



FISCAL 2017 THIRD QUARTER EARNINGS CALL PRESENTATION

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Forward-looking statements



Statements in this presentation 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 presentation include but are not limited to: earnings, revenue, expected integration charges, intangible amortization, synergy savings, pension, free cash flow, tax rate, segment and other guidance for fiscal 2017; potential contract opportunities and awards; the potential value and timing of contract awards; the anticipated uses of proceeds from divestitures; the anticipated level of share repurchases for fiscal 2017; statements regarding the focus on core franchises where technology differentiates our solutions; 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: 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, budgetary constraints, debt ceiling implications, 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; 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 continued effects of the general weakness in the global economy and U.S. Government's budget deficits and national debt and sequestration; 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 acquisitions and divestitures and the risks and uncertainties related thereto, including the company's ability to manage and integrate acquired businesses (including achieve estimated synergy savings and realize other expected benefits), the actual amount and timing of integration and other acquisition-related charges and potential disruption to relationships with employees, suppliers and customers, including the U.S. Government, and to the company's business generally; performance of the company's subcontractors and suppliers; potential claims related to infringement of intellectual property rights or environmental remediation or other contingencies, litigation and legal matters and the ultimate outcome thereof; 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; increased indebtedness and significant 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; the company's ability to attract and retain key employees, maintain reasonable relationships with unionized employees and manage escalating costs of providing employee health care; potential tax, indemnification and other liabilities and exposures related to Exelis' spin-off of Vectrus, Inc. and Exelis' spin-off from ITT Corporation; uses of proceeds from divestitures different from the company's current expectations or a level of share repurchases different from the company's current expectations. 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 presentation are made as of the date of this presentation, 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.

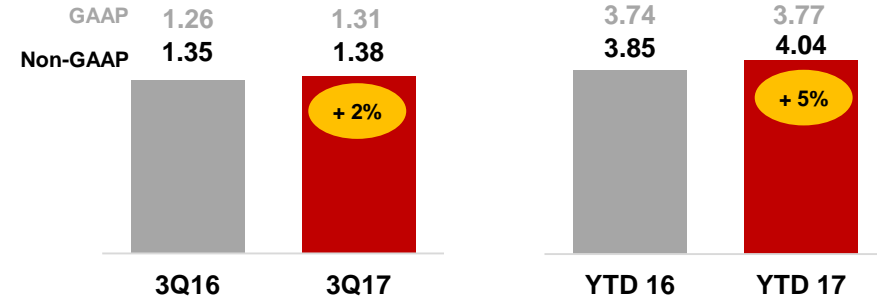
- **Focusing the portfolio; completed sale of IT services**
 - 5th sale in 4 years; shaped company around core franchises where technology differentiates
- **Balanced and shareholder-friendly capital deployment**
 - Divestiture proceeds and FCF generated ~\$1.5B YTD
 - On track for about \$700M in share repurchases in FY17; pre-fund pension \$400M; repaid \$575M of debt
- **Drive operational excellence and integrate Exelis**
 - ~\$145M run-rate synergies; higher than initial \$100-120M and a year early
- **Continue to invest to position the company for long-term growth**

3Q17 and year-to-date summary

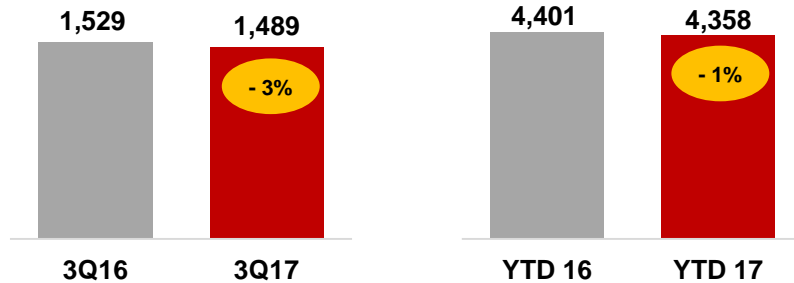


(\$million, except per share amounts)

