

## Risk Factors Comparison 2024-02-12 to 2023-02-16 Form: 10-K

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Our business, financial condition and results of operations are subject to various risks, including those discussed below, which may affect the value of our securities. The risks discussed below are those that we believe currently are the most significant to our business. Aerospace and Defense Industry Risks Demand for our aircraft products is cyclical and lower demand adversely affects our financial results. Demand for business jets, turbo props and commercial helicopters has been cyclical and difficult to forecast. The demand for our aircraft products has been adversely impacted by unexpected events and may be impacted by such events in the future. Therefore, future demand for these products could be significantly and unexpectedly less than anticipated and / or less than previous period deliveries. Similarly, there is uncertainty as to when or whether our existing commercial backlog for aircraft products will convert to revenues as the conversion depends on production capacity, customer needs and credit availability, **among other factors**. Changes in economic conditions have in the past caused, and in the future may cause, customers to request that firm orders be rescheduled, deferred or cancelled. Reduced demand for our aircraft products or delays or cancellations of orders previously has had and, in the future, could have a material adverse effect on our cash flows, results of operations and financial condition. We have customer concentration with the U. S. Government; reduction in U. S. Government defense spending can adversely affect our results of operations and financial condition. During ~~2022~~ **2023**, we derived approximately ~~22~~ **21** % of our revenues from sales to a variety of U. S. Government entities. Our revenues from the U. S. Government largely result from contracts awarded to us under various U. S. Government defense- related programs. **Considerable uncertainty exists regarding how future budget and program decisions will develop. We cannot predict the impact on existing, follow- on or future programs from changes in the threat environment, defense spending levels, government priorities, political leadership, procurement practices, inflation and other macroeconomic trends, military strategy, or broader societal changes. Significant changes in national and international priorities for defense spending could affect the funding, or the timing of funding, of our programs, which could negatively impact our results of operations and financial condition.** The funding of ~~these~~ **U. S. Government defense** programs is subject to congressional appropriation decisions and the U. S. Government budget process which includes enacting relevant legislation, such as appropriations bills and accords on the debt ceiling. Although multiple- year contracts may be planned in connection with major procurements, Congress generally appropriates funds on a fiscal year basis even though a program may continue for several years. Consequently, programs often are only partially funded initially, and additional funds are committed only as Congress makes further appropriations. Further uncertainty with respect to ongoing programs could also result in the event that the U. S. Government finances its operations through temporary funding measures such as “ continuing resolutions ” rather than full- year appropriations **or if a government shutdown were to occur and were to continue for an extended period of time**. If we incur costs in advance or in excess of funds committed on a contract, we are at risk for non- reimbursement of those costs until additional funds are appropriated. The reduction, termination or delay in the timing of funding for U. S. Government programs for which we currently provide or propose to provide products or services from time to time has resulted and, in the future, may result in a loss of anticipated revenues. A loss of such revenues could materially and adversely ~~impact our results of operations and financial condition.~~ **impact our results of operations and financial condition.** ~~Significant changes in national and international policies or priorities for defense spending, as well as the potential impact of sequestration, could affect the funding, or the timing of funding, of our programs, which could negatively~~ **negatively** impact our results of operations and financial condition. In addition, because our U. S. Government contracts generally require us to continue to perform even if the U. S. Government is unable to make timely payments, we may need to finance our continued performance for the impacted contracts from our other resources on an interim basis. An extended delay in the timely payment by the U. S. Government could have a material adverse effect on our liquidity. U. S. Government contracts can be terminated at any time and may contain other unfavorable provisions. The U. S. Government typically can terminate or modify any of its contracts with us either for its convenience or if we default by failing to perform under the terms of the applicable contract. In the event of termination for the U. S. Government’ s convenience, contractors are generally protected by provisions covering reimbursement for costs incurred on the contracts and profit on those costs but not the anticipated profit that would have been earned had the contract been completed. A termination arising out of our default for failure to perform could expose us to liability, including but not limited to, all costs incurred under the contract plus potential liability for re- procurement costs in excess of the total original contract amount, less the value of work performed and accepted by the customer under the contract. Such an event could also have an adverse effect on our ability to compete for future contracts and orders. If any of our contracts are terminated by the U. S. Government whether for convenience or default, our backlog would be reduced by the expected value of the remaining work under such contracts. We also enter into “ fee for service ” contracts with the U. S. Government where we retain ownership of, and consequently the risk of loss on, aircraft and equipment supplied to perform under these contracts. Termination of these contracts could materially and adversely impact our results of operations. On contracts for which we are teamed with others and are not the prime contractor, the U. S. Government could terminate a prime contract under which we are a subcontractor, irrespective of the quality of our products and services as a subcontractor. In addition, in the event that the U. S. Government is unable to make timely payments, failure to continue contract performance places the contractor at risk of termination for default. Any such event could have a material adverse effect on our cash flows, results of operations and financial condition. As a U. S. Government contractor, we are subject to procurement rules and regulations; our failure to comply with these rules and regulations could adversely affect our business. We must comply with and are affected by laws and regulations relating to the formation, administration and performance of U.

