



NEWS RELEASE

L3Harris Technologies Reports Fourth Quarter and 2021 Results; Initiates 2022 Guidance

2022-01-31

- Orders and revenue
 - 2021 orders of \$18.1 billion; funded book-to-bill of 1.02
 - Q4 revenue of \$4.4 billion, down 7% versus prior year, and down 1% on an organic basis; 2021 revenue of \$17.8 billion, down 2% versus prior year, and up 2% on an organic basis
- Margins and earnings
 - Q4 GAAP net income margin of 11.1%, and GAAP earnings per share from continuing operations (EPS) of \$2.46; 2021 GAAP net income margin of 10.3%, and GAAP EPS of \$9.09
 - Q4 non-GAAP adjusted earnings before interest and taxes (EBIT) margin of 19.2%, and non-GAAP EPS of \$3.30; 2021 non-GAAP adjusted EBIT margin of 19.1%, and non-GAAP EPS of \$12.95
- Cash flow and capital deployment
 - 2021 operating cash flow of \$2.7 billion and adjusted free cash flow (FCF) of \$2.75 billion
 - Returned \$4.5 billion to shareholders in share repurchases and dividends in 2021
- Initiated 2022 financial guidance

MELBOURNE, Fla. — L3Harris Technologies, Inc. (NYSE: LHX) reported fourth quarter and 2021 results, and initiated its 2022 financial guidance.

"The L3Harris team delivered solid EPS growth, consistent with expectations, despite supply chain headwinds and budget uncertainty," said Christopher E. Kubasik, Vice Chair and Chief Executive Officer. "In 2022, we look forward

to taking the next step as the industry's trusted disruptor to deliver innovative and affordable solutions, and with a focus on creating value over the long term."

Summary Financial Results

(\$ millions, except per share data)	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
(GAAP comparison)						
Revenue	\$ 4,350	\$ 4,660	(7%)	\$ 17,814	\$ 18,194	(2%)
Net income	\$ 484	\$ 184	163%	\$ 1,842	\$ 1,086	70%
Net income margin	11.1 %	3.9 %	720 bps	10.3 %	6.0 %	430 bps
EPS	\$ 2.46	\$ 0.92	167%	\$ 9.09	\$ 5.19	75%
(Non-GAAP comparison) ²						
Revenue	\$ 4,350	\$ 4,660	(7%)	\$ 17,814	\$ 18,194	(2%)
Adjusted EBIT	\$ 836	\$ 864	(3%)	\$ 3,397	\$ 3,280	4%
Adjusted EBIT margin	19.2 %	18.5 %	70 bps	19.1 %	18.0 %	110 bps
EPS	\$ 3.30	\$ 3.14	5%	\$ 12.95	\$ 11.60	12%
Organic revenue ¹	\$ 4,350	\$ 4,379	(1%)	\$ 17,814	\$ 17,542	2%
Funded book-to-bill ³	0.90	0.93		1.02	1.04	

Fourth Quarter 2021 Results:

Revenue decreased 7% versus the prior year, primarily due to divestitures within Aviation Systems and supply chain-related constraints within Communication Systems, and decreased 1% on an organic basis. At the segment level, organic revenue was driven by Integrated Mission Systems and Space & Airborne Systems, up 6% and 2%, respectively, offset by a decline in Communication Systems and Aviation Systems, down 11% and 5%, respectively. Funded book-to-bill³ was 0.90 for the quarter.

Net income margin expanded 720 bps and adjusted EBIT margin expanded 70 bps to 19.2% versus the prior year. GAAP EPS increased 167% to \$2.46 driven primarily by prior-year charges for the impairment of intangibles,

goodwill, and other assets related to the commercial aerospace business and other COVID-related impacts. Non-GAAP EPS increased 5% to \$3.30 versus the prior year driven by e3 performance, integration benefits, expense management, and a lower share count, more than offsetting supply chain and divestiture-related impacts.

Full Year 2021 Results:

Revenue decreased 2% versus the prior year, primarily due to divestitures within Aviation Systems and supply chain-related constraints within Communication Systems, and increased 2% on an organic basis. At the segment level, organic revenue was driven by Integrated Mission Systems and Space & Airborne Systems, up 5% and 3%, respectively, partially offset by a decline in Communication Systems and Aviation Systems, down 3% and 2%, respectively. Funded book-to-bill was 1.02 for the year.

