




Third Quarter 2016 Conference Call

October 27, 2016



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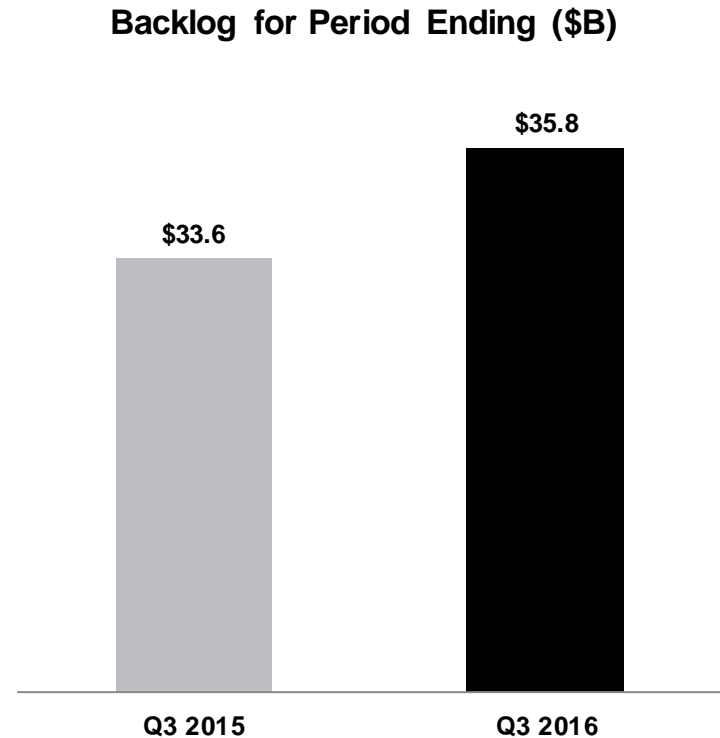
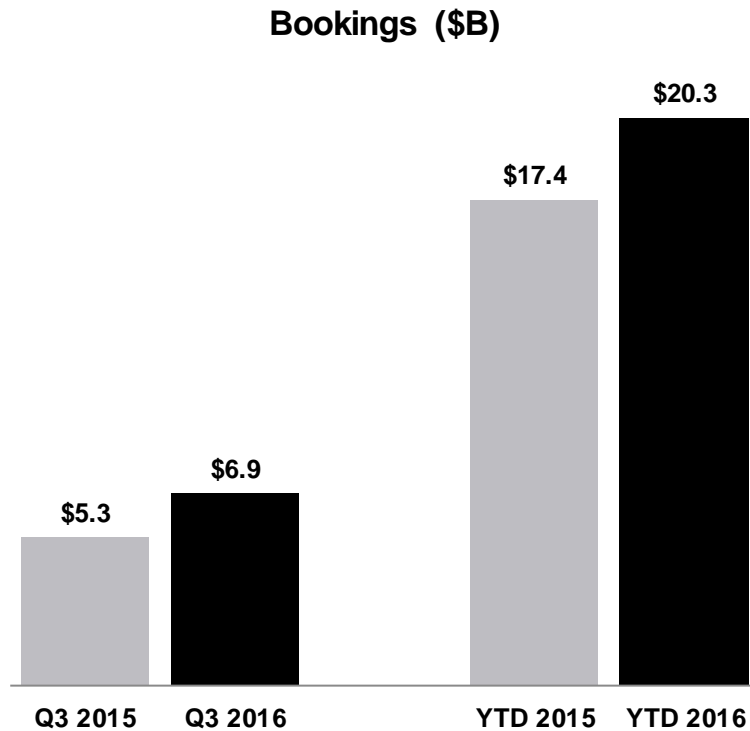
Forward-Looking Statements

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, and the impact of associated investments and costs; 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, including the long-term return on asset assumption, are significantly different than the Company's current 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 impact of financial markets and global economic conditions; the use of accounting estimates in the Company's financial statements; the outcome of contingencies and litigation matters, including government investigations; 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.

