

MISSION:

A WORLD OF INNOVATION

First Quarter 2016 Conference Call

April 28, 2016

Dial In Number
866.202.0886 Domestic
617.213.8841 International
Reservation Number: 10757454

Replay Number
888.286.8010 Domestic
617.801.6888 International
Reservation Number: 58520802

Replay available through May 6, 2016



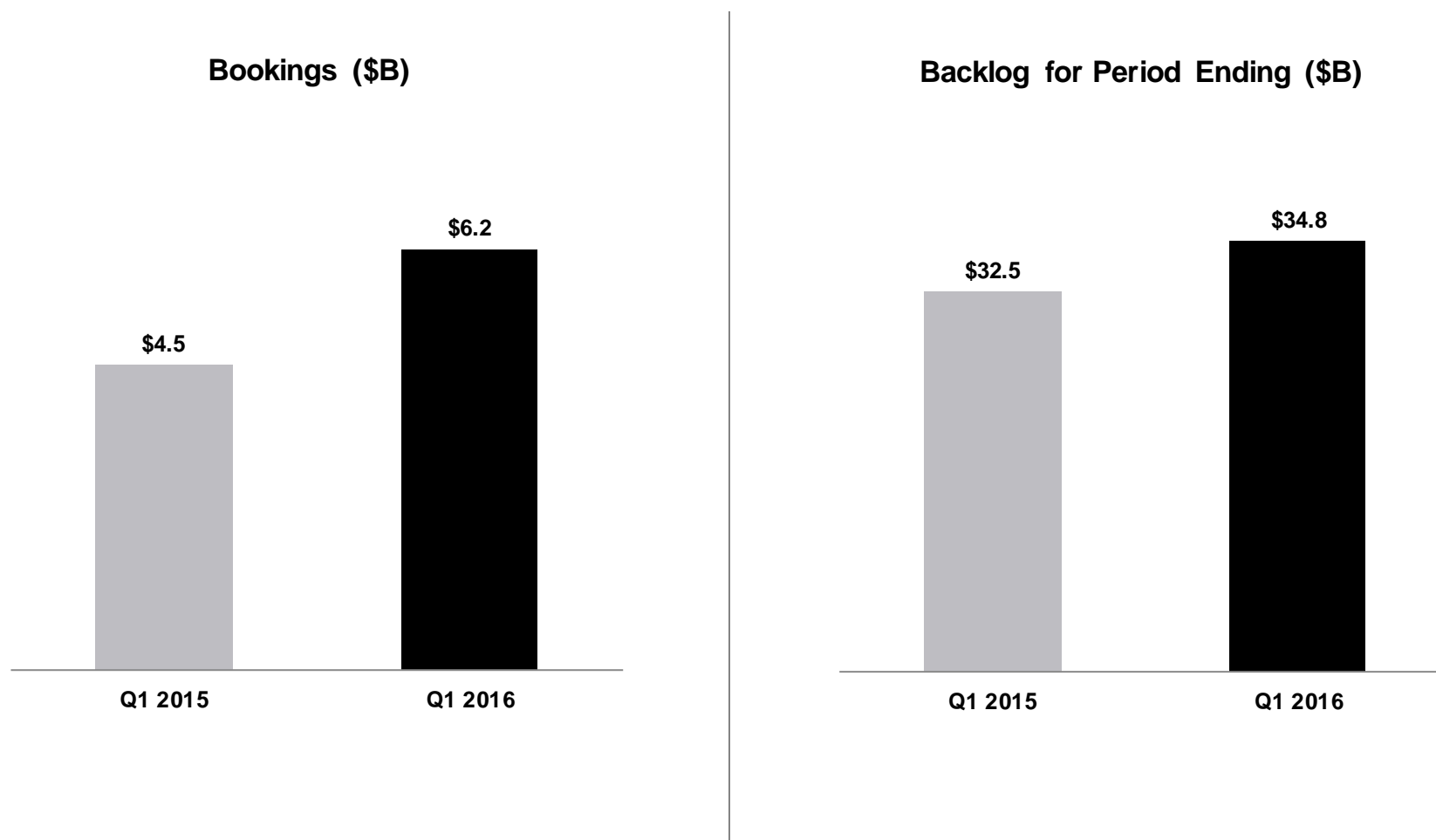
Forward-Looking Statements

This presentation contains forward-looking statements, including information regarding the Company's financial outlook, future plans, objectives, business prospects and anticipated financial performance. These forward-looking statements are not statements of historical facts and represent only the Company's current expectations regarding such matters. These statements inherently involve a wide range of known and unknown risks and uncertainties. The Company's actual actions and results could differ materially from what is expressed or implied by these statements. Specific factors that could cause such a difference include, but are not limited to: the Company's dependence on the U.S. Government for a significant portion of its business and the risks associated with U.S. Government sales, including changes or shifts in defense spending due to budgetary constraints, spending cuts resulting from sequestration, a government shutdown, or otherwise, uncertain funding of programs, potential termination of contracts, and difficulties in contract performance; the resolution of program terminations; the ability to procure new contracts; the risks of conducting business in foreign countries; the unpredictability of timing of international bookings; the ability to comply with extensive governmental regulation and obtain approvals, including export and import requirements such as the International Traffic in Arms Regulations and the Export Administration Regulations, anti-bribery and anti-corruption requirements including the Foreign Corrupt Practices Act, industrial cooperation agreement obligations, and procurement and other regulations; changes in government procurement practices; the impact of competition; the ability to develop products and technologies; the impact of potential security and cyber threats, and other