Net income margin expanded 430 bps and adjusted EBIT margin expanded 110 bps to 19.1% versus the prior year. GAAP EPS increased 75% to \$9.09 driven primarily by prior-year charges for the impairment of goodwill and other assets and other COVID-related impacts. Non-GAAP EPS increased 12% to \$12.95 versus the prior year driven by e3 performance, integration benefits, and a lower share count, more than offsetting supply chain and divestiture-related impacts as well as higher R&D investments.

Segment Results

Integrated Mission Systems

(\$ millions)	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Revenue	\$ 1,558	\$ 1,465	6%	\$ 5,839	\$ 5,538	5%
Operating income	\$ 259	\$ 209	24%	\$ 950	\$ 847	12%
Operating margin	16.6 %	14.3 %	230 bps	16.3 %	15.3 %	100 bps
Funded book-to-bill ³	0.85	1.04		1.00	1.17	

Fourth Quarter 2021 Results:

Revenue increased 6% from strong growth in ISR, driven by aircraft missionization on a NATO program, and in

Electro Optical from higher product deliveries, partially offset by classified program timing in Maritime. Operating income increased 24% to \$259 million, and operating margin expanded 230 bps to 16.6% versus the prior year from e3 and program performance, expense management, and integration benefits. Segment funded book-to-bill was 0.85.

Key contract awards in the fourth quarter included:

- Approximately \$350 million in orders for advanced ISR capabilities across incumbent platforms, such as the Rivet Joint reconnaissance, National Command Authority, Compass Call and classified aircraft, further solidifying the company's position as a partner of choice with the U.S. Air Force
- More than \$200 million in orders for WESCAM airborne, maritime and ground sensor systems from both domestic and international customers across key regions
- More than \$150 million in follow-on awards for power systems on the U.S. Navy's Columbia and Virginia-class submarines, increasing inception-to-date awards on the platforms to over \$850 million
- Approximately \$70 million in follow-on orders to provide additional ISR aircraft and missionization capabilities to a NATO customer, increasing total orders for the year to over \$600 million
- \$70 million Indefinite Delivery, Indefinite Quantity (IDIQ) contract to provide sensor sustainment services in support of the AC-130 platform

Full Year 2021 Results:

Revenue increased 5% from strong growth in ISR, driven by aircraft missionization on a NATO program, and in Maritime from a ramp on key platforms, along with higher product deliveries in Electro Optical. Operating income increased 12% to \$950 million, and operating margin expanded 100 bps to 16.3% versus the prior year from e3 and program performance, expense management, and integration benefits. Segment funded book-to-bill was 1.00.

Space & Airborne Systems

(\$ millions)	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Revenue	\$ 1,286	\$ 1,256	2%	\$ 5,093	\$ 4,946	3%
Operating income	\$ 235	\$ 245	(4%)	\$ 970	\$ 932	4%
Operating margin	18.3 %	19.5 %	(120) bps	19.0 %	18.8 %	20 bps
Organic revenue ¹	\$ 1,286	\$ 1,256	2%	\$ 5,093	\$ 4,939	3%

Funded book-to-bill ³	0.95	0.81	1.03	0.99
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Fourth Quarter 2021 Results:

Revenue increased 2% versus the prior year driven by Space from a ramp on missile defense and other responsive programs. This growth was partially offset by the transition towards modernization programs within the airborne businesses, and classified program timing in Intel & Cyber. Operating income decreased 4% to \$235 million, and operating margin contracted 120 bps to 18.3% versus the prior year as e3 performance, higher pension income, and integration benefits were more than offset by expense timing and mix impacts from growth programs. Segment funded book-to-bill was 0.95.

