

FISCAL 2017 FOURTH QUARTER EARNINGS CALL PRESENTATION

HARRIS.COM | [#HARRISCORP](https://twitter.com/HARRISCORP)

HARRIS[®] TECHNOLOGY TO CONNECT,
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, free cash flow, operating margin, tax rate, share repurchase, strategic focus, segment and other guidance for fiscal 2018; revenue outlook for the medium term; potential contract opportunities and awards; the potential value and timing of contract awards; statements regarding growth in fiscal 2018 and accelerating growth in the medium term; 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 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.

4Q17

- EPS \$1.49 – up 15% with margin expansion of 60bps
- **Revenue up 0.6%**; double-digit revenue growth for legacy HRS tactical; B:B of 1.02
- Strong FCF* of \$440M
- Completed sale of IT services

FY17

- EPS \$5.53 – up 8%; revenue of \$5.90B – down 0.5% organically**; B:B of 1.02
- Completed Exelis integration – \$145M in annual net run-rate savings
- Generated \$1.9B cash – >\$1B net divestitures proceeds and record **\$850M FCF***
- Returned ~\$900M to shareholders; repaid \$575M debt; pre-funded pension \$400M

Growth outlook

- Initiating FY18 guidance: EPS \$5.85-\$6.05; revenue up 2-4%; FCF of \$850-900M
- FY18 **revenue growth in all segments**: CS up 3-5%; ES up 3-5%; SIS flat to up 1%
- Overall revenue growth accelerating to mid-single digits in medium term

Note: 4Q17, FY17 EPS and margin amounts are non-GAAP and exclude integration and other items. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

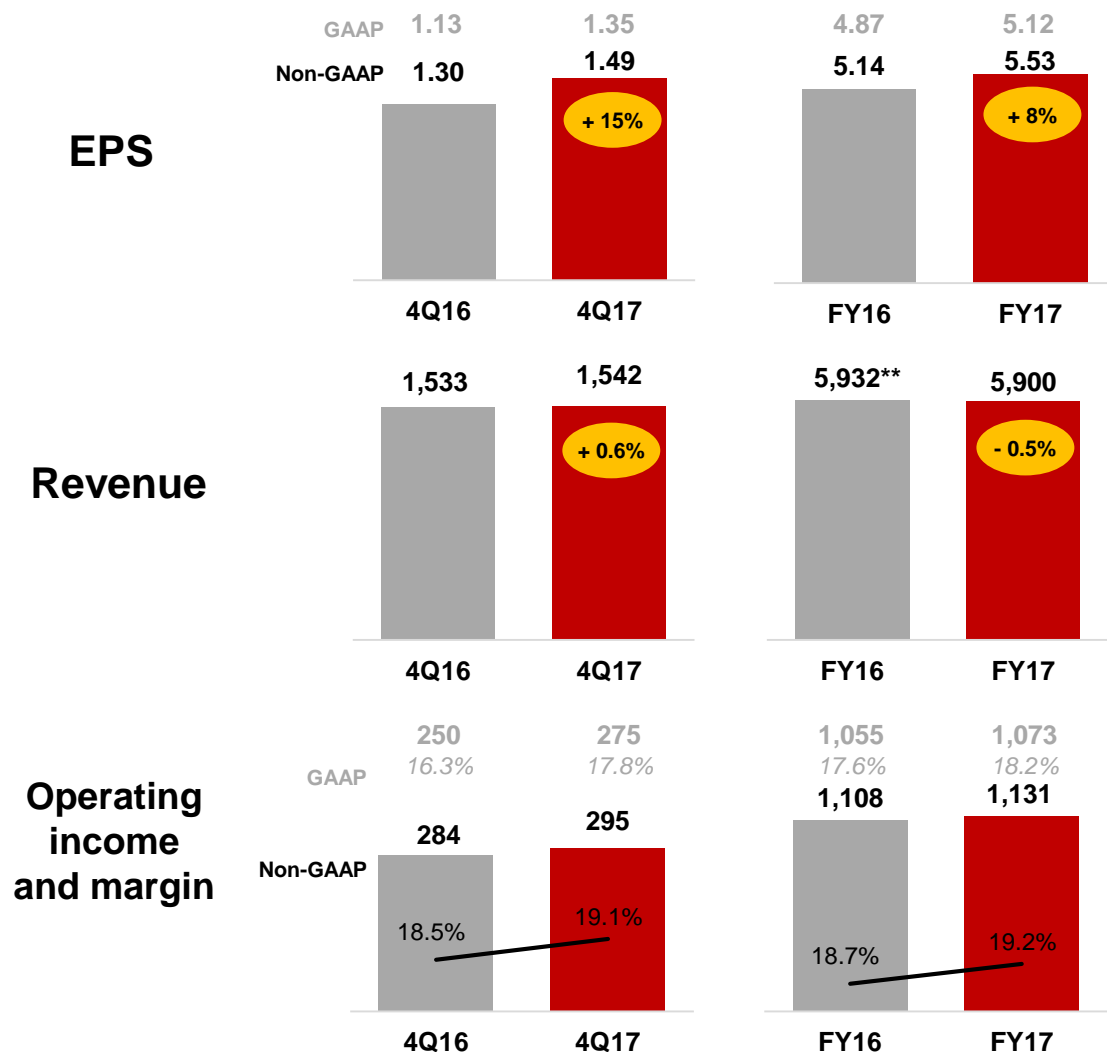
* FCF (free cash flow) = 4Q17 and FY17 operational cash flow less capital expenditures and excludes \$400M voluntary pension contribution in 4Q17.

