



Second Quarter 2016 Conference Call

July 28, 2016

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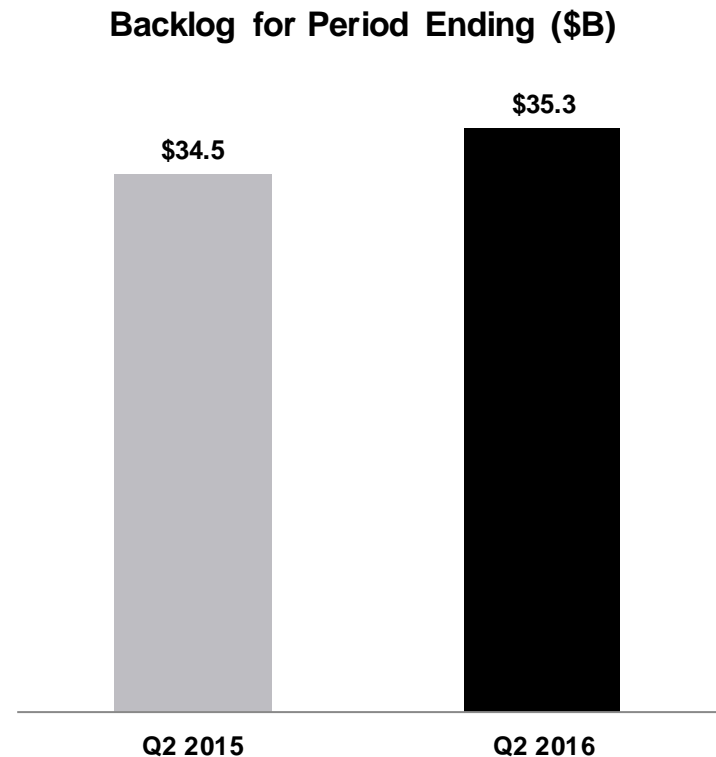
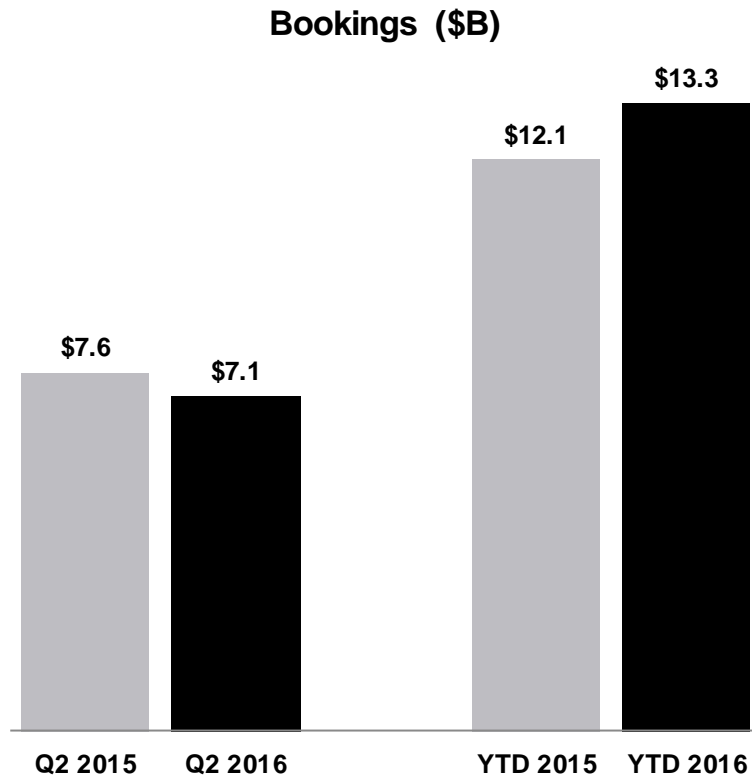
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Second Quarter 2016 Highlights

- Strong bookings of \$7.1 billion; book-to-bill ratio of 1.18
- Net sales of \$6.0 billion, up 3.2 percent
- EPS from continuing operations of \$2.38
- Strong operating cash flow from continuing operations of \$746 million
- Increased full-year 2016 guidance for EPS and operating cash flow from continuing operations

