five months ending December 31
- Increased segment operating income[1] range to $2.8B - $2.9B
  - No change to legacy LHX
  - Added ~$120M for AR
- Narrowed non-GAAP EPS[1] range to $12.25 - $12.45, reflecting AR contribution offset by increased interest expense related to acquisition
- Reiterated adjusted FCF[1] guidance of $2.0B+

Photo Credit: NASA

Improving operational performance

- Stabilizing 3Q23 Estimate at Completion (EAC) adjustments contributing to sequential margin expansion
- Focused on leveraging $216M in Defense Production Act funding to increase AR capacity and support long-term growth
- Anticipate LHX NeXt program to yield a gross run-rate savings of approximately $500 million exiting year 3 with investments of approximately $400 million in cash costs over a 3-year period

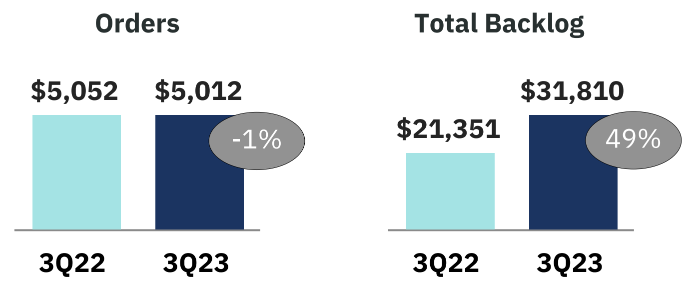
The appearance of U.S. Department of Defense (DoD) visual information does not imply or constitute DoD endorsement.

Refer to endnotes on page 16

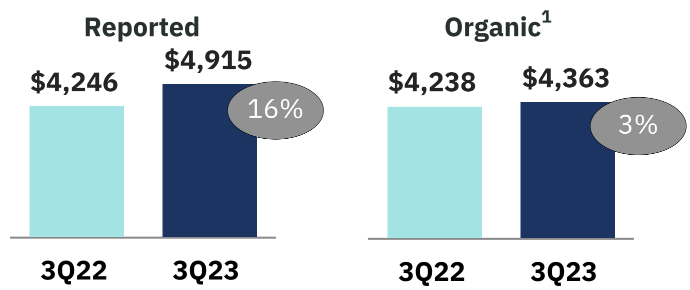
Consolidated **3Q Results**

$ in millions, except EPS

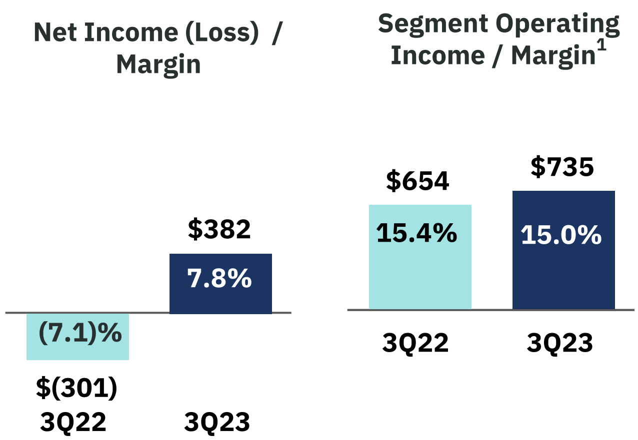
Orders and Total Backlog



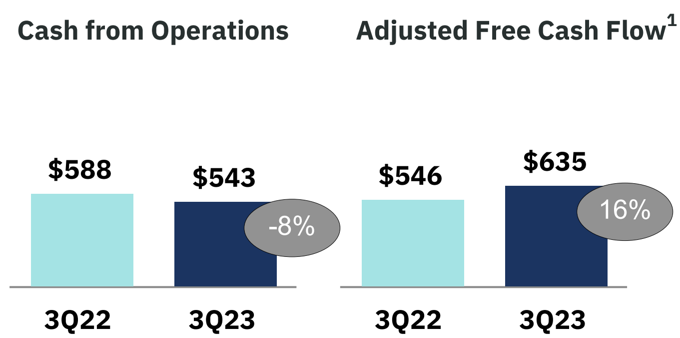
Revenue



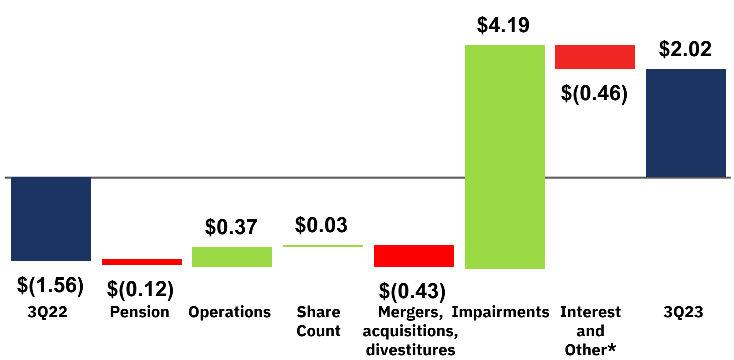
Net Income (Loss), Segment Operating Income[1] and Margin



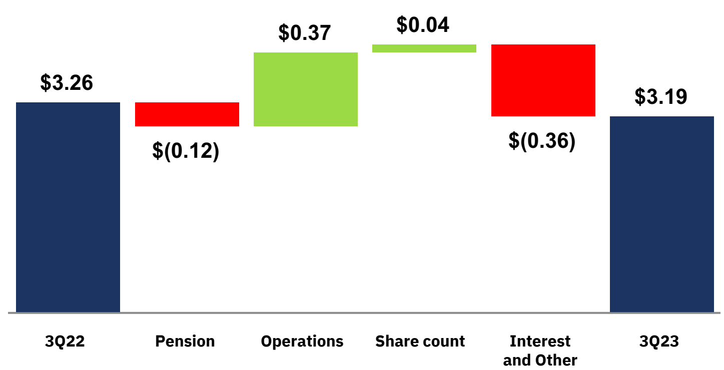
Cash from Operations and Adjusted Free Cash Flow[1]



Earnings per Share



Non-GAAP Earnings per Share[1]



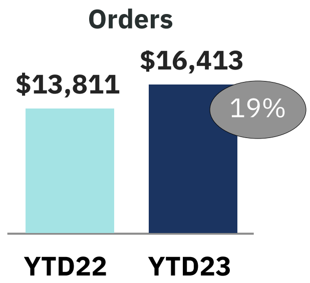
*"Interest and Other" includes taxes on non-GAAP adjustments. Tax effecting the non-GAAP adjustments is generally not meaningful in interim periods due to the considerable variability throughout the year

