Risk Factors Comparison 2024-02-20 to 2023-02-24 Form: 10-K

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We have described many of the trends and other factors that we believe could impact our business and future results in " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations " of this Report. In addition, our business, financial condition, results of operations, cash flows and equity are subject to, and could be materially adversely affected by, various risks and uncertainties, including, without limitation, those set forth below, any one of which could cause our actual results to vary materially from recent results or our anticipated future results. Macroeconomic, Industry and Governmental Risks We depend on **winning business in competitive markets from** U. S. Government customers for a significant portion of our revenue ~~, and a reduction in U. S. Government funding or a change in U. S. Government spending priorities could have an adverse impact on our business, financial condition, results of operations, cash flows and equity~~ . We are highly dependent on ~~sales to~~ **revenue from** U. S. Government customers, primarily defense- related programs with the DoD and a broad range of programs with the U. S. Intelligence Community and other U. S. Government departments and agencies. The percentage of our revenue derived from sales to U. S. Government customers, including foreign military sales funded through the U. S. Government, both directly and through prime contractors, was ~~74~~ **76** % in fiscal ~~2022~~ **2023** . ~~Therefore, a reduction in~~ **The market for sales to** U. S. Government **customers is** ~~funding or a change in U. S. Government spending priorities (in particular, related to the DoD) would significantly reduce our revenue and have an adverse impact on our business, financial condition, results of operations, cash flows and equity. We operate in~~ highly competitive ~~markets~~ , and the U. S. Government ~~may~~ **often** ~~choose~~ **chooses** to use contractors other than us, for example **,** as part of competitive bidding processes (through which we expect that a majority of the business we seek will be awarded), or otherwise due to our competitors' ongoing efforts to expand their business relationships with the U. S. Government. The U. S. Government has increasingly relied on certain types of contracts that are subject to multiple competitive bidding processes, including multi- vendor **indefinite delivery, indefinite quantity ("** IDIQ **")** , **government- wide acquisition contracts ("** ~~GWAC~~ **GWACs ")** , General Services Administration ~~Schedule~~ **Schedules** and other multi- award contracts, which has resulted in greater competition and increased pricing pressure. Some of our competitors have greater financial resources than we do and may have more extensive or more specialized engineering, manufacturing and marketing capabilities than we do in some areas. We may not be able to continue to win competitively awarded contracts or to obtain task orders under multi- award contracts. Further, competitive bidding processes involve significant cost and managerial time to prepare bids and proposals for contracts that may not be awarded to us or may be split with competitors **,** and the risk that we may fail to accurately estimate the resources and costs required to fulfill any contract awarded to us. ~~The current~~ **For these reasons and others, we may choose not to bid in certain** competitive bidding ~~environment has~~ **processes, which would** ~~resulted~~ -- **result** in ~~an increase~~ **the potential loss** of **opportunities. Additionally,** bid protests from unsuccessful bidders **can** ~~, which typically extends~~ - **extend** the time until work on a contract can begin and may result in ~~us experiencing~~ significant expense or delay, contract modification or contract rescission as a result of our competitors protesting or challenging contracts awarded to us **. A reduction in U. S. Government funding or a change in U. S. Government spending priorities could have an adverse impact on our business, financial condition, results of operations, cash flows and equity** . Our U. S. Government programs must compete with programs managed by other government contractors and with other policy imperatives for consideration for limited resources and for uncertain levels of funding during the budget and appropriations process. **Although multi** ~~Budget and appropriations decisions made by the U. S. Government are outside of our control and have long~~ - **year contracts may be authorized** ~~term consequences for our business. U. S. Government spending priorities and levels remain uncertain and difficult to predict and are affected by numerous factors, including sequestration (automatic, across- the- board U. S. Government budgetary spending cuts) and potential alternative funding arrangements. A change in U. S. Government spending priorities or an~~ **and** ~~increase~~ **appropriated** in ~~non-~~ **connection with major** ~~procurement~~ **procurements** ~~spending at the expense of our programs~~ , ~~or~~ **Congress generally appropriates funds on** a ~~reduction in total U. S. Government spending on an absolute or inflation- adjusted basis, could have material adverse consequences on our current or future business. For example, in fiscal 2022, there was a decline in~~

~~____ 11 demand for fuzing and ordnance systems aligned with DoD budget priorities, which was the driver for charges for impairment of goodwill in our IMS segment. Any inability of the U. S. Government to complete its budget process for any~~ U. S. Government fiscal year (" GFY ") ~~, and~~ **basis. Procurement funds are typically made available for obligation over the course of one to three years.** ~~consequently~~ **Consequently** ~~having~~ **, programs often initially receive only partial funding, and additional funds are obligated only as Congress authorizes further appropriations. We cannot predict the extent** to **which total funding and / or funding for individual programs will be included, increased, or reduced as part of the annual appropriations process ultimately approved by Congress and the President or in separate supplemental appropriations or continuing resolutions, as applicable. Budget and appropriations decisions made by the U. S. Government are outside of our control and have long- term consequences for our business. U. S. Government spending priorities and levels remain uncertain and difficult to predict and are ____ 7 affected by numerous factors, including the U. S. Government' s budget deficit and the national debt. A change in U. S. Government spending priorities or an increase in non- procurement spending at the expense of our programs, or a reduction in total U. S. Government spending on an absolute or inflation- adjusted basis, could have material adverse consequences on our current or future business. For GFY 2024, the federal government is currently being funded under a Continuing**

Resolution (" CR "). The CR funds Agriculture, Energy- Water, Military- Construction- VA and Transportation- HUD through March 1, 2024 and the other portions of the federal government, including the DoD, through March 8, 2024. This is the third CR in GFY2024. Pursuant to the Fiscal Responsibility Act (P. L., 118- 5), if a final GFY2024 appropriations bill is not enacted by April 30, 2024, then spending cuts would go into effect and discretionary spending limits would be revised to reflect GFY 2023 enacted levels for defense and nondefense categories and decrease by 1 %. In addition, if Congress does not enact a full- year GFY2024 appropriations bill, the U. S. Government may not be able to fulfill its funding obligations, and there could be significant disruption to all discretionary programs and corresponding impacts on the entire defense industry, which could adversely affect our business, results of operations, financial condition and cash flow. Any inability of the U. S. Government to complete its budget process for any GFY and resulting ~~operate~~ **operation** on funding levels equivalent to its prior fiscal year pursuant to a **CR** ~~" continuing resolution "~~ or shut down, also could have material adverse consequences on our current or future business. For more information see " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations- ~~Key Developments-~~ U. S. and International Budget Environment " of this Report. Our results of operations and cash flows are substantially affected by our mix of fixed- price, cost- plus and time- and- material type contracts. **Our** ~~In particular, our~~ fixed- price contracts **, particularly those for development programs,** could subject us to losses in the event of cost overruns or a significant increase in or sustained period of increased inflation. We generate revenue through various fixed- price, cost- plus and time- and- material contracts. For a general description of our U. S. Government contracts and subcontracts, including a discussion of revenue generated thereunder and of cost- reimbursable versus fixed- price contracts, see " Item 1. Business- ~~Principal Customers;~~ Government Contracts " of this Report. For a description of our revenue recognition policies, see " Item 7. Management' s Discussion and Analysis of Financial Conditions and Results of Operations- Critical Accounting Estimates- Revenue Recognition " of this Report. In fiscal ~~2022~~ **2023** , 73 % of our revenue was derived from fixed- price contracts ~~which~~ **that** allow us to benefit from cost savings, but subject us to the risk of potential cost overruns, including due to greater than anticipated or a sustained period of increased inflation or unexpected delays ~~, particularly for firm fixed- price contracts~~ because we assume all of the cost burden. If our initial estimates are incorrect, we can lose money (or make more or less money than estimated) on these contracts. **Fixed- price** U. S. Government contracts can expose us to potentially large losses because the U. S. Government can hold us responsible for completing a project or, in certain circumstances, paying the entire cost of its replacement by another provider regardless of the size or foreseeability of any cost overruns that occur over the life of the contract. **In fiscal 2023, approximately 27 % of our revenue was derived from cost- type contracts. Under cost- type contracts, we agree to be reimbursed for allowable costs and paid a fee. When our costs are in excess of the final target cost, fees and our margin may be adversely affected. If our costs exceed authorized contract funding or do not qualify as allowable costs under applicable regulations, we will not be reimbursed for those costs. Cost overruns may adversely affect our financial performance and our ability to win new contracts. Contracts for development programs include complex design and technical requirements and are generally contracted on a cost- reimbursable basis, however, some of our existing development programs are contracted on a fixed- price basis or include cost- type contracting for the development phase with fixed- price production options.** Because many of these contracts involve new technologies and applications and can last for years, unforeseen events, such as technological difficulties, fluctuations in the price of materials, a significant increase in or a sustained period of increased inflation, problems with our suppliers, labor market conditions and cost overruns, can result in the contractual price becoming less favorable or even unprofitable to us over **-** time (which, especially in the case of sharp and significant sustained inflation, could happen quickly and have long lasting ~~impact~~ **impacts**), and increased interest rates resulting from inflationary pressures can also impact the fair value of these contracts. Furthermore, if we do not meet contract deadlines or specifications, we may need to renegotiate contracts on less favorable terms, be forced to pay penalties or liquidated damages or suffer major losses if the customer exercises its right to terminate. In addition, some of our contracts have provisions relating to cost controls and audit rights, and if we fail to meet the terms specified in those contracts, we may not realize their full benefits. Cost overruns would adversely impact our results of operations, which are dependent on our ability to maximize our earnings from our contracts, and the potential risk would be greater if our contracts shifted toward a greater percentage of fixed- price contracts, particularly firm fixed- price contracts ~~. In fiscal 2022~~ , ~~27 % of our revenue was~~ **as** ~~derived from~~ **opposed to** cost- plus and time- and- material contracts ~~, substantially all of which are with U~~ .

