



HARRIS[®]

***Fiscal 2016 First Quarter
Earnings Call Presentation***

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Forward-looking statements

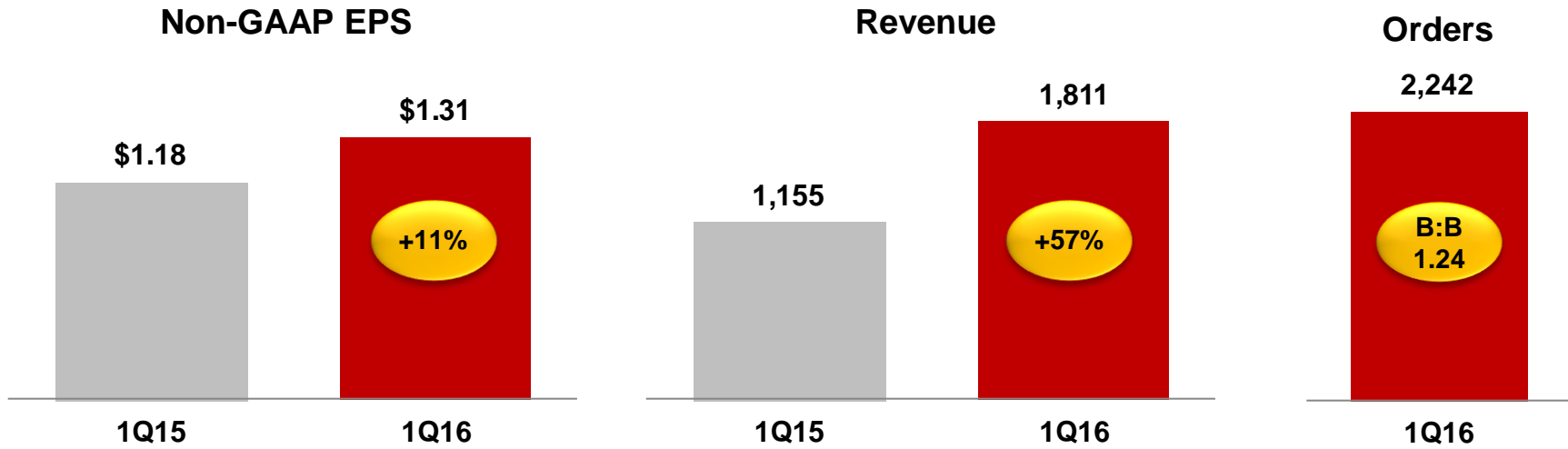


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The company's consolidated results, future trends and forward-looking statements could be affected by many factors, risks and uncertainties, including but not limited to: the loss of the company's relationship with the U.S. Government or a change or 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 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 the regulatory framework that applies to, or of satellite bandwidth constraints on, the company's managed satellite and terrestrial communications solutions; 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; and 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.

1Q16 summary



\$million, except per share amounts



- Solid start to new year – first full quarter including Exelis
- Revenue and EPS met management expectations
- EPS of \$1.31 included 17 cents of acquisition intangible amortization expense
- Achieving integration milestones and capturing savings
- Excellent orders strength – B:B of 1.24 – all 4 segments >1
- Delivering on commitment to de-lever – \$150M term debt pay down

Reference non-GAAP reconciliation on the Harris investor relations website.

Other 1Q16 highlights



\$million, except share count

	<u>1Q15</u>	<u>1Q16</u>
Amortization of acquisition intangibles	-	33
Depreciation and amortization, all other	51	61
Effective tax rate (GAAP)	29.0%	31.5%
Effective tax rate (non-GAAP)	n/a	31.8%
Average diluted share count	105.8	124.7
Operating cash flow	80	64
Free cash flow	46	40
Capital expenditures	41	26
Cash and cash equivalents	449	320

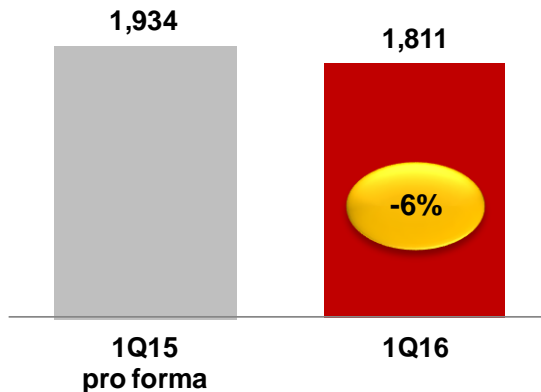
Reference non-GAAP reconciliation on the Harris investor relations website.