Refer to endnotes on page 16

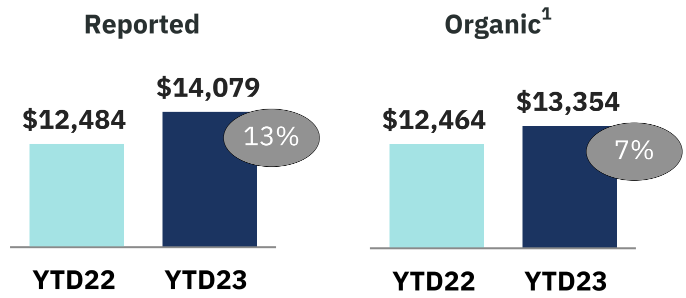
Consolidated **YTD Results**

$ in millions, except EPS

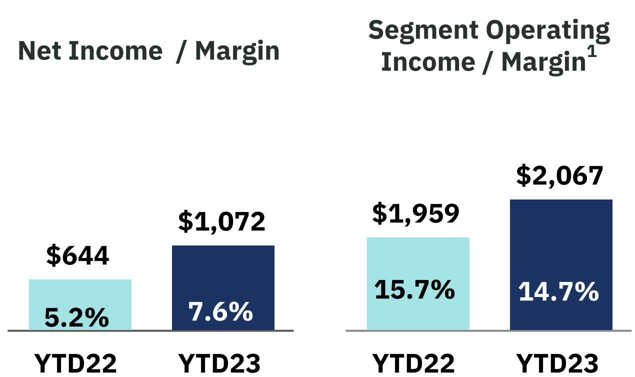
Orders



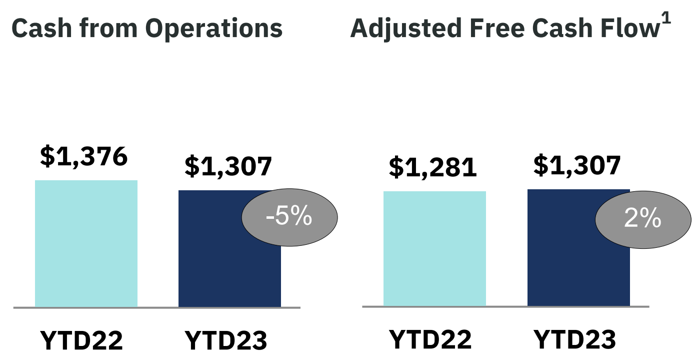
Revenue



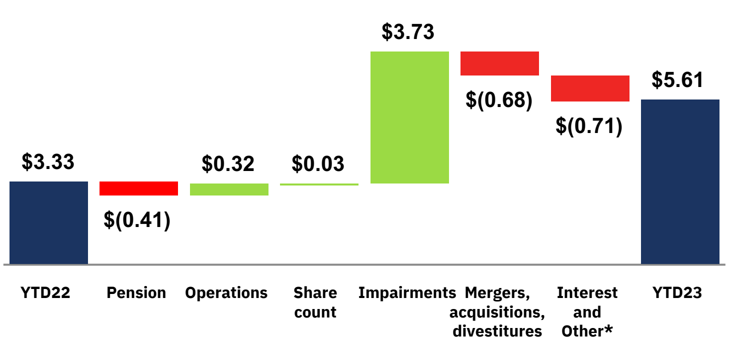
Net Income, Segment Operating Income[1] and Margin



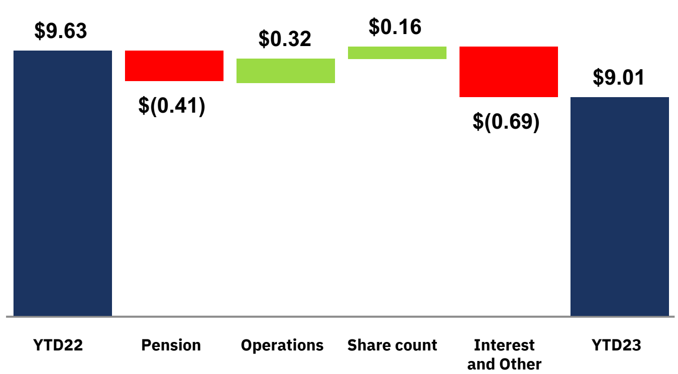
Cash from Operations and Adjusted Free Cash Flow[1]



Earnings per Share



Non-GAAP Earnings per Share[1]



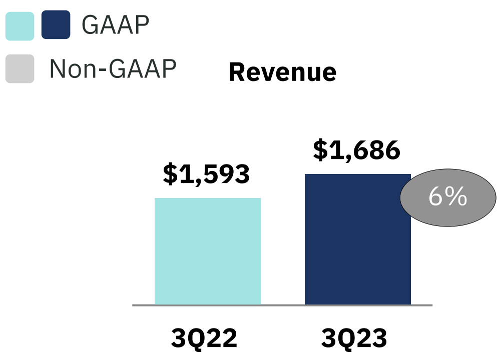
*"Interest and Other" includes taxes on non-GAAP adjustments. Tax effecting the non-GAAP adjustments is generally not meaningful in interim periods due to the considerable variability throughout the year

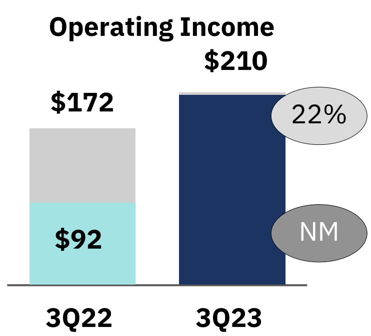
Refer to endnotes on page 16

Segment **3Q Results**

$ in millions

Space & Airborne Systems





Revenue increased 6%:

- Primarily from new program ramps in Space and Intelligence & Cyber businesses driven by continued high demand and record backlog, partially offset by a decline in legacy airborne platforms

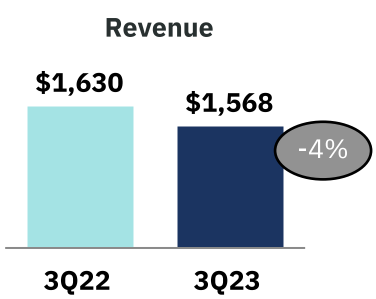
Operating income increased $118 million:

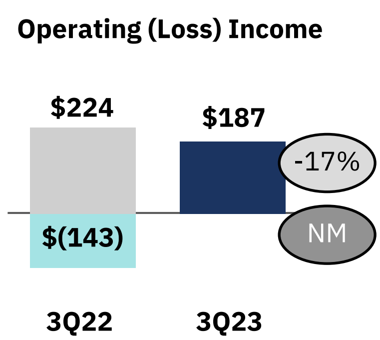
- Driven largely by a non-cash impairment in the prior-year period and favorable mix from new contract modifications that are not projected to recur

Segment operating income[1] increased $38 million:

- Driven by favorable mix from new contract modifications that are not projected to recur

Integrated Mission Systems





Revenue decreased 4%:

- Primarily from the timing of aircraft missionizations including lower subcontractor-driven revenue and international volume
- Partially offset by an increase in classified maritime programs and electro-optical product-related volumes

Operating income increased $330 million:

- Driven largely by a non-cash impairment in the prior-year period
- Higher cost pressure
- Prior-year commercial aviation end-of-life inventory sales

Segment operating income[1] decreased $37 million:

- Higher cost pressure
- Prior-year commercial aviation end-of-life inventory sales

NM= Not Meaningful

Refer to endnotes on page 16

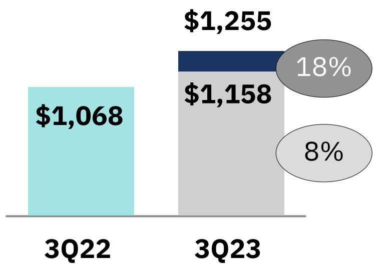
Segment **3Q Results**

$ in millions

Communication Systems

GAAP
Non-GAAP

Revenue



Revenue increased 18%, and 8% organically[1]:

- Principally from the acquisition of Tactical Data Links (TDL) and higher domestic volume in tactical communications driven by increased demand and improved electronic component availability

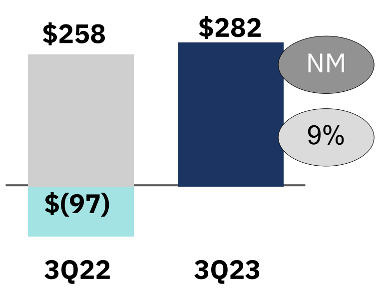
Operating income increased $379 million:

- Driven largely by a non-cash impairment in the prior-year period and higher volumes, including the acquisition of TDL

Segment Operating income[1] increased $24 million:

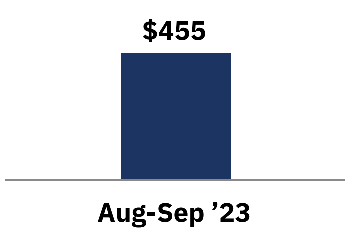
- Higher volumes, including from the acquisition of TDL

Operating (Loss) Income



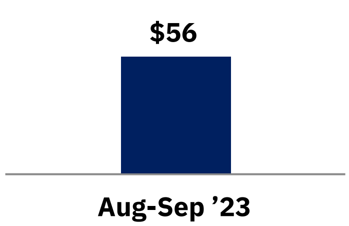
Aerojet Rocketdyne

Revenue



- On July 28, 2023, L3Harris completed the acquisition of AR
- 3Q23 results reflect performance during the post-acquisition period from August through September, and are primarily attributed to program execution across GMLRS, THAAD, and PAC3
  - Revenue $455 million
  - Operating income $56 million
- L3Harris has also updated 2023 guidance to reflect 5 months of projected AR results. Refer to guidance on page 9 for additional information.