Third Quarter 2016 Highlights

- Strong bookings of \$6.9 billion; book-to-bill ratio of 1.15
- Net sales of \$6.0 billion, up 4 percent
- EPS from continuing operations of \$1.79
- Solid operating cash flow from continuing operations of \$640 million
- Increased full-year 2016 guidance for EPS

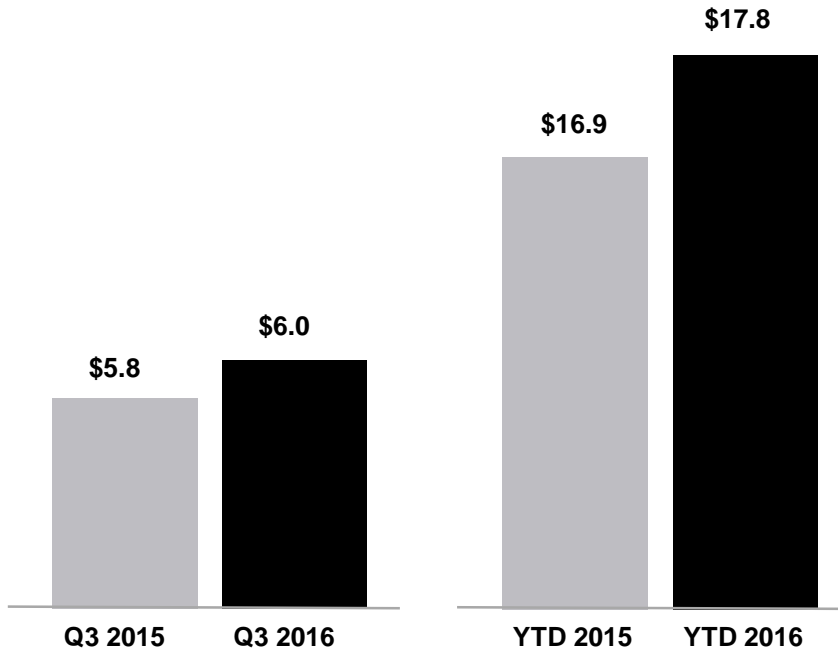
Total Company Bookings and Backlog



Book-to-bill ratio of 1.15 in Q3 2016 and 1.16 on a trailing four quarter basis

Total Company Net Sales

Net Sales (\$B)



Net Sales (\$M)

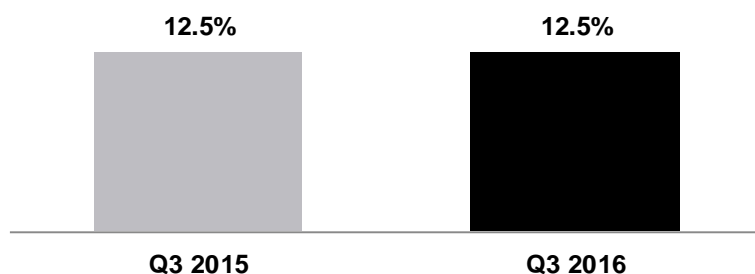
	Q3 2015	Q3 2016	% Change
IDS	\$1,417	\$1,334	-6%
IIS	1,519	1,541	1%
MS	1,645	1,800	9%
SAS	1,446	1,590	10%
Forcepoint™ (FP)	114	149	31%
Eliminations	(331)	(364)	NM
Total Business Segment	5,810	6,050	4%
Deferred Revenue Adjustment	(27)	(17)	NM
Total	\$5,783	\$6,033	4%