** FY16 results adjusted for \$60M of revenue attributable to Aerostructures divested in 4Q16. Reference slide 7.

Solid 4Q and FY17 results...



(\$million, except per share amounts)



- Strong 4Q FCF of \$440M*; record FY17 FCF of \$850M*
- 4Q non-GAAP EPS up 15% to \$1.49; up 8% to \$5.53 for FY17
- Return to growth in 4Q with revenue up 0.6%; FY17 organic revenue** down 0.5%
- 4Q non-GAAP margin expansion of 60bps; 50bps in FY17 despite lower revenue
- Key FY17 contract wins: SOCOM manpack, UAE battle management system, classified space adjacencies, incremental F-35 content
- 4Q and FY17 B:B > 1 supporting future growth

* FCF(free cash flow) = operational cash flow less capital expenditures and excludes \$400M voluntary pension contribution in 4Q17.

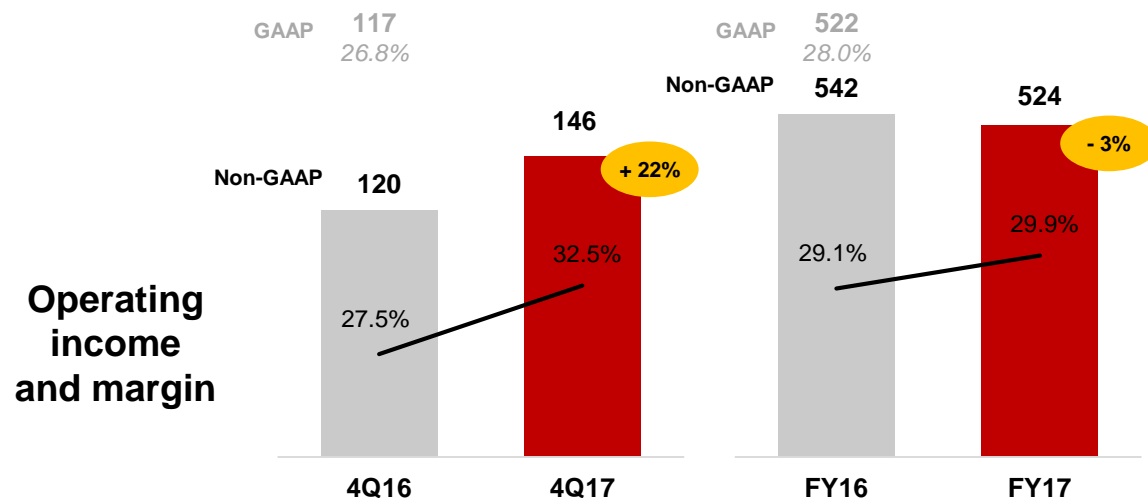
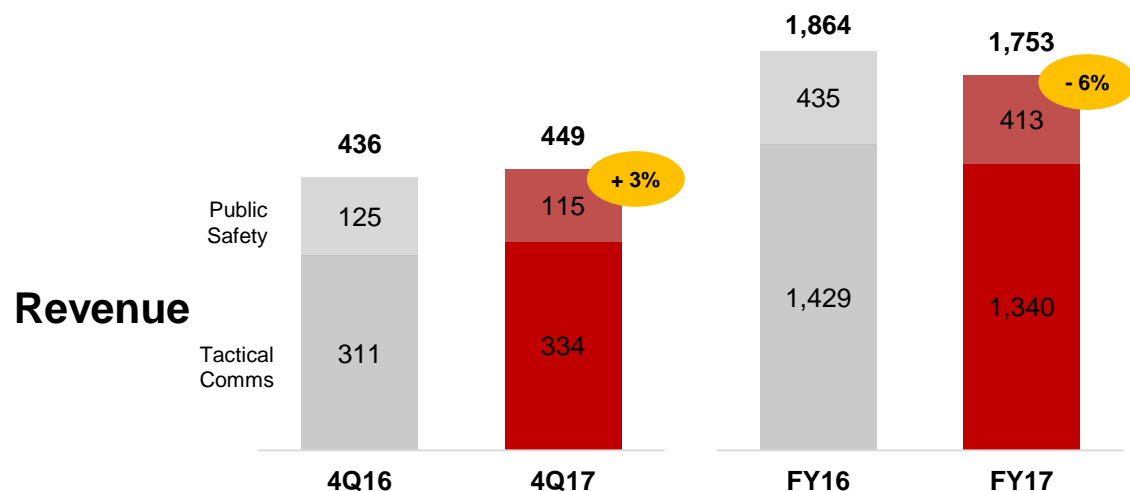
** FY16 results adjusted for \$60M of revenue attributable to Aerostructures divested in 4Q16. Reference slide 7.

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

- 1 Rebalance, focus on high-margin portfolio**
 - ✓ Completed CapRock and IT services divestitures
 - ✓ Simplified operating model to focus on technology-differentiated, high-margin businesses
- 2 Execute Exelis integration and continue driving strong operational excellence**
 - ✓ Completed integration
 - ✓ Exited FY17 with \$145M run-rate savings – higher and faster than expected
- 3 Invest in differentiated technology to position for growth**