S. Government contracts. These laws and regulations, among other things, require certification and disclosure of all cost and pricing data in connection with contract negotiation, define allowable and unallowable costs and otherwise govern our right to reimbursement under certain cost-based U. S. Government contracts, and safeguard and restrict the use and dissemination of classified information, covered defense information, and the exportation of certain products and technical data. New laws, regulations or procurement requirements or changes to current ones (including, for example, regulations related to cybersecurity) can significantly increase our costs, reducing our profitability. Our failure to comply with procurement regulations and requirements could allow the U. S. Government to suspend or debar us from receiving new contracts for a period of time, reduce the value of existing contracts, issue modifications to a contract, withhold cash on contract payments, and control and potentially prohibit the export of our products, services and associated materials, any of which could negatively impact our results of operations, financial condition or liquidity. A number of our U. S. Government contracts contain provisions that require us to make disclosure to the Inspector General of the agency that is our customer if we have credible evidence that we have violated U. S. criminal laws involving fraud, conflict of interest, or bribery; the U. S. civil False Claims Act; or received a significant overpayment under a U. S. Government contract. Failure to properly and timely make disclosures under these provisions may result in a termination for default or cause, suspension and / or debarment, and potential fines. As a U. S. Government contractor, our businesses and systems are subject to audit and review by the Defense Contract Audit Agency (DCAA) and the Defense Contract Management Agency (DCMA). We operate in a highly regulated environment and are routinely audited and reviewed by the U. S. Government and its agencies such as the DCAA and DCMA. These agencies review our performance under contracts, our cost structure and our compliance with laws and regulations applicable to U. S. Government contractors. The systems that are subject to review include, but are not limited to, our accounting, estimating, material management and accounting, earned value management, purchasing and government property systems. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions that may include the termination of our contracts, forfeiture or reduction of profits, suspension or reduction of payments, fines, and, under certain circumstances, suspension or debarment from future contracts for a period of time. Whether or not illegal activities are alleged, the U. S. Government also has the ability to decrease or withhold certain payments when it deems systems subject to its review to be inadequate. These laws and regulations affect how we conduct business with our government customers and, in some instances, impose added costs on our business. **The use of certain contract award..... in the recognition of revenue and profit.** Our profitability and cash flow varies depending on the mix of our government contracts and our ability to control costs. Under fixed-price contracts, generally we receive a fixed price irrespective of the actual costs we incur, and, consequently, we absorb any costs in excess of the fixed price. Changes in underlying assumptions, circumstances or estimates used in developing the pricing for such contracts can adversely affect our results of operations. Additionally, fixed-price contracts generally require progress payments rather than performance-based payments which can delay our ability to recover a significant amount of costs incurred on a contract and thus affect the timing of our cash flows. Under fixed-price incentive contracts, we share with the U. S. Government cost overrun savings, which are derived from total cost being less than target costs; we also share in cost overruns, which occur when total costs exceed target costs up to a negotiated cost ceiling; however, we are solely responsible for costs above the ceiling. Under time and materials contracts, we are paid for labor at negotiated hourly billing rates and for certain expenses. Under cost-reimbursement contracts that are subject to a contract-ceiling amount, we are reimbursed for allowable costs and paid a fee, which may be fixed or performance-based; however, if our costs exceed the contract ceiling or are not allowable under the provisions of the contract or applicable regulations, we may not be able to obtain reimbursement for all such costs. Due to the nature of our work under government contracts, we sometimes experience unforeseen technological or schedule difficulties and cost overruns **due to inflation, labor shortages, supply chain challenges and / or other factors**. Under each type of contract, if we are unable to control costs or if our initial cost estimates are incorrect, our cash flows, results of operations and financial condition could be adversely affected. Cost overruns also may adversely affect our ability to sustain existing programs and obtain future contract awards. The market for U. S. Government defense business is highly competitive, **and the competitive bidding process increases pricing pressure and cost** which may affect our ability to win new contracts for major government programs **and result in reduced future revenues**. Our defense businesses operate in highly competitive markets in which they participate in rigorous, increasingly competitive bidding processes against other defense companies for U. S. government business. The **U. S. Government relies upon competitive contract award types, including indefinite-delivery, indefinite-quantity, other transaction agreements and multi-award contracts, which often create increased pricing pressure and increase our cost by requiring that we submit multiple bids or share in costs. In addition, multi-award contracts increase our cost as they require that we make sustained efforts to compete for task orders and delivery orders under the contract. Further, the** competitive