1Q16 organic trends

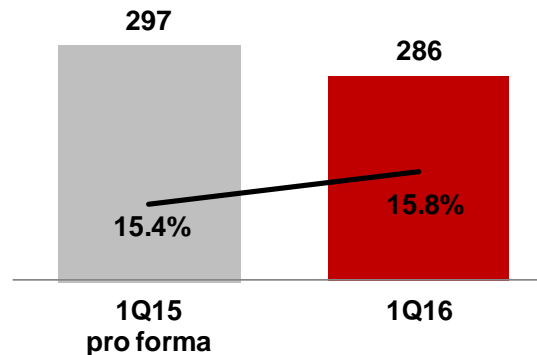


\$million

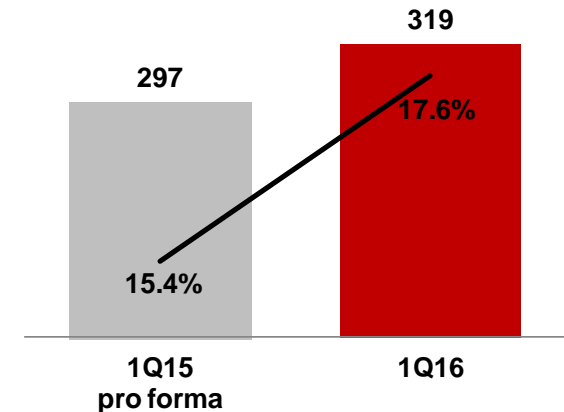
Revenue



EBIT



EBIT Excluding acquisition amortization



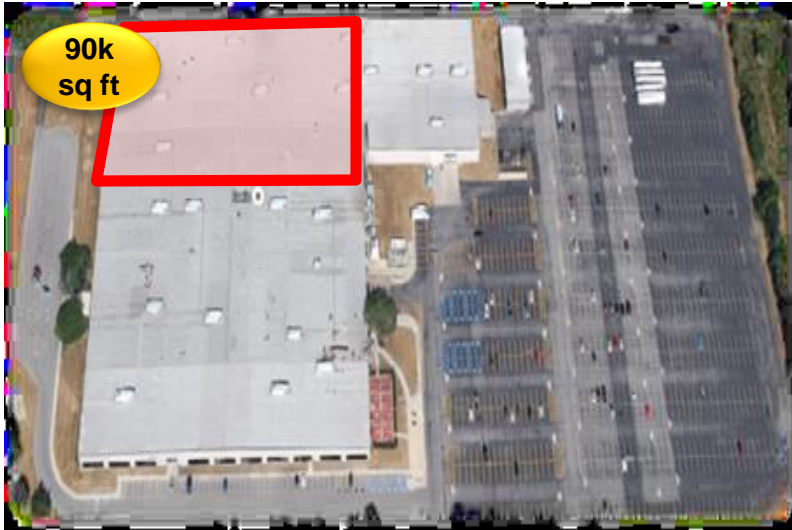
- Lower organic revenue as expected – continuing services weakness
- EBIT before acquisition amortization up 7%
 - Acquisition-related savings reading through in operating income
 - Lowering costs through Harris Business Excellence
- Healthy R&D spending – 4.3% of revenue

Reference non-GAAP reconciliation on the Harris investor relations website.