 - ✓ Invested 5% of revenue in internal research and development
 - ✓ Launched new radios, developed small form-factor EW platform, deployed advanced sensors and enabled key wins - SOCOM, F-35, classified space
- 4 Generate strong free cash flow with balanced capital deployment**
 - ✓ Generated record \$850M FCF*
 - ✓ Executed \$700M share repurchase program and paid \$260M in dividends; repaid \$575M debt; pre-funded pension \$400M - unfunded pension liability reduced by 40% to \$1.3B

* FCF (free cash flow) = operational cash flow less capital expenditures and excludes \$400M voluntary pension contribution in 4Q17. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

(\$million)



- 4Q revenue up 3%; FY17 down 6% vs. prior expectation of down ~7%
 - Tactical Comms 4Q revenue up 8%; HRS legacy up 28%
 - Int'l up 37% with continued strength in Europe, positive signs in Asia/ME
 - DoD up 8%; increased procurement post GFY17 budget approval
 - Public Safety 4Q revenue down 8%
- 4Q operating income up 22% on higher volume and lower costs; FY17 margins up 80bps
- 4Q and FY17 B:B > 1; solid 4Q wins
 - 6-year, \$255M IDIQ from Special Operations Command to provide next-gen 2-channel manpack radios
 - 5-year, \$75M public safety contract to upgrade legacy analog system to P25 digital network for a major utility
- Continued momentum in early 1Q18
 - Received letter of intent for ~\$260M order for Australian Phase 3 modernization
 - \$461M IDIQ from U.S. Army to upgrade LMR networks