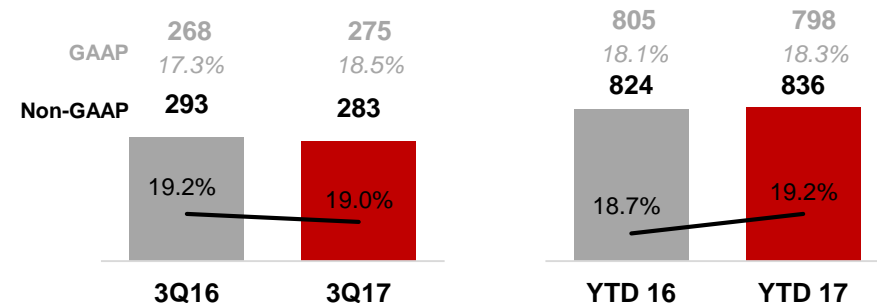
EPS



Organic revenue*



Op. income and margin

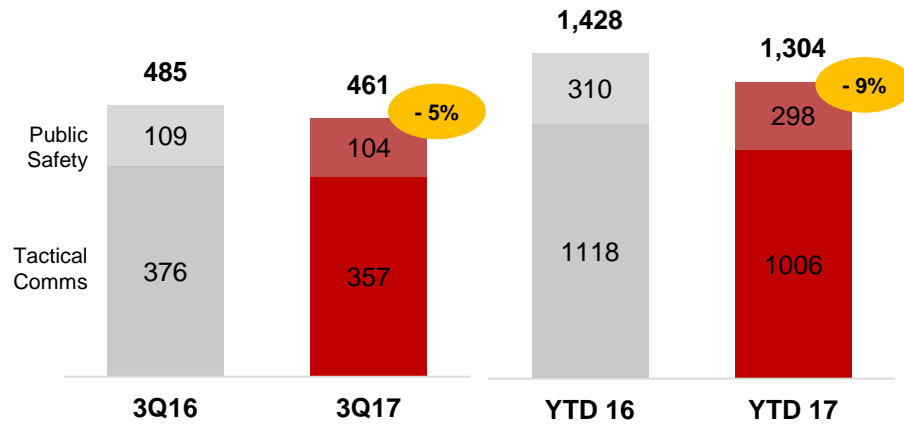


- CapRock and IT services reported as discontinued operations; reporting now in 3 segments
- Non-GAAP EPS \$1.38; up 2%; up 5% YTD
- Organic revenue* down 3%; down 1% YTD
- Operating margin up 50bps YTD on lower costs and higher pension income
- Solid FCF of \$164M; \$410M YTD
- 3Q B:B of 1.0; YTD B:B > 1.0 with good contract wins in key areas
- Strong YTD performance, narrowing FY17 guidance

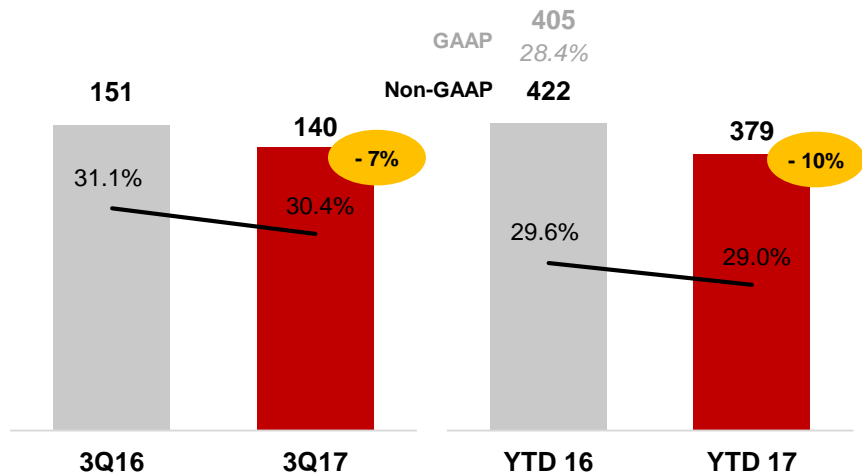
*3Q16 and YTD 16 results adjusted for \$21M AND \$58M, respectively, of revenue attributable to Aerostructures divested in 4Q16. Reference slide 7. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