NM = Not Meaningful

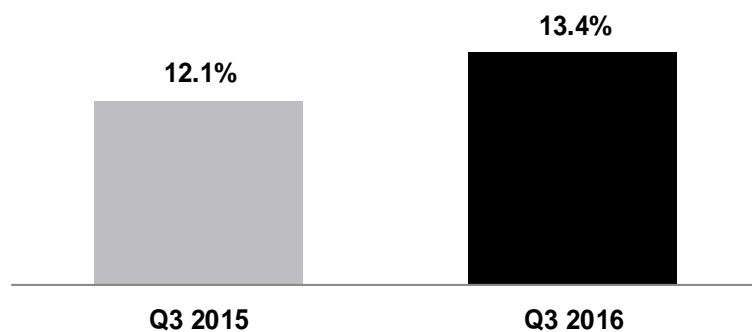
Q3 2016 sales increased by 4 percent

Total Company Operating Margins

Total Business Segment Operating Margin

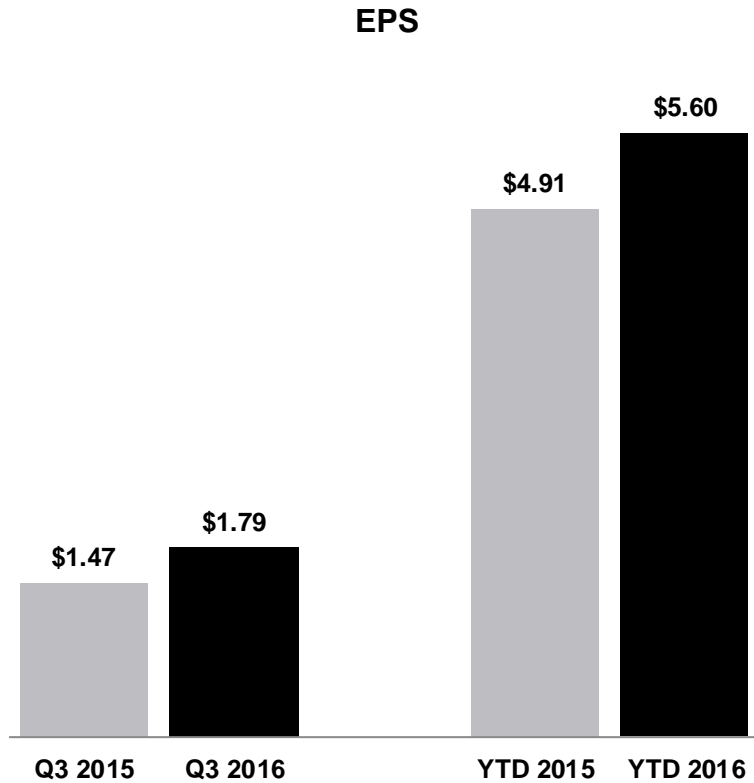


Total Operating Margin



	Q3 2015	Q3 2016	Change
IDS	14.0%	15.7%	170 bps
IIS	7.8%	7.9%	10 bps
MS	13.3%	13.4%	10 bps
SAS	14.7%	13.2%	(150) bps
FP	17.5%	12.8%	(470) bps
Eliminations	(\$42M)	(\$42M)	-
Total Business Segment Operating Margin	12.5%	12.5%	-
Deferred Revenue Adjustment	(\$27M)	(\$17M)	\$10M
Amortization of Acquired Intangibles	(\$36M)	(\$29M)	\$7M
FAS/CAS Adjustment	\$43M	\$104M	\$61M
Corporate	(\$9M)	(\$11M)	(\$2M)
Total Operating Margin	12.1%	13.4%	130 bps

Earnings Per Share from Continuing Operations



EPS (\$)	
Third Quarter 2015	\$1.47
Operations	0.08
Reduced share count	0.05
FAS/CAS Adjustment	0.14
All other	0.05
Third Quarter 2016	\$1.79

Strong operational performance

2016 Financial Outlook

	Current	Prior*
Net Sales (\$B)	24.2 - 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)	433**	428
Interest Expense, Net (\$M)	(215) - (220)**	(215) - (225)
Diluted Shares (M)	~297**	296 - 298
Effective Tax Rate	~28.0%	~28.0%
EPS from Continuing Operations	\$7.28 - \$7.38**	\$7.13 - \$7.33
Operating Cash Flow from Cont. Ops. (\$B)	2.8 - 3.1	2.8 - 3.1