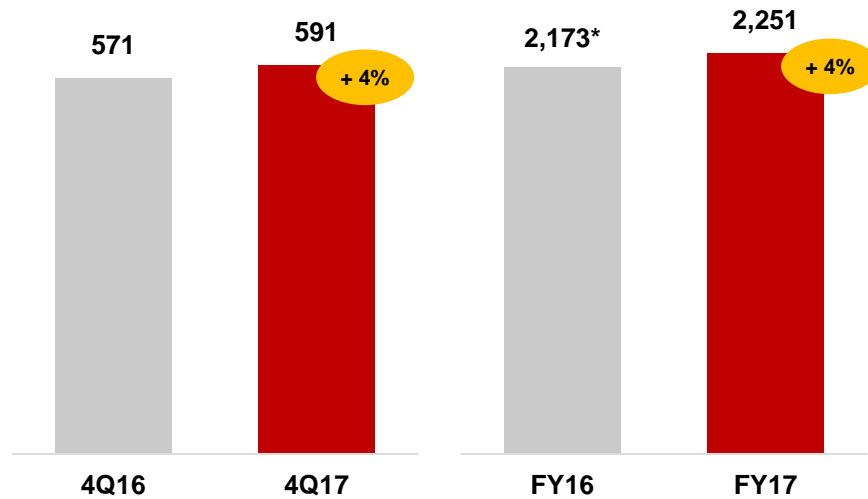
For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

Electronic Systems

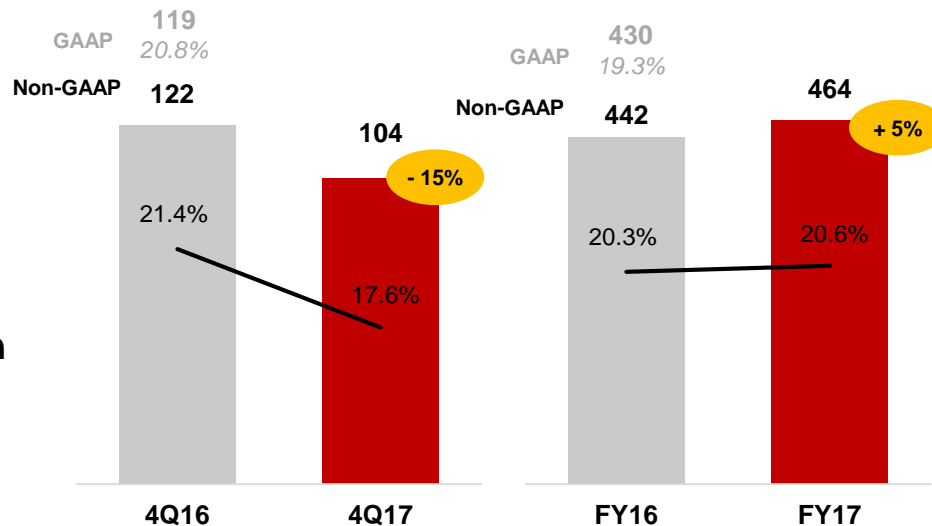


(\$million)