(\$million)

Revenue



Operating income and margin

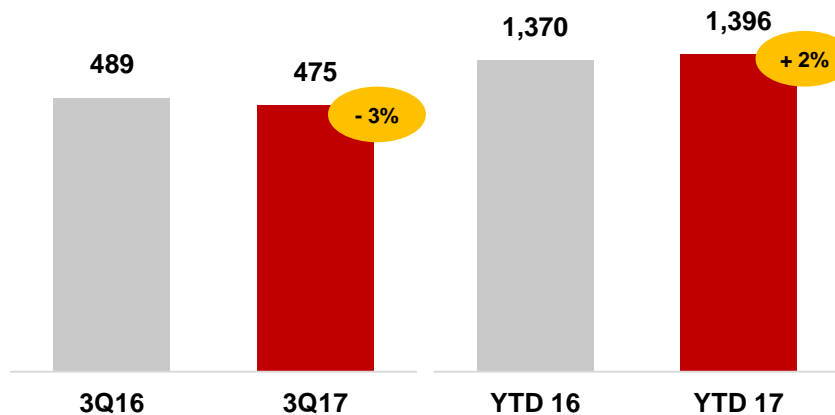


- Q3 segment revenue down 5%; YTD down 9%
- Tactical Comms Q3 revenue down 5%
 - HRS legacy tactical up 1%; international up 8%
 - Europe shaping up for record year
 - \$421M backlog – up 5% YTD
 - Army and SOCOM modernizations progressing
- \$36M airborne order for small tactical terminals for various aircraft
- Public Safety revenue down 5%
 - Awarded 5-year, \$75M contract in 4Q17 to upgrade legacy analog system to P25 digital network
- Operating margins trending higher sequentially on lower costs

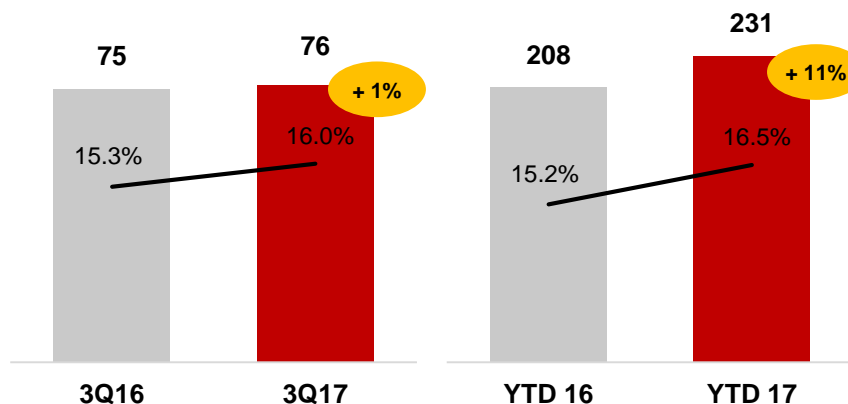
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(\$million)