Operating Income



Refer to endnotes on page 16

Financial **Guidance**

L3Harris 2023 Consolidated Guidance				
	LHX excluding Aerojet Rocketdyne		Aerojet Rocketdyne	LHX
	Prior	Current *(no change)*	New	Updated*
Revenue *YoY growth*	$18.0B - $18.3B *up ~5.5% - 7.0%*	**$18.0B - $18.3B** *up ~5.5% - 7.0%*	**$1.0B+** *NA*	**$19.2B - $19.4B** *up ~13% - 14%*
Segment operating income[1]	$2.7B - $2.8B	**$2.7B - $2.8B**	**~$120M**	**$2.8B - $2.9B**
Segment operating margin[1]	~ 15%	**~ 15%**		**~14.8%**
EPS[1]	$12.15 - $12.55	**$12.25 - $12.45**		**$12.25 - $12.45**
Cash flow[1]	$2.0B+	**$2.0B+**		**$2.0B+**

* Assumes no U.S. Government shutdown

Incorporating Aerojet Rocketdyne

L3Harris has updated its 2023 guidance to incorporate the five-month post-acquisition period for AR. There is no change to the underlying guidance excluding AR. The company now expects revenue of $19.2 billion to $19.4 billion, up from prior guidance of $18.0 billion to $18.3 billion as a result of including AR.

The company also increased segment operating income to $2.8 billion to $2.9 billion as a result of additional income from AR, up from prior guidance of $2.7 billion to $2.8 billion. This results in expected segment operating margins of ~14.8% in 2023.

Non-operating income includes an approximately $125 million increase in interest expense associated with debt to fund the AR acquisition resulting in total 2023 expected interest expense of approximately $545 million, up from prior guidance of $420 million.

Net FAS/CAS pension adjustment has also been updated to reflect a $15 million increase due to the incorporation of pension assets and liabilities related to AR. FAS/CAS net pension adjustments are now expected to be approximately $410 million in 2023. AR pension income is reported within the FAS / CAS pension adjustments. AR had previously reported pension income in segment margins. Other financial information related to guidance can be found in Table 5 - *Other Financial Information and Net FAS / CAS Pension Adjustment.*

These updates result in a tightened non-GAAP EPS guidance of $12.25 to $12.45 per share, unchanged from the prior guidance at the midpoint. Adjusted free cash flow also remains unchanged and is still expected to be $2.0 billion+.

Refer to endnotes on page 16

Segment **Guidance**

Segment Actuals and Guidance

	Revenue			Operating Income			
			No change				No change
	2022	2023 Prior	2023 Current	2022 GAAP	2022 Non-GAAP[1]	2023 Prior	2023 Current
SAS	$6.4B*	$6.7B - $6.8B	**$6.7B - $6.8B**	$665M*	$745M*	$735M - $760M	**$735M - $760M**
IMS	$6.6B*	$6.7B - $6.8B	**$6.7B - $6.8B**	$494M*	$861M*	$765M - $800M	**$765M - $800M**
CS	$4.2B	$4.9B - $5.0B	**$4.9B - $5.0B**	$667M	$1.02B	$1.20B - $1.23B	**$1.20B - $1.23B**
AR	NA	NA	**$1.0B+**	NA	NA	NA	**~$120M**

* 2022 segment revenues and operating income are recast to show strategic realignment of classified programs from IMS to SAS, effective 2023.

Space & Airborne Systems (SAS)

SAS revenue is expected to be in the $6.7 billion to $6.8 billion range with bias toward the higher end, driven by increased demand for space systems.

SAS operating income is expected to be in the $735 million to $760 million range also biased toward the higher end driven by strong year-to-date performance and the increase in space revenue.

Integrated Mission Systems (IMS)

IMS revenue is expected to be in the $6.7 billion to $6.8 billion range with bias toward the lower end driven primarily by negative EAC adjustments within ISR and macro headwinds.

IMS operating income is expected to be in the $765 million to $800 million range with bias toward the lower end driven by the changes in revenue noted above, EAC adjustments and macro headwinds.

Communication Systems (CS)

CS revenue is expected to be in the $4.9 billion to $5.0 billion range with bias toward the higher end driven by increased demand for resilient communications products and an improving supply of electronic components.

CS operating income is expected to be in the $1.20 billion to $1.23 billion range.

Aerojet Rocketdyne (AR)

AR revenue is expected to be more than $1.0 billion, reflecting the five-month post-acquisition period.

AR operating income is expected to be $120 million.

Refer to endnotes on page 16

Demand **Environment**

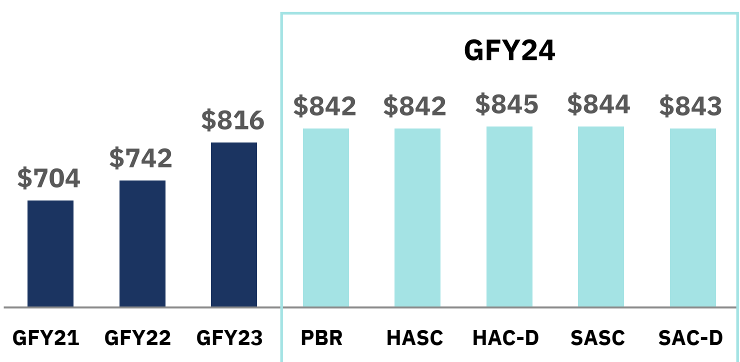
L3Harris is consistently experiencing robust demand for its offerings, as evidenced by its year-to-date total orders exceeding $16 billion and impressive year-to-date funded book-to-bill[1] ratio of 1.17x.

Continuing Resolution

On September 30th, Congress passed a 48-day Continuing Resolution (CR) to fund the government through November 17th at government fiscal year (GFY) 2023 levels. Congress must pass all 12 appropriations bills before the CR expires or pass another CR to prevent a government shutdown.

Quantifying the potential impact of an extended CR remains challenging at this time. The company is closely monitoring developments in Congress. While the GFY24 budget still needs to go to conference, it is worth noting that a consensus appears to be forming around the President's budget request at $842 billion.

U.S. DoD Budget ($B)

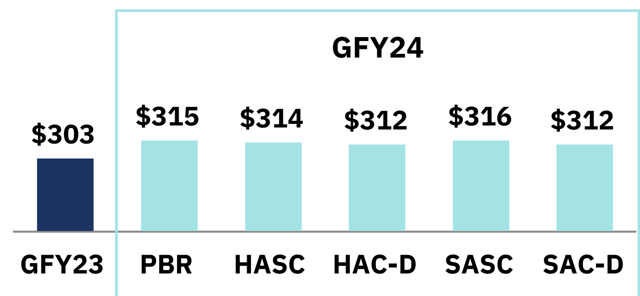


President’s Budget Request (PBR), House Armed Services Committee (HASC), House Appropriations Committee - Defense (HAC-D), Senate Armed Services Committee (SASC), Senate Appropriations Committee - Defense (SAC -D)

The CR did not include additional funding for Ukraine, despite the August White House request for $24 billion in aid and continued support for some level of assistance from many members of Congress.

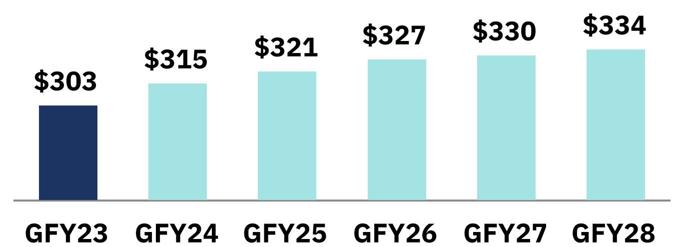
Now, following the attacks in Israel, the White House and Congress may consider providing funding for both countries via a supplemental measure or via separate pieces of legislation, either of which could be addressed separately from broader GFY24 budget negotiations.