8 ~~S. Government customers. For a cost- plus contract, we are paid our allowable incurred costs plus a profit, which can be fixed or variable depending on the contract' s fee arrangement up to predetermined funding levels established by our customers. For a time- and- material contract, we are paid on the basis of direct labor hours expended at specified fixed- price hourly rates (which include wages, overhead, allowable general and administrative expenses and profit) and materials at cost. Therefore, on cost- plus and time- and- material type contracts, we do not bear the risks of unexpected cost overruns, provided that we do not incur costs that exceed the predetermined funded amounts.~~ To the extent feasible, we have consistently followed the practice of **contractually** adjusting our prices to reflect the impact of inflation on salaries and fringe benefits for employees and the cost of purchased materials and services **and in some cases seeking the inclusion of adjustment clauses to incorporate certain cost adjustments in fixed- price contracts for unexpected inflation** . However, our fixed- price contracts could subject us to losses in the event of cost overruns or a significant increase in or a sustained period of increased inflation **if these measures are not effective** . Any or all of the foregoing could have a negative impact on our business, financial condition, results of operations, cash flows and equity.

~~12~~ We depend significantly on U. S. Government contracts, which ~~often~~ **generally** are ~~only partially funded,~~ subject to immediate termination and heavily regulated and audited. The **application or impact of regulations, unilateral government action,** termination ~~or failure to fund,~~ or negative audit findings for ~~,~~ one or more of these contracts could have an adverse impact on our business, financial condition, results of operations, cash flows and equity ~~. A U. S. Government program may be implemented by the award of many different individual contracts and subcontracts over its lifetime, and its funding is subject to Congressional appropriations, which have been affected by larger U. S. Government budgetary issues and related legislation in recent years. Although multi- year contracts may be authorized and appropriated in connection with major procurements, Congress generally appropriates funds on a GFY basis. Procurement funds are typically made available for obligation over the course of one to three years. Consequently, programs often initially receive only partial funding, and additional funds are obligated only as Congress authorizes further appropriations. We cannot predict the extent to which total funding and / or funding for individual programs will be included, increased or reduced as part of the annual appropriations process ultimately approved by Congress and the President or in separate supplemental appropriations or continuing resolutions, as applicable. The termination of funding for a U. S. Government program would result in a loss of anticipated future revenue attributable to that program, which could have an adverse impact on our operations. In addition, the termination of a program or the failure to commit additional funds to a program that already has been started could result in lost revenue and increase our overall costs of doing business~~ . U. S. Government contracts also generally are subject to U. S. Government oversight audits, which could result in adjustments to our contract costs. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and such costs already reimbursed must be refunded. We have recorded contract revenue based on costs we expect to realize upon final audit. However, we do not know the outcome of any future audits and adjustments, and we may be required to materially reduce our revenue or profits upon completion and final negotiation of audits. Negative audit findings could also result in termination of a contract, forfeiture of profits, suspension of payments, fines or suspension or debarment from U. S. Government contracting or subcontracting for a period of time. In addition, U. S. Government contracts generally contain provisions permitting termination, in whole or in part, without prior notice at the U. S. Government' s convenience upon payment only for work done and commitments made at the time of termination. For some contracts, we are a subcontractor and not the prime contractor, and in those arrangements, the U. S. Government could terminate the prime contractor for convenience without regard for our performance as a subcontractor. We may be unable to procure new contracts to offset revenue or backlog lost as a result of any termination of our U. S. Government contracts. Because a significant portion of our revenue is dependent on our performance and payment under our U. S. Government contracts, the loss of one or more large contracts could have **an adverse impact on our business, financial condition, results of operations, cash flows and equity. From time to time, we may begin performance of a U. S. Government contract under an undefinitized contract action with a not- to- exceed price before the terms, specifications or price are finally agreed to between the parties. In these arrangements, the U. S. Government has the ability to unilaterally definitize the contract if a mutual agreement regarding terms, specifications and price cannot be reached. These uncertainties or loss of negotiating leverage associated with long delays could have** a material adverse impact on our business, financial condition, results of operations, cash flows and equity. Our U. S. Government business also is subject to specific procurement regulations and a variety of socioeconomic and other requirements that, although customary in U. S. Government contracts, increase our performance and compliance costs. These costs might increase in the future, thereby reducing our margins, which could have an adverse effect on our business, financial condition, results of operations, cash flows and equity. In addition, the U. S. Government has and may continue to implement initiatives focused on efficiencies, affordability and cost growth and other changes to its procurement practices. These initiatives and changes to procurement practices may change the way U. S. Government contracts are solicited, negotiated and managed, which may affect whether and how we pursue opportunities to provide our products and services to the U. S. Government, including the terms and conditions under which we do so, which may have an adverse impact on our business, financial condition, results of operations, cash flows and equity. For example, contracts awarded under the DoD' s Other Transaction Authority for research and prototypes generally require cost- sharing and may not follow, or may follow only in part, standard U. S. Government contracting practices and terms, such as the Federal Acquisition Regulation (" FAR ") and U. S. Government Cost Accounting Standards (" CAS "). Failure to comply with applicable regulations and requirements could lead to fines, penalties, repayments or compensatory or treble damages, or suspension or debarment from U. S. Government contracting or subcontracting for a period of time. Among the causes for debarment are violations of various laws and regulations, including those related to procurement integrity, export control (including **International Traffic in Arms Regulations ("** ITAR **")**), U. S. Government security, employment practices, protection of the environment, accuracy of records, proper recording of costs and foreign corruption. The termination of a U. S. Government contract or relationship as a result of any of these acts would have an adverse impact on our operations and could have an adverse effect on our standing and eligibility for future U. S. Government contracts.

