

FISCAL 2018 FIRST QUARTER EARNINGS CALL PRESENTATION

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1 Grow revenue across all 3 segments

- ~Flat revenue; grew in 2 of 3 segments
- **Orders up 33% to record \$2.3B**; 1.6 B:B
- Built backlog across segments

2 Drive flawless execution while maintaining margins through operational excellence

- Delivered **8%* EPS growth**
- Expanded margin 70 bps* to 19.2%, despite ADS-B headwind
- Executed on programs – significant margin expansion in CS, SIS

3 Maximize cash flow with balanced capital deployment

- Improved FCF by \$50M*
- Increased dividend 8%
- **Returned \$144M to shareholders** in dividends and repurchases
- Reduced debt by \$33M

FCF(free cash flow) = operating cash flow less capital expenditures.

*FY17 non-GAAP EPS and margin figures exclude acquisition-related charges. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

Communication Systems

2.0

- \$260M from Australia – moving from radio supplier to systems integrator
- Solid international wins
 - \$52M Ukraine
 - \$46M Kenya
 - \$39M Iraq
- 101 test units ordered for Army HMS manpack modernization program
- > \$100M focused on readiness
 - Air Force 117G upgrades
 - Marine Corps 117G and MUOS
- \$765M Navy IDIQ for current, next-gen tactical radios in 2Q18

Electronic Systems

1.5

- Continued EW upgrades across legacy platforms
 - \$133M, 3-year contract for U.S. Navy and Australian F/A-18 IDECM systems
 - \$47M from Morocco for F-16 solutions
- Growth in Avionics carriage and release products
 - \$63M for F-35
 - \$26M from Singapore and \$20M from Turkey for F-16 smart release racks
- Leveraging 20+ year classified robotics history to expand
 - Up to £55M from U.K. Ministry of Defence for explosive ordnance disposal robots

Space and Intelligence Systems

1.4

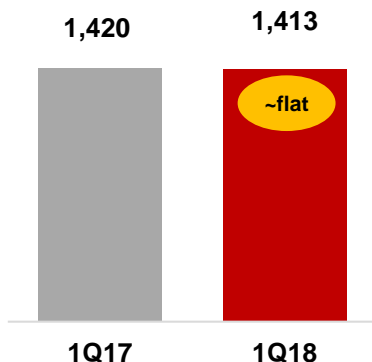
- Continued strength in Classified programs – leveraging investments in ground processing and small satellites
 - Expanded ground-based adjacency franchise with new win
 - Award for new technologies with potential to grow to \$100M
- Strong support for key weather programs
 - \$72M for GOES-R sustainment
 - \$63M for Joint Polar Satellite System instruments
- Commercial satellite recapitalization
 - Largest single satellite order to-date – covering 4 reflectors

Solid 1Q18 financial results

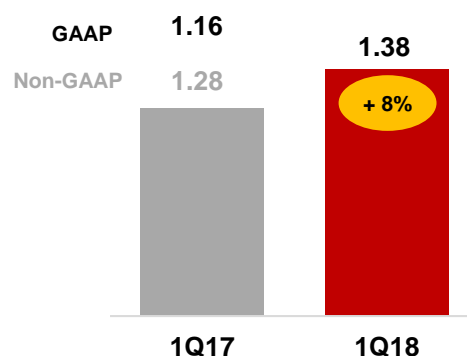


(\$million, except per share amounts)