Investment Accounts* ($B)



*Investment accounts include Procurement and Research, Development, Test and Evaluation

Future Years Defense Program
Investment Accounts ($B)



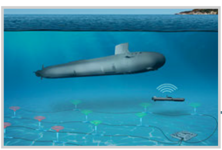
Within the Future Years Defense Program (FYDP), investment accounts are growing at approximately 1% on an annualized basis. However, L3Harris remains differentiated from its peers with a national security, technology-focused portfolio, and well positioned within key growth domains, namely space (up ~5% CAGR) and missiles & munitions (up ~5% CAGR). Classified DoD budgets are also up over the FYDP, while other domains remain flat to down slightly.

Refer to endnotes on page 16

Key **Awards**[1]

Space

- Awarded $130 million competitive contract for three additional GPS IIIF ship sets, designed to provide global positioning, navigation, and timing support to U.S. military and civilian users
- Over $20 million in competitive prime awards providing optical system solutions for a classified customer



Sea

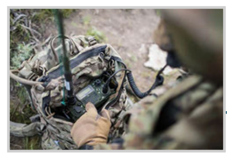
- Awarded a nearly $200 million prime contract by the Australian Department of Defence to deliver Maritime Underwater Tracking Ranges for the Royal Australian Navy. SEA1350 Phase 3, which enhances undersea warfare capabilities and safeguards Australia's maritime approaches

Missiles & Munitions

- Awarded over $220 million contract to provide advanced solid rocket motors that will power the Army's Guided Multiple Launch Rocket System (GMLRS). This contract marks another milestone in AR's longstanding history of delivering over 35,000 solid rocket motors to support U.S. and allied warfighters in various conflicts
- Following the successful development and static-fire testing of Zeus 1, L3Harris was awarded a nearly $10 million follow-on contract for the initial production of Zeus Phase II

Air

- Obtained over $250 million in funded awards for advancing and enhancing airborne platforms, encompassing F-35, F-16, F-18, and B-52 aircraft
- Received over $40 million in awards to procure and develop next generation electronic warfare equipment for legacy aircraft



Land

- Secured approximately $90 million in contract awards for manpack and leader radios, including orders under the U.S. Army's Handheld, Manpack & Small Form-Fit (HMS) contract
- Received a nearly $90 million competitive prime award to provide over 7,000 next-generation Single Channel Ground and Airborne Radio Systems (SINCGARS)
- Awarded approximately $80 million to deliver displays, processors, communication systems and subsystem integration on the U.S. Army's Optionally Manned Fighting Vehicle (OMFV / XM30)

Cyber

- Secured $35 million prime award developing next generation technologies and equipment for a classified customer

The appearance of U.S. Department of Defense (DoD) visual information does not imply or constitute DoD endorsement.

Refer to endnotes on page 16

Operational **Update**

'Trusted Disruptor' strategy in action

***Space to Grow* -** Following successful hardware and software integration and testing, in preparation for delivery, L3Harris is entering final checkout procedures on the four missile-tracking satellites for Space Development Agency (SDA) tracking tranche 0. Once launched, the satellites will form a robust, multilayered military satellite network for missile warning and defense, and demonstrate agility in scaling capabilities and solutions to align with an ever-evolving threat environment.

Leveraging Innovative Solutions - The company delivered the first fighter aircraft of the Hornet Extension Project (HEP) from our state-of-the-art Canadian fighter aircraft center of excellence in Mirabel, Canada. L3Harris has responsibility for the majority of the design work and the entirety of the aircraft's modifications and upgrades, central to the HEP's success.

***Delivering First Compass Call Aircraft* -** L3Harris successfully delivered the first of ten EC-37B Compass Call aircraft to the U.S. Air Force for formal combined developmental and operational testing. As the platform integration prime, L3Harris seamlessly integrated the Compass Call mission system, ensuring that the cutting-edge EC-37B will empower the customer to continue serving its vital electromagnetic warfare mission.

***Propelling Innovation* -** L3Harris played a pivotal role in NASA's historic success in delivering the United States' first asteroid sample to Earth. Our propulsion technology was integral in propelling and steering the spacecraft throughout its mission, highlighting the reliability and performance of our in-space propulsion products, and reaffirming our dedication to advancing space exploration.

Photo Credit: (NASA/Keegan Barber)

Refer to endnotes on page 16

Operational **Update**

Stabilizing Operational Challenges

Improving and consistent operational performance remains a key focus. Through management's actions to address these challenges, the company has begun to realize stabilized improvement throughout the portfolio. In the third quarter, overall net EAC adjustments improved sequentially, continuing a recent favorable trend in performance, particularly in our program-based businesses. AR has identified operational bottlenecks and supplier challenges and is leveraging L3Harris standardized tools, processes and operations resources to improve, including developing a modernization plan that leverages Defense Production Act funding.

Supply Chain & Labor

L3Harris continues to see positive trends driven by supply chain resiliency initiatives. However, full supply chain recovery remains uneven. The company continues to work closely with suppliers to mitigate future potential impacts, and has been successful in mitigating most of these challenges to manage the evolving 'new normal' in supply chain operations.

Labor attrition continues a measured and steady improvement for the fourth consecutive quarter, trending toward pre-pandemic levels.

LHX NeXt

In 1Q23 the company launched a multi-year, multi-phase enterprise transformation program called "LHX NeXt." L3Harris expects the program to yield gross run-rate savings of $500 million exiting year 3 and invest approximately $400 million over a 3-year period.

LHX NeXt differs from the L3 and Harris integration as this is the second phase to transform the business. These actions are more complex and require both one-time and on-going enabling investments back in the business. The company has made early progress on quick initiatives to streamline and optimize and is laying the foundation to capture targeted savings.

Earlier this month, L3Harris established a multiyear strategic partnership agreement that strengthens the supply chain by identifying and streamlining manufacturing and design processes and improves the company's capability, agility, and competitiveness.

Functionally, the company has also established proposal centers of excellence, implemented a communications shared service and centralized talent acquisition, enabling reduced headcount and higher efficiency in those functional areas.

L3Harris is in the early stages of implementing modernized IT systems and successfully developed and tested a unified data layer across disparate Enterprise Resource Planning systems. Further development is anticipated to provide opportunities to simplify processes that result in cost savings.

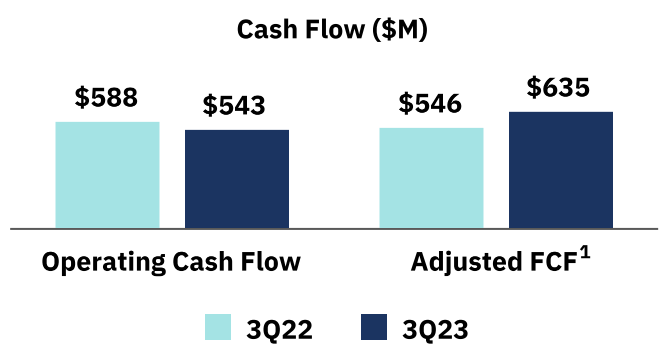
Ultimately, net of reinvestment back in the business, LHX NeXt is anticipated to provide tailwind opportunity for margin expansion over the next three years. During our Investor Day in December, management will provide additional information about how these savings will strengthen the company's future financial profile.

