



First Quarter 2019 Conference Call

April 25, 2019

Dial In Number
866.588.8312 Domestic
409.220.9941 International
Reservation Number: 5984389

Replay Number
855.859.2056 Domestic
404.537.3406 International
Reservation Number: 5984389

Replay available through May 3, 2019

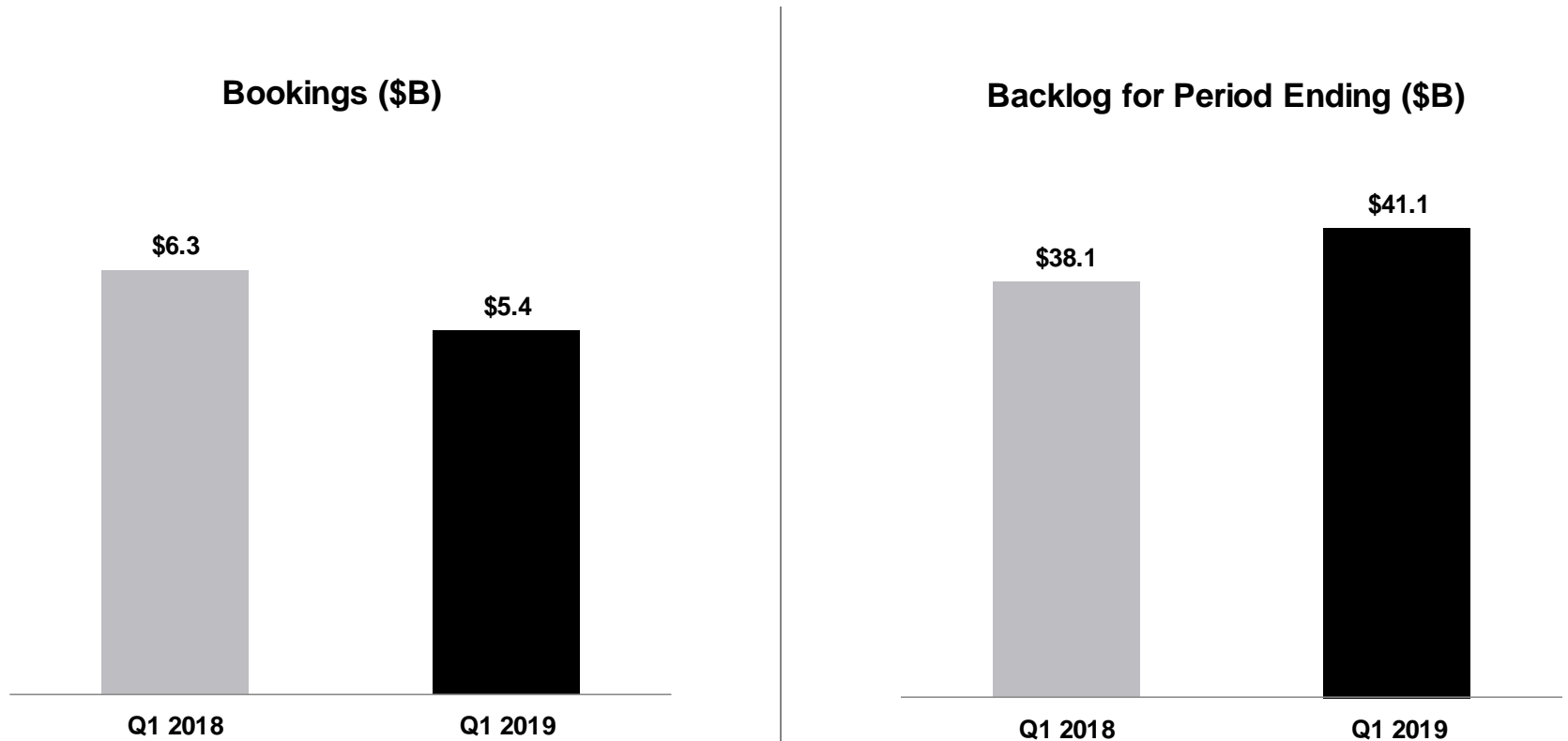
Forward-Looking Statements

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 performance under undefinitized contract awards; 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, 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; dependence on U.S. government approvals for international contracts; 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 ability to recruit and retain qualified personnel; the impact of potential security and cyber threats, and other disruptions; 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 material and 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; changes in tax laws and regulations, or their interpretation; 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.