* As of Jul 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)		Operating Margins (%)	
	Current	Prior*	Current	Prior*
IDS	5.8 - 5.9 **	5.8 - 6.0	16.6 - 16.7% **	16.3 - 16.5%
IIS	6.1 - 6.2 **	6.1 - 6.3	7.5 - 7.6% **	7.4 - 7.6%
MS	7.1 - 7.2 **	6.9 - 7.1	13.0 - 13.1% **	13.0 - 13.2%
SAS	6.0 - 6.1 **	5.8 - 6.0	13.1 - 13.2% **	13.1 - 13.3%
FP	0.6	0.6	11.5 - 12.5%	11.5 - 12.5%
Eliminations	(1.3) - (1.4)	(1.3) - (1.4)	(\$140M) - (\$145M)	(\$140M) - (\$145M)
Total business segment	24.3 - 24.6 **	24.1 - 24.6	12.7 - 12.8% **	12.6 - 12.8%
Deferred Revenue Adjustment	(0.1)	(0.1)	(77M)	(77M)
Amortization of Acquired Intangibles	-	-	(121M)	(121M)
FAS/CAS Adjustment	-	-	433M **	428M
Corporate	-	-	(\$75M) - (\$80M) **	(\$85M) - (\$90M)
Total	24.2 - 24.5 **	24.0 - 24.5	13.3 - 13.4% **	13.2 - 13.4%

* As of Jul 28, 2016

** Change from prior guidance

2016 Financial Outlook

	Outlook	
	Q4 2016	2016
Sales (\$M)	6,369 - 6,669	24,200 - 24,500
EPS	\$1.68 - \$1.78	\$7.28 - \$7.38
Operating Cash Flow from Continuing Operations (\$M)	1,089 - 1,389	2,800 - 3,100

2017 FAS/CAS Pension Adjustment (\$M)

2017 Global FAS / CAS Pension Income / (Expense) (\$M)							
Actual 2016 Asset Return	12/31/16 Discount Rate						
	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%
-5.00%	(173)	(86)	(1)	84	167	248	329
0.00%	(92)	(5)	81	165	248	329	410
5.00%	(10)	77	163	247	330	411	492
8.00%	41	128	213	297	380	462	542
10.00%	74	160	246	330	413	495	576
15.00%	154	241	327	411	494	575	654

The FAS/CAS pension adjustment represents the difference between the pension costs required to be recognized under Financial Accounting Standards under U.S. GAAP (FAS) and the pension cost recorded under U.S. Government Cost Accounting Standards (CAS). This chart indicates the range of possible outcomes for the 2017 FAS/CAS pension adjustment, based upon different discount rates and 2016 asset return rates that will be determined at 12/31/16.

Actual 2017 results are not limited to the above scenarios nor the above factors of discount rate and actual asset return (e.g. results will also reflect any potential changes in census data, etc.). The range of outcomes above is also based on our current, long-term return on asset (ROA) assumption of 8.00%, which could change depending upon future capital market assumptions and the related asset allocation. As noted above, 2017 pension expense will be determined at 12/31/16 using assumptions and based on market conditions in place at that time.

Pension & PRB Impact

\$ Millions	Net Cash Impact Comparison*		
	2016	2017	2018
<i>October 2016 Outlook</i>			
CAS Recovery	\$1,525	\$1,746	\$1,748
Pension & PRB Funding Required	(\$170)	(\$824)	(\$1,031)
Net Cash Flow (Pre-Tax)	\$1,355	\$922	\$717
<i>January 2016 Outlook</i>			
CAS Recovery	\$1,498	\$1,672	\$1,693
Pension & PRB Funding Required	(\$165)	(\$933)	(\$1,040)
Net Cash Flow (Pre-Tax)	\$1,333	\$739	\$653

* Assumptions

- Approximate PPA discount rates: 6.0% for 2016, 5.8% for 2017 and 5.6% for 2018
- 8.00% assumed return on assets for all years
- No discretionary cash contributions assumed for all years

Actual results will vary based upon actual asset returns, interest rates, changes in actuarial assumptions, and other census data and regulatory requirements applicable which are determined at December 31st of each year.

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