Refer to endnotes on page 16

Balance Sheet & Cash Flow **Management**

Cash Flow

- L3Harris reported 3Q23 cash flow from operations of $543 million, down versus 3Q22 primarily due to higher cash tax and interest payments. Adjusted free cash flow[1] was $635 million, up versus 3Q22 primarily due to the exclusion of AR acquisition related expenses partially offset by higher capital expenditures

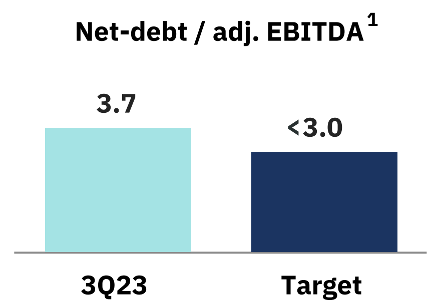


Leverage

- During the quarter, L3Harris had net borrowings of $4.7 billion primarily to fund the acquisition of AR. Net borrowings were derived from new issuances of 3, 10 and 30-year senior notes for a combined $3.3 billion and a $1.5 billion increase to outstanding commercial paper. As of September 30, 2023 the company's outstanding commercial paper was $2.0 billion, which is included as a component of short-term debt
- As of September 30, 2023, L3Harris' net-debt-to-adjusted EBITDA[1] leverage ratio was 3.7x

Capital Deployment

- The company's top capital deployment priority is debt repayment and it made progress during the third quarter by deploying the majority of FCF[1] towards that objective, resulting in total debt of $13.5 billion as of September 30, 2023. L3Harris is targeting a leverage ratio of less than 3.0x



- This objective implies a debt reduction goal of approximately $3.0 billion, to be achieved through the prioritization of capital allocation to debt repayments, potentially accelerated with proceeds from non-core asset divestitures
- This strategic focus on debt reduction will enhance the company's long-term financial flexibility, allowing for a balanced capital allocation approach that will optimize total shareholder return
- In 3Q23, L3Harris returned $216 million in cash to shareholders through dividends
- On October 20, 2023 the L3Harris Board of Directors declared a quarterly cash dividend of $1.14 per common share, payable December 1, 2023, to shareholders of record on November 17, 2023

Refer to endnotes on page 16

Endnotes

[1] Key terms used throughout this Investor Letter are described below:

Term	Definition
Funded book-to-bill	Calculated as the value of new contract awards received from the U.S. Government, for which the U.S. Government has appropriated funds, plus the value of new contract awards and orders received from customers other than the U.S. Government, divided by revenue. This includes incremental funding and adjustments to previous awards, and excludes unexercised contract options or potential orders under indefinite delivery, indefinite quantity (IDIQ) contracts. The funded book-to-bill ratio is considered a key performance indicator in the Aerospace and Defense industry as it measures how much backlog is utilized in a certain period.
Funded backlog	Calculated as the value of new contract awards received from the U.S. Government, for which the U.S. Government has appropriated funds, plus the value of new contract awards and orders received from customers other than the U.S. Government. This includes incremental funding and adjustments to previous awards, and excludes unexercised contract options or potential orders under IDIQ contracts.
Organic revenue	Organic revenue excludes the impact of completed divestitures and current year acquisitions; refer to non-GAAP financial measure (NGFM) reconciliations in the tables accompanying this Investor Letter and to the disclosures in the non-GAAP section of this Investor Letter for more information.
Non-GAAP Segment operating margin, Non-GAAP segment operating income, non-GAAP operating income, non-GAAP EPS, net-debt-to-adjusted-EBITDA, non-GAAP tax rate and adjusted free cash flow (FCF)	Each measure is a NGFM; refer to description of adjustments on page 23 and NGFM reconciliations in the tables accompanying this Investor Letter for applicable adjustments and/or exclusions and to the disclosures in the non-GAAP section of this Investor Letter for more information.
Operating cash flow and adjusted FCF results and guidance (2023)	Assume a provision in the Tax Cuts and Jobs Act of 2017 that went into effect on January 1, 2022 requiring companies to capitalize and amortize R&D expenditures over five years rather than deducting such expenditures in the year incurred is not modified, repealed or deferred, resulting in anticipated additional cash income tax payments in fiscal 2023. Adjusted FCF excludes cash income taxes related to taxable gains and losses resulting from sales of businesses, and also reflects the types of adjustments and/or exclusions presented in the FCF and adjusted FCF NGFM reconciliation in the tables accompanying this Investor Letter; refer to the disclosures in the non-GAAP section of this Investor Letter for more information.
Key Awards	Includes new contracts and funded orders on IDIQ contracts. Contract values reflect total potential award and do not represent funded backlog.

Financial Tables **Table of Contents**

Table 1 - Condensed Consolidated Statement of Operations 18

Table 2 - Business Segment Information 19

Table 3 - Consolidated Statement of Cash Flows 20

Table 4 - Condensed Consolidated Balance Sheet 21

Table 5 - Other Financial Information and Pension 22

Table 6 - Organic Revenue 25

Table 7 - Non-GAAP Income and Non-GAAP EPS........................ 26

Table 8 - Free Cash Flow and Adjusted Free Cash Flow 27

Table 9 - Net Debt to Adjusted EBITDA Ratio 28

Table 10 - 2022 Non-GAAP Segment Operating Income 29

Refer to endnotes on page 16

Financial **Tables**

Table 1
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Quarter Ended		Three Quarters Ended	
(In millions, except per share amounts)	**September 29, 2023**	**September 30, 2022**	**September 29, 2023**	**September 30, 2022**
Revenue from product sales and services	$ 4,915	$ 4,246	$ 14,079	$ 12,484
Cost of product sales and services	(3,608)	(3,052)	(10,371)	(8,819)
Engineering, selling and administrative expenses	(828)	(742)	(2,384)	(2,239)
Sale of asset group and business divestiture-related gains, net	—	—	26	8
Impairment of goodwill and other assets	—	(802)	(78)	(802)
Non-operating income, net	80	99	245	313
Interest expense, net	(159)	(70)	(372)	(205)
Income (loss) before income taxes	400	(321)	1,145	740
Income taxes	(18)	20	(73)	(96)
Net income (loss)	382	(301)	1,072	644
Noncontrolling interests, net of income taxes	1	1	(3)	2
Net income (loss) attributable to L3Harris Technologies, Inc.	$ 383	$ (300)	$ 1,069	$ 646
Net income (loss) per common share attributable to L3Harris Technologies, Inc. common shareholders				
Basic	$ 2.02	$ (1.56)	$ 5.64	$ 3.36
Diluted	$ 2.02	$ (1.56)	$ 5.61	$ 3.33
Basic weighted average common shares outstanding	189.3	191.3	189.6	192.2
Diluted weighted average common shares outstanding	190.1	191.3	190.6	194.0

Table 2
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary

BUSINESS SEGMENT INFORMATION
(Unaudited)

	Quarter Ended		Three Quarters Ended	
(In millions)	**September 29, 2023**	**September 30, 2022**	**September 29, 2023**	**September 30, 2022**
Revenue				
Space & Airborne Systems	$ 1,686	$ 1,593	$ 5,056	$ 4,682
Integrated Mission Systems	1,568	1,630	5,003	4,897
Communication Systems	1,255	1,068	3,707	3,024
Aerojet Rocketdyne	455	—	455	—
Corporate eliminations	(49)	(45)	(142)	(119)
	$ 4,915	$ 4,246	$ 14,079	$ 12,484
Net income (loss)				
Segment Operating Income (Loss):				
Space & Airborne Systems	$ 210	$ 92	$ 565	$ 472
Integrated Mission Systems	187	(143)	534	315
Communication Systems	282	(97)	873	370
Aerojet Rocketdyne	56	—	56	—
	735	(148)	2,028	1,157
Unallocated Items:				
Unallocated corporate department income (expense), net	14	18	(27)	33
Amortization of acquisition-related intangibles	(208)	(151)	(546)	(454)
Additional cost of sales related to the fair value step-up in inventory sold	—	—	(30)	—
Merger, acquisition, and divestiture-related expenses	(56)	(31)	(144)	(117)
Sale of asset group and business divestiture-related gains, net	—	—	26	8
Impairment of goodwill and other assets	—	—	(39)	—
LHX NeXt	(33)	—	(68)	—
Charges for severance and other termination costs	—	(29)	—	(29)
Charges related to an additional pre-merger legal contingency	—	(31)	—	(31)
FAS/CAS operating adjustment[1]	27	22	72	65
	(256)	(202)	(756)	(525)
Non-operating income, net	80	99	245	313
Income (loss) before interest and income taxes	559	(251)	1,517	945
% of total revenue	*11.4 %*	*(5.9)%*	*10.8 %*	*7.6 %*
Interest expense, net	(159)	(70)	(372)	(205)
Income taxes	(18)	20	(73)	(96)
Net income (loss)	$ 382	$ (301)	$ 1,072	$ 644
% of total revenue	*7.8 %*	*(7.1)%*	*7.6 %*	*5.2 %*

[1] Represents the difference between the service cost component of Financial Accounting Standards ("FAS") pension and Other Postretirement Benefits ("OPEB") income or expense and total U.S. Government Cost Accounting Standards ("CAS") pension and OPEB cost, and 2023 includes AR. The non-service cost components of FAS pension and OPEB expense are included as a component in the "Non-operating income, net" line item in the table above.