Revenue



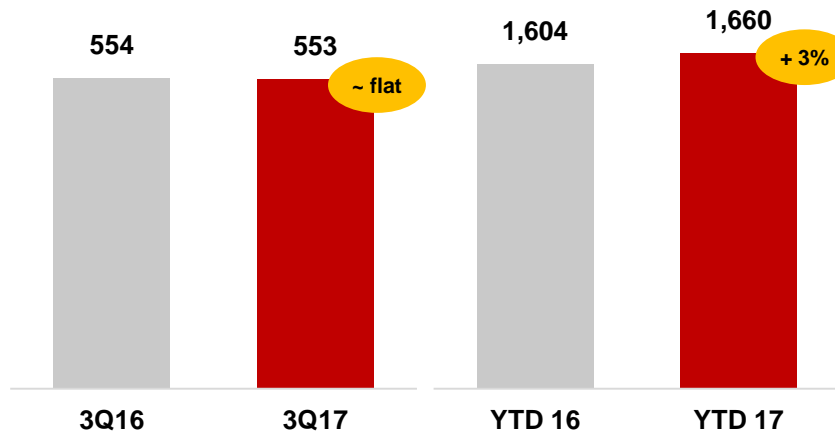
Operating income and margin



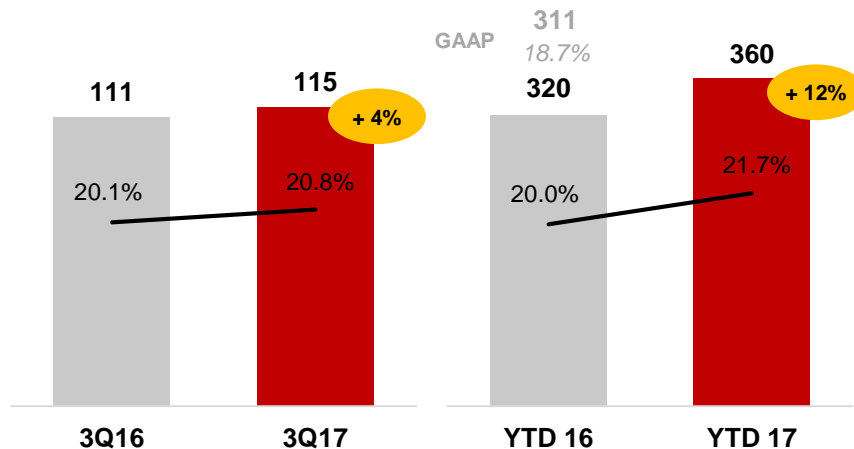
- Q3 segment revenue down 3%; YTD up 2% driven by strong classified partially offset by program transitions
- Q3 segment operating income up 1%; YTD up 11% with margins expanding 130 bps – reflecting solid program performance and higher pension income
- Continued strength in intel programs
 - 5-year, \$500M single-award IDIQ from NGA to develop software for search and retrieval of geospatial products
 - \$28M and \$18M in follow-on space superiority contracts to support the SENSOR program

(\$million)

Organic revenue*



Operating income and margin



- Q3 segment revenue ~flat; YTD up 3% driven by UAE battlefield management ramp and double-digit EW growth
- Q3 segment operating income up 4%; YTD up 12% with margins expanding 170 bps – reflecting solid program execution, a 2Q contract adjustment, and higher pension income
- Strong EW growth and solid Avionics pipeline
- Key wins:
 - \$72M follow-on contract for Sonobuoy Launching Systems for P-8 anti-submarine aircraft
 - 7-year, \$72M follow-on contract for engineering services for ATM weather initiatives
 - 3-year, \$25M follow-on contract from U.S. Air Force for EW demonstrations

*Revenue excludes Aerostructures, which was divested in 4Q16. Aerostructures revenue in fiscal 16 was \$60M with quarterly revenue of \$19M, \$18M, \$21M, \$2M, respectively. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

Updated fiscal 2017 outlook



(\$million, except per share amounts)

Guidance	Prior fiscal 17		Updated fiscal 17	
	\$	EPS	\$	EPS
Revenue	\$ 5,760 – 5,881		~\$ 5,870	
GAAP EPS from continuing operations		\$ 5.21 – 5.41		\$ 5.20 – 5.25
Acquisition-related and other charges	~35	~\$ 0.19	~40	~\$ 0.30
Non-GAAP EPS from continuing operations		\$ 5.40 – 5.60		\$ 5.50 – 5.55
Other information				
Synergy savings		\$ 130 - 135		~\$ 135
Amortization of Exelis acquisition intangibles		~110		~110
CHQ costs - non-GAAP		50 – 55		~55
Pension - FAS expense/(income)		~(90)		~(90)
Pension - cash contribution		~188 ⁽¹⁾		~188 ⁽¹⁾
Free cash flow		~800 ⁽¹⁾		~800 ⁽¹⁾
Net capital expenditures		~150		~130
Net interest expense		~170		~170
Effective tax rate - GAAP		~28.5%		~29.5%
Effective tax rate - non-GAAP		~28.5%		~28.5%
Average fiscal 17 diluted shares outstanding				~124M ⁽²⁾