bidding process is costly **and, in some instances, may require significant research and development and / or engineering efforts to participate and demands employee and managerial time to prepare bids and proposals for contracts that may not be awarded to us or may be split among competitors**. Despite our best efforts, the U. S. Government customer **may sometimes choose competitive competitor 's** offerings over our offerings. ~~The competition from other government contractors, combined with the increasingly competitive nature of the government contract bidding and award process, results in an~~ **and intensely competitive market environment in which** there can be no assurance that our businesses will be selected for government programs with significant long-term revenues. **Even** if we are successful in obtaining an award, we **have in the past and may in the future** encounter bid protests from unsuccessful bidders on new program awards, ~~such as the protest filed by our competitor on the FLRAA program~~. Bid protests could result in significant expenses associated with justifying the selection or due to potential program delays and could result in contract modifications that alter schedule or scope or even cause the loss of the contract award. Even when a bid protest does not result in the loss of a contract award, the resolution could postpone commencement of contract activity, resulting in additional cost and delay in the recognition of **revenue and profit**. If we are unable to continue to compete successfully against our current or

future competitors, do not win government programs with significant long- term revenues or do not prevail in bid protests, we may experience declines in future revenues and profitability, which could have a material adverse effect on our financial position, results of operations or cash flows. Strategic Risks Developing new products and technologies entails significant risks and uncertainties. To continue to grow our revenues and segment profit, we must successfully develop new products and technologies or modify our existing products and technologies for our current and future markets. Our future performance depends, in part, on our ability to identify emerging technological trends and customer requirements and to develop and maintain competitive products and services. Delays or cost overruns in the development and acceptance of new products or certification of new aircraft and other products occur from time to time and could adversely affect our results of operations. These delays or cost overruns could be caused by unanticipated technological hurdles, production changes to meet customer demands, unanticipated difficulties in obtaining required regulatory certifications of new aircraft or other products, or failure on the part of our suppliers to deliver components as agreed. We also could be adversely affected if our research and development efforts are less successful than expected or if these efforts require significantly more funding to achieve our goals than anticipated. In particular, the success of Textron eAviation depends in large part, on our ability to develop and certify new electric and hybrid electric aircraft products in order to achieve our long- term strategy of offering a family of sustainable aircraft for urban air mobility, general aviation, cargo and special mission roles. In addition, new products and technologies could generate unanticipated safety or other concerns resulting in expanded product liability risks, potential product recalls and other regulatory issues that could have an adverse impact on us. Furthermore, because of the lengthy research and development cycle involved in bringing certain of our products to market, we cannot predict the economic conditions that will exist when any new product is complete, and the market for our product offerings does not always develop or continue to expand as we anticipate. A reduction in capital spending in the aerospace or defense industries could have a significant effect on the demand for new products and technologies under development, which could have an adverse effect on our financial condition and results of operations. In addition, our investments in equipment or technology that we believe will enable us to obtain future contracts for our U. S. Government or other customers may not result in contracts or revenues sufficient to offset such investment. We cannot be sure that our competitors will not develop competing technologies which gain superior market acceptance compared to our products. A significant failure in our new product development efforts, a substantial change to schedule, a material change in an anticipated market or the failure of our products or services to achieve customer acceptance relative to our competitors' products or services, could have an adverse effect on our financial condition and results of operations. We have made and may continue to make acquisitions that increase the risks of our business. We enter into acquisitions **in an effort to with the intention of expand-expanding** our business and **enhance-enhancing** shareholder value. Acquisitions involve risks and uncertainties that, in some cases, have resulted, and, in the future, could result in our not achieving expected benefits. Such risks include difficulties in integrating newly acquired businesses and operations in an efficient and cost- effective manner; challenges in achieving expected strategic objectives, cost savings and other benefits; the risk that the acquired businesses' markets do not evolve as anticipated and that the acquired businesses' products and technologies do not prove to be those needed to be successful in those markets; the risk that our due diligence reviews of the acquired business do not identify or adequately assess all of the material issues which impact valuation of the business or result in costs or liabilities in excess of what we anticipated; the risk that we pay a purchase price that exceeds what the future results of operations would have merited; the risk that the acquired business may have significant internal control deficiencies or exposure to regulatory