Table 3
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(In millions)	Quarter Ended		Three Quarters Ended	
	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Operating Activities				
Net income (loss)	$ 382	$ (301)	$ 1,072	$ 644
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Amortization of acquisition-related intangibles	208	151	546	454
Depreciation and other amortization	102	81	270	243
Share-based compensation	22	23	67	92
Share-based matching contributions under defined contribution plans	51	48	172	161
Pension and other postretirement benefit plan income	(68)	(99)	(209)	(297)
Impairment of goodwill and other assets	—	802	78	802
Sale of asset group and business divestiture-related gains, net	—	—	(26)	(8)
Deferred income taxes	(34)	(128)	(277)	(454)
(Increase) decrease in:				
Receivables, net	158	53	53	(93)
Contract assets	36	(86)	(136)	(111)
Inventories	(80)	(98)	(195)	(357)
Other current assets	(15)	(5)	(87)	26
Increase (decrease) in:				
Accounts payable	(41)	356	(18)	312
Contract liabilities	(18)	(112)	202	(133)
Compensation and benefits	(45)	(32)	(55)	(95)
Other accrued items	(24)	105	(27)	2
Income taxes	5	(117)	15	259
Other operating activities	(96)	(53)	(138)	(71)
Net cash provided by operating activities	543	588	1,307	1,376
Investing Activities				
Net cash paid for acquired businesses	(4,715)	—	(6,688)	—
Additions to property, plant and equipment	(148)	(64)	(312)	(181)
Proceeds from sale of property, plant and equipment, net	—	6	—	10
Proceeds from sales of businesses, net	—	3	71	5
Proceeds from sale of asset group, net	—	—	—	18
Cash used for equity investments	(2)	(17)	(11)	(47)
Other investing activities	1	5	2	7
Net cash used in investing activities	(4,864)	(67)	(6,938)	(188)
Financing Activities				
Proceeds from borrowings, net of issuance cost	5,319	(2)	7,568	5
Repayments of borrowings	(2,099)	(2)	(3,159)	(12)
Change in commercial paper, net	1,452	—	2,031	—
Proceeds from exercises of employee stock options	5	6	18	40
Repurchases of common stock	—	(171)	(518)	(900)
Cash dividends	(216)	(215)	(652)	(650)
Tax withholding payments associated with vested share-based awards	—	(6)	(28)	(44)
Other financing activities	(1)	(2)	(6)	(5)
Net cash provided by (used in) financing activities	4,460	(392)	5,254	(1,566)
Effect of exchange rate changes on cash and cash equivalents	(6)	(20)	(4)	(34)
Net increase in cash and cash equivalents	133	109	(381)	(412)
Cash and cash equivalents, beginning of period	366	420	880	941
Cash and cash equivalents, end of period	$ 499	$ 529	$ 499	$ 529

Table 4
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

(In millions)	September 29, 2023	December 30, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 499	$ 880
Receivables, net	1,381	1,251
Contract assets	3,477	2,987
Inventories	1,638	1,291
Income taxes receivable	43	40
Other current assets	463	258
Assets of business held for sale	—	47
Total current assets	7,501	6,754
Non-current assets		
Property, plant and equipment, net	2,818	2,104
Operating lease right-of-use assets	758	756
Goodwill	20,736	17,283
Other intangible assets, net	9,050	6,001
Deferred income taxes	87	73
Recoverable environmental remediation costs	382	—
Other non-current assets	961	553
Total assets	$ 42,293	$ 33,524
Liabilities and equity		
Current liabilities		
Short-term debt	$ 2,033	$ 2
Accounts payable	2,112	1,945
Contract liabilities	1,940	1,400
Compensation and benefits	461	398
Other accrued items	1,190	818
Income taxes payable	383	376
Current portion of long-term debt, net	363	818
Liabilities of business held for sale	—	19
Total current liabilities	8,482	5,776
Non-current liabilities		
Defined benefit plans	404	262
Operating lease liabilities	736	741
Long-term debt, net	11,140	6,225
Deferred income taxes	812	719
Reserves for environmental remediation costs	524	107
Other long-term liabilities	1,479	1,070
Total liabilities	23,577	14,900
Total equity	18,716	18,624
Total liabilities and equity	$ 42,293	$ 33,524

Table 5
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary

OTHER FINANCIAL INFORMATION AND NET FAS/CAS PENSION ADJUSTMENT
(Unaudited)

Other Financial Information

	Quarter Ended		Fiscal Year Ended		2023 Guidance	
(In millions, except per share amounts)	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022	Prior	Current
FAS/CAS pension adjustment, net[1]	$ 105	$ 133	$ 304	$ 397	~$395	~$410
Net interest expense	$ 159	$ 70	$ 372	$ 205	~$420	~$545
Effective tax rate (non-GAAP)	12.9 %	14.0 %	13.2%	14.0%	13.0% - 13.5%	13.0% - 13.5%
Average diluted shares outstanding	190.1	191.3	190.6	194.0	~191	~191
Capital expenditures[2]	$ 148	$ 58	$ 312	$ 171	~$275	~$330

[1]Amounts reflect all pension and other postretirement benefit plans. See table below for more information.

[2]Represents additions of property, plant and equipment, net of proceeds from the sale of property, plant and equipment.

Net FAS/CAS Pension Adjustment

	Quarter Ended		Three Quarters Ended		2023 Guidance	
(In millions)	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022	Prior	Current
FAS pension service cost	$ (10)	$ (11)	$ (23)	$ (34)	$~(25)	$~(30)
Less: CAS pension cost	(37)	(33)	(95)	(99)	~(120)	~(130)
FAS/CAS operating adjustment[1]	27	22	72	65	~95	~100
Non-service FAS pension income	78	111	232	332	~300	~310
FAS/CAS pension adjustment, net	$ 105	$ 133	$ 304	$ 397	$~395	$~410

[1]The Company's segment operating results include pension cost calculated under CAS and presents a "FAS/CAS operating adjustment" line item to reconcile between segment and consolidated results.

Non-GAAP **Financial Measures**

This Investor Letter contains non-GAAP financial measures (NGFMs) (as listed on page 16 and defined by endnote 1 within this Letter) within the meaning of Regulation G promulgated by the Securities and Exchange Commission (SEC). L3Harris management believes excluding the adjustments outlined below for the purposes of calculating certain non-GAAP measures is useful to investors because these costs do not reflect our ongoing operating performance. While L3Harris has excluded certain items from its Non-GAAP financial measures, there is no guarantee that such items will not reoccur in future periods.These adjustments, when considered together with the unadjusted 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 adjustments to our NGFMs enhance the ability of investors to analyze L3Harris business trends, to understand L3Harris performance and to evaluate our initiatives to drive improved financial performance. L3Harris may utilize NGFMs as guides in forecasting, budgeting and long-term planning processes and to measure operating performance for some management compensation purposes. NGFMs should be considered in addition to, and not as a substitute for, or superior to, financial measures presented in accordance with GAAP. See "Reconciliation of Non-GAAP Financial Measures" below for detail on the adjustments to our NGFMs.