 ~~The U. S. Government' s budget deficit and the national debt, as well as a breach of the debt ceiling, could have an adverse impact on our business, financial condition, results of operations, cash flows and equity. Considerable uncertainty exists regarding how future budget and program decisions will unfold, including the defense spending priorities of the U. S. Government. The U. S. Government' s budget deficit and the national debt could have an adverse impact on our business, financial condition, results of operations, cash flows and equity in a number of ways, including the following: • The U. S. Government could reduce or delay its spending on, or reprioritize its spending away from, the government programs in which we participate; • U. S. Government spending could be impacted by alternate arrangements to sequestration, which increases the uncertainty as to, and the difficulty in predicting, U. S. Government spending priorities and levels; and • We may experience declines in revenue, profitability and cash flows as a result of reduced or delayed orders or payments or other factors caused by economic difficulties of our customers and prospective customers, including U. S. Federal, state and local governments. Furthermore, in 2023, Congress will again have to contend with the legal limit on U. S. debt, commonly known as the debt ceiling. The current statutory limit was reached in January 2023, requiring " extraordinary measures " to continue normally financing U. S. government obligations while avoiding breaching the debt~~

~~ceiling. However, it is expected the U. S. Government will exhaust these measures by June 2023. If the debt ceiling is not raised, the U. S. Government may not be able to fulfill its funding obligations and there could be significant disruption to all discretionary programs and corresponding impacts on us and the rest of the defense industry.~~ We participate in markets that are often subject to uncertain economic conditions, which makes it difficult to estimate growth in our markets and, as a result, future income and expenditures. We participate in U. S. and international markets that are subject to uncertain economic conditions. In particular, U. S. ~~Federal~~ **federal** , state and local government spending priorities and levels remain uncertain and difficult to predict and are affected by numerous factors. In addition, certain of our non- U. S. customers, including in the Middle East and other oil or natural gas- producing countries, could be adversely affected by weakness or volatility in oil or natural gas prices, or negative expectations about future prices or volatility **or impacts of the war between Israel and Hamas** , which could adversely affect demand for our products, systems, services or technologies. As a result of that uncertainty, it is difficult to develop accurate estimates of the level of growth in the markets we serve. Because those estimates underpin all components of our budgeting and forecasting, our estimates or guidance for future revenue, income and expenditures may be inaccurate, and we may make significant investments and expenditures but never realize the anticipated benefits. We cannot predict the consequences of future geo- political events, but they may adversely affect the markets in which we operate, our ability to insure against risks, our operations or our profitability. Ongoing instability and current conflicts in global markets, including in the Ukraine and Eastern Europe, **Israel, the Gaza Strip and** the Middle East and Asia, and the potential for other conflicts and future terrorist activities and other recent geo- political events throughout the world, including new or increased ~~tariffs~~ **economic** and ~~potential~~ trade ~~wars~~ **sanctions** , have created and may continue to create economic and political uncertainties and impacts that could have a material adverse effect on our business, operations and profitability. These types of matters cause uncertainty in financial and insurance markets and may significantly increase the political, economic and social instability in the geographic areas in which we operate. ~~If~~ **Unfavorable** credit **conditions** in financial markets outside of the U. S. ~~remains tight, it~~ could adversely affect the ability of our international customers and suppliers to obtain financing and could result in a decrease in or cancellation of orders for our products and services or impact the ability of our customers to make payments. These matters also may cause us to experience increased costs, such as for insurance coverage and performance bonds (or for them to be unavailable altogether), as well as difficulty with ~~future borrowings under our commercial paper program or credit facilities or in the debt markets or otherwise with~~ financing our operating, investing or financing **(or refinancing)** activities ~~, including financing of acquisitions~~ . We are subject to government investigations, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity. U. S. Government contractors are subject to extensive legal and regulatory requirements, including ITAR and **U. S. Foreign Corrupt Practices Act ("** FCPA **")** , and from time to time agencies of the U. S. Government investigate whether we have been and are operating in accordance with these requirements. We may cooperate with the U. S. Government in those investigations. Under U. S. Government regulations, an indictment of L3Harris by a ~~Federal~~ **federal** grand jury, or an administrative finding against us as to our present responsibility to be a U. S. Government contractor or subcontractor, could result in us being suspended for a period of time from eligibility for awards of new government contracts or task orders or in a loss of export privileges, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity. A conviction, or an administrative finding against us that satisfies the requisite ~~14~~ level of seriousness, could result in debarment from contracting with the U. S. Government for a specific term, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity. We derive a significant portion of our revenue from international operations and are subject to the risks of doing business internationally. We are dependent on sales to customers outside the U. S. The percentage of our total revenue represented by revenue from products and services where the end consumer is located outside the U. S., including foreign military sales funded through the U. S. Government, whether directly or through prime contractors, was **21 %,** 23 % ~~,~~ **and** 22 % ~~and 20 %~~ in fiscal **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. In fiscal ~~2022~~ **2023** , ~~43~~ **45** % of our international business was transacted in local currency. We expect that international revenue will continue to account for a significant portion of our total revenue. Also, a significant portion of our international revenue is from, and a significant portion of our business activity is being conducted with or in, less- developed countries and sometimes countries with unstable governments, or in areas of military conflict or at military installations. Other risks of doing business internationally include: • Laws, regulations and policies of foreign governments relating to investments and operations; • Unforeseen changes in export controls and other trade regulations; • Changes in regulatory requirements, including business or operating license requirements, currency exchange controls or embargoes; • Uncertainties and restrictions concerning the availability of funding, credit or guarantees; • Risk of non- payment or delayed payment by non- U. S. customers; **10** • Contractual obligations to non- U. S. customers that may include specific in- country purchases, investments, manufacturing agreements or financial or other support ~~arrangements or~~ obligations, known as offset obligations, that may extend for ~~many~~ years, require teaming with local companies and result in significant penalties if not satisfied; • **Issues related to** ~~Complexities and necessities of using, and disruptions~~ involving ~~,~~ international dealers, distributors, sales representatives and consultants; • Difficulties of managing a geographically dispersed organization and culturally diverse workforces, including compliance with local laws and practices; • Fluctuations of currency, currency revaluations, difficulties with repatriating cash generated or held abroad in a tax- efficient manner and changes in tax laws; • Uncertainties as to local laws and enforcement of contract and intellectual property rights and occasional requirements for onerous contract terms; • ~~Rapid changes~~ **Changes** in government, economic and political policies, political or civil unrest, acts of terrorism ~~or~~ **,** threats of international boycotts ~~or~~ **,** U. S. anti- boycott legislation **or sanctions against U. S. defense companies** ; and • Increased risk of an incident resulting in damage or destruction to our facilities or products or resulting in injury or loss of life to our employees, subcontractors or other third parties. Business and Operational Risks ~~Disputes with~~ **We depend on** our subcontractors **and** ~~or key~~ suppliers ~~, or their inability~~ to