disruptions; the ability to recruit and retain qualified personnel; the risk that actual pension returns, discount rates or other actuarial assumptions are significantly different than the Company's assumptions; the risk of cost overruns, particularly for the Company's fixed-price contracts; dependence on component availability, subcontractor and partner performance and key suppliers; risks of a negative government audit; risks associated with acquisitions, investments, dispositions, joint ventures and other business arrangements; the ability to grow in the government and commercial cybersecurity markets; risks of an impairment of goodwill or other intangible assets; the use of accounting estimates in the Company's financial statements; the outcome of contingencies and litigation matters, including government investigations; the impact of financial markets and global economic conditions; the risk of environmental liabilities; and other factors as may be detailed from time to time in the Company's public announcements and Securities and Exchange Commission filings. The Company undertakes no obligation to make any revisions to the forward-looking statements contained in this release and the attachments or to update them to reflect events or circumstances occurring after the date of this release, including any acquisitions, dispositions or other business arrangements that may be announced or closed after such date. This presentation may contain non-GAAP financial measures. In such event, a GAAP reconciliation and a discussion of the Company's use of these measures are included in the attachments to the press release.

First Quarter 2016 Highlights

- Strong bookings of \$6.2 billion; book-to-bill ratio of 1.08
- Net sales of \$5.8 billion, up 9.0 percent
- EPS from continuing operations of \$1.43
- Solid operating cash flow from continuing operations of \$325 million
- As previously announced, increased annual dividend by 9.3 percent to \$2.93 per share
- Updated full-year 2016 guidance

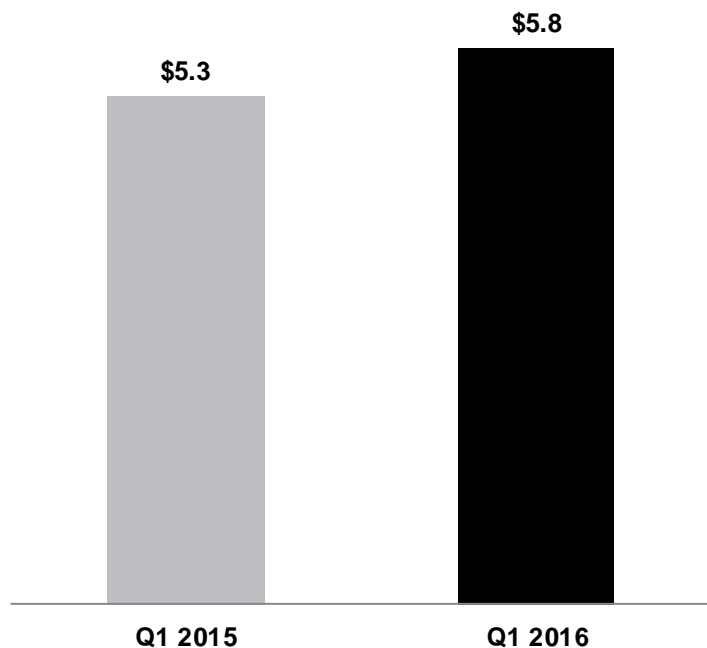
Total Company Bookings and Backlog



**Book-to-bill ratio of 1.08 in Q1 2016
and 1.14 on a trailing four quarter basis**

Total Company Net Sales

Net Sales (\$B)