sanctions; and the potential loss of key customers, suppliers and employees of the acquired businesses. Business and Operational Risks **The Risks arising from uncertainty in global economic-macroeconomic conditions may harm** impacts of Russia's war with Ukraine could adversely affect our business. **We are sensitive to global macroeconomic conditions. Negative macroeconomic factors may have an adverse effect on our business, results of operations and** financial condition or operating results. The war between Russia and Ukraine and the resulting economic sanctions imposed by the international community have impacted the global economy and given rise to potential global security issues that may adversely affect international business and economic conditions. Certain of our direct or indirect suppliers have been negatively impacted by these events, resulting in increased costs to us for certain materials and components as well as **on** shortages and delays of critical components for certain of our **distributors** products. These cost increases, along with increased energy and shipping costs, have and may continue to negatively impact our profitability, and component shortages and delays have and may continue to result in production delays for certain of our products. In addition, these events have caused additional disruption in the supply chains of our automotive OEM customers ; already experiencing disruption due to the impacts of the COVID- 19 pandemic, which has caused, and **suppliers, and on activity in may many** continue to cause, reduced demand **of the industries and markets we serve. We cannot predict changes in worldwide for- or regional economic our- or automotive products-political conditions and government policies as such factors are highly volatile and beyond our control**. The continuation of the war could lead to other **If current macroeconomic pressures, including from inflation and labor and supply chain disruptions-challenges, continue or if** increased inflationary pressures, and volatility in global markets **macroeconomic conditions deteriorate** and industries that could negatively impact **remain at depressed levels for extended periods, our business, results of** operations **and** ; Furthermore, the potential for retaliatory acts of cyberwarfare from Russia against U. S. companies in response to increasing sanctions on Russia could result in increased cyber- attacks against us. **The impact of any one or more of these or other factors could adversely affect our business, financial condition or operating results could be materially adversely affected**. Our business could be negatively impacted by cybersecurity threats and other disruptions. Our information technology (IT) and related systems are critical to the efficient operation of our business and essential to our ability to perform day to day processes. As a U. S. defense contractor, we face persistent security threats, including threats to our IT infrastructure and unlawful attempts to gain access to our information via phishing / malware campaigns and other cyberattack methods, as well as threats to the physical security of our facilities and employees, as do our customers, suppliers, subcontractors and joint venture partners.

Attempts to gain unauthorized access to our confidential, classified or otherwise proprietary information or that of our employees or customers, as well as other security breaches, are persistent, continue to evolve and require highly skilled IT resources. ~~We maintain Information Systems Incident Management Standards applicable to all our businesses intended to ensure information security events and weaknesses associated with information systems are communicated and acted on in a timely manner. Our enterprise risk management program includes cyber risk / network protection mitigation plans, and our disclosure controls and procedures address cybersecurity and include processes intended to ensure that security breaches are analyzed for potential disclosure. Additionally, we conduct periodic training for our employees regarding the protection of sensitive information which includes training intended to prevent the success of cyberattacks. Further, our insider trading compliance program addresses restrictions against trading while in possession of material, nonpublic information in connection with a cybersecurity incident.~~ While we have experienced cybersecurity attacks, such attacks have not resulted in a material information security breach and we have not suffered any material losses relating to such attacks. ~~We believe our threat detection and mitigation processes and procedures are robust.~~ Due to the evolving nature of security threats, the possibility of future material incidents cannot be completely mitigated, and we may not always be successful in timely detecting, reporting or responding to cyber incidents. Future attacks or breaches of data security, whether of our systems or the systems of our service providers or other third parties who may have access to our data for business purposes, could disrupt our operations, cause the loss of business information or compromise confidential information, exposing us to liability or regulatory action. Such an incident also could require significant management attention and resources, increase costs that may not be covered by insurance, and result in reputational damage, potentially adversely affecting our competitiveness and our results of operations. Products and services that we provide to our customers may themselves be subject to cyberthreats which may not be detected or effectively mitigated, resulting in potential losses that could adversely affect us and our customers. In addition, our customers, including the U. S. Government, are increasingly requiring cybersecurity protections and mandating cybersecurity standards in our products, and we may incur additional costs to comply with such demands. **Challenges faced** ~~Failure to perform~~ by our subcontractors or suppliers could **materially and** adversely affect our performance. We rely on other companies to provide raw materials, major components and subsystems for our products. Subcontractors