provide materials, ~~perform or timely deliver our~~ components, **subsystems** ~~parts or services, could cause our products and or services to be produced or delivered in an untimely or unsatisfactory manner. We engage subcontractors on many of our contracts and from time to time may have disputes with them, including regarding the quality and timeliness of work performed by them, customer concerns about the subcontract or subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract, our hiring of the personnel of a subcontractor or vice versa or the subcontractor' s failure to comply with applicable law. In addition, there are certain parts, components~~ and services for many of our products and services **, and failures in or disruptions to our supply chain could cause our products and or services to be produced or delivered in an untimely or unsatisfactory manner. Our ability to manufacture and deliver products and services to our customers requires our U. S. and non- U. S. subcontractors and suppliers to provide a variety of materials, components, subsystems and services. Some of our programs are very long duration with complex re- qualification and we must ensure long term supply capacity of subcontractors and suppliers. In some instances, we depend upon a single supplier for components, which adds risk because** that **supplier may at times be unable to meet our needs and because** we **may have little negotiating leverage with sole-** source **suppliers. Identifying and qualifying dual and second- source suppliers can be difficult, time consuming and may result in increased costs. Any inability to timely develop cost- effective alternative sources of supply could materially impact our ability to manufacture and deliver products and services to our customers. In addition, we are required to procure certain materials and components, including certain microelectronic components,** from **U. S. Government- approved supply sources. Certain heightened regulatory requirements that may apply to these sources can further limit the subcontractors and suppliers we may utilize. Legislation, regulatory changes or** other ~~manufacturers or vendors. Some of~~ **governmental actions, including product certification** ~~our~~ - **or stewardship requirements, sourcing restrictions, tariffs, embargos, product authenticity, cybersecurity regulation, and environmental standards (e. g., greenhouse gas emission limitations) may all impact our subcontractors and** suppliers ~~,~~ **.** ~~from~~ **From** time to time, **as with any industry, our subcontractors and suppliers** experience financial and operational difficulties **outside of our direct control** , which may impact their ability to ~~supply~~ **deliver** the materials, components, subsystems and services ~~that~~ we **need. The** ~~require, and an increased~~ number of contracts where we act as a prime contractor **(62 % in 2023) further** ~~increase~~ **increases** our exposure to **subcontractor and** supplier **failures and disruptions. In recent years, global supply chains, including ours, have experienced significant disruption from material availability and supplier performance, as well as extended lead times, pricing volatility, inflationary pressures and labor issues. We and our subcontractors and suppliers have also experienced** difficulties ~~. Tariffs imposed on certain~~ **in the timely procurement of necessary** materials **and components, including microelectronics. Current geopolitical conditions, including sanctions** and other trade **restrictive activities and strained inter- country relations, have contributed to** issues **procuring necessary** ~~may create or exacerbate existing~~ materials ~~shortages~~ and **components** ~~may result in further supplier business closures~~ . ~~Our~~ **For example, some materials and components in our** supply chain ~~could also be disrupted by external events~~ **have previously been sourced from areas now under sanctions or other trade restrictions** , such as ~~natural disasters (including~~ **specialty metals from Russia and certain equipment from China, or are currently sourced from areas which are at risk of sanctions or other trade restrictive actions, not just by** ~~those~~ -- **the United States but by other nations or groups, such** as ~~a result of climate change) or other~~ -- **the European Union. All of these issues have led to** significant ~~disruptions (including extreme weather~~ **supplier and subcontractor performance failures and delays, which have negatively impacted our production flow, results of operations, financial** ~~conditions~~ - **condition** ~~, epidemics, pandemics, acts of terrorism, cyber- attacks~~ and **cash flows** ~~labor disputes), governmental actions and legislative or regulatory changes, including product certification or stewardship requirements, sourcing restrictions, product authenticity and climate change or GHG emission standards, or availability constraints from increased demand from customers~~ . For example, in fiscal 2022 **and to a lesser extent in fiscal 2023** , revenue, operating ~~15~~ income and orders in our CS segment **were** ~~have been, and we expect will continue to be,~~ adversely impacted by supply chain disruptions **, although** ~~. These or any further political or governmental developments or health concerns in countries in which~~ we **implemented** ~~operate could result in social, economic and labor instability. Any inability to develop alternative sources of supply on a cost- effective and timely basis could materially impair our ability to manufacture and deliver products and services to our customers. Complying with U. S. Government contracting regulations that limit the source or manufacture of suppliers and impose stringent cybersecurity regulations also may create challenges for our~~ supply chain ~~and increase costs~~ **resiliency initiatives that mitigated these disruptions during 2023** . ~~We may experience disputes~~ **These efforts included leveraging our scale to better negotiate** with our ~~subcontractors;~~ **suppliers, investing in tools and analytics to assess supplier risk, strengthening relationships with key suppliers and entering into long- term strategic partnerships, seeking alternate supply sources and pursuing various cost reductions. However, while we continuously work to implement supply chain resiliency initiatives such as these, we cannot guarantee the success of any of these efforts.** ~~material~~ **Material** supply disruptions **may still occur in** ~~or problems, including shortages of components, commodities or other~~ -- **the future** ~~materials; or component~~ , ~~subsystems~~ **11 leading to untimely delivery** or **unsatisfactory quality of products and** services ~~problems in the future. Also~~ , ~~our subcontractors~~ and **potentially adversely affecting** ~~other suppliers may not be able to acquire or maintain the quality of the materials, components, subsystems and services they supply, which might result in greater product returns, service problems and warranty claims and could harm~~ our business **, operational results** , financial condition **and** ~~, results of operations,~~ cash ~~flows~~ - **flow** ~~and equity. In addition, in connection with our government contracts, we are required to procure certain materials, components and parts, including certain microelectronics components, from supply sources approved by the U. S. Government and we rely on our subcontractors and suppliers to comply with applicable laws, regulations and other requirements regarding procurement of counterfeit, unauthorized or otherwise non- compliant parts or materials, including parts or materials they supply to us, and in some circumstances, we~~

~~rely on their certifications as to their compliance. From time to time, there are components for which there may be only one supplier, which may be unable to meet our needs. Each of these subcontractor and supplier risks could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity~~ . We must attract and retain key employees, and any failure to do so could seriously harm us. Our future success depends to a significant degree upon the continued contributions of our management and our ability to attract and retain highly **-** qualified management and technical personnel, including engineers and employees who have U. S. Government security clearances, particularly clearances of top ~~-~~ secret and above. ~~To~~ **While we have robust processes in place to ensure we have the right talent in place to meet our commitments, to** the extent that the demand for qualified personnel exceeds supply ~~, as has been the case from time to time~~ in **certain areas** ~~recent years and has recently intensified further due to industry trends~~ , we could **also** experience higher labor, recruiting or training costs in order to attract and retain such employees ~~, or we could experience difficulties in performing under our contracts if our needs for such employees were unmet~~ . Failure to attract and retain such personnel would damage our future prospects and could adversely affect our ability to succeed in our human capital goals and priorities, as well as negatively impact our business and operating results. We could be negatively impacted by a security breach, through cyber- attack, cyber intrusion, insider threats or otherwise, or other significant disruption of our Information Technology (" IT ") networks and related systems or of those we operate for certain of our customers. We face the risk of a security breach, whether through cyber- attack, cyber intrusion or insider threat via the Internet, malware, computer viruses, attachments to e- mails, persons inside our organization or with access to systems inside our organization, subcontractors or suppliers, threats to the physical security of our facilities and employees or other significant disruption of our IT networks and related systems or those of our suppliers or subcontractors. We face an added risk of a security breach or other significant disruption of the IT networks and related systems that we develop, install, operate and maintain ~~for~~ **on behalf of** certain customers, which may involve managing and protecting information relating to national security and other sensitive government functions ~~or personally identifiable or protected health information~~ . The risk of a security breach or disruption, particularly through cyber- attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, is persistent and substantial as the volume, intensity and sophistication of attempted attacks, intrusions and threats from around the world remain elevated and unlikely to diminish. As an advanced technology- based solutions provider, and particularly as a government contractor with access to national security or other sensitive government information, we face a heightened risk of a security breach or disruption from threats to gain unauthorized access to our and our customers' proprietary information on our IT networks and related systems, our classified networks, and to the IT networks and related systems that we operate and maintain for certain of our customers. These types of information and IT networks and related systems are critical to the operation of our business and essential to our ability to perform day- to- day operations, and, in some cases, are critical to the operations of certain of our customers. We make ~~significant~~ efforts to maintain the security and integrity of these types of information and IT networks and related systems and have implemented various measures to manage the risk of a security breach or disruption **. See " Item 1C- Cybersecurity" in this Report for further discussion of or risk management and strategy related to cybersecurity threats** . Our efforts and measures have not been entirely effective in the case of every cyber security incident, but no incident has had a material negative impact on us to date. Even the most well- protected information, networks, systems and facilities remain potentially vulnerable because attempted security breaches, particularly cyber- attacks and cyber intrusions, or disruptions will occur in the future, and because the techniques used in such attempts are constantly