Revenue



Operating income and margin

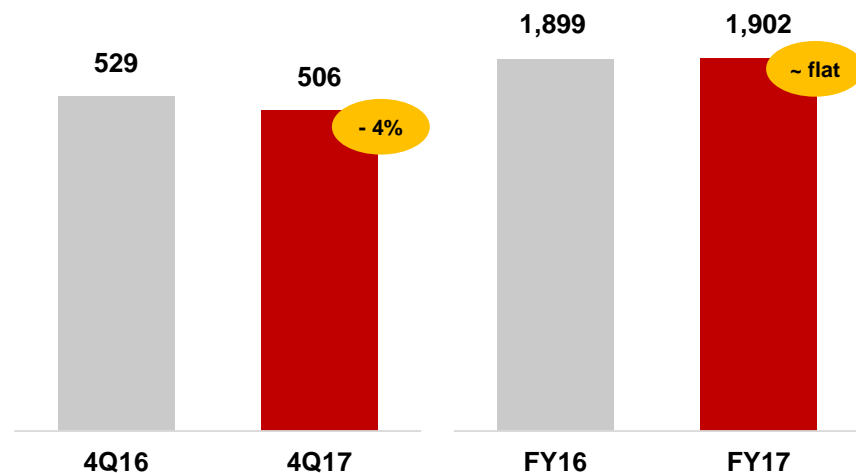


- 4Q revenue up 4%; FY17 up 4% driven by EW, avionics, integrated battle management system
- 4Q operating income down 15% reflecting ADS-B transition; FY17 up 5% with margins up 30bps
- FY17 B:B > 1; strong 4Q wins in avionics
 - Selected to upgrade avionics on F-35
 - 3-year, \$30M for ejector racks on U.S. Navy F/A-18s
 - 2-year, \$10M for release systems development on Korean Next-Gen Indigenous Fighter with future production potential
- Other notable 4Q wins
 - Selected to provide phased array antennas for C-130J EW systems
 - 3-year, \$64M for production and engineering services on Army's MET program
 - 8-year, \$36M air traffic management contract to implement surveillance & broadcast at 7 airports

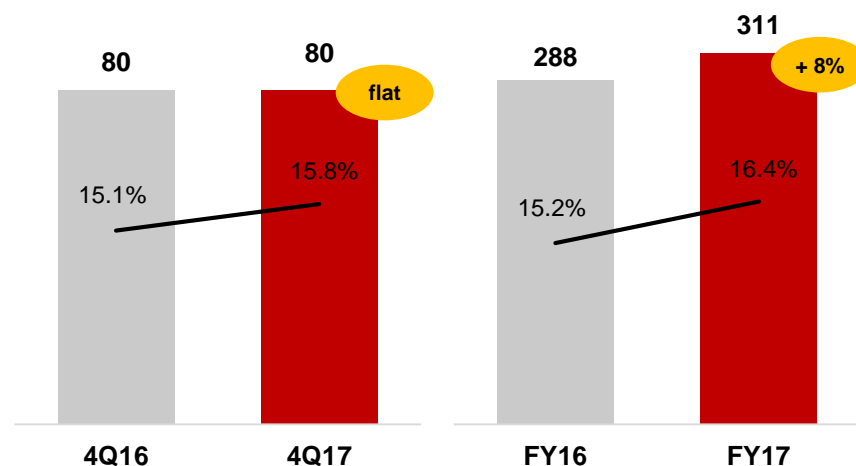
* FY16 results adjusted to exclude \$60M of revenue (quarterly revenue of \$19M, \$18M, \$21M, \$2M, respectively) attributable to Aerostructures divested in 4Q16. For non-GAAP reconciliations reference other quarterly earnings materials and the Harris investor relations website.

(\$million)

Revenue



Operating income and margin



- 4Q revenue down 4%; FY17 ~flat as expected with higher classified revenue offset by lower revenue from environmental programs
- 4Q operating margin up 70bps; FY17 operating income up 8% with margins expanding 120bps – reflecting solid program execution, operational excellence and higher pension income
- 4Q and FY17 B:B slightly less than 1; >1 for classified programs
- 4Q orders and contracts
 - Continued classified orders strength including \$63M under SENSOR program
 - Additional \$32M GOES-R contract to support instrument modification and enhancements
 - \$51M production order for navigation payloads for GPS III space vehicles 9/10
- Delivered advanced digital weather satellite instrument to Korea Aerospace Research Institute