also perform services that we provide to our customers in certain circumstances. We depend on these suppliers and subcontractors to meet our contractual obligations to our customers and conduct our operations. Our ability to meet our obligations to our customers could be adversely affected if suppliers or subcontractors do not provide the agreed- upon supplies or perform the agreed- upon services in compliance with customer requirements and in a timely and cost- effective manner. Likewise, the quality of our products could be adversely impacted if companies to whom we delegate manufacture of major components or subsystems for our products, or from whom we acquire such items, do not provide components or subsystems which meet required specifications and perform to our and our customers' expectations. Our **businesses are experiencing and may continue to experience manufacturing inefficiencies and production delays as a result of shortages and delays of critical components for our products and other issues related to our direct or indirect suppliers** . **Suppliers** may be unable to quickly recover from natural disasters , **acts of war** , and other events beyond their control and may be subject to additional risks such as material or labor shortages, inflationary conditions or other financial problems that limit their ability to conduct their operations . ~~For example, resulting in their inability certain of our businesses have been, and may continue to be, adversely impacted by suppliers which have been unable to perform as anticipated due.~~ **As a result, we have experienced, and may continue to experience, cost increases for certain materials and components which, along with increased energy and shipping costs and other inflationary pressures, have negatively impacted, and may continue to negatively** ~~impacts- impact,~~ of the pandemic and / or **our profitability** ~~the war between Russia and Ukraine.~~ The risk of these adverse effects would likely be greater in circumstances where we rely on only one or two subcontractors or suppliers for a particular raw material, product or service. In particular, in the aircraft industry, most vendor parts are certified by the regulatory agencies as part of the overall Type Certificate for the aircraft being produced by the manufacturer. If a vendor does not or cannot supply its parts, then the manufacturer' s production line may be stopped until the manufacturer can design, manufacture and certify a similar part itself or identify and certify another similar vendor' s part, resulting in significant delays in the completion of aircraft. Such events may adversely affect our financial results, damage our reputation and relationships with our customers, and result in regulatory actions and / or litigation. We are subject to the risks of doing business in foreign countries that could adversely impact our business. During **2022-2023** , we derived approximately 32 % of our revenues from international business, including U. S. exports. Conducting business internationally exposes us to additional risks than if we conducted our business solely within the U. S. We maintain manufacturing facilities, service centers, supply centers and other facilities worldwide, including in various emerging market countries. Risks related to international operations include import, export, economic sanctions and other trade restrictions; changing U. S. and foreign procurement policies and practices; changes in international trade policies, including higher tariffs on imported goods and materials and renegotiation of free trade agreements; potential retaliatory tariffs imposed by foreign countries against U. S. goods; impacts on our non- U. S. suppliers and customers due to acts of war **or terrorism** occurring internationally; restrictions on technology transfer; difficulties in protecting intellectual property; increasing complexity of employment and environmental, health and safety regulations; foreign investment laws; exchange controls; repatriation of earnings or cash settlement challenges; compliance with increasingly rigorous data privacy and protection laws; competition from foreign and multinational firms with home country advantages; economic and government instability; acts of industrial espionage, acts of war and terrorism and related safety concerns. The impact of any one or more of these or other factors could adversely affect our business, financial condition or operating results. Additionally, some international government customers require contractors to agree to specific in-country purchases, technology transfers, manufacturing agreements or financial support arrangements, known as offsets, as a condition for a contract award. These contracts generally extend over several years and may include penalties if we fail to perform in accordance with the offset requirements which are often subjective. We also are exposed to risks associated with

using foreign representatives and consultants for international sales and operations and teaming with international subcontractors and suppliers in connection with international programs. In many foreign countries, particularly in those with developing economies, it is common to engage in business practices that are prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act. Although we maintain policies and procedures designed to facilitate compliance with these laws, a violation of such laws by any of our international representatives, consultants, joint ventures, business partners, subcontractors or suppliers, even if prohibited by our policies, could have an adverse effect on our business and reputation. ~~Our business was adversely impacted, and may again be adversely impacted, by the coronavirus (COVID-19) pandemic. Our businesses have experienced and continue to experience various degrees of disruption due to the unprecedented conditions surrounding the COVID-19 pandemic. Economic and other impacts from the pandemic initially resulted in, and could again result in, reduced demand for our aviation and commercial helicopter products and services, the delay or cancellation of existing orders by our customers and lower