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 evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. In some cases, the resources of foreign governments may be behind such attacks due to the nature of our business and the industries in which we operate. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures. Thus, it is impossible for us to entirely mitigate this risk, and future cyber security incidents could have a material negative impact on us. A security breach or other significant disruption involving these types of information and IT networks and related systems could: • Disrupt proper functioning of these networks and systems and, therefore, our operations and / or those of certain of our customers; • Result in unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours, our customers or our employees, including trade secrets, which could be used to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes; • Compromise national security and other sensitive government functions; • Require significant management attention and resources to remedy damages that result; • Result in costs which exceed our insurance coverage and / or indemnification arrangements; • Subject us to claims for contract breach, damages, credits, penalties or termination; and • Damage our reputation with our customers and the general public.

 We must also rely on the safeguards put in place by customers, suppliers, vendors, subcontractors or other third parties to minimize the impact of cyber threats, other security threats or business disruptions. These third parties may have varying levels of cybersecurity expertise and safeguards, and their relationships with government contractors, such as us, may increase their likelihood of being targeted by the same cyber threats we face. Our commercial arrangements with these third parties include processes designed to require that the third parties and their employees and agents agree to maintain certain standards for the storage, protection and transfer of confidential, personal and proprietary information. However, we remain at risk of a data breach due to the intentional or unintentional non- compliance by a third party' s employee or agent, the breakdown of a third party' s data protection processes, which may not be as sophisticated as ours, or a cyber- attack on a third party' s information network and systems. **Any or all of the foregoing could have a negative impact on our business, financial condition, results of operations, cash flows and equity, reputation, ability to protect data, assets, and intellectual property, maintenance of customer and vendor relationships, competitive posture, and could lead to litigation or regulatory investigations or actions.** Our future success will depend on our ability to develop new products and services and technologies that achieve market acceptance in our current and future markets. Our businesses are characterized by rapidly changing technologies and evolving industry standards. To remain competitive, we need to continue to design, develop, manufacture, assemble, test, market and support new products and services and technologies, which will require the investment of significant financial resources. **We** ~~In the past, we~~ have allocated substantial funds for such investments through customer **-** funded and internal R & D, acquisitions or other teaming arrangements. This practice will continue to be required, but we may not be able to successfully identify new opportunities and may not have the necessary financial resources to develop new products and services and technologies in a timely or cost-effective manner. Furthermore, the need to make these expenditures could divert our attention and resources from other projects, and we cannot be sure that these expenditures ultimately will lead to the timely development of new products and services or technologies. Due to the design complexity of some of our products and services and technologies, we may experience delays in completing development and introducing new products and services or technologies in the future. Any delays could result in increased costs of development or divert resources from other projects. In addition, the markets for our products and services or technologies may not develop as we currently anticipate, we may not be as successful in newly identified markets as we currently anticipate, and acquisitions, joint ventures or other teaming arrangements we may enter into to pursue developing new products and services or technologies may not be successful. ~~For instance, our acquisition of the TDL product line from Viasat, Inc. in January 2023 and our pending acquisition of AJRD, if completed, will result in us servicing our customers in markets in which we do not currently operate.~~ Failure of our products and services or technologies to gain market acceptance could significantly reduce our revenue and harm our business. Furthermore, competitors may develop competing products and services or technologies that gain market acceptance in advance of our products and services or technologies, or competitors may develop new products and services or technologies that cause our existing products and services or technologies to become non-competitive or obsolete, which could adversely affect our results of operations. The future direction of the domestic and global economies, including its impact on customer demand, also will have a significant impact on our overall performance.

~~17~~ We have significant operations in locations that could be materially and adversely impacted in the event of a natural disaster or other significant disruption. Our corporate headquarters and significant business operations are located in Florida, which is subject to the risk of major hurricanes. Our worldwide operations and operations of our suppliers and customers could be subject to natural disasters (including those as a result of climate change) or other significant disruptions, including hurricanes, typhoons, tsunamis, floods, earthquakes, fires, water shortages, other extreme weather conditions, epidemics, pandemics, acts of terrorism, power shortages and blackouts, telecommunications failures ~~, cyber- attacks~~ and other natural and man- made disasters or disruptions. In the event of such a natural disaster or other disruption, we could experience disruptions or interruptions to our operations or the operations of our suppliers, subcontractors, distributors, resellers or customers, including inability of employees to work; destruction of facilities; and / or loss of life, all of which could materially increase our costs and expenses, delay or decrease orders and revenue from our customers and have a material adverse effect on the continuity of our business and our business, financial condition, results of operations, cash flows and equity. Additionally, we could incur significant costs to improve the climate- related resiliency of our infrastructure and supply chain and otherwise prepare for, respond to and mitigate the effects of climate change. **With our acquisition of AJRD, there is risk of the release, unplanned ignition, explosion, or improper handling of dangerous materials used in our business, which could disrupt our operations and adversely affect our financial results. With our acquisition of AJRD, our business operations are subject to risk in connection with the handling, production, and disposition of potentially explosive and ignitable energetic materials and other dangerous chemicals, including motors and other materials used in rocket propulsion. The handling, production, transport, and**

13 disposition of hazardous materials could result in incidents that temporarily shut down or otherwise disrupt our manufacturing operations and could cause production delays. A release of these chemicals or an unplanned ignition or explosion could result in death or significant injuries to employees and others. Material property damage to us or third parties could also occur. The use of these products in applications by our customers could also result in liability if an explosion, unplanned ignition or fire were to occur. Extensive regulations apply to the handling of explosive and energetic materials, including but not limited to, regulations governing hazardous substances and hazardous waste. We regularly review safety related to these products with our Board of Directors (" Board "). The failure to properly store and ultimately dispose of such materials could create significant liability and / or result in regulatory sanctions. Any release, unplanned ignition or explosion could expose us to adverse publicity or liability for damages or cause production delays, any of which could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity. Failure to achieve the expected results of LHX NeXt could adversely affect our future financial condition and results of operations. In Fiscal 2023, we announced LHX NeXt, a targeted three- year program designed to enhance organizational agility and performance by leveraging our scale and relationships across segments to drive operational efficiency and competitiveness for the enterprise. There can be no assurances that the initiatives that are part of LHX NeXt will achieve their desired results. Financial Risks Changes in estimates we use in accounting for many of our programs could adversely affect our future financial condition and results of operations. Accounting for our contracts requires judgment relative to assessing risks, including ~~risks associated with customer- directed delays and reductions in scheduled deliveries, unfavorable resolutions of claims and contractual matters and judgment associated with~~ estimating contract revenue and costs and assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total revenue and cost at completion is complicated and subject to many variables. For example, we must make assumptions regarding: (i) the **nature and** ~~length of time to complete~~ **complexity of** the **work to be performed** ~~contract because costs also include expected increases in wages and prices for materials~~ ; (ii) ~~whether~~ **subcontractors' and suppliers' expected**