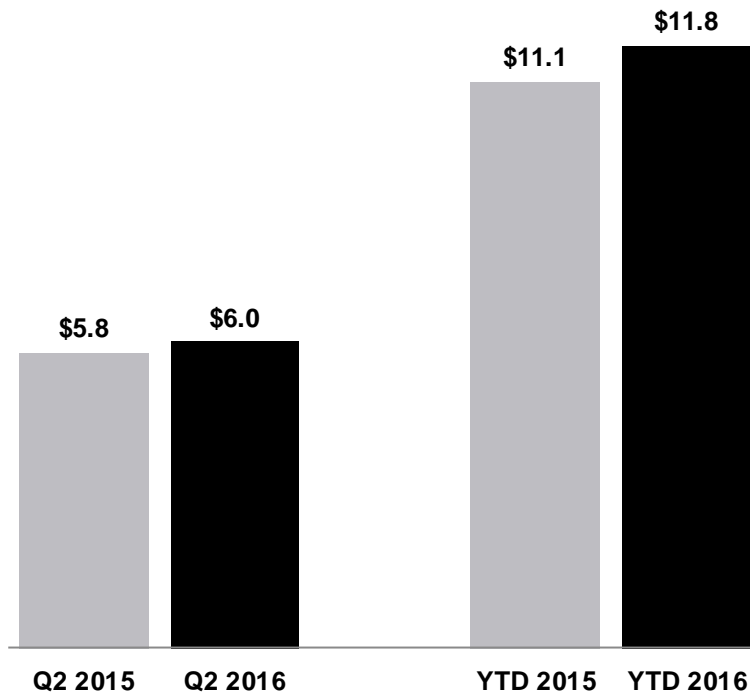
Total Company Bookings and Backlog



Book-to-bill ratio of 1.18 in Q2 2016 and 1.11 on a trailing four quarter basis

Total Company Net Sales

Net Sales (\$B)



Net Sales (\$M)

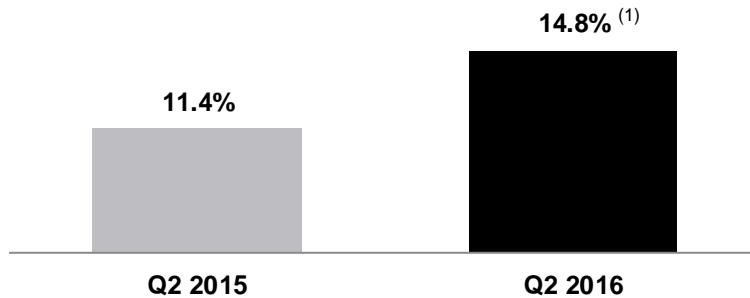
	Q2 2015	Q2 2016	% Change
IDS	\$1,565	\$1,399	-11%
IIS	1,594	1,642	3%
MS	1,559	1,656	6%
SAS	1,416	1,547	9%
Forcepoint™ (FP)	57	138	NM
Eliminations	(333)	(326)	NM
Total Business Segment	5,858	6,056	3%
Deferred Revenue Adjustment	(10)	(21)	NM
Total	\$5,848	\$6,035	3%