Key contract awards in the fourth quarter included:

- More than \$275 million in orders on long-term airborne platforms (F-35, F/A-18, F-16, and B-52), including modernization and development, increasing total orders for the year to over \$1.1 billion
- More than \$225 million in classified responsive and exquisite space awards, potentially leading to multi-billion-dollar follow-on opportunities
- \$125 million award from the U.S. Space Force for ground-based, deployable electronic warfare systems to safeguard U.S. military operations and warfighters
- Approximately \$100 million award to provide three fully-digital navigation payloads to be integrated into GPS III follow-on space vehicles
- Approximately \$100 million, sole-source IDIQ contract from the U.S. Navy for next-generation shipboard electronic attack systems to counter anti-ship missile threats

Full Year 2021 Results:

Revenue increased 3% versus the prior year and on an organic basis driven by Space from a ramp on missile defense and other responsive programs, as well as classified growth in Intel & Cyber. This growth was partially offset by the transition towards modernization programs within the airborne businesses. Operating income increased 4% to \$970 million, and operating margin expanded 20 bps to 19.0% versus the prior year from e3 performance, higher pension income, and integration benefits, net of higher R&D investments and mix impacts from growth programs. Segment funded book-to-bill was 1.03.

Communication Systems

(\$ millions)	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Revenue	\$ 1,018	\$ 1,143	(11%)	\$ 4,287	\$ 4,443	(4%)
Operating income	\$ 253	\$ 296	(15%)	\$ 1,092	\$ 1,084	1%
Operating margin	24.9 %	25.9 %	(100) bps	25.5 %	24.4 %	110 bps
Organic revenue ¹	\$ 1,018	\$ 1,143	(11%)	\$ 4,287	\$ 4,402	(3%)
Funded book-to-bill ³	0.97	0.95		1.10	0.94	

Fourth Quarter 2021 Results:

Revenue decreased 11% due to anticipated product delivery delays from supply chain-related constraints mainly within Tactical Communications, lower volume on legacy platforms in Broadband Communications, contract roll-offs in Global Communications Solutions, and delivery timing within Integrated Vision Solutions. This decline was partially offset by higher sales in Public Safety. Operating income decreased 15% to \$253 million, and operating margin contracted 100 bps to 24.9% versus the prior year as e3 performance and integration benefits were more than offset by supply chain impacts and higher R&D investments. Segment funded book-to-bill was 0.97.

Key contract awards in the fourth quarter included:

- More than \$250 million, five-year, sole-source IDIQ contract from the U.S. Defense Logistics Agency for legacy radios and accessories
- Approximately \$225 million to provide advanced multi-channel Falcon IV® handheld radios, sustainment services, and other upgrades to international customers across key regions, reflecting a ramp in modernization
- More than \$80 million from the U.S. Special Operations Command, including a contract to integrate modernized software-defined manpack radios into MH-47 and MH-60 aircraft, and follow-on production orders under the Next Generation Tactical Communications multi-channel manpack IDIQ contract
- Approximately \$40 million in follow-on production orders under the U.S. Army's multi-billion-dollar HMS Manpack and two-channel Leader radio IDIQ contracts
- Approximately \$40 million to provide video data link systems to international customers in the Asia-Pacific and European regions

Full Year 2021 Results:

Revenue decreased 4% versus the prior year and 3% on an organic basis due to product delivery delays from supply chain-related constraints mainly within Tactical Communications and lower volume on legacy unmanned platforms in Broadband Communications, along with a modest decline in Public Safety. This decline was partially offset by U.S. DoD modernization growth within Global Communications Solutions, with flat revenue in Integrated Vision Solutions. Operating income increased 1% to \$1,092 million, and operating margin expanded 110 bps to 25.5% versus the prior year from e3 performance and integration benefits, net of supply chain impacts and higher R&D investments. Segment funded book-to-bill was 1.10.