performance; (iii) availability and costs of labor, materials, components subsystems and services (including expected increases in wages and prices); (iv) the length of time to complete the ~~contracts~~ - **contract** ~~should be accounted for as having~~ **; (v) the allocation of transaction price to** one or more performance obligations based on the ~~goods~~ **products** and services promised to the customer; (~~iii~~ **vi**) incentives or penalties related to performance on contracts in estimating revenue and profit rates, and recording them when there is sufficient information for us to assess anticipated performance; and (~~iv~~ **vii**) estimates of award fees in estimating revenue and profit rates based on actual and anticipated awards. **Our gross margins and operating income can be adversely affected when estimated contract costs increase, from our initial estimates (resulting in an Estimate At Completion (" EAC ") adjustment) especially without comparable increases in revenue. There are many reasons estimated contract costs can increase, including: (i) supply chain disruptions, inflation and labor issues; (ii) design or other development challenges; and (iii) program execution challenges (including from technical or quality issues and other performance concerns). However,** ~~Because~~ **because** of the significance of the judgments and **the difficulties inherent in** ~~estimation~~ - **estimating future costs** ~~processes involved in accounting for our contracts~~ , ~~materially different amounts could be recorded if~~ we ~~used different assumptions or if the underlying circumstances were to~~ **cannot guarantee that estimated revenues and contract costs will not** change **in the future** . **Any cost growth or** ~~Changes~~ **changes** in ~~underlying assumptions, circumstances or estimates~~ **estimated contract revenues and costs** may adversely affect ~~our future~~ **results of operations and** financial condition ~~and results of operations~~ . For additional information regarding our critical accounting estimates applicable to our accounting for our contracts, see " Item 7. Management' s Discussion and Analysis of Financial Conditions and Results of Operations- Critical Accounting Estimates " of this Report. Our level of indebtedness and our ability to make payments on or service our indebtedness and our unfunded defined benefit plans liability may materially adversely affect our financial and operating activities or our ability to incur additional debt. At December ~~30~~ **29** , ~~2022~~ **2023** , we had $ ~~7~~ **11** . ~~0~~ **5** billion in aggregate principal amount of outstanding debt and $ ~~262~~ **227** million of unfunded defined benefit ~~plans~~ - **plan** ~~liability~~ **liabilities** ~~. On November 22, 2022, we established a new $ 2. 25 billion, three- year senior unsecured term loan facility by entering into a Loan Agreement (the " Term Loan 2025 ") with a syndicate of lenders. Subsequent to the end of fiscal 2022, on January 3, 2023, we borrowed $ 2. 0 billion on the Term Loan 2025 to complete the acquisition of the TDL product line. In addition, we expect to fund the approximately $ 4. 7 billion purchase price of the acquisition of AJRD primarily through debt financing. Our ability to increase our borrowings to fund the acquisition of AJRD or otherwise is subject to limitations imposed on us by our debt agreements~~ . Our ability to make payments on and to refinance our current or future indebtedness, and our ability to make contributions to our unfunded defined benefit plans liability, will depend on our ability to generate cash from operations, financings and investments, which may be subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are not able to repay or refinance our debt as it becomes due or make contributions to our unfunded defined benefit plans liability, we may be forced to divest businesses, sell assets or take other disadvantageous actions, including reducing financing for working capital, capital expenditures and general corporate purposes; reducing our cash dividend rate and / or share repurchases; or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in the defense technology industry could be impaired. The lenders **14** who hold such debt could also accelerate amounts due, which could potentially trigger a default or acceleration of any of our other debt. ~~18 A downgrade in our credit ratings could materially adversely affect our business. The credit ratings assigned to our debt securities could change based on, among other things, our results of operations, financial condition, mergers, acquisitions or dispositions. These ratings are subject to ongoing evaluation by credit rating agencies and may be changed or withdrawn by rating agencies in the future. Moreover, these credit ratings are not recommendations to buy, sell or hold any of our debt securities. Following the announcement of the definitive agreement to acquire AJRD, none of the credit rating agencies changed our rating, however, all three agencies have changed our outlook from stable to negative. Any downgrade in our credit ratings, including due to the acquisition of AJRD, may increase our borrowing costs, affect our ability to incur new indebtedness or refinance our existing indebtedness and could in turn have a material adverse effect on our financial condition, results of operations, cash flows, equity and the market value of our common stock and outstanding debt securities.~~ The level of returns on defined benefit plan assets, changes in interest rates and other factors could materially adversely affect our financial condition, results of operations, cash flows and equity ~~in future periods~~ . A substantial portion of our ~~current and~~ retired employee population ~~is~~ **and a portion of our current employee population are** covered by defined benefit pension and other postretirement defined benefit plans (collectively, " defined benefit plans "). We may experience significant fluctuations in costs related to defined benefit plans as a result of macro- economic factors, such as interest rates, that are beyond our control. The cost of our defined benefit plans is incurred over long periods of time and involves various factors and uncertainties during those periods that can be volatile and unpredictable, including the rates of return on defined benefit plan assets, discount rates used to calculate liabilities and expenses, mortality of plan participants and trends for future medical costs. We develop our assumptions using relevant plan experience and expectations in conjunction with market- related data. These assumptions and other actuarial assumptions may change significantly due to changes in economic, legislative and / or demographic experience or circumstances. Significant changes in key economic indicators, financial market volatility, future legislation and other governmental regulatory actions could materially affect our financial condition, results of operations, cash flows and equity. We will make contributions to fund our defined benefit plans when considered necessary or advantageous to do so. The macro- economic factors discussed above, including the rates of return on defined benefit plan assets and the minimum funding requirements established by government funding or taxing authorities, or established by other agreement, may influence future funding requirements. A significant decline in the fair value of our plan assets, or other adverse changes to our overall defined benefit plans, could require us to make significant funding contributions and affect cash flows in future periods. CAS governs the extent to which postretirement costs and plan contributions are allocable to and recoverable under contracts with the U. S. Government. We expect to continue to seek reimbursement from the U. S. Government for a portion of our postretirement costs and plan contributions; however, pension plan cost recoveries under our U. S. Government contracts may occur in different periods from when those pension costs are recognized for financial statement purposes or when pension funding is made. CAS rules have been revised to partially harmonize the measurement and period of assignment of pension plan costs allocable to U. S. Government contracts and minimum required contributions under the Employee Retirement Income Security Act of 1974, as amended, (" ERISA "). However, there is still a lag between the time when we contribute cash to our plans under pension funding rules and when we recover pension costs under CAS rules. These timing differences could have a material adverse effect on our cash flows. Legal, Tax and Regulatory Risks Changes in our effective tax rate or additional tax exposures may have an adverse effect on our results of operations and cash flows. We are subject to income taxes in the U. S. and numerous international jurisdictions. There are transactions and calculations in the ordinary course of business where the application of tax law may be uncertain, require significant judgment or be subject to differing interpretations. Our worldwide income tax provision may be adversely affected by a number of factors, which include: • Changes in domestic or international tax laws or the interpretation of such tax laws; • The jurisdictions in which profits are determined to be earned and taxed; • Adjustments to estimated taxes upon finalization of various tax returns; • Increases in expenses not fully deductible for tax purposes, including ~~write- offs of acquired in- process R & D and~~ impairment of goodwill or other long- term assets in connection with mergers or acquisitions; • Changes in available tax credits; • Changes in share- based compensation expense; • Changes in the valuation of our deferred tax assets and liabilities; and ~~19~~ • The resolution of issues arising from tax audits with various tax authorities. Any significant increase in our future effective tax rates could adversely impact our results of operations for future periods. We may not be successful in obtaining the necessary export licenses to conduct certain operations abroad, and Congress may prevent proposed sales to certain foreign governments. We must first obtain export and other licenses and authorizations from various U. S. Government agencies before we are permitted to sell certain products and technologies outside of the U. S. For example, the U. S. Department of State must notify Congress at least 15 to 60 days, depending on the size and location of the proposed sale, prior to authorizing certain sales of defense equipment and services to foreign governments. During that time, Congress may take action to block the proposed **15** sale. We may be unsuccessful in obtaining necessary licenses or authorizations or Congress may prevent or delay certain sales. Our ability to obtain necessary licenses and authorizations timely or at all is subject to risks and uncertainties, including changing U. S. Government policies or laws or delays in Congressional action due to geopolitical and other factors. If we are not successful in obtaining or maintaining the necessary licenses or authorizations in a timely manner, our sales relating to those approvals may be reversed, prevented or delayed, and any significant impairment of our ability to sell products or technologies outside of the U. S. could negatively impact our business, financial condition, results of operations, cash flows and equity. Unforeseen environmental issues, including regulations related to GHG emissions or change in customer sentiment related to environmental sustainability, could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity. Our operations are subject to various U. S. ~~Federal~~ **federal** , state and local, as well as certain foreign, environmental laws and regulations within the countries in which we operate relating to the discharge, storage, treatment, handling, disposal and remediation of certain materials, substances and wastes used in our operations **. The real estate assets acquired as part of our acquisition of AJRD in particular are subject to various risks, including that our reserves for estimated future environmental obligations may prove to be insufficient, we may be unable to complete environmental remediation or, we may be unable to have state and federal environmental restrictions on lifted** . In addition, we could be affected by future environmental laws or regulations, including, for example, new restrictions on materials used in our operations or claims asserted in response to concerns over climate change, such as regulations related to GHG emissions, other aspects of the environment or natural resources. Changes in government procurement laws that mandate or include climate change considerations, such as the contractor' s GHG emissions, lower emission products or other climate risks, in evaluating bids could result in costly changes to our operations or affect our competitiveness on future bids. Compliance with current and future environmental laws and regulations may require significant operating and capital costs. Environmental laws and regulations may institute substantial fines and criminal sanctions as well as facility shutdowns to address violations and may require the installation of costly pollution control equipment or operational changes to limit emissions or discharges. Our suppliers may face similar business interruptions and incur additional costs that may increase the price of materials needed for manufacturing. We also incur, and expect to continue to incur, costs to comply with current environmental laws and regulations related to remediation of conditions in the environment. In addition, if violations of environmental laws result in us, or in one or more of our operations, being identified as an excluded party in the U. S. Government' s System for Award Management, then we or one or more of our operations would become ineligible to receive certain contracts, subcontracts and other benefits from the ~~Federal~~ **federal** government or to perform work under a government contract or subcontract. Generally, such ineligibility would continue until the basis for the listing has been appropriately addressed. If our responses to new or evolving legal and regulatory requirements or other sustainability concerns are unsuccessful or perceived as inadequate for the U. S. or our international markets, we also may suffer damage to our reputation, which could adversely affect our business. Developments such as the adoption of new environmental laws and regulations, stricter enforcement of existing laws and regulations, violations by us of such laws and regulations, discovery of previously unknown or more extensive contamination, litigation involving environmental impacts, our inability to recover costs associated with any such developments under previously priced contracts or financial insolvency of other responsible parties could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity. Our reputation and ability to do business may be impacted by the improper conduct of our employees, agents or business partners. We have implemented compliance controls, training, policies and procedures designed to prevent and detect reckless or criminal acts from being committed by our employees, agents or business partners that would violate the laws of the jurisdictions in which we operate, including laws governing payments to government officials, such as the FCPA, the protection of export **-** controlled or classified information, such as ITAR, false claims, procurement integrity, cost accounting and billing, competition, information security and data privacy and the terms of our contracts. We cannot ensure, however, that our controls, training, policies and procedures will prevent or detect all such reckless or criminal acts, and we have been adversely impacted by such acts in the past. ~~This risk of improper~~