1 Grow revenue...all 3 segments

2 Drive flawless execution while maintaining margins through operational excellence

3 Maximize cash flow with balanced capital deployment



Total Harris

Revenue <hr/> \$6.02 - 6.14B <i>up 2 - 4%</i>	Operating Margin <hr/> 19.0 - 19.5%
---	--

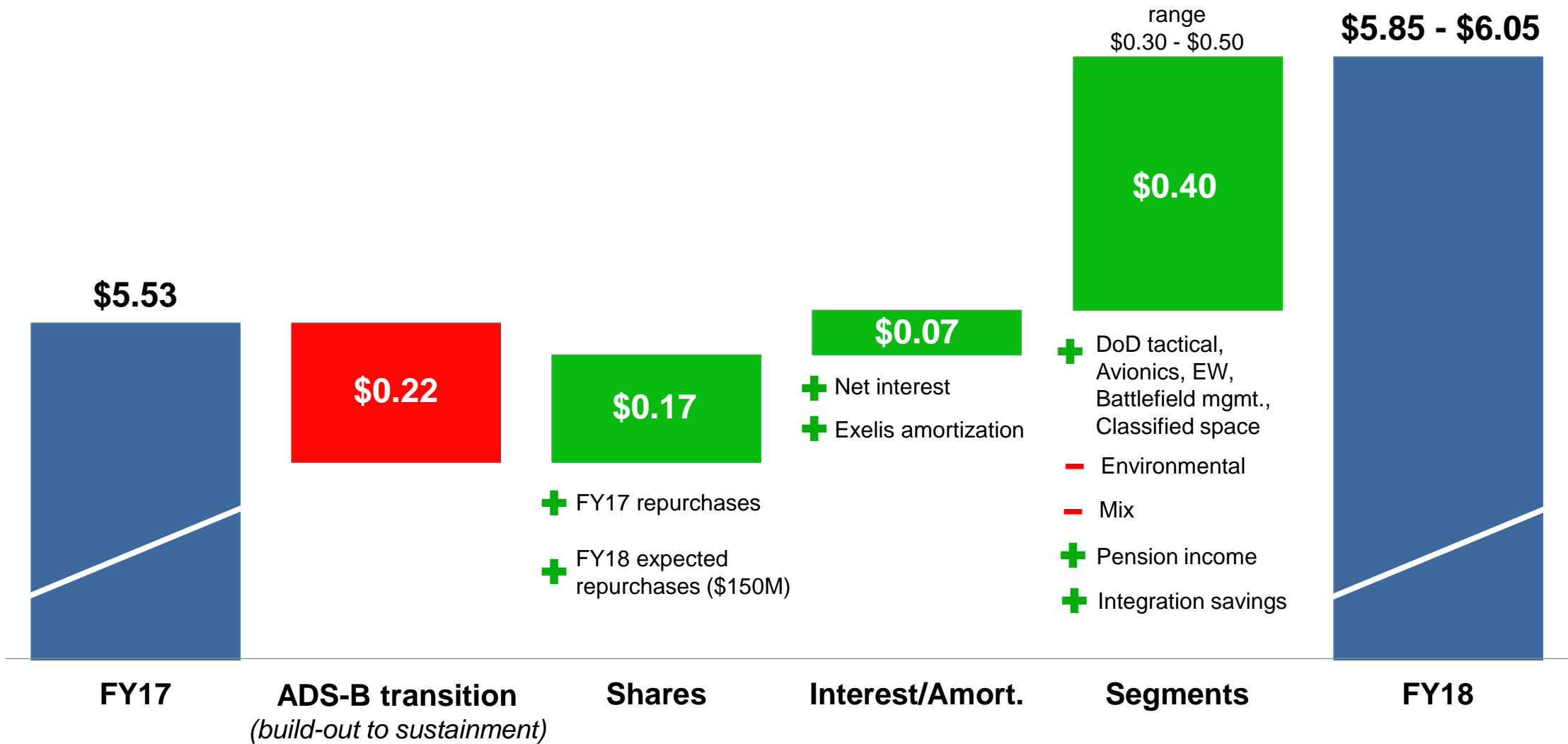
EPS <hr/> \$5.85 - \$6.05 <i>up 6 - 9%*</i>	FCF <hr/> \$850 - 900M
---	---

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.