Integration – consolidating SINGARS production



Ft. Wayne facility ~300k sq ft



Footprint in Rochester facility



- Ft. Wayne facility closure in process... last SINGARS radio produced in Q1
- Manufacturing footprint reduced from ~90K to 20K sq ft and SMT lines reduced from 6 to 2
- Floor space in Rochester designated and prepped
- Savings begin in 4Q16



Communication Systems



Tactical and airborne radios, night vision technology, and public safety networks

Space and Intelligence Systems



Complete earth observation, weather, geospatial, space protection and intelligence solutions from advanced sensors and payloads, as well as ground processing and information analytics

Electronic Systems



Extensive portfolio of solutions in electronic warfare, avionics, wireless technology, C4I, undersea systems, and aerostructures

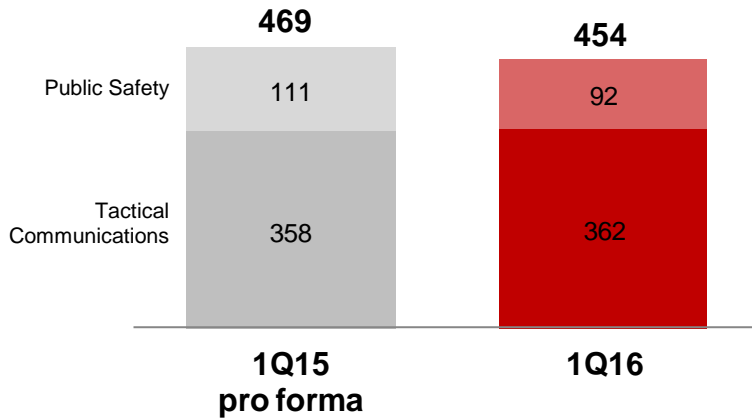
Critical Networks



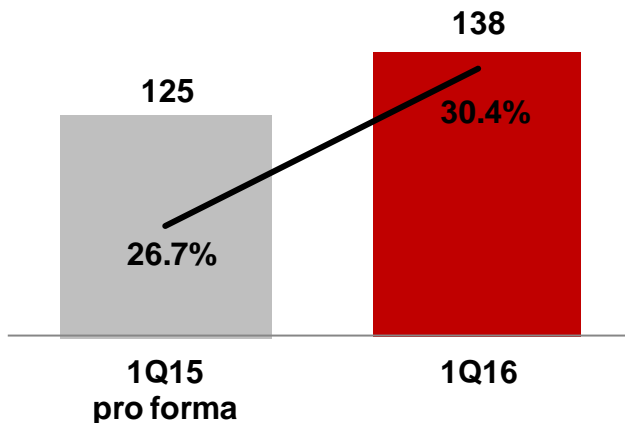
Managed services supporting air traffic management, energy and maritime communications, and ground network operation and sustainment, as well as high-value IT and engineering services

\$million

Revenue



Operating income and margin

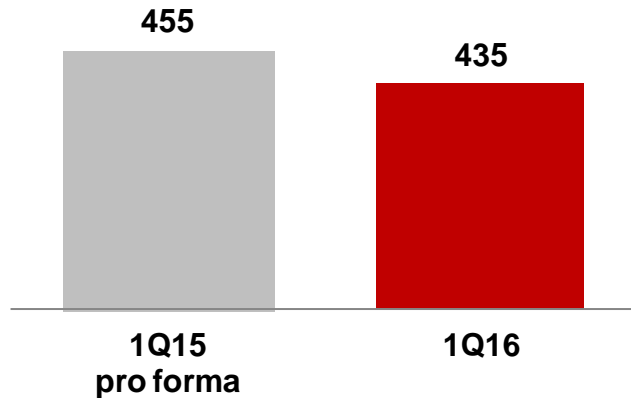


- Higher Tactical Communications, lower Public Safety
- Strong Harris legacy tactical
 - Revenue up 7%
 - Strong orders and B:B 1.3
 - Both international and U.S. B:B >1
- OCO funding underpinning international
 - \$38M and \$26M in Central Asia, \$39M two Baltic countries, \$27M from Middle East and Africa
- \$390M SOCOM win, 2-channel handheld and part of larger \$900M potential opportunity
- Momentum building for broad-based U.S. tactical modernization – ground and air
- \$100M contract ceiling increase supporting U.S. tactical base business
- Continuing strong performance – higher operating income and margin