~~20 conduct will increase as we continue to grow and expand our operations, including through acquisitions.~~ If not prevented, such acts could subject us to civil or criminal investigations, monetary and non- monetary penalties and suspension and debarment by the U. S. Government and could have a material adverse effect on our business, results of operations and reputation. In addition, misconduct involving data security lapses resulting in the compromise of personal information or the improper use of our ~~customer~~ **customers** ' ~~s~~ sensitive or classified information could result in remediation costs, regulatory sanctions against us and serious harm to our reputation and could adversely impact our ability to continue to contract with the U. S. Government.

16 The outcome of litigation or arbitration in which we are involved from time to time is unpredictable, and an adverse decision in any such matter could have a material adverse effect on our financial condition, results of operations, cash flows and equity. The size, nature and complexity of our business make us susceptible to investigations, claims, disputes, enforcement actions, litigation and other legal proceedings, particularly those involving governments. From time to time, we are defendants in a number of litigation matters and are involved in a number of arbitration matters. These actions may divert financial and management resources that would otherwise be used to benefit our operations. The results of these or new matters may be unfavorable to us. Although we maintain insurance policies, they may not be adequate to protect us from all material judgments and expenses related to current or future claims and may not cover the conduct that is the subject of the litigation or arbitration. Desired levels of insurance may not be available in the future at economical prices or at all. In addition, the results of litigation or arbitration can be difficult to predict, including litigation involving jury trials. Accordingly, our current judgment as to the likelihood of our loss (or our current estimate as to the potential range of loss, if applicable) with respect to any particular litigation or arbitration matter may be wrong. A significant judgment or arbitration award against us arising out of any of our current or future litigation or arbitration matters could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity. Third parties have claimed in the past, and may claim in the future, that we are infringing directly or indirectly upon their intellectual property rights, and third parties may infringe upon our intellectual property rights. Many of the markets we serve are characterized by vigorous protection and pursuit of intellectual property rights, which often has resulted in protracted and expensive litigation. Our efforts to gain awards of contracts and ensure a competitive position in the market depends in part on our ability to ensure that our intellectual property is protected, that our intellectual property rights are not diluted or subject to misuse, and that we are able to license certain third- party intellectual property on reasonable terms. Third parties have claimed in the past, and may claim in the future, that we are infringing directly or indirectly upon their intellectual property rights, and we may be found to be infringing or to have infringed directly or indirectly upon those intellectual property rights. Claims of infringement might also require us to enter into costly royalty or license agreements. Our patents and other intellectual property may be challenged, invalidated, misappropriated or circumvented by third parties. Moreover, we may not be able to obtain royalty or license agreements on terms acceptable to us, or at all. We also may be subject to significant damages or injunctions against development and sale of certain of our products, services and solutions. Our success depends in large part on our proprietary technology. We rely on a combination of patents, copyrights, trademarks, trade secrets, know- how, confidentiality provisions and licensing arrangements to establish and protect our intellectual property rights. In addition, the laws concerning intellectual property vary among nations and the protection provided to our intellectual property by the laws and courts of foreign nations may differ from those of the U. S. If we fail to successfully protect and enforce these rights, our competitive position could suffer. Our pending patent and trademark registration applications may not be allowed, or competitors may challenge the validity or scope of our patents or trademark registrations. In addition, our patents may not provide us a significant competitive advantage. We may be required to spend significant resources to monitor and enforce our intellectual property rights. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management' s attention away from other aspects of our business. We may not be able to detect infringement, and our competitive position may be harmed before we do so. In addition, competitors may design around our technology or develop competing technologies. We face certain significant risk exposures and potential liabilities that may not be covered adequately by insurance or indemnity. We are exposed to liabilities that are unique to the products and services we provide. A significant portion of our business relates to designing, developing and manufacturing advanced defense, technology and communications systems and products. New technologies associated with these systems and products may be untested or unproven. Components of certain defense systems and products we develop are inherently dangerous. Failures of satellites, missile systems, air traffic control systems, electronic warfare systems, space superiority systems, **command, control, computers, communications, cyber,** ~~C5ISR~~ -- **ISR** , homeland security applications and aircraft have the potential to cause loss of life and extensive property damage. ~~21~~ Other examples of unforeseen problems that could result, either directly or indirectly, in the loss of life or property or otherwise negatively affect revenue and profitability include loss on launch of spacecraft, premature failure of products that cannot be accessed for repair or replacement, problems with quality and workmanship, country of origin, delivery of subcontractor components or services and unplanned degradation of product performance. In addition, problems and delays in development or delivery as a result of issues with respect to design, technology, licensing and patent rights, labor, learning curve assumptions or materials and components could prevent us from achieving contractual requirements. In many circumstances, we may receive indemnification from the U. S. Government. We generally do not receive indemnification from foreign governments. Although we maintain insurance for certain risks, including certain cybersecurity exposures, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs from an accident or incident. It also is not possible for us to obtain **17** insurance to protect against all operational risks and liabilities. Substantial claims resulting from an incident in excess of U. S. Government indemnity and our insurance coverage would harm our financial condition, results of operations, cash flows and equity. Other factors that may affect revenue and profits include loss of follow- on work, and, in the case of certain contracts, liquidated damages, penalties and repayment to the customer of contract cost and fee payments we previously received. Moreover, any accident or incident for which we are liable, even if fully insured, could negatively affect our standing with our customers and the public, thereby making it more difficult for us to compete effectively, and could significantly impact the cost and availability of adequate insurance in the future. Strategic Transactions and Investments Risks ~~We are subject to risks relating to the pending acquisition of AJRD, and acquisition of AJRD cannot be guaranteed to close in the expected time frame or at all. On December 17, 2022, we entered into a definitive agreement to acquire AJRD. AJRD is a manufacturer of rocket, hypersonic and electric propulsive systems for space, defense, civil and commercial applications. There are numerous risks and uncertainties associated with the pending acquisition, which include: • Completion of the acquisition is subject to a number of conditions, some of which are outside of our control, such as the receipt of certain regulatory approvals, including the expiration or termination of any applicable waiting period (and any extension thereof) under the Hart- Scott- Rodino Antitrust Improvement Act of 1976, as amended (the " HSR Act "), and we will be required to pay AJRD a termination fee of $ 406. 