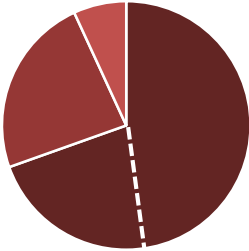
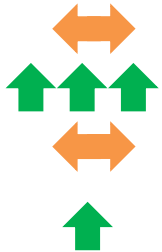
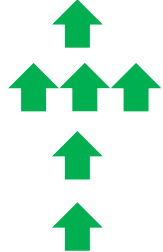



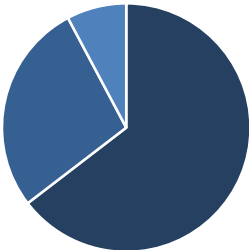
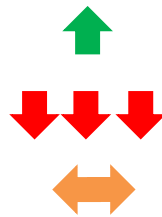
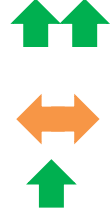
FY18 EPS bridge



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

Path to accelerating growth



Business	FY18	Medium term	FY18 and medium term drivers
<p>Communication Systems</p>  <p>\$1.75B</p> <ul style="list-style-type: none"> Tactical Comm. International DoD Public Safety Night Vision 	<p>up 3 - 5%</p> 		<ul style="list-style-type: none"> Near term stability, ME recovery, modernizations (Australia, U.K.) Army and SOCOM modernization programs continue to ramp Product launches; new customers Regain DoD share; new products; leverage int'l tactical channel
<p>Electronic Systems</p>  <p>\$2.25B</p> <ul style="list-style-type: none"> Mission Networks (incl. air traffic mgmt.) Electronic Warfare C4ISR/Battle Mgmt. (incl. Wireless products) Avionics 	<p>up 3 - 5%</p> 		<ul style="list-style-type: none"> Stable FAA budget; international air traffic management demand International and domestic upgrades on legacy platforms UAE battlefield management system, future regional expansion F-35 ramp and new content wins; new platforms, upgrade legacy
<p>Space & Intelligence Systems</p>  <p>\$1.90B</p> <ul style="list-style-type: none"> Classified Civil (incl. Environmental, GPS) Commercial 	<p>flat - up 1%</p> 		<ul style="list-style-type: none"> Continued classified budget support; expansion into adjacencies, strong space superiority budget priority Short term budget pressures and program transitions Space recapitalization

Supplemental information



(\$million except noted)

	<u>FY17</u>	<u>FY18</u>
Exelis synergy savings	\$136	\$145
Amortization of Exelis acquisition intangibles	\$110	~\$103
Non-GAAP CHQ costs	\$56	\$55 - 60
Pension FAS expense/(income)**	(\$90)	~(\$120)
Net capital expenditures	\$119	~\$130
Net interest expense	\$170	~\$162
Effective GAAP tax rate	29.5%	~28.5%
Effective non-GAAP tax rate	28.5%	~28.5%
Average diluted shares outstanding (million shares)	124.3	~121
Pension cash contribution	\$189*	—

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

* Excludes \$400M voluntary pension contribution made in 4Q17.

** Amounts reflect FAS pension income adjusted for benefit harmonization costs

Supplemental information – tactical history



(\$million)

Legacy HRS

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	FY15	FY16	FY17
Orders		378	215	251	199	358	280	232	241		1,044	1,110
Sales		296	314	302	217	293	254	304	277		1,129	1,128
DoD		98	75	81	68	101	92	64	73		322	330
International		199	238	221	149	192	162	240	204		808	798
Ending Backlog	487	569	470	419	402	467	493	421	385	487	402	385

Legacy HRS + XLS

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