



FISCAL 2018 THIRD QUARTER EARNINGS CALL PRESENTATION

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INFORM AND PROTECT[™]

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, adjusted free cash flow, operating margin and segment guidance for fiscal 2018; strategic priorities and tax rate, and other supplemental information for fiscal 2018; changes in guidance for fiscal 2018; potential contract opportunities and awards; the potential value and timing of contract awards; statements regarding future growth; 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 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 and realize expected benefits and the 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; 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; 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; or potential tax, indemnification and other liabilities and exposures related to Exelis' spin-off of Vectrus, Inc. and Exelis' spin-off from ITT Corporation. 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.

1 Grow revenue across all 3 segments

- **Revenue up 5% with growth in all segments**
- Orders up 27%; book-to-bill 1.2 and >1 across all segments
- Year-over-year backlog growth of 22%

2 Drive flawless execution while maintaining margins through operational excellence

- **Delivered 21%* EPS growth**, 12% excluding tax reform
- Expanded margin 30 bps to 19.3%*
- Continued margin expansion in CS & SIS; ES normalized post ADS-B

3 Maximize cash flow with balanced capital deployment

- Adjusted FCF of \$121M**, LTM FCF of \$891M**
- **Returned \$115M to shareholders** in dividends and repurchases
- Completed ~\$200M of share repurchases YTD

*Non-GAAP EPS and operating margin exclude a change in deferred taxes offset by charges related to transitioning and exiting a commercial business and other items. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

**Adjusted FCF(free cash flow) = operating cash flow excluding 3Q18 \$300M voluntary pension contribution, less capital expenditures. Adjusted LTM FCF excludes 3Q18 \$300M and 4Q17 \$400M voluntary pension contributions.

Communication Systems

- Revenue up 4%...strength in DoD Tactical and Night Vision
 - DoD Tactical...readiness demand across all services
 - Night Vision...strong execution and increased share of DoD wallet
- Progress on DoD modernization
 - Strong budget growth, received Army MP production order & delivered SOCOM 2-channel HH test radios
- YTD Tactical revenue up 7%, orders up 44%, B:B 1.4 and backlog up 74%

Electronic Systems

- Revenue up 10%...growth across all business areas, 1H ADS-B headwind subsided
 - Revenue growth from F-35, F/A-18 and F-16 programs up > 25%
 - Double-digit growth in release systems
- Orders up 56%, B:B 1.4
- \$18B pipeline, \$4B bids submitted
- YTD revenue up 4%, orders up 32% and B:B 1.3

Space and Intelligence Systems

- Continued mid-single-digit growth in Classified
 - Growth in small sats, ground-based adjacencies & space surveillance
- Strengthening position in exquisite space systems...\$500M multi-year contract
- Accomplishments...weather, GPS
- YTD revenue up 1%, orders up 6% and B:B >1.0

Strong Year-to-Date and Outlook

- YTD revenue up 4%; growth across all three segments
- YTD order growth of 25%; B:B 1.2, B:B >1 in all segments
- Tightened revenue & EPS guidance; increased FCF guidance
- Strong pipeline, well-funded budgets ...positioned to accelerate growth in the medium term

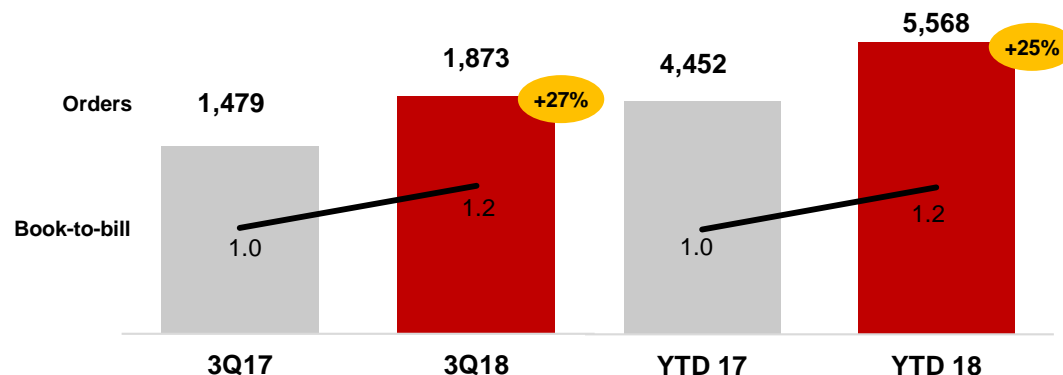
Strong 3Q18 and YTD financial results



(\$million, except per share amounts)