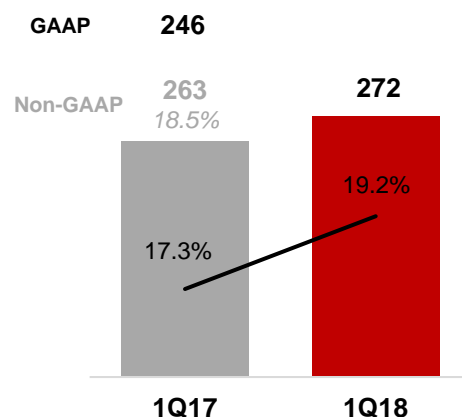
Revenue



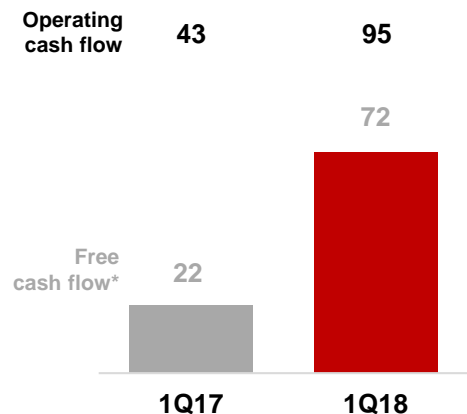
EPS



Operating income and margin



Cash flow

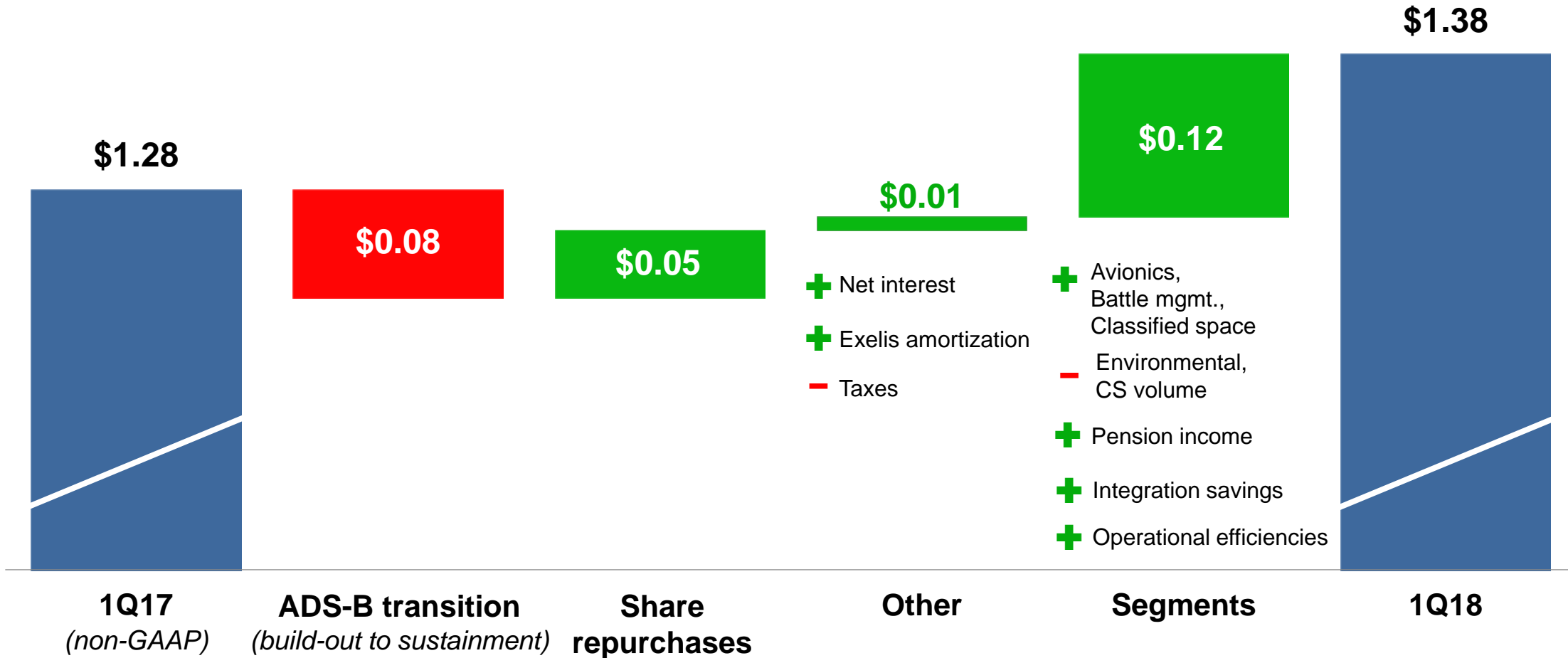


- Revenue about flat
 - Growth in ES and SIS offset by CS
 - Strong orders across all segments
- EPS increased 8%* to \$1.38
 - Solid growth in Avionics, Battle Management Systems, Classified programs
 - Incremental pension income, synergy savings, operational efficiencies and share repurchases
 - ADS-B headwind
- Operating margin expanded 70 bps* to 19.2% despite ADS-B headwind
- FCF up \$50M*

FCF(free cash flow) = operating cash flow less capital expenditures.