flight hours, and consequently, lower demand for parts and maintenance. The effects of COVID-19 have included and could continue to include disruption of the operation of certain of our facilities or the facilities of our customers, suppliers or business partners, as well as other disruptions in our supply chains or our customers' supply chains. In addition, disruptions in our automotive OEM supply chains have caused and may continue to cause reduced demand for our automotive products. We have experienced and may continue to experience lower revenues and / or increased costs as a result of these business and production disruptions. The extent to which the pandemic could continue to impact our business, results of operations, financial condition and liquidity is highly uncertain and also will depend on future developments, most of which are outside our control. Such developments may include the geographic spread and duration of the virus, the emergence of variants of the virus that cause severe illness and / or are resistant to the developed vaccines, the development of and access to effective treatments, the acceptance of, and access to, effective vaccines, and the effects of actions that have been or may be taken by various governmental authorities and other third parties in response to the outbreak.~~ Natural disasters or other events outside of our control **have disrupted and** may **in the future** disrupt our operations, adversely affect our results of operations and financial condition, and may not be fully covered by insurance. Natural disasters, including hurricanes, fires, tornados, floods and other forms of severe weather, the intensity and frequency of which are being exacerbated by climate change, along with other impacts of climate change, such as rising sea waters, as well as other events outside of our control including public health crises, pandemics, power outages and industrial accidents, have in the past and could in the future disrupt our operations and adversely affect our business. Any of these events could result in physical damage to and / or complete or partial closure of one or more of our facilities and temporary or long- term disruption of our operations or the operations of our suppliers by causing business interruptions or by impacting the availability and cost of materials needed for manufacturing or otherwise impacting our ability to deliver products and services to our customers. Existing insurance arrangements may not provide full protection for the costs that may arise from such events. The occurrence of any of these events could materially increase our costs and expenses and have a material adverse effect on our business, financial condition and results of operations. Financial Risks If our Finance segment has difficulty collecting on its finance receivables, our financial performance could be adversely affected. The financial performance of our Finance segment depends on the quality of loans, leases and other assets in its portfolio. Portfolio quality can be adversely affected by several factors, including finance receivable underwriting procedures, collateral value, geographic or industry concentrations, and the effect of general economic conditions. In addition, a substantial number of the originations in our finance receivable portfolio are cross- border transactions for aircraft sold outside of the U. S. Cross- border transactions present additional challenges and risks in the event of borrower default, which can result in difficulty or delay in collecting on the related finance receivables. If our Finance segment has difficulty successfully collecting on its finance receivable portfolio, our cash flow, results of operations and financial condition could be adversely affected. We periodically need to obtain financing and such financing may not be available to us on satisfactory terms, if at all. We periodically need to obtain financing in order to meet our debt obligations as they come due, to support our operations and / or to make acquisitions. Our access to the debt capital markets and the cost of borrowings are affected by a number of factors including market conditions and the strength of our credit ratings. If we cannot obtain adequate sources of credit on favorable terms, or at all, our business, operating results, and financial condition could be adversely affected. Unanticipated changes in our tax rates or exposure to additional income tax liabilities could affect our profitability. We are subject to income taxes in the U. S. and various non- U. S. jurisdictions, and our domestic and international tax liabilities are subject to the location of income among these different jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in the amount of earnings indefinitely reinvested offshore, changes to unrecognized tax benefits or changes in tax laws, which could affect our profitability. In particular, the carrying value of deferred tax assets is dependent on our ability to generate future taxable income, as well as changes to applicable statutory tax rates. In addition, the amount of income taxes we pay is subject to audits in various jurisdictions, and a material assessment by a tax authority could affect our profitability. Risks Related to Regulatory, Legal and Other Matters We are subject to increasing compliance risks that could adversely affect our operating results. As a global business, we are subject to laws and regulations in the U. S. and other countries in which we operate. International sales and global operations require importing and exporting goods, software and technology, some of which have military applications subjecting them to more stringent import- export controls across international borders on a regular basis. For example, we sometimes initially must obtain licenses and authorizations from various U. S. Government agencies before we are permitted to sell certain of our aerospace and defense products outside the U. S., and we are not always successful in obtaining these licenses or authorizations in a timely manner. Both U. S. and foreign laws and regulations applicable to us have been increasing in scope and complexity. For example, both U. S. and foreign governments and government agencies regulate the aviation industry, and they have previously and may in the future impose new regulations for additional aircraft security or other requirements or restrictions. New or changing laws and regulations or related interpretation and policies could increase our costs of doing