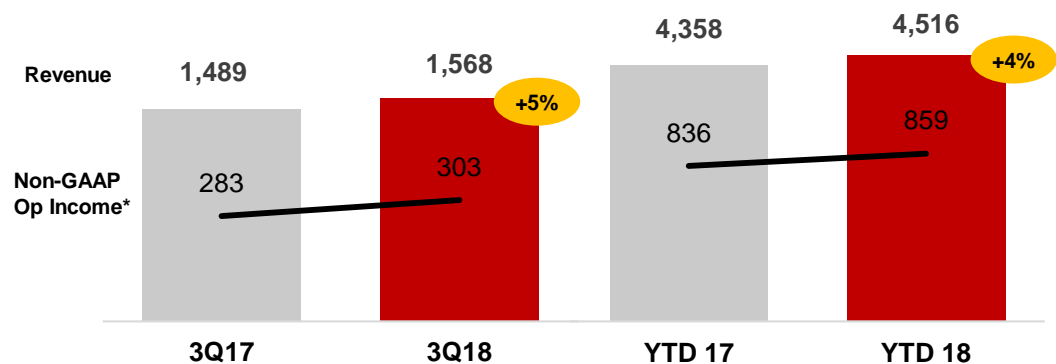
Orders

Book-to-bill >1 in all segments Q3 & YTD



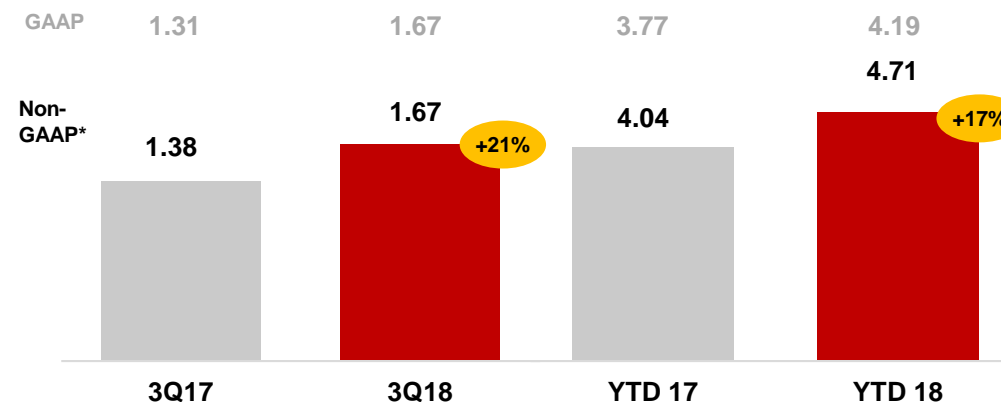
Revenue and Operating Income

Revenue growth across all 3 segments Q3 & YTD, best-in-class margins



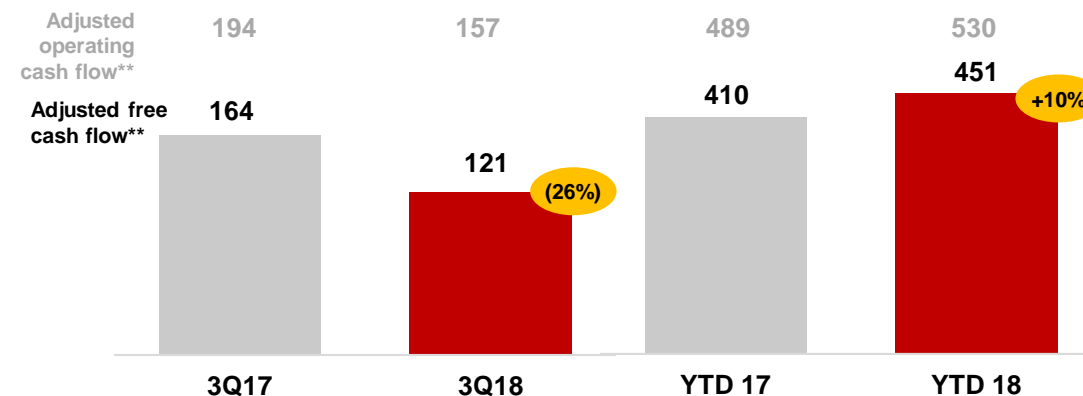
EPS

Volume, operational efficiencies & tax reform driving growth



Cash flow

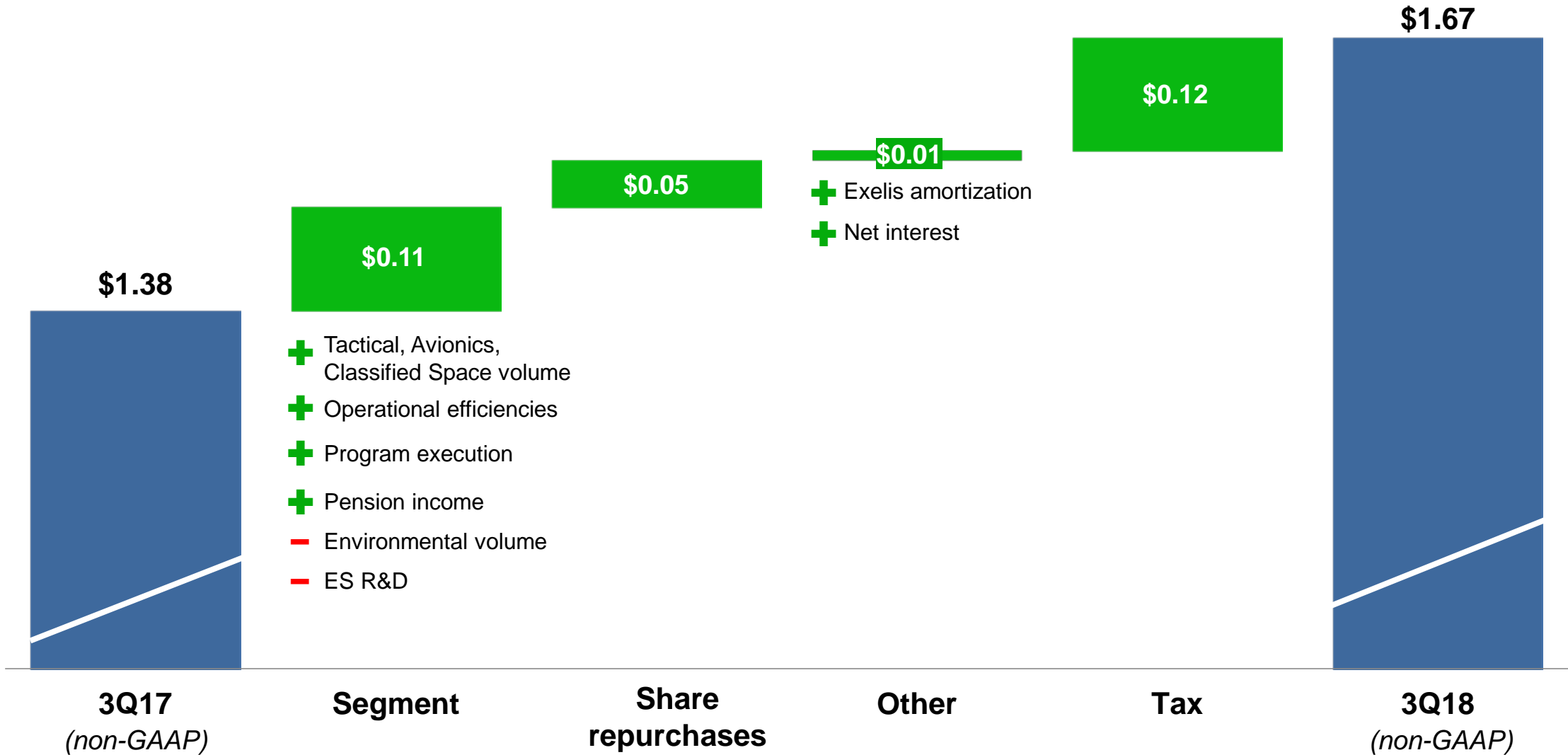
10%** growth YTD, Adjusted LTM \$891M**