*FY17 non-GAAP EPS and margin figures exclude acquisition-related charges. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

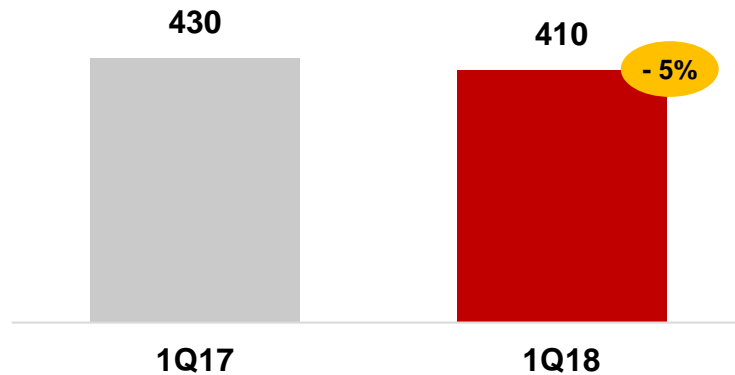
1Q18 EPS bridge



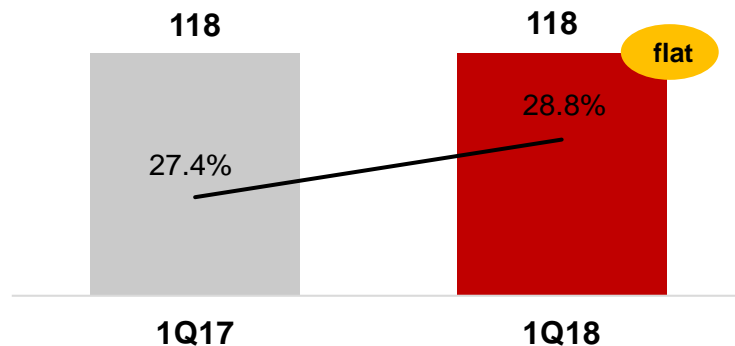
For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

(\$million)

Revenue



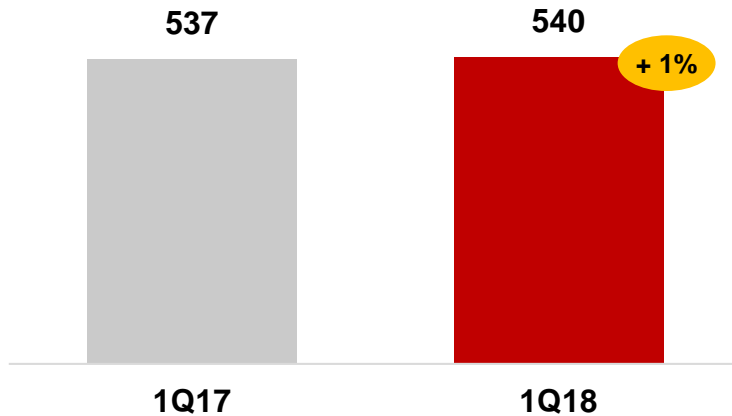
Operating income and margin



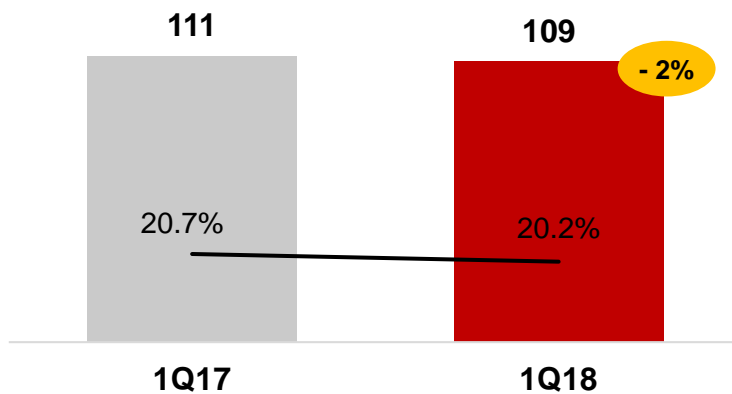
- Revenue down 5%
 - Tactical Comms revenue down 5%
 - DoD down slightly due to lower Airborne radios
 - Int'l down mid-single digits, Middle East and Africa growth offset by lower Central Asia and CALA
 - Public Safety and Night Vision both down mid-single digits
- Operating income flat; margin expanded 140 bps
 - Lower costs and operational efficiencies
- B:B > 2
 - Driven by Australia, solid Europe and Middle East bookings and strong DoD base-business demand

(\$million)