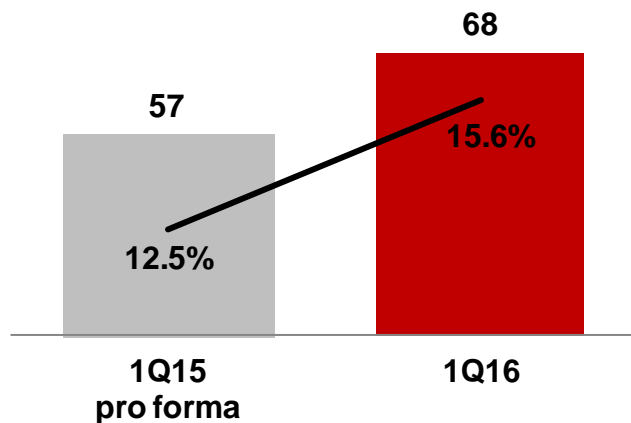
Reference non-GAAP reconciliation on the Harris investor relations website.

\$million

Revenue



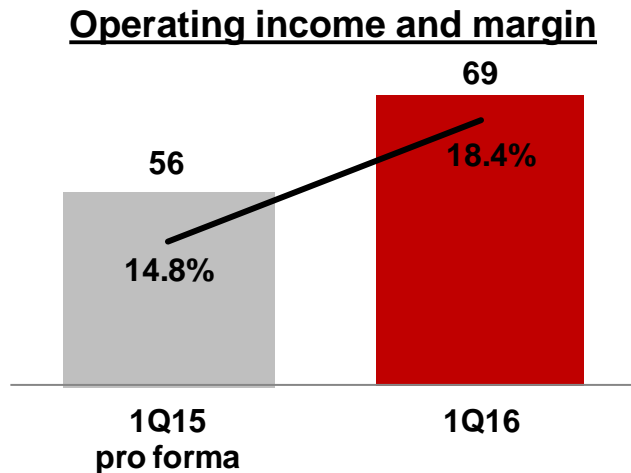
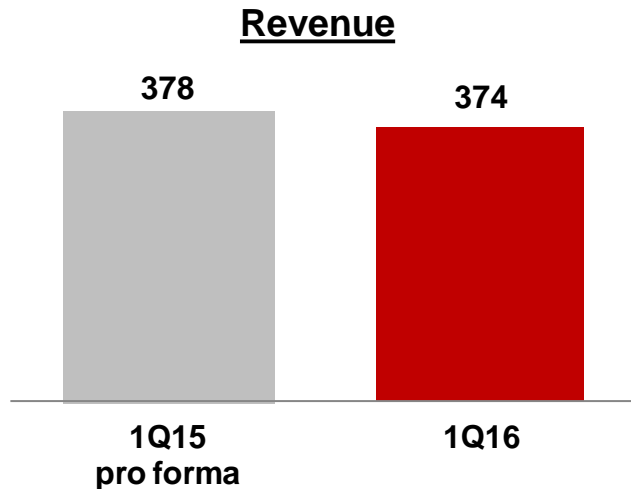
Operating income and margin



- **Foundation GEOINT Content Management program continues to ramp**
- **\$184M orders classified customers – primarily in advanced sensor systems and space superiority**
- **Higher operating income and margin**

Reference non-GAAP reconciliation on the Harris investor relations website.