⁽¹⁾ Excludes expected 1-time \$400M cash contribution to pension plan in fiscal 2017.

⁽²⁾ Reflects ~\$700M in share repurchases in fiscal 2017.

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

Updated fiscal 2017 segment outlook



(\$million)

Other information	Revenue			Segment operating margin			
	FY16	Prior FY17	Updated FY17	Re-allocated FY16**		Prior FY17	Updated FY17**
				GAAP	non-GAAP		
Harris Corporation	\$ 5,932 *	~flat to down 2%	down ~1%				
Communication Systems	\$ 1,863	down 7 to 9%	down ~7%	28.0%	29.0%	29.5% – 30.5%	~30.0%
Space & Intelligence Systems	\$ 1,899	up 1 to 3%	~ flat	15.3%	15.3%	16.0% – 17.0%	~16.5%
Electronic Systems	\$ 2,173 *	up 2 to 4%	up ~3%	19.2%	20.1%	20.5% – 21.5%	~20.5%

* FY16 revenue excludes Aerostructures revenue as referenced in slide 7.

** Incorporates the reallocation of stranded costs and FAS pension income associated with recently divested businesses.
For non-GAAP reconciliations reference the Harris investor relations website.

Historical non-GAAP financial summary



	FY16					FY17		
	1Q	2Q	3Q	4Q	FY16	1Q	2Q	3Q
Revenue								
Communication Systems	454	489	485	435	1,863	430	413	461
Space & Intelligence Systems	435	446	489	529	1,899	453	468	475
Electronic Systems*	514	536	554	569	2,173	537	570	553
Eliminations	(2)	0	1	(2)	(3)	0	(2)	(0)
Total*	1,401	1,471	1,529	1,531	5,932	1,420	1,449	1,489
Operating income								
Communication Systems	136	135	151	119	541	118	121	140
Space & Intelligence Systems	67	66	75	82	290	79	76	76
Electronic Systems	101	108	111	121	441	111	134	115
Eliminations / Other	(1)	(1)	(1)	(1)	(4)	(1)	(1)	(1)
Amortization from Exelis intangibles	(27)	(27)	(28)	(27)	(109)	(27)	(28)	(27)
Corporate expense	(19)	(7)	(15)	(10)	(51)	(17)	(12)	(20)
EBIT	257	274	293	284	1,108	263	290	283
Non-GAAP tax rate	31.8%	26.6%	30.9%	32.1%	30.3%	27.3%	29.8%	28.6%
Non-GAAP EPS	\$1.15	\$1.34	\$1.35	\$1.30	\$5.14	\$1.28	\$1.38	\$1.38

* FY16 revenue excludes Aerostructures revenue as referenced in slide 7.
For non-GAAP reconciliations reference the Harris investor relations website.

(\$million)

Harris legacy tactical history

	<u>1Q15</u>	<u>2Q15</u>	<u>3Q15</u>	<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>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u> <u>YTD</u>
Orders	288	263	286	402	378	215	251	199	358	280	232	1,336	1,129	1,238	1,044	870
Sales	276	317	356	366	296	314	302	217	293	254	304	1,256	1,307	1,315	1,129	851
DoD	77	99	89	122	98	75	81	68	101	92	64	577	461	387	322	257
International	200	218	267	243	199	238	221	149	192	162	240	678	847	928	808	594
Ending Backlog	575	521	451	487	569	470	419	402	467	493	421	742	564	487	402	421