Aviation Systems

(\$ millions)	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
(GAAP comparison)						
Revenue	\$ 535	\$ 845	(37%)	\$ 2,783	\$ 3,448	(19%)
Operating income (loss)	\$ 77	\$ (131)	n/m	\$ 330	\$ (177)	n/m
Operating margin	14.4 %	(15.5) %	n/m	11.9 %	(5.1) %	n/m
(Non-GAAP comparison) ^{2,4}						
Revenue	\$ 535	\$ 845	(37%)	\$ 2,783	\$ 3,448	(19%)
Operating income	\$ 77	\$ 126	(39%)	\$ 412	\$ 476	(13%)
Operating margin	14.4 %	14.9 %	(50) bps	14.8 %	13.8 %	100 bps
Organic revenue ¹	\$ 535	\$ 564	(5%)	\$ 2,783	\$ 2,844	(2%)
Funded book-to-bill ³	0.79	0.89		0.90	1.03	

n/m: Not meaningful

Fourth Quarter 2021 Results:

Revenue decreased 37% versus the prior year due to divestitures, and decreased 5% on an organic basis from contract roll-offs and delayed awards within Defense Aviation, as well as lower FAA volume in Mission Networks. This decline was partially offset by a recovery in training and avionics product sales within the commercial

aerospace business. The increase in GAAP operating income was driven by the prior-year impairment of goodwill and other assets related to the commercial aerospace business, and other COVID-related impacts, as well as expense management, net of divestitures. Non-GAAP operating income decreased 39% to \$77 million primarily due to divestitures, and non-GAAP operating margin contracted 50 bps to 14.4% versus the prior year as expense management, commercial aerospace recovery, and integration benefits were more than offset by divestitures. Segment funded book-to-bill was 0.79.

Key contract awards in the fourth quarter included:

- Approximately \$90 million classified award for next-generation systems, reflecting a key revenue synergy for the company and potentially leading to multi-billion-dollar follow-on opportunities
- More than \$50 million in follow-on production awards for fuzing and ordnance systems from the U.S. DoD

Full Year 2021 Results:

Revenue decreased 19% versus the prior year due to divestitures, and decreased 2% on an organic basis driven by lower volume on divested businesses, as well as COVID-related impacts in the commercial aerospace business. This decline was partially offset by higher FAA volume in Mission Networks. The increase in GAAP operating income was driven by the prior-year impairment of goodwill and other assets related to the commercial aerospace business, and other COVID-related impacts, as well as e3 performance, net of divestitures. Non-GAAP operating income decreased 13% to \$412 million primarily due to divestitures, and non-GAAP operating margin expanded 100 bps to 14.8% versus the prior year as e3 performance, expense management, and integration benefits more than offset divestitures. Segment funded book-to-bill was 0.90.

Cash Generation and Capital Deployment

(\$ millions)	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Operating cash flow	\$ 822	\$ 698	\$ 124	\$ 2,687	\$ 2,790	\$ (103)
Adjusted free cash flow ²	\$ 758	\$ 642	\$ 116	\$ 2,746	\$ 2,686	\$ 60

In the fourth quarter of fiscal 2021, L3Harris generated \$822 million in operating cash flow and \$758 million in adjusted free cash flow², and returned \$999 million to shareholders through \$800 million in share repurchases and

\$199 million in dividends. For the full year, the company generated \$2.7 billion in operating cash flow and \$2.75 billion in adjusted free cash flow, and returned \$4.5 billion to shareholders through \$3.7 billion in share repurchases and \$817 million in dividends.

L3Harris also completed the divestitures of the ESSCO and Narda-MITEQ businesses, with total gross proceeds in the quarter of \$130 million, contributing to gross proceeds from post-merger portfolio shaping of approximately \$2.8 billion.

Guidance

L3Harris initiated 2022 guidance as follows:

	Guidance (2022)
Revenue	\$17.3 billion - \$17.7 billion
Organic revenue growth	up 1.0% - 3.0%
Segment operating margin	16.00% - 16.25%
L3Harris GAAP net income margin	12.00% - 12.25%
L3Harris adjusted EBIT margin ²	19.00% - 19.25%
GAAP EPS	\$10.75 - \$11.05
Non-GAAP EPS	\$13.35 - \$13.65
Operating cash flow ⁵	\$2.4 billion - \$2.5 billion
Adjusted free cash flow ⁵	\$2.15 billion - \$2.25 billion
R&D tax impact ⁵	\$600 million - \$700 million
Share repurchases	~\$1.5 billion

Conference Call and Webcast

L3Harris Technologies will host a conference call today, January 31, 2022, at 8:30 a.m. Eastern Time (ET). The dial-in numbers for the teleconference are (U.S.) 877-407-6184 and (International) 201-389-0877, and participants will be directed to an operator. Please allow at least 10 minutes before the scheduled start time to connect to the

teleconference. Participants are encouraged to listen via webcast, and view management's supporting slide presentation, which will be broadcast live at [L3Harris.com](https://www.l3harris.com). A recording of the call will be available on the L3Harris website, beginning at approximately 12 p.m. ET on January 31, 2022.