Non-GAAP Adjustment	Definition
Amortization of acquisition-related intangibles	Consists of amortization of identifiable intangible assets acquired in connection with business combinations. Amortization charges are recorded over the estimated useful life of the related acquired intangible asset, and thus are generally recorded over multiple years.
Additional cost of sales related to the fair value step-up in inventory sold	Difference between the balance sheet value of inventory from the acquiree and the acquisition date fair value.
Merger, acquisition, and divestiture-related expenses	In 2023, transaction and integration expenses associated with TDL and AR acquisitions. In 2022, transaction and integration expenses associated with the L3Harris merger. Also, includes external costs related to pursuing acquisition and divestiture portfolio optimization, non-transaction costs related to divestitures and salaries of employees in roles established for and dedicated to planned divestiture and acquisition activity.
Sale of asset group and business divestiture-related gains, net	In 2023, related to gains or losses associated with business divestitures. In 2022, related to an asset sale in our Integrated Mission Systems segment.
Impairment of goodwill and other assets	In 2022, charges for goodwill impairment recorded at our Integrated Missions Systems and Space & Airborne Systems Segments related to a weakened outlook for precision weapons and other solutions and higher interest rates, and charges recorded at our Communication Systems segment related to a lower outlook on legacy platforms and higher interest rates.
LHX NeXt	Costs associated with transforming multiple functions, systems and processes to increase agility and competitiveness. The LHX NeXt effort is expected to continue for the next three years with one-time costs for workforce optimization, incremental IT expenses for implementation of new systems, third party consulting and other costs totaling $400M. We expect gross run-rate savings of $500M exiting year 3. In 3Q 2023, costs consisted of $33M for third-party consulting, workforce optimization, incremental IT, and other.
Charges for severance and other termination costs	Charges associated with a formal restructuring plan and primarily related to employee severance and benefit arrangements. In 2022 we incurred charges associated with severance and other benefits related to employees that accepted a voluntary retirement plan with an effective retirement date of September 30, 2022.
Charges related to an additional pre-merger legal contingency	Accrual associated with an ongoing legal matter that is disproportionately large related to our routine legal expenses or accruals.
Non-operating income adjustments	2022 includes an $8 million adjustment for equity method investment earnings.

Reconciliation of Non-GAAP **Financial Measures**

To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional non-GAAP measures, including organic revenue, segment operating income and margin, non-GAAP operating income, non-GAAP EPS, net-debt-to-adjusted-EBITDA, and adjusted free cash flow (FCF). L3Harris management believes that these NGFMs, 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 NGFMs enhance the ability of investors to analyze L3Harris' business trends and to understand L3Harris' performance and to evaluate our initiatives to drive improved financial performance. In addition, L3Harris may utilize NGFMs as guides in its forecasting, budgeting, and long-term planning processes and to measure operating performance for some management compensation purposes. Any analysis of NGFMs should be used only in conjunction with results presented in accordance with GAAP. A reconciliation of these NGFMs with the most directly comparable financial measures calculated in accordance with GAAP follows.

We also provide our expectation of forward-looking NGFMs, including expected non-GAAP EPS, segment operating income and margin, adjusted free cash flow and non-GAAP tax rate for the full-year 2023. A reconciliation of forward-looking NGFMs to comparable GAAP measures is not available without unreasonable effort because of inherent difficulty in forecasting and quantifying the comparable GAAP measures and the applicable adjustments and other amounts that would be necessary for such a reconciliation, including due to potentially high variability, complexity and low visibility as to the applicable adjustments and other amounts, which may, or could, have a disproportionately positive or negative impact on the company's future GAAP results, such as the integration of TDL and AR and costs associated with LHX NeXt on our results and other potential business divestiture-related gains and losses, and other unusual gains and losses, or their probable significance and extent of tax deductibility. The variability of the applicable adjustments and other amounts may have a significant, unpredictable impact on our future GAAP results.

Table 6
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Organic Revenue
(Unaudited)

	Quarter Ended September 30, 2022			Three Quarters Ended September 30, 2022		
(In millions)	**As Reported**	**Adjustments[1]**	**Organic**	**As Reported**	**Adjustments[1]**	**Organic**
Revenue						
Space & Airborne Systems	$ 1,593	$ (8)	$ 1,585	$ 4,682	$ (14)	$ 4,668
Integrated Mission Systems	1,630	—	1,630	4,897	(6)	4,891
Communication Systems	1,068	—	1,068	3,024	—	3,024
Aerojet Rocketdyne	—	—	—	—	—	—
Corporate eliminations	(45)	—	(45)	(119)	—	(119)
	$ 4,246	$ (8)	$ 4,238	$ 12,484	$ (20)	$ 12,464

	Quarter Ended September 29, 2023			Three Quarters Ended September 29, 2023		
(In millions)	**As Reported**	**Adjustments[2]**	**Organic**	**As Reported**	**Adjustments[1,2]**	**Organic**
Revenue						
Space & Airborne Systems	$ 1,686	$ —	$ 1,686	$ 5,056	$ (9)	$ 5,047
Integrated Mission Systems	1,568	—	1,568	5,003	—	5,003
Communication Systems	1,255	(97)	1,158	3,707	(261)	3,446
Aerojet Rocketdyne	455	(455)	—	455	(455)	—
Corporate eliminations	(49)	—	(49)	(142)	—	(142)
	$ 4,915	$ (552)	$ 4,363	$ 14,079	$ (725)	$ 13,354

[1]Adjustment to exclude amounts attributable to each divested business.
[2]Adjustment to exclude amounts attributable to each acquired business.

Table 7
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Non-GAAP Segment Operating Income and Margin, Non-GAAP Income and Non-GAAP EPS (Unaudited)

	Quarter Ended		Fiscal Year Ended	
(In millions)	**September 29, 2023**	**September 30, 2022**	**September 29, 2023**	**September 30, 2022**
Space and Airborne Systems				
Revenue	$ 1,686	$ 1,593	$ 5,056	$ 4,682
Operating income	$ 210	$ 92	$ 565	$ 472
Impairment of goodwill and other assets (A)	—	80	27	80
Non-GAAP operating income	$ 210	$ 172	$ 592	$ 552
Operating income margin	*12.5 %*	*5.8 %*	*11.2 %*	*10.1 %*
Non-GAAP operating income margin	*12.5 %*	*10.8 %*	*11.7 %*	*11.8 %*
Integrated Mission Systems				
Revenue	$ 1,568	$ 1,630	$ 5,003	$ 4,897
Operating income	$ 187	$ (143)	$ 534	$ 315
Impairment of goodwill and other assets (A)	—	367	12	367
Non-GAAP operating income	$ 187	$ 224	$ 546	$ 682
Operating income margin	*11.9 %*	*(8.8)%*	*10.7 %*	*6.4 %*
Non-GAAP operating income margin	*11.9 %*	*13.7 %*	*10.9 %*	*13.9 %*
Communication Systems				
Revenue	$ 1,255	$ 1,068	$ 3,707	$ 3,024
Operating income (loss)	$ 282	$ (97)	$ 873	$ 370
Impairment of goodwill and other assets (A)	—	355	—	355
Non-GAAP operating income	$ 282	$ 258	$ 873	$ 725
Operating income margin	*22.5 %*	*(9.1)%*	*23.6 %*	*12.2 %*
Non-GAAP operating income margin	*22.5 %*	*24.2 %*	*23.6 %*	*24.0 %*
Aerojet Rocketdyne				
Revenue	$ 455	$ —	$ 455	$ —
Operating income	$ 56	$ —	$ 56	$ —
Operating income margin	*12.3 %*	*— %*	*12.3 %*	*— %*
Corporate Eliminations				
Revenue	$ (49)	$ (45)	$ (142)	$ (119)
Subtotal				
Revenue	$ 4,915	$ 4,246	$ 14,079	$ 12,484
Segment Operating income (loss)	$ 735	$ (148)	$ 2,028	$ 1,157
Total segment adjustments	—	802	39	802
Non-GAAP segment operating income	$ 735	$ 654	$ 2,067	$ 1,959
Operating income margin	*15.0 %*	*(3.5)%*	*14.4 %*	*9.3 %*
Non-GAAP operating income margin	*15.0 %*	*15.4 %*	*14.7 %*	*15.7 %*
L3Harris Consolidated				
Net income (loss)	382	(301)	1,072	644
Adjustments[1](A):				
Amortization of acquisition-related intangibles	208	151	546	454
Additional cost of sales related to the fair value step-up in inventory sold	—	—	30	—
Merger, acquisition, and divestiture-related expenses	56	31	144	117
Sale of asset group and business divestiture-related gains, net	—	—	(26)	(8)
Impairment of goodwill and other assets	—	—	39	—
LHX NeXt	33	—	68	—
Charges for severance and other termination costs	—	29	—	29
Charges related to an additional pre-merger legal contingency	—	31	—	31
Non-operating income adjustments	—	8	—	8
Income taxes on above adjustments	(72)	(122)	(189)	(208)
Total adjustments after taxes (sum of A)	225	930	651	1,225
Non-GAAP net income	607	629	1,723	1,869
Per Share Information				
Diluted weighted average common shares outstanding[2]	190.1	191.3	190.6	194.0
EPS	$ 2.02	$ (1.56)	$ 5.61	$ 3.33
Per share amount of above adjustments	1.17	4.82	3.40	6.30
Non-GAAP EPS	$ 3.19	$ 3.26	$ 9.01	$ 9.63

[1]Refer to Non-GAAP Financial Measures on page 23.