*Q3 FY18 non-GAAP operating income and EPS exclude a change in deferred taxes offset by charges related to transitioning and exiting a commercial business and other items. YTD non-GAAP operating income and EPS exclude adjustments incurred in the first three quarters of fiscal 2018. For non-GAAP reconciliations, reference other quarterly earnings materials and the Harris investor relations website.

**Adjusted operating cash flow excludes 3Q18 \$300M voluntary pension contribution. Adjusted FCF (free cash flow) = adjusted operating cash flow less capital expenditures. Adjusted LTM FCF excludes 3Q18 \$300M and 4Q17 \$400M voluntary pension contributions.

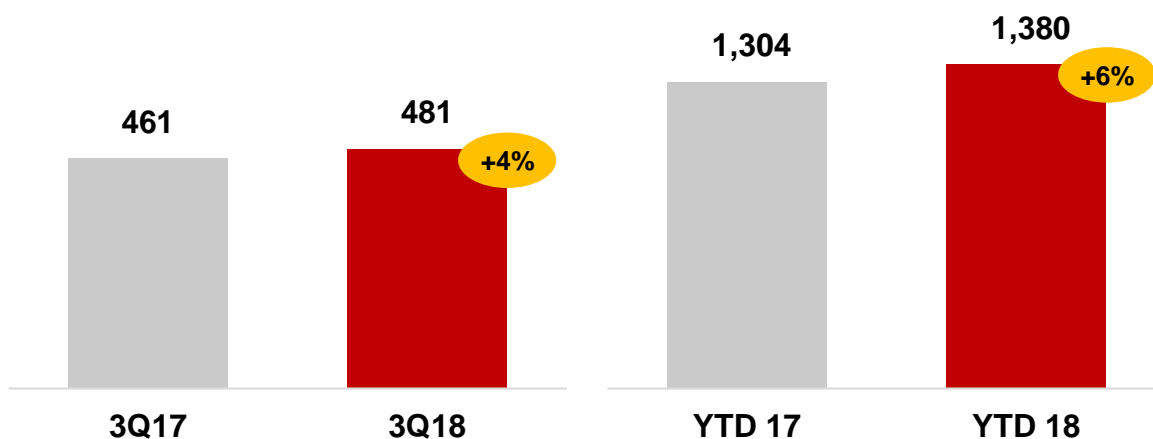
3Q EPS* bridge



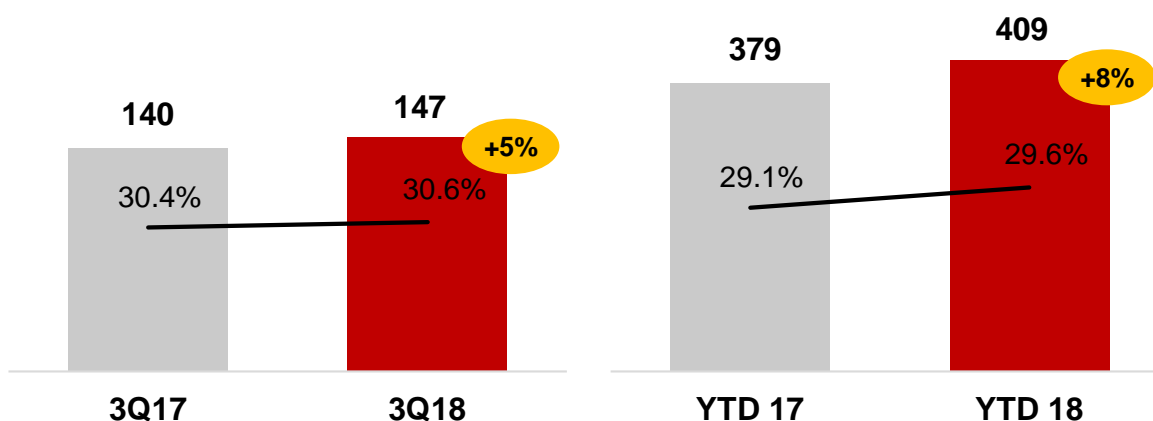
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(\$million)