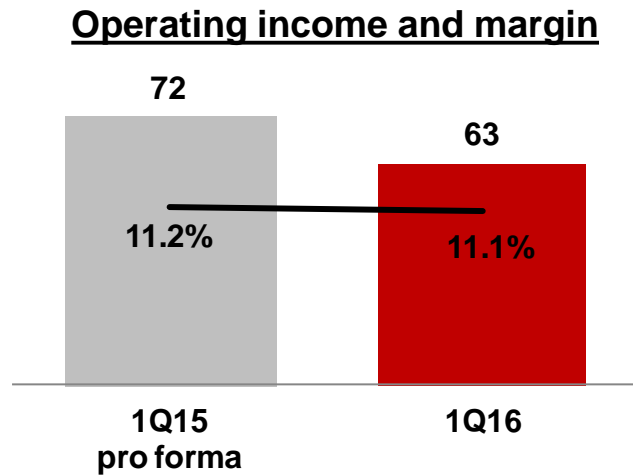
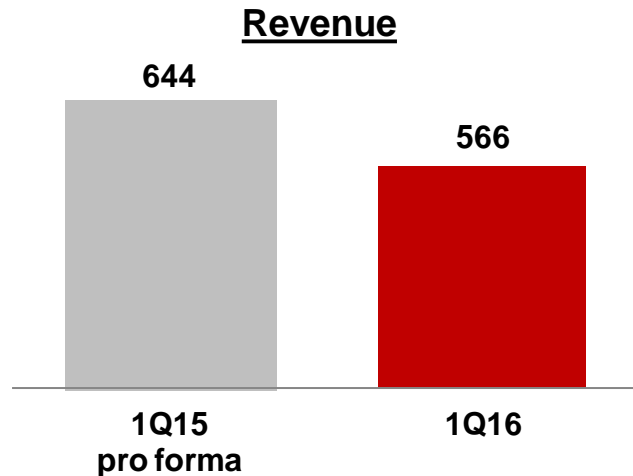
\$million



- Higher revenue from F-35 production ramp, lower electronic warfare
- Strong EW wins – across domains
 - Air domain – \$111M orders, Air Force, B-52; \$97M orders, Navy F-18; \$78M single-award IDIQ, DoD rotary aircraft
 - Ground domain – \$27M order, State Department, EGON counter IED systems
 - Maritime domain – \$113M contract with \$39M order, U.S. Naval Sea Systems Command (NAVSEA), radar mod kits; \$54M single-award IDIQ, U.S. Naval Research Laboratory for Advanced Decoy Architecture Payloads (ADAP)
- Higher operating income and margin

Reference non-GAAP reconciliation on the Harris investor relations website.

\$million



- Continuing services weakness in government and energy markets
- Awards include:
 - \$800M multi-award IDIQ from Army for Advanced Expeditionary Warfare Development program
 - \$500M multi-award IDIQ from a proprietary customer, w/ \$25M order
 - \$228M IDIQ – Navy maritime mine countermeasures support
- Operating margin ~flat on lower revenue

Reference non-GAAP reconciliation on the Harris investor relations website.

Fiscal 2016 outlook



\$million, except revenue and per share amounts

Guidance	Fiscal 15		Fiscal 16	
	\$	EPS	\$	EPS*
Revenue	\$ 5,083		\$ 7,670 - 7,830	
GAAP EPS		\$ 3.11		\$ 5.25 – 5.45*
Deal, financing and other acquisition costs	169		~10	~\$ 0.05*
Acquisition integration costs	112		60 - 65	~\$ 0.30*
Restructuring and other items	32		-	-
Non-GAAP EPS		\$ 5.14		\$ 5.60 – 5.80*
Other information				Fiscal 16
Synergy savings				\$ 70 - 75
Amortization of Exelis acquisition intangibles				~133
Depreciation/amortization, all other				~260
Pension expense (income)				~(25)
CHQ expense (Non-GAAP)				70 - 75
Net interest expense				~185
Effective tax rate (GAAP & Non-GAAP)				~34%
Average diluted share count				~125.1 M
Minimum ERISA contribution				173
Capital expenditures				~200
Free cash flow				>100% of adjusted net income**
* Amounts could change as a result of any further actions related to the Exelis acquisition				
** GAAP net income adjusted to add back the \$88 million after tax impact of the amortization of acquisition intangibles				

Reference non-GAAP reconciliation on the Harris investor relations website.

Fiscal 2016 segment outlook



\$million

Other information	Revenue		Non-GAAP segment operating margin	
	Fiscal 15 pro forma	Fiscal 16	Fiscal 15 pro forma	Fiscal 16
Harris Corporation	\$ 8,085	down 3 to 5%		
Communication Systems	2,125	down 2 to 3%	29.0%	29.5% – 30.5%
Space & Intelligence Systems	1,883	up 0 to 2%	13.7%	15.5% – 16.5%
Electronic Systems	1,586	down 1 to up 1%	14.4%	18% – 19%
Critical Networks	2,540	down 10 to 12%	10.9%	11% – 12%

Reference non-GAAP reconciliation on the Harris investor relations website.