About L3Harris Technologies

L3Harris Technologies is an agile global aerospace and defense technology innovator, delivering end-to-end solutions that meet customers' mission-critical needs. The company provides advanced defense and commercial technologies across space, air, land, sea and cyber domains. L3Harris has more than \$17 billion in annual revenue and 47,000 employees, with customers in more than 100 countries. [L3Harris.com](https://www.l3harris.com).

Non-GAAP Measures

This press release contains non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission ("SEC"), including earnings per diluted share from continuing operations ("EPS"), adjusted earnings before interest and taxes ("EBIT"), adjusted EBIT margin and adjusted free cash flow for the fourth quarters and fiscal years of 2021 and 2020; organic revenue growth for the company and for its Space & Airborne Systems, Communication Systems and Aviation Systems segments for the fourth quarters and fiscal years of 2021 and 2020; segment operating income and margin for the Aviation Systems segment for the fourth quarters and fiscal years of 2021 and 2020; and expected organic revenue growth, adjusted EBIT margin, EPS, adjusted free cash flow, and share repurchases for 2022; in each case, adjusted for certain costs, charges, expenses, losses or other amounts as set forth in the reconciliations of non-GAAP financial measures included in the financial statement tables accompanying this press release. A "non-GAAP financial measure" is generally defined as a numerical measure of a company's historical or future performance that excludes or includes amounts, or is subject to adjustments, so as to be different from the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles ("GAAP"). L3Harris management believes that these non-GAAP financial measures, when considered together with the GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period. L3Harris management also believes that these non-GAAP financial measures enhance the ability of investors to analyze L3Harris business trends and to understand L3Harris performance. In addition, L3Harris may utilize non-GAAP financial measures as guides in forecasting, budgeting and long-term planning processes and to measure operating performance for some management compensation purposes. Non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial measures presented in accordance with GAAP. In addition, L3Harris may utilize non-GAAP financial measures as guides in forecasting, budgeting and long-term planning processes and to measure operating performance for some management compensation purposes. Non-

GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial measures presented in accordance with GAAP.

Attachments: **Financial statements (10 tables)**

Forward-Looking Statements

Statements in this press release that are not historical facts are forward-looking statements that reflect management's current expectations, assumptions and estimates of future performance and economic conditions. Such statements are made in reliance on the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this press release include but are not limited to: revenue, organic revenue growth, segment operating margin, GAAP net income margin, adjusted EBIT margin, GAAP EPS, non-GAAP EPS, operating cash flow, adjusted free cash flow, R&D tax impact, and share repurchase guidance for 2022; statements regarding taking the next step as the industry's trusted disruptor and value creation over the long term; program, contract and order opportunities and awards and the value or potential value and timing thereof; and other statements regarding outlook or that are not historical facts. The company cautions investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. The company's consolidated results, future trends and forward-looking statements could be affected by many factors, risks and uncertainties, including but not limited to: actual impacts related to COVID; the loss of the company's relationship with the U.S. Government or a change or reduction in U.S. Government funding; potential changes in U.S. Government or customer priorities and requirements (including potential deferrals of awards, terminations, reductions of expenditures, changes to respond to the priorities of Congress and the Administration, debt ceiling implications, budgetary constraints, government shut down and continuing resolution impacts, sequestration, and cost-cutting initiatives); a security breach, through cyber attack or otherwise, or other significant disruptions of the company's IT networks and systems or those the company operates for customers; the level of returns on defined benefit plan assets and changes in interest rates; risks inherent with large long-term fixed-price contracts, particularly the ability to contain cost overruns, fluctuations in the price of raw materials, or a significant increase in inflation; changes in estimates used in accounting for the company's programs; financial and government and regulatory risks relating to international sales and operations; effects of any non-compliance with laws; the company's ability to continue to develop new products that achieve market acceptance; the consequences of uncertain economic conditions and future geo-political events; strategic transactions, including mergers, acquisitions, divestitures, spin-offs and the risks and uncertainties related thereto, including the company's ability to manage and integrate acquired businesses and realize expected benefits, the potential disruption to relationships with employees, suppliers and customers, including the U.S. Government, and to the company's business generally, and potential tax, indemnification and other liabilities and exposures; performance of the