Revenue



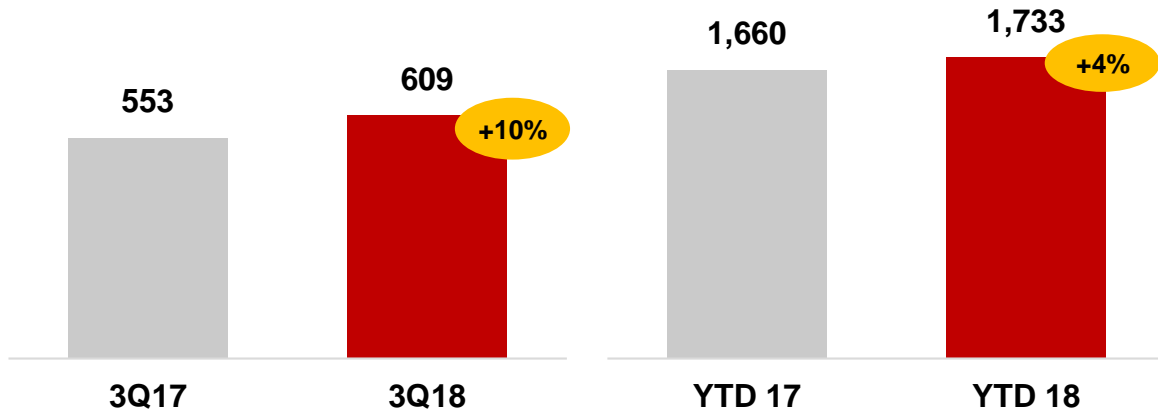
Operating income and margin



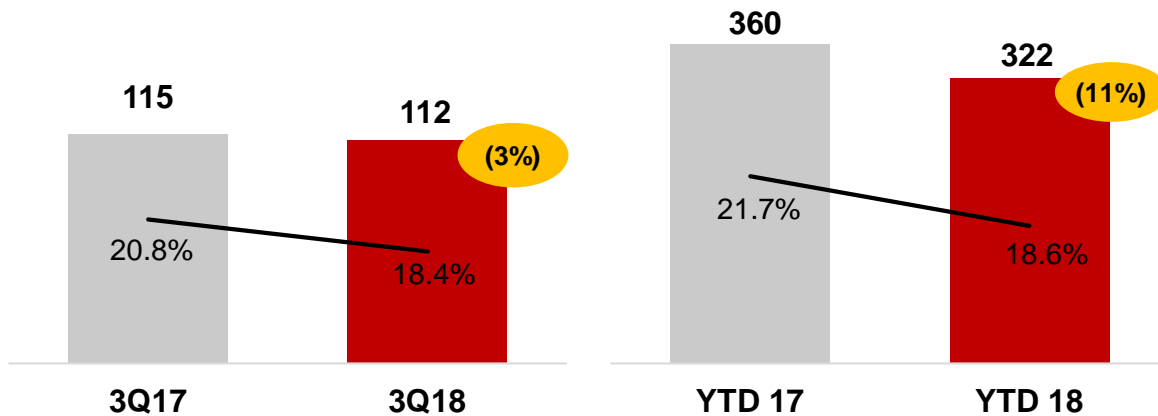
- 3Q revenue up 4%; YTD revenue up 6%
 - DoD Tactical and Night Vision
- 3Q operating income up 5%; YTD operating income up 8%
 - Higher volume and operational efficiencies
- 3Q margin expanded 20 bps to 30.6%; YTD margin expanded 50 bps to 29.6%
- 3Q B:B 1.1; YTD B:B 1.3
 - 3Q orders up 20%; orders up for seventh straight quarter
 - YTD B:B >1 in all 3 businesses – Tactical, PSPC and Night Vision