First Quarter 2019 Highlights

- Trailing four quarter book-to-bill ratio of 1.13; backlog of \$41.1 billion
- Net sales of \$6.7 billion, up 7.4 percent
- EPS from continuing operations of \$2.77, up 25.9 percent
- Operating cash flow from continuing operations better than prior guidance
- Increased annual dividend by 8.6 percent, as previously announced

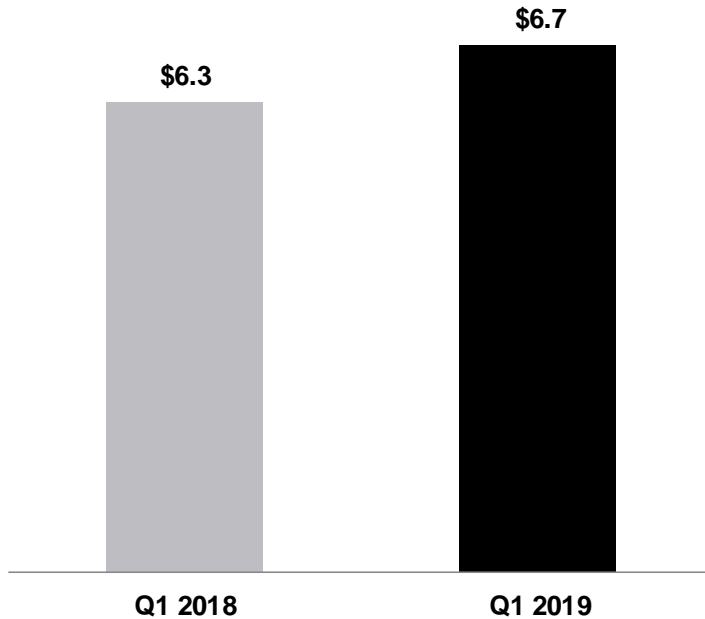
Total Company Bookings and Backlog



Backlog up ~\$3 billion year-over-year

Total Company Net Sales

Net Sales (\$B)



Net Sales (\$M)

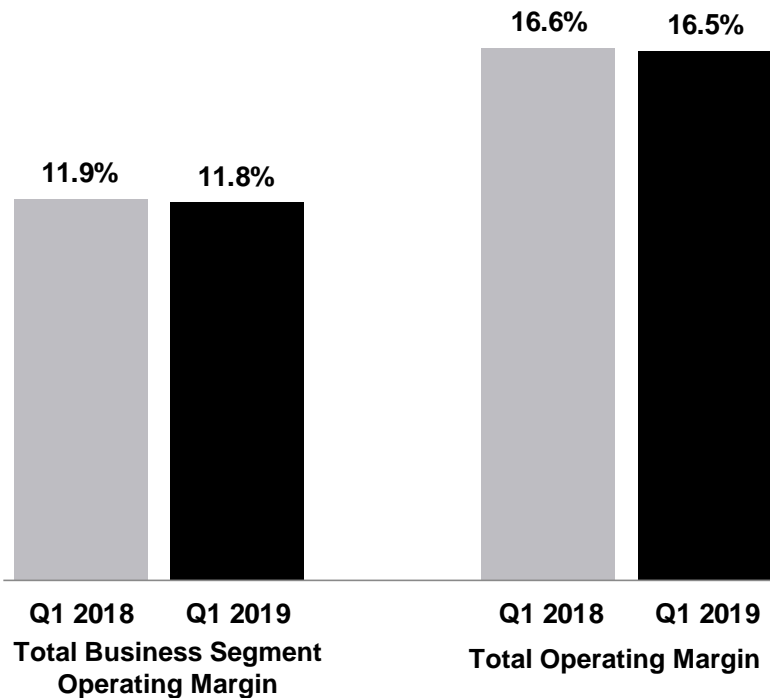
	Q1 2018	Q1 2019	% Change
IDS	\$1,489	\$1,550	4%
IIS	1,582	1,777	12%
MS	1,848	2,006	9%
SAS	1,568	1,653	5%
Forcepoint™	141	158	12%
Eliminations	(357)	(414)	NM
Total Business Segment	\$6,271	\$6,730	7.3%
Deferred Revenue Adjustment	(4)	(1)	NM
Total	\$6,267	\$6,729	7.4%