NM = Not Meaningful

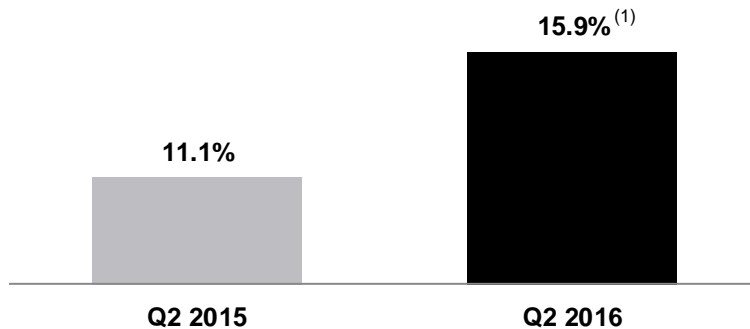
Q2 2016 sales increased by 3 percent

Total Company Operating Margins

Total Business Segment Operating Margin



Total Operating Margin

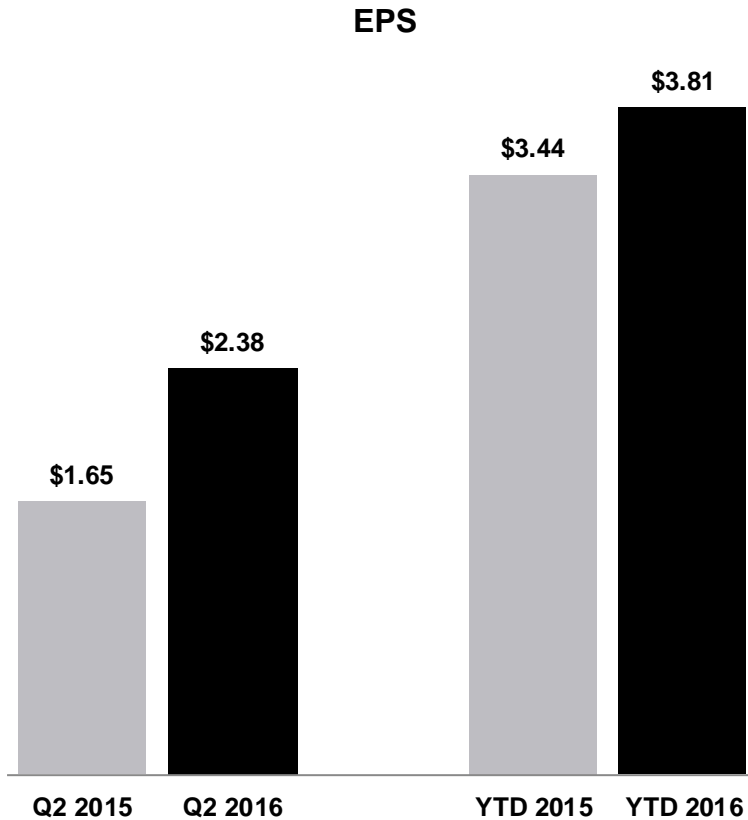


	Q2 2015	Q2 2016	Change
IDS ⁽¹⁾	12.9%	26.8%	NM
IIS	7.7%	7.6%	(10) bps
MS	11.8%	13.5%	170 bps
SAS	13.8%	13.1%	(70) bps
FP	-1.8%	5.1%	NM
Eliminations	(\$36M)	(\$34M)	\$2M
Total Business Segment Operating Margin	11.4%	14.8%	340 bps
Deferred Revenue Adjustment	(\$10M)	(\$21M)	(\$11M)
Amortization of Acquired Intangibles	(\$22M)	(\$30M)	(\$8M)
FAS/CAS Adjustment	\$49M	\$109M	\$60M
Corporate	(\$35M)	\$4M	\$39M
Total Operating Margin	11.1%	15.9%	480 bps

NM = Not Meaningful

(1) Q2 2016 operating margin includes \$158 million impact of the ThalesRaytheonSystems (TRS) transaction.

Earnings Per Share from Continuing Operations



EPS (\$)	
Second Quarter 2015	\$1.65
Operations	0.20
Reduced share count	0.04
FAS/CAS Adjustment	0.14
New stock compensation accounting standard ⁽¹⁾	0.10
Q2 2016 TRS transaction	0.53
Q2 2015 tax settlement	(0.29)
All other	0.01
Second Quarter 2016	\$2.38

(1) Tax benefit associated with the new accounting standard for stock compensation.

2016 Financial Outlook

	Current	Prior*
Net Sales (\$B)	24.0 - 24.5	24.0 - 24.5
Deferred Revenue Adjustment (\$M)⁽¹⁾	(77)	(77)
Amortization of Acquired Intangibles (\$M)⁽¹⁾	(121)	(121)
FAS/CAS Adjustment (\$M)	428	428
Interest Expense, Net (\$M)	(215) - (225)**	(220) - (230)
Diluted Shares (M)	296 - 298	296 - 298
Effective Tax Rate	~28.0%**	~28.5%
EPS from Continuing Operations	\$7.13 - \$7.33**	\$6.93 - \$7.13
Operating Cash Flow from Cont. Ops. (\$B)	2.8 - 3.1**	2.7 - 3.0

* As of April 28, 2016

** Denotes changes from prior guidance

(1) Effective January 1, 2016, the Company recorded acquired deferred revenue at fair value and amortization of acquired intangibles for all business segments in separate lines for deferred revenue adjustment and amortization of acquired intangibles.

2016 Financial Outlook: By Business

	Net Sales (\$B)	Current Operating Margins (%)	Prior* Operating Margins (%)
IDS	5.8 - 6.0	16.3 - 16.5% **	15.9 - 16.1%
IIS	6.1 - 6.3	7.4 - 7.6%	7.4 - 7.6%
MS	6.9 - 7.1	13.0 - 13.2%	13.0 - 13.2%
SAS	5.8 - 6.0	13.1 - 13.3% **	12.9 - 13.1%
FP	0.6	11.5 - 12.5%	11.5 - 12.5%
Eliminations	(1.3) - (1.4)	(\$140M) - (\$145M) **	(\$145M) - (\$150M)
Total business segment	24.1 - 24.6	12.6 - 12.8% **	12.4 - 12.6%
Deferred Revenue Adjustment	(0.1)	(77M)	(77M)
Amortization of Acquired Intangibles	-	(121M)	(121M)
FAS/CAS Adjustment	-	428M	428M
Corporate	-	(\$85M) - (\$90M) **	(\$100M) - (\$105M)
Total	24.0 - 24.5	13.2 - 13.4% **	13.0 - 13.2%

* As of April 28, 2016

** Change from prior guidance

Q3 2016 Financial Outlook

Q3 2016 Estimates

Sales (\$M)	5,975 - 6,100
EPS	\$1.57 - \$1.62
Operating Cash Flow from Continuing Operations (\$M)	700 - 800

Appendix

Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2016	65	64	63	57
2015	61	64	63	61
Increase / (decrease)	4	0	0	(4)

	Q1	Q2	Q3	Q4
2015	61	64	63	61
2014	62	64	63	60
Increase / (decrease)	(1)	0	0	1