(\$million)

Revenue



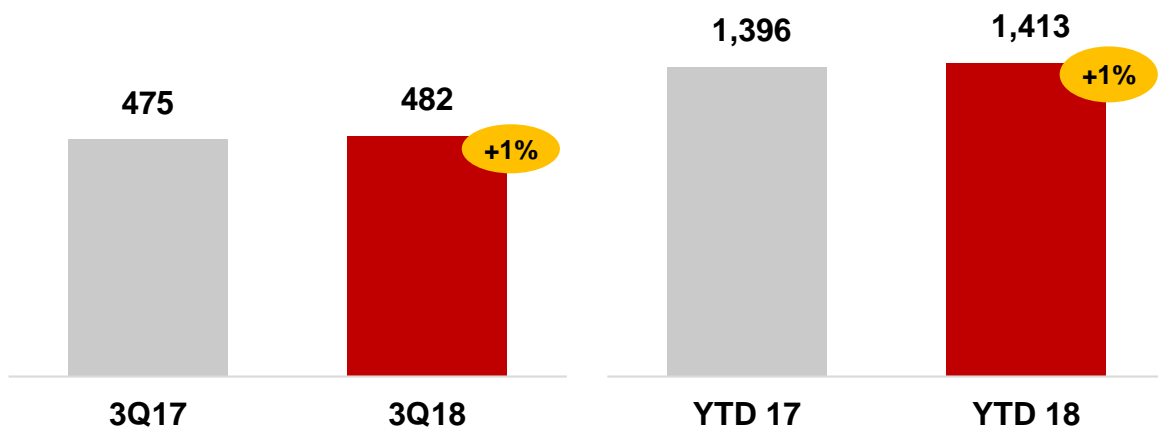
Operating income and margin



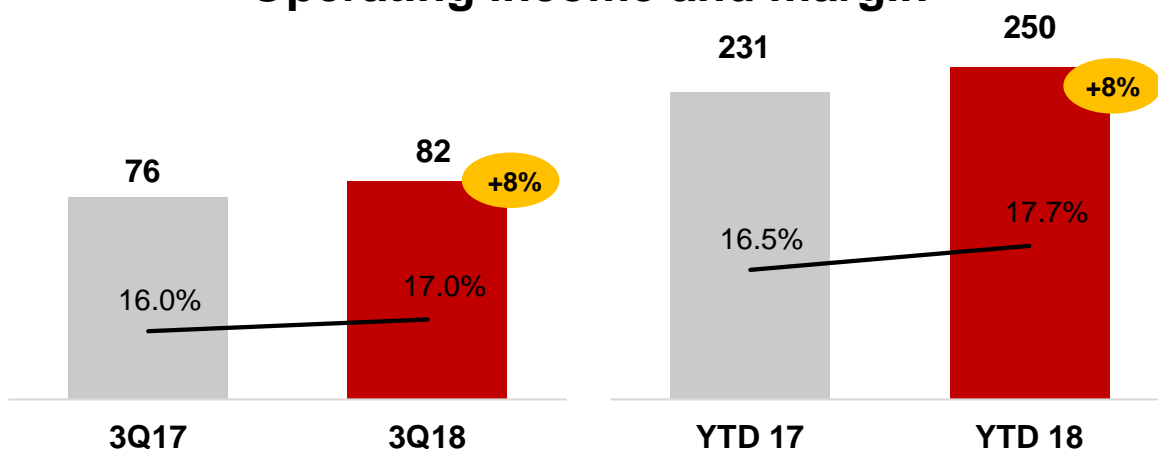
- 3Q revenue up 10%; YTD revenue up 4% (up 7% excluding ADS-B impact in 1H18)
 - Strong growth in long-term platforms: F-35, F/A-18, F-16
 - U.K. robotics and UAE battle management
- 3Q operating income down 3%; YTD operating income down 11%
 - Higher volume across the business
 - Offset by increased R&D investments and \$36M 1H18 ADS-B OI headwind
- YTD margins strong at 18.6% despite ADS-B impact, increased R&D and program mix headwind
- 3Q B:B 1.4 with orders up 56%; YTD B:B 1.3
 - YTD orders > \$900M across F-35, F/A-18, F-16 platforms