[2]For the quarter ended September 30, 2022, non-GAAP EPS is calculated using diluted weighted average common shares outstanding of 192.8 and as reported diluted weighted average common shares outstanding exclude the antidilutive impact of share-based awards outstanding.

Table 8
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Free Cash Flow and adjusted Free Cash Flow
(Unaudited)

	Quarter Ended		Three Quarters Ended	
(In millions)	**September 29, 2023**	**September 30, 2022**	**September 29, 2023**	**September 30, 2022**
Net cash provided by operating activities	$ 543	$ 588	$ 1,307	$ 1,376
Additions to property, plant and equipment	(148)	(64)	(312)	(181)
Proceeds from sale of property, plant and	—	6	—	10
Cash used for merger, acquisition, and divestiture-related expenses[1]	215	16	267	76
Cash used for LHX NeXt[1]	25	—	45	—
Adjusted free cash flow	$ 635	$ 546	$ 1,307	$ 1,281

[1]Refer to Non-GAAP Financial Measures on page 23.

Table 9
L3HARRIS TECHNOLOGIES, INC.
FY'23 Third Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Net Debt to Adjusted EBITDA Ratio
(Unaudited)

	Quarter Ended				
(In millions)	**September 29, 2023**	**June 30, 2023**	**March 31, 2023**	**December 30, 2022**	**Four Quarters**
Short-term debt	$ 2,033				
Current portion of long-term debt, net	363				
Long-term debt, net	11,140				
Total debt	13,536				
Less cash and cash equivalents	499				
Net debt (A)	$ 13,037				
Net income	$ 383	$ 349	$ 337	$ 416	$ 1,485
Adjustments:					
Income taxes	18	21	34	116	189
Net interest expense	159	111	102	74	446
Depreciation and amortization	310	257	249	241	1,057
EBITDA	$ 870	738	722	847	3,177
Additional cost of sales related to the fair value step-up in inventory sold[1]	—	15	15	—	30
Merger, acquisition, and divestiture-related expenses[1]	56	38	50	45	189
Sale of asset group and business divestiture-related (gains), net[1]	—	(26)	—	—	(26)
Impairment of goodwill and other assets[1]	—	60	18	—	78
LHX NeXt[1]	33	22	13	—	68
Total adjustments	$ 89	$ 109	$ 96	$ 45	$ 339
Adjusted EBITDA (B)	$ 959	$ 847	$ 818	$ 892	$ 3,516
Net Debt to Adjusted EBITDA ratio (A) / (B)					3.7 x

[1]Refer to Non-GAAP Financial Measures on page 23.

Table 10
L3HARRIS TECHNOLOGIES, INC.
FY'22 Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Non-GAAP Segment Operating Income and Margin, Non-GAAP Income and Non-GAAP EPS (Unaudited)

(In millions)		**Fiscal Year Ended December 30, 2022**
Space and Airborne Systems		
Revenue	$	6,384
Operating income	$	665
Impairment of goodwill and other assets (A)		*80*
Non-GAAP operating income	*$*	*745*
Operating income margin		*10.4 %*
Non-GAAP operating income margin		*11.7 %*
Integrated Mission Systems		
Revenue	$	6,626
Operating income	$	494
Impairment of goodwill and other assets (A)		367
Non-GAAP operating income	$	861
Operating income margin		*7.5 %*
Non-GAAP operating income margin		*13.0 %*
Communication Systems		
Revenue	$	4,217
Operating income	$	667
Impairment of goodwill and other assets (A)		355
Non-GAAP operating income	$	1,022
Operating income margin		*15.8 %*
Non-GAAP operating income margin		*24.2 %*
Corporate Eliminations		
Revenue	$	(165)
Subtotal		
Revenue	$	17,062
Segment Operating income	$	1,826
Total segment adjustments		802
Non-GAAP segment operating income	$	2,628
Operating income margin		*10.7 %*
Non-GAAP operating income margin		*15.4 %*
L3Harris Consolidated		
Net income		1,061
Adjustments[1](A):		
Amortization of acquisition-related intangibles		605
Merger, acquisition, and divestiture-related expenses		162
Sale of asset group and business divestiture-related gains, net		(8)
Charges for severance and other termination costs		29
Charges related to an additional pre-merger legal contingency		31
Non-operating income adjustments		8
Income taxes on above adjustments		(191)
Total adjustments after taxes (sum of A)		1,438
Non-GAAP net income		2,499
Per Share Information		
Diluted weighted average common shares outstanding		193.5
EPS	$	5.49
Per share amount of above adjustments		7.41
Non-GAAP EPS	$	12.90

[1]Refer to Non-GAAP Financial Measures on page 23.

Forward-Looking **Statements**

Statements in this Investor Letter that are not historical facts are forward-looking statements that reflect management's current expectations, assumptions and estimates of future performance and economic conditions. Such statements are made in reliance on the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this Investor Letter include but are not limited to: 2023 guidance; the LHX NeXt program costs and its impacts on future performance; a potential government shutdown; the domestic and international demand environment, including the U.S. DoD budget, any future CR or supplemental legislation and international spending levels; program, contract and order opportunities, awards and program ramps and the value or potential value and timing thereof; AR integration and performance improvement; macroeconomic conditions, including the expected impacts of supply chain disruptions (including electronic component availability), supplier performance, inflation and labor attrition and the ability to offset such impacts; technology capabilities and program timing; estimated capital deployment and capital allocation strategy; leverage ratio targets; and other statements regarding the business outlook and financial performance guidance that are not historical facts. The company cautions investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. The company's consolidated results, future trends and forward-looking statements could be affected by many factors, risks and uncertainties, including but not limited to: in U.S. Government spending priorities; changes in the mix of fixed-price, cost-plus and time-and-material type contracts and the impact of a significant increase in or sustained period of increased inflation; the termination, failure to fund, or negative audit findings for U.S. Government contracts; the U.S. Government’s budget deficit and the national debt; uncertain economic conditions; the consequences of future geo-political events; the impact of government investigations; the risks of doing business internationally; disputes with our subcontractors or key suppliers, or their inability to perform or timely deliver our components, parts or services; the attraction and retention of key employees; the ability to develop new products and services and technologies that achieve market acceptance; natural disasters or other significant business disruptions; changes in accounting estimates; the company’s level of indebtedness and ability to make payments on, repay or service indebtedness; unfunded defined benefit plans liability; any downgrade in credit ratings; the level of returns on defined benefit plan assets, changes in interest rates and other market factors; changes in effective tax rate or additional tax exposures; the ability to obtain export licenses or make sales to foreign governments; unforeseen environmental issues, including regulations related to GHG emissions or change in customer sentiment related to environmental sustainability, the impact of any improper conduct of employees, agents or business partners; the outcome of litigation or arbitration; potential claims related to infringement of intellectual property rights or environmental remediation or other contingencies; expanded operations from the acquisitions of TDL and Aerojet Rocketdyne, including related dangerous materials and real estate assets; risks related to other strategic transactions, including mergers, acquisitions and divestitures. Further information relating to these and other factors that may impact the company's results, future trends and forward-looking statements are disclosed in the company's filings with the SEC. The forward-looking statements contained in this Investor Letter are made as of the date of this Investor Letter, and the company disclaims any intention or obligation, other than imposed by law, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Persons reading this Investor Letter are cautioned not to place undue reliance on forward-looking statements.