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L3HARRIS 2019 THIRD QUARTER RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATORY DISCLOSURE

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To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional financial measures that exclude or include amounts, or are subject to adjustments, so as to be different from the most directly comparable financial measures calculated and presented in accordance with GAAP. 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:



L3Harris GAAP EP

	<u>CY8</u>
Income from continuing operations per diluted common share attributable to L3Harris Technologies, Inc. common shareholders	\$ 7.01
Pre-merger L3 income from continuing operations per diluted common share attributable to common shareholders	3.56
Impact of L3 diluted common shares	<u>(3.23)</u>
	7.34
Adjustments:	
Net operating income generated by the Harris Night Vision business	(0.10)
Net operating loss generated by divested L3 businesses	0.02
Gain on sale of businesses	(0.18)
L3Harris Merger transaction costs, and pre-merger L3 divestitures and integration costs	0.18
Amortization of acquisition-related intangibles	0.45
Charges related to decision to transition and exit a commercial line of business and other items	0.21
Charge related to consolidation of certain Exelis facilities	0.03
Losses and other costs related to debt refinancing	<u>0.42</u>
Total pre-tax adjustments	1.03
Income taxes on above adjustments	(0.22)
Impact of non-cash adjustments related to tax reform	<u>(0.23)</u>
Total adjustments after-tax	0.58
Adjusted income from continuing operations per diluted common share	<u>\$ 7.92</u>



L3Harris EBITDA

(\$ in billions)	GA	
	2H19	CY19
Revenue from product sales and services (B)	\$ 9.24	\$ 18.07
Net income	\$ 0.85	\$ 1.80
Net interest expense	0.12	0.26
Income tax expense	0.07	0.23
L3Harris Merger transaction costs, including change in control charges, and pre-merger L3 divestiture and integration costs	0.14	0.21
L3Harris Merger integration costs	0.22	0.24
Gain on sale of business	(0.23)	(0.23)
Amortization of acquisition-related intangibles	0.25	0.30
Additional cost of sales related to the fair value step-up in inventory sold	0.15	0.15
Gain on sale of asset group	(0.01)	(0.01)
Non-cash cumulative adjustment to lease expense	0.01	0.01