Net Sales (\$M)

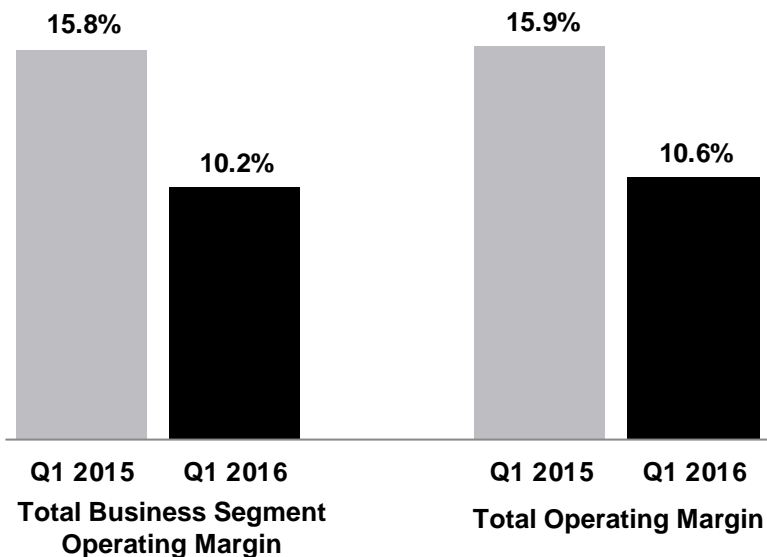
	Q1 2015	Q1 2016	% Change
IDS	\$1,307	\$1,337	2%
IIS	1,461	1,493	2%
MS	1,473	1,720	17%
SAS	1,358	1,450	7%
Forcepoint™ (FP)	24	136	NM
Eliminations	(335)	(347)	NM
Total Business Segment	5,288	5,789	9%
Deferred Revenue Adjustment	-	(26)	NM
Total	\$5,288	\$5,763	9%

NM = Not Meaningful

Q1 2016 sales increased by 9 percent

Total Company Operating Margins

Operating Margins^{(1),(2)}



	Q1 2015	Q1 2016	Change
IDS ⁽¹⁾	14.0%	11.0%	(300) bps
IIS ⁽²⁾	20.2%	6.7%	NM
MS	14.1%	11.2%	(290) bps
SAS	13.4%	11.9%	(150) bps
FP	-	10.3%	NM
Eliminations	(\$33M)	(\$33M)	-
Total Business Segment Operating Margin^{(1),(2)}	15.8%	10.2%	(560) bps
Deferred Revenue Adjustment	-	(\$26M)	(\$26M)
Amortization of Acquired Intangibles	(\$14M)	(\$32M)	(\$18M)
FAS/CAS Adjustment	\$49M	\$105M	\$56M
Corporate	(\$29M)	(\$28M)	\$1M
Total Operating Margin^{(1),(2)}	15.9%	10.6%	(530) bps