3 million upon a failure to obtain the required clearance under the HSR Act; • Our and AJRD' s existing business relationships with third parties, including customers and service providers, may be disrupted due to uncertainty associated with the acquisition; • Failure to complete the acquisition could negatively affect our stock price and our future business and financial results; • We and AJRD will incur significant costs in connection with the acquisition, which may exceed those currently anticipated; • We expect to significantly increase our indebtedness to pay for the acquisition and other related fees and expenses, which will increase our interest expense and financial leverage; and • AJRD may have difficulty attracting, developing, motivating and retaining executives and other employees in light of the pending acquisition, and failure to do so could harm the Company. Any of the foregoing risks and uncertainties could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.~~ Challenges arising from the expanded operations ~~from~~ **related to** the ~~acquisition of the TDL product line and the pending~~ acquisition of AJRD may affect our future results. Our recent ~~and pending~~ acquisitions have expanded ~~, and will greatly expand,~~ the size and complexity of our business. Our future success depends, in part, on the ability to integrate ~~the TDL product line, and potentially~~ AJRD, and to anticipate and overcome challenges arising from the expansion of our operations, including challenges related to expanded ~~global~~ operations and new manufacturing processes and products or services, and the associated costs and complexity. There can be no assurance that we will be able to anticipate or overcome all of the challenges resulting from our expanding operations or that we will realize the expected benefits of the acquisitions in the intended timeframe or at all, which may cause our future results to be adversely affected. Strategic transactions, including mergers, acquisitions and divestitures, involve significant risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows and equity. ~~22~~ Strategic mergers, acquisitions and divestitures we have made in the past and may make in the future present significant risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows and equity, which include: • Difficulty in identifying and evaluating potential mergers and acquisitions, including the risk that our due diligence does not identify or fully assess valuation issues, potential liabilities or other merger or acquisition risks; • Difficulty, delays and expense in integrating newly merged or acquired businesses and operations, including combining product and service offerings, and in entering into new markets in which we are not experienced, in an efficient and cost- effective manner while maintaining adequate standards, controls and procedures, and the risk that we encounter significant unanticipated costs or other problems associated with integration; • Differences in business backgrounds, corporate cultures and management philosophies that may delay successful integration; • Difficulty, delays and expense in consolidating and rationalizing IT infrastructure, which may include multiple legacy systems from various mergers and acquisitions and integrating software code; • Challenges in achieving strategic objectives, cost savings and other expected benefits; • Risk that our markets do not evolve as anticipated and that the strategic mergers, acquisitions and divestitures do not prove to be those needed to be successful in those markets; • Risk that we assume or retain, or that companies we have merged with or acquired have assumed or retained or otherwise become subject to, significant liabilities that exceed the limitations of any applicable indemnification provisions or the financial resources of any indemnifying parties; • Risk that indemnification related to businesses divested or spun off that we may be required to provide or otherwise bear may be significant and could negatively impact our business; • Risk that mergers, acquisitions, divestitures, spin offs and other strategic transactions fail to qualify for the intended tax treatment for U. S. ~~Federal~~ **federal** income tax purposes and the possibility that the full tax benefits anticipated to result from such transactions may not be realized; • Risk that we are not able to complete strategic divestitures on satisfactory terms and conditions, including non- competition arrangements applicable to certain of our business lines, or within expected timeframes; • Potential loss of key employees or customers of the businesses ~~merged with or~~ acquired or to be divested; ~~and~~ • Risk of diverting the attention of senior management from our existing operations **; and • Risk that we have a future impairment charge related to the acquired goodwill or other long- term assets** . Changes in future business or other market conditions could cause business investments and / or recorded goodwill or other **intangible** ~~long- term~~ assets to become impaired, resulting in substantial losses and write- downs that would materially adversely affect our results of operations and financial condition. **A significant portion of** ~~From time to time, we acquire a minority or~~ **our assets consist of goodwill** ~~majority interest in a business, following careful~~

~~analysis~~ and **other intangible assets, primarily recorded as the result of acquisitions** ~~due diligence procedures designed to achieve a desired return or strategic objective~~ . ~~These procedures often involve certain assumptions~~ **Assumptions** and ~~judgment~~ **judgments** in determining **initial** acquisition price ~~. After acquisition, such assumptions and judgment~~ may **subsequently** prove to have been inaccurate and unforeseen issues could arise, which could adversely affect the anticipated returns or which are otherwise not recoverable as an adjustment to the purchase price. ~~Even after careful integration efforts, actual operating results may vary significantly from initial estimates. As of December 30, 2022, we had goodwill of $ 17. 3 billion recorded in our Consolidated Balance Sheet, the large majority of which was recorded in connection with the 2019 all- stock merger (the " L3Harris Merger ") between Harris Corporation (" Harris ") and L3 Technologies, Inc. (" L3 ").~~ We evaluate the recoverability of recorded goodwill annually, as well as when we change reporting units **(either as a result of a reorganization or as the result of divestiture activity)** and when events

or circumstances indicate there may be an impairment. **If an** ~~We test goodwill for~~ impairment **exists** ~~at an organizational level referred to as the reporting unit~~ , ~~which is our business segment level or one level below the business segment. The impairment test is based on several factors requiring judgment. Principally, a decrease in expected reporting unit cash flows or changes in market conditions may indicate potential impairment of recorded goodwill. In addition, our reporting units are generally one level below the segment level and two of our segments are comprised of several reporting units. Allocation of goodwill to several reporting units could make it more likely that~~ we **record the** ~~will have additional impairment charges~~ - **charge** in the ~~future~~ **period of determination** . Because of the significance of our goodwill and other intangible assets, any future impairment of these assets could have a material adverse effect on our results of operations and financial condition. For additional information on our accounting policies related to impairment of goodwill, see our discussion under " Critical Accounting Estimates " in " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations " of this Report and Note 1: Significant Accounting Policies and Note ~~9~~ **6** : Goodwill **and Intangible Assets** in the Notes.