Revenue



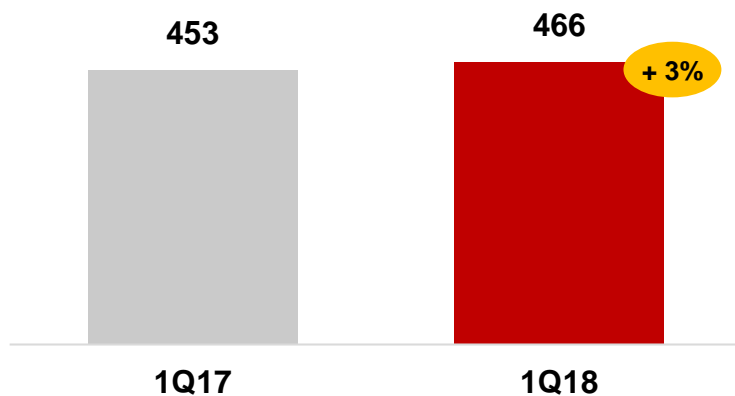
Operating income and margin



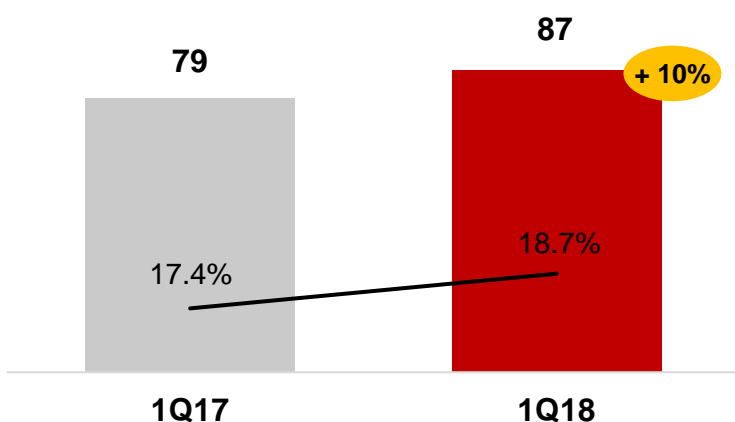
- Revenue up 1%; despite \$21M ADS-B impact
 - Solid Avionics growth – F-35, F-22, F/A-18
 - UAE battle management system ramp
 - EW remained strong
- Operating income down 2%; margin contracted 50 bps
 - \$14M ADS-B headwind
 - Continued operational excellence and strong program performance
- B:B of 1.5
 - Driven by EW and Avionics B:B > 2

(\$million)

Revenue



Operating income and margin



- Revenue up 3%
 - Classified up 8%; continued strong demand, including Space Superiority
 - Environmental programs down double digits as expected
- Operating income up 10%; margin expanded 130 bps
 - Strong program performance
 - Higher pension income
- B:B of 1.4 with wins across the segment

Total Harris

Revenue <hr/> \$6.02 - 6.14B <i>up 2 - 4%</i>	Operating Margin <hr/> 19.0 - 19.5%
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EPS <hr/> \$5.85 - \$6.05 <i>up 6 - 9%*</i>	FCF <hr/> \$850 - 900M
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By Segment

	Revenue	Operating margin
CS	\$1.81 - 1.84B <i>up 3 - 5%</i>	29.5 - 30.5%
ES	\$2.32 - 2.36B <i>up 3 - 5%</i>	19.0 - 20.0%
S&IS	\$1.90 - 1.92B <i>flat to up 1%</i>	16.5 - 17.5%

* EPS growth based on FY17 non-GAAP EPS of \$5.53. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

Other information (with FY17 and 1Q18 results comparison)



(\$million except noted)

	<u>FY17</u>	<u>1Q18</u>	<i>Reiterated</i> <u>FY18</u>
Amortization of Exelis acquisition intangibles	\$110	\$25	~\$103
CHQ costs	\$56 <i>non-GAAP</i>	\$16	\$55 - 60
FAS Pension expense/(income)*	(\$90)	(\$30)	~(\$120)
Net capital expenditures	\$119	\$23	~\$130
Net interest expense	\$170	\$41	~\$162
Effective tax rate	29.5% <i>28.5% non-GAAP</i>	27.7%	~28.5%
Average diluted shares outstanding (million shares)	124.3	121.2	~121
Share repurchases	\$710	\$75	~\$150
Debt payments	\$575	\$33	~\$550

* Amounts reflect FAS pension income adjusted for benefit harmonization costs
For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

Supplemental information - tactical communications history



(\$million)

	<u>4Q15</u>	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>	<u>2Q17</u>	<u>3Q17</u>	<u>4Q17</u>	<u>1Q18</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>YTD</u> <u>FY18</u>
Orders		404	238	290	237	369	301	279	293	681		1,169	1,242	681
Sales		340	346	335	276	311	276	328	306	296		1,297	1,221	296
DoD		117	91	99	98	113	102	82	95	110		405	392	110
International		223	255	236	178	198	174	246	211	186		892	829	186
Ending Backlog	601	665	556	511	472	530	555	507	494	879	601	472	494	879