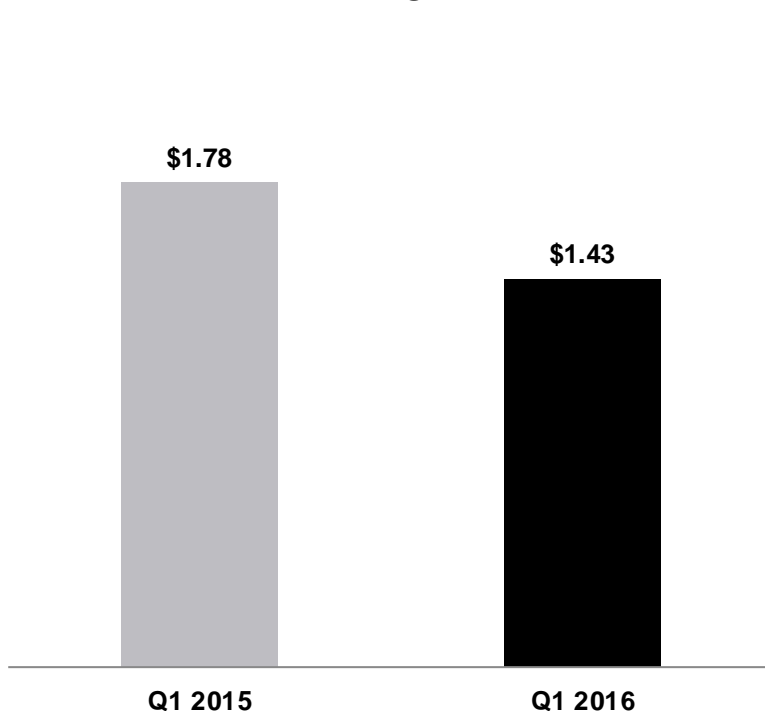
NM = Not Meaningful

(1) Q1 2016 includes the unfavorable impact of \$36 million related to costs to replace or repair defective shelters built by one of the Company's subcontractors on a command and control program in one of the Company's joint ventures. As such, approximately 50 percent of the unfavorable impact is reversed on the Company's income statement on the net loss attributable to noncontrolling interest line.

(2) 2015 operating margin includes the favorable \$181 million impact of the Q1 2015 eBorders settlement.

Earnings Per Share from Continuing Operations

EPS



EPS (\$)

First Quarter 2015	\$1.78
Operations	(0.07)
Reduced share count	0.04
Deferred Revenue Adjustment	(0.05)
Amortization of Acquired Intangibles	(0.02)
FAS/CAS Adjustment	0.13
Adoption of new accounting standard ⁽¹⁾	0.05
Q1 2015 eBorders settlement	(0.42)
All other	(0.01)
First Quarter 2016	\$1.43

(1) This item is related to the tax benefit associated with the adoption of the new accounting standard for stock compensation, which was not in the Company's prior financial outlook.

2016 Financial Outlook

	Current	Prior*
Net Sales (\$B)	24.0 - 24.5	24.0 - 24.5
Deferred Revenue Adjustment (\$M) ⁽¹⁾	(77)**	(67)
Amortization of Acquired Intangibles (\$M) ⁽¹⁾	(121)	(121)
FAS/CAS Adjustment (\$M)	428	428
Interest Expense, Net (\$M)	(220) - (230)	(220) - (230)
Diluted Shares (M)	296 - 298	296 - 298
Effective Tax Rate	~28.5%**	~30.0%
EPS from Continuing Operations	\$6.93 - \$7.13**	\$6.80 - \$7.00
Operating Cash Flow from Cont. Ops. (\$B)	2.7 - 3.0	2.7 - 3.0

* As of January 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 deferred revenue adjustment and amortization of acquired intangibles lines.

2016 Financial Outlook: By Business

	Net Sales (\$B)	Current Operating Margins (%)	Prior* Operating Margins (%)
IDS	5.8 - 6.0	15.9 - 16.1%	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	12.9 - 13.1%	12.9 - 13.1%
FP	0.6	11.5 - 12.5%	11.5 - 12.5%
Eliminations	(1.3) - (1.4)	(\$145M) - (\$150M)	(\$145M) - (\$150M)
Total business segment	24.1 - 24.6	12.4 - 12.6%	12.4 - 12.6%
Deferred Revenue Adjustment	(0.1)	(77M)**	(67M)
Amortization of Acquired Intangibles	-	(121M)	(121M)
FAS/CAS Adjustment	-	428M	428M
Corporate	-	(\$100M) - (\$105M)	(\$100M) - (\$105M)
Total	24.0 - 24.5	13.0 - 13.2%	13.0 - 13.2%

* As of January 28, 2016

** Change from prior guidance

2016 Financial Outlook: By Quarter

	2016 Estimates			
	Q2	Q3	Q4	Total
Sales (\$M)	5,675 - 5,800	5,975 - 6,100	6,590 - 6,840	\$24.0 - \$24.5B
EPS	\$1.51 - \$1.56	\$1.95 - \$2.00	\$2.04 - \$2.14	\$6.93 - \$7.13
Operating Cash Flow from Cont. Ops. (\$M)	300 - 400	900 - 1,000	1,200 - 1,300	\$2.7B - \$3.0B

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