business, affect how we conduct our operations, adversely impact demand for our products, and / or limit our ability to sell our products and services. Compliance with laws and regulations of increasing scope and complexity is even more challenging in our business environment in which reducing our operating costs is often necessary to remain competitive. In addition, a violation of U. S. and / or foreign laws by one of our employees or business partners could subject us or our employees to civil or criminal penalties, including material monetary fines, or other adverse actions, such as denial of import or export privileges and / or debarment as a government contractor which could damage our reputation and have an adverse effect on our business. Certain of our products are subject to laws regulating consumer products and could be subject to repurchase or recall as a result of safety issues. As a distributor of consumer products in the U. S., certain of our products are subject to the Consumer Product Safety Act, which empowers the U. S. Consumer Product Safety Commission (CPSC) to exclude from the market products that are found to be unsafe or hazardous. Under certain circumstances, the CPSC **has in the past and** could require **in the future** us to repair, replace or refund the purchase price of one or more of our products, or potentially even discontinue entire product lines. We also may voluntarily take such action and, from time to time, have done so, but within strictures recommended by the CPSC. The CPSC also can impose fines or penalties on a manufacturer for non-compliance with its requirements. Furthermore, failure to timely notify the CPSC of a potential safety hazard can result in significant fines being assessed against us. Any repurchases or recalls of our products or an imposition of fines or penalties could be costly to us and could damage the reputation or the value of our brands. Additionally, laws regulating certain consumer products exist in some states, as well as in other countries in which we sell our products, and more restrictive laws and regulations could be adopted in the future. Increased regulation and stakeholder expectations related to global climate change could negatively affect our operating results. Increased worldwide public awareness and concern regarding global climate change has resulted and is likely to continue to result in more legislative and regulatory efforts to address the negative impacts of climate change. Such laws and regulations are likely to include more prescriptive reporting on environmental metrics, climate change related risks and associated financial impacts, as well as increased oversight of and reporting on our supply chain and other compliance requirements. Stricter limits on greenhouse gas emissions generated by our facilities or by our products that produce carbon emissions could also be imposed. We expect that compliance with such laws and regulations will require additional internal resources and may necessitate larger investment in product development and manufacturing equipment and / or facilities, as well as sourcing from new suppliers and / or higher costs from existing suppliers, all of which would increase our direct and indirect costs and negatively impact our business, results of operations, financial condition and competitive position. Our failure to adequately comply with such laws and regulations could jeopardize our ability to receive contract awards from the U. S. government and other customers. Moreover, our investors, customers, employees and other stakeholders increasingly expect us to reduce greenhouse gas emissions generated by our operations by implementing more efficient manufacturing technologies and increasing the amount of renewable energy used within our facilities. While we are engaged in efforts to transition to a lower carbon economy by reducing the emissions generated by our operations and increasing our use of renewable energy, these efforts take time and resources and may increase our energy acquisition and other costs and require capital investment. In addition, our stakeholders expect us to reduce greenhouse gas emissions from the use of our products, including by developing and incorporating sustainable technologies into our products. ~~Our~~ **We expect that most of our** businesses **will** ~~are expected to~~ require significant research and development investment to succeed in developing the new technologies and products that will enable us to significantly reduce such emissions from the use of our products and successfully compete in a lower carbon economy. We may not realize the anticipated benefits of our investments and actions for a variety of reasons, including technological challenges, evolving government and customer requirements and our ability to anticipate them and develop the desired technologies and products on a timely basis. Our competitors may develop these technologies and products before we do and they may be deemed by our customers to be superior to technologies and products we may develop, and they may otherwise gain industry acceptance in advance of, or instead of, our products. In addition, as we and our competitors develop increasingly sustainable technologies, demand for our existing offerings may decrease or become nonexistent. We are subject to legal proceedings and other claims. We are subject to legal proceedings and other claims arising out of the conduct of our business, including proceedings and claims relating to commercial and financial transactions; government contracts; alleged lack of compliance with applicable laws and regulations; disputes with suppliers, production partners or other third parties; product liability; patent and trademark infringement; employment disputes; and environmental, safety and health matters. Due to the nature of