company's subcontractors and suppliers, including supply chain disruption impacts; potential claims related to infringement of intellectual property rights or environmental remediation or other contingencies, litigation and legal matters and the ultimate outcome thereof; downturns in global demand for air travel and other economic factors impacting the company's commercial aviation products, systems and services business; risks inherent in developing new and complex technologies and/or that may not be covered adequately by insurance or indemnity; changes in the company's effective tax rate, including due to the U.S. Government's failure to modify or repeal the provisions in the Tax Cuts and Jobs Act of 2017 that eliminate the option to immediately deduct research and development expenditures in the period incurred; significant indebtedness and unfunded pension liability and potential downgrades in the company's credit ratings; unforeseen environmental matters; natural disasters or other disruptions affecting the company's operations; changes in future business or other market conditions that could cause business investments and/or recorded goodwill or other long-term assets to become impaired; and the company's ability to attract and retain key employees and maintain reasonable relationships with unionized employees. The level and timing of share repurchases will depend on a number of factors, including the company's financial condition, capital requirements, cash flow, results of operations, future business prospects and other factors. The timing, volume and nature of share repurchases also are subject to business and market conditions, applicable securities laws, and other factors, and are at the discretion of the company and may be suspended or discontinued at any time without prior notice. Further information relating to these and other factors that may impact the company's results, future trends and forward-looking statements are disclosed in the company's filings with the SEC. The forward-looking statements contained in this press release are made as of the date of this press release, and the company disclaims any intention or obligation, other than imposed by law, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Persons reading this press release are cautioned not to place undue reliance on forward-looking statements.

¹Organic revenue and organic revenue growth exclude revenue attributable to each divested business for the portion of the prior-year period equivalent to the portion of the current-year period following the date the business was divested; refer to non-GAAP financial measure (NGFM) reconciliations in the tables accompanying this press release and to the disclosures in the non-GAAP section of this press release for more information.

²Adjusted EBIT, adjusted EBIT margin, non-GAAP EPS and adjusted free cash flow (FCF) are NGFMs; refer to NGFM reconciliations in the tables accompanying this press release for applicable adjustments and/or exclusions and to the disclosures in the non-GAAP section of this press release for more information.

³Funded book-to-bill is calculated as the value of new contract awards received from the U.S. Government, for which the U.S. Government has appropriated funds, plus the value of new contract awards and orders received from customers other than the U.S. Government, divided by revenue. This includes incremental funding and adjustments to previous awards, and excludes unexercised contract options or potential orders under indefinite

delivery, indefinite quantity contracts. The funded book-to-bill ratio is considered a key performance indicator in the Aerospace and Defense industry as it measures how much backlog is utilized in a certain period.

⁴Excludes asset impairment and other COVID-related charges and adjustments; refer to NGFM reconciliations in the tables accompanying this press release and to the disclosures in the non-GAAP section of this press release for more information.

⁵Operating cash flow and adjusted FCF guidance (2022) assumes a provision in the Tax Cuts and Jobs Act of 2017 that went into effect on January 1, 2022 requiring companies to capitalize and amortize R&D expenditures over five years (~\$2 billion) rather than deducting such expenditures in the year incurred is not modified, repealed or deferred beyond 2022, resulting in additional cash income tax payments of \$600 million to \$700 million. Adjusted FCF excludes cash income taxes paid or avoided related to taxable gains and losses resulting from sales of businesses, and also reflects the types of adjustments and/or exclusions presented in the FCF and Adjusted FCF NGFM reconciliation in the tables accompanying this release; refer to the disclosures in the non-GAAP section of this press release for more information.