NM = Not Meaningful

Q1 2019 sales increased by 7.4 percent

Total Company Operating Margins

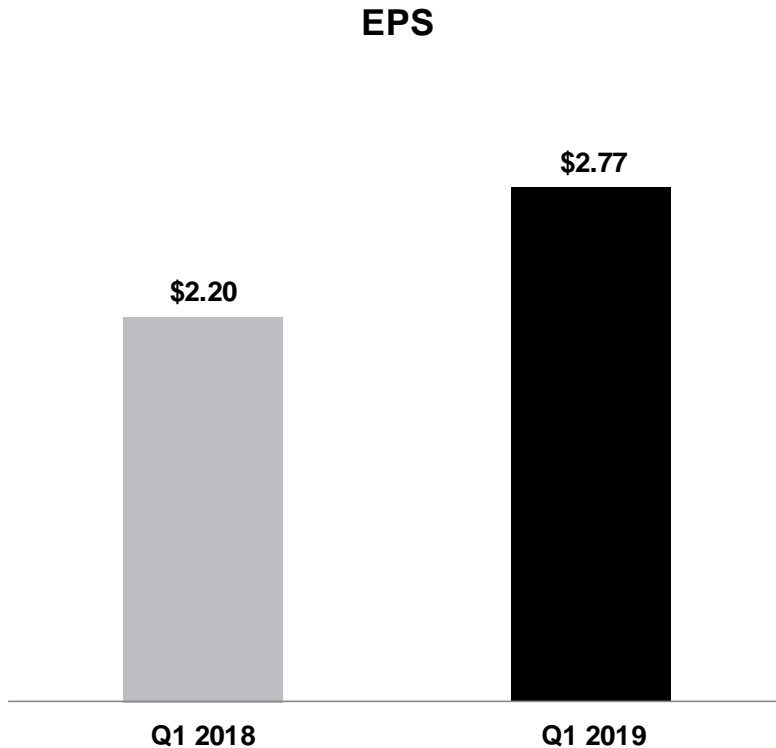
Operating Margins



	Q1 2018	Q1 2019	Change
IDS	18.3%	16.6%	(170) bps
IIS	7.4%	10.5%	310 bps
MS	11.5%	9.5%	(200) bps
SAS	12.3%	12.8%	50 bps
Forcepoint	(5.0)%	(5.7)%	NM
Eliminations	(\$40M)	(\$47M)	(\$7M)
Total Business Segment Operating Margin	11.9%	11.8%	(10) bps
Deferred Revenue Adjustment	(\$4M)	(\$1M)	\$3M
Amortization of Acquired Intangibles	(\$29M)	(\$27M)	\$2M
FAS/CAS Operating Adjustment	\$354M	\$366M	\$12M
Corporate	(\$28M)	(\$16M)	\$12M
Total Operating Margin	16.6%	16.5%	(10) bps

NM = Not Meaningful

Earnings Per Share from Continuing Operations



EPS (\$)	
First Quarter 2018	\$2.20
Operations	0.08
RGNext transaction ¹	0.06
Reduced share count	0.05
FAS/CAS operating adjustment	0.05
Retirement benefits non-service expense, non-operating	0.14
Other income/(expense)	0.07
Taxes	0.07
Other items, net	0.05
First Quarter 2019	\$2.77

¹ In the first quarter of 2019, the company acquired an additional 10 percent equity ownership in the Range Generation Next LLC (RGNext) joint venture, increasing the company's equity ownership to 60 percent and giving the company control of the operations. This resulted in the remeasurement of the company's equity investment, as planned, which resulted in a \$21 million non-cash gain in operating income at IIS.

Q1 2019 EPS exceeded guidance

2019 Financial Outlook

	Current	Prior*
Net Sales (\$B)	28.6 - 29.1	28.6 - 29.1
Deferred Revenue Adjustment (\$M)	(2)	(2)
Amortization of Acquired Intangibles (\$M)	(110) **	(114)
FAS/CAS Operating Adjustment (\$M)	1,463	1,463
Retirement Benefit Non-service Expense, non-operating (\$M)	(726)	(726)
Interest Expense, Net (\$M)	(153) - (158)	(153) - (158)
Diluted Shares (M)	279 - 281	279 - 281
Effective Tax Rate	17.0 - 17.5%	17.0 - 17.5%
EPS from Continuing Operations	\$11.40 - \$11.60	\$11.40 - \$11.60
Operating Cash Flow from Cont. Ops. (\$B)	3.9 - 4.1	3.9 - 4.1

* As of January 31, 2019

** Denotes changes from prior guidance

2019 Financial Outlook: By Business

	Net Sales (\$B)	Current Operating Margins (%)		Prior* Operating Margins (%)
IDS	6.6 - 6.8	16.0 - 16.2%		16.0 - 16.2%
IIS	6.7 - 6.9	8.0 - 8.2%	**	7.8 - 8.0%
MS	8.9 - 9.1	11.5 - 11.9%	**	12.1 - 12.3%
SAS	7.0 - 7.2	13.2 - 13.4%	**	12.9 - 13.1%
Forcepoint	~\$700M	3.0 - 5.0%		3.0 - 5.0%
Eliminations	(1.4) - (1.5)	(\$160M) - (\$165M)		(\$160M) - (\$165M)
Total business segment	28.6 - 29.1	12.1 - 12.3%		12.1 - 12.3%
Deferred Revenue Adjustment	(\$2M)	(\$2M)		(\$2M)
Amortization of Acquired Intangibles	-	(\$110M)	**	(\$114M)
FAS/CAS Operating Adjustment	-	\$1,463M		\$1,463M
Corporate	-	(\$65M) - (\$75M)		(\$65M) - (\$75M)
Total	28.6 - 29.1	16.5 - 16.7%		16.5 - 16.7%

Amounts may not add due to rounding.

* As of January 31, 2019

** Change from prior guidance

2019 Financial Outlook

	Outlook	
	Q2 2019	2019
Sales (\$M)	6,950 - 7,075	28,600 - 29,100
EPS from Continuing Operations	\$2.50 - \$2.55	\$11.40 - \$11.60
Operating Cash Flow from Continuing Operations (\$M)	500 - 700	3,900 - 4,100

Appendix

Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2019	63	64	63	59
2018	64	64	63	58
Increase / (decrease)	(1)	0	0	1

	Q1	Q2	Q3	Q4
2018	64	64	63	58
2017	64	64	62	58
Increase / (decrease)	0	0	1	0