our manufacturing business, we are regularly subject to liability claims arising from accidents involving our products, including claims for serious personal injuries or death caused by weather or by pilot, driver or user error. In the case of litigation matters for which reserves have not been established because the loss is not deemed probable, it is reasonably possible that such claims could be decided against us and could require us to pay damages or make other expenditures in amounts that are not presently estimable. In addition, we cannot be certain that our reserves are adequate and that our insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, we may not be able to obtain insurance coverage at acceptable levels and costs in the future. Litigation is inherently unpredictable, and we could incur judgments, receive adverse arbitration awards or enter into settlements for current or future claims that could adversely affect our results of operations in any particular period. Intellectual property infringement claims of others and the inability to protect our intellectual property rights could harm our business and our customers. Intellectual property infringement claims are, from time to time, asserted by third parties against us or our customers. Any related indemnification payments or legal costs we are obliged to pay on behalf of our businesses, our customers or other third parties can be costly. Infringement claims also have resulted in legal restrictions on our businesses engaging in sales of allegedly infringing products. If such a restriction were imposed upon a material product line, our business and results of operations could be adversely impacted. In addition, we own the rights to many patents, trademarks, brand names, trade names and trade secrets that are important to our business. Our inability to enforce these intellectual property rights could have an adverse effect on our results of operations. Additionally, our intellectual property could be at risk due to cybersecurity threats. Risks Related to

Human Capital Our success is highly dependent on our ability to hire and retain a qualified workforce. Our success is highly dependent upon our ability to hire and retain a workforce with the skills necessary for our businesses to develop and manufacture the products desired by our customers. We need highly skilled personnel in multiple areas including, among others, engineering, manufacturing, information technology, cybersecurity, flight operations, business development and strategy and management. Because many of our businesses experience cyclical market demand, they face challenges in maintaining their workforce at levels aligned with market demand which in the past has necessitated workforce reductions at some of our businesses as demand decreased. Conversely, our businesses sometimes need to increase the size of their workforce in order to keep pace with production needs due to increased customer demand. Furthermore, for our defense businesses the uncertainty of being awarded follow-on contracts and the related timing can also present difficulties in matching workforce size with contract needs. Such challenges in aligning the size of our businesses' workforces with current or future business needs have resulted and may, in the future result in increased costs, production delays or other adverse impacts on our business and results of operations. In addition, from time to time we face challenges that may impact employee retention, such as workforce reductions and facility consolidations and closures, and some of our most experienced employees are retirement-eligible which may adversely impact retention. To the extent that we lose experienced personnel through retirement or otherwise, it is critical for us to develop other employees, hire new qualified employees and successfully manage the transfer of critical knowledge. Competition for skilled employees is intense, and we may incur higher labor, recruiting and / or training costs in order to attract and retain employees with the requisite skills. We may not be successful in hiring or retaining such employees which could adversely impact our business and results of operations. The increasing costs of certain employee and retiree benefits could adversely affect our results. Our results of operations and cash flows may be adversely impacted by increasing costs and funding requirements related to our employee benefit plans. The obligation for our defined benefit pension plans is driven by, among other things, our assumptions of the expected long-term rate of return on plan assets and the discount rate used for future payment obligations. Additionally, as part of our annual evaluation of these plans, significant changes in our assumptions, due to changes in economic, legislative and / or demographic experience or circumstances, or changes in our actual investment returns could negatively impact the funded status of our plans requiring us to substantially increase our pension liability with a resulting decrease in shareholders' equity. Also, changes in pension legislation and regulations could increase the cost associated with our defined benefit pension plans. Our business could be adversely affected by strikes or work stoppages and other labor issues. Approximately 7, ~~300-400~~, or 27 %, of our U. S. employees are unionized, and many of our non- U. S. employees are represented by organized councils. As a result, from time to time we experience work stoppages, which can negatively impact our ability to manufacture our products on a timely basis, resulting in strain on our relationships with our customers, loss or delay of revenues and / or increased cost. The presence of unions also may limit our flexibility in responding to competitive pressures in the marketplace. In addition, the workforces of many of our suppliers and customers are represented by labor unions. Work stoppages or strikes at the plants of our key suppliers could disrupt our manufacturing processes; similar actions at the plants of our customers could result in delayed or canceled orders for our products. Any of these events could adversely affect our results of operations.