(\$million)

Revenue



Operating income and margin



- 3Q and YTD revenue up 1%
 - Continued mid-single-digit growth in Classified programs
 - Environmental programs down high teens YTD
- 3Q and YTD operating income up 8%
 - Strong program execution and increased pension income
- 3Q margin expanded 100 bps; YTD margin expanded 120 bps to 17.7%
- Q3 and YTD B:B >1
 - YTD orders up 6%

Total Harris

Revenue

\$6.14B

up ~4%

+ (versus up 3 - 4%)

Operating Margin*

19.0% - 19.5%

EPS*

GAAP **\$5.93 - \$5.98**

Non-GAAP* **\$6.45 - \$6.50**

up 17 - 18%

+ (versus up 14 - 18%)

Adjusted FCF**

\$900 - 925M

up 6 - 9%

+ (versus up ~6%)

By Segment

	Revenue	Operating Margin
CS	<p>~\$1.88B</p> <p>up 7.0 – 7.5%</p> <p>+ (versus up 5 - 7%)</p>	<p>~30.0%</p> <p>(midpoint of prior 29.5 - 30.5%)</p>
ES	<p>\$2.35 - 2.36B</p> <p>up 4.5 – 5.0%</p> <p>+ (versus up 4 - 5%)</p>	<p>~18.5%</p> <p>(midpoint of prior 18 - 19%)</p>
SIS	<p>~\$1.90B</p> <p>up ~0.5%</p> <p>(versus flat to up 1%)</p>	<p>~17.5%</p> <p>(midpoint of prior 17 - 18%)</p>

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Other information (with FY17, 3Q18 and YTD results comparison)



(\$million except noted)

	<u>FY17</u>	<u>3Q18</u>	<u>YTD</u>	<u>FY18</u>
Amortization of Exelis acquisition intangibles	\$110	\$25	\$75	~\$103
CHQ costs	\$56 <i>non-GAAP</i>	\$13 <i>non-GAAP</i>	\$47 <i>non-GAAP</i>	\$55 – 60 <i>non-GAAP</i>
FAS Pension expense/(income)*	(\$90)	(\$30)	(\$90)	~(\$120)
Net capital expenditures	\$119	\$36	\$79	~\$130
Net interest expense	\$170	\$41	\$123	~\$165
Effective tax rate (GAAP)	29.5%	5.6%	24.6%	~24.3%
Effective tax rate (non-GAAP)	28.5%	22.9%	22.1%	~22.5%
Average diluted shares outstanding (million shares)	124.3	121.0	121.1	121.1
Share repurchases	\$710	\$47	\$197	~\$200
Debt repayments	\$575	\$0	\$35	~\$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)

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	YTD			
													FY15	FY16	FY17	FY18
Orders		404	238	290	237	369	301	279	293	681	353	332		1,169	1,242	1,366
Sales		340	346	335	276	311	276	328	306	296	348	336		1,297	1,221	980
DoD		117	91	99	98	113	102	82	95	110	159	121		405	392	390
International		223	255	236	178	198	174	246	211	186	189	215		892	829	590
Ending Backlog*	601	665	556	511	472	530	555	507	494	879	884	880	601	472	494	880

* Excludes foreign currency translation.