

Assured Communications®
Anytime. Anywhere.

Fiscal 2012 Second Quarter Earnings Call Presentation



HARRIS®
assuredcommunications®

Statements in this presentation that are not historical facts are forward-looking statements that reflect management's current expectations, assumptions, and estimates of future performance and economic conditions. Such statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this presentation include but are not limited to: earnings and revenue guidance for fiscal 2012; potential contract opportunities and awards; the potential value of contract awards; and statements regarding outlook, including expected revenue, orders, and cash flow. The company cautions investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. The company's consolidated results and the forward-looking statements could be affected by many factors, including but not limited to: the loss of our relationship with the U.S. government or a shift 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, and cost-cutting initiatives); risks inherent with large long-term fixed-price contracts, particularly the ability to contain cost overruns; the potential impact of a security breach, through cyber attack or otherwise, or other significant disruptions of our IT networks and systems or those we operate for customers; financial and government and regulatory risks relating to international sales and operations; the continued effects of the general downturn in the global economy and U.S. government's budget deficits and national debt; our ability to continue to develop new products that achieve market acceptance; the consequences of future geo-political events; strategic acquisitions and the risks and uncertainties related thereto, including our ability to manage and integrate acquired businesses; performance of our subcontractors and suppliers; potential claims that we are infringing the intellectual property rights of third parties; the successful resolution of patent infringement claims and the ultimate outcome of other contingencies, litigation and legal matters; risks inherent in developing new technologies; changes in our effective tax rate; the potential impact of natural disasters or other disruptions on our operations; the potential impact of changes in the regulatory framework that applies to, or of satellite bandwidth constraints on, our managed satellite and terrestrial communications solutions; and changes in future business conditions that could cause business investments and/or recorded goodwill to become impaired. Further information relating to factors that may impact the company's results 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.

- **Solid 2Q results - revenue and non-GAAP EPS slightly ahead of prior year**
- **Net income lower (prior-year expedited MRAP)**
- **Orders down 15% year-over-year**
 - **\$235M order from Australia received mid-January**
- **All segments reported sequential operating margin improvement**
- **Strong cash flow from operations compared to previous quarter and prior year**

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

2Q fiscal 2012 financial results



	<u>2Q 2011</u>	<u>2Q 2012</u>
Orders	\$ 1,409	\$ 1,196
<i>% increase</i>		(15%)
Revenue	1,439	1,446
<i>Revenue growth</i>		1%
<i>Organic revenue growth</i>		(3%)
Net income	151	133
Non-GAAP net income	155	140
<i>% increase</i>		(10%)
Earnings per share	1.18	1.16
Non-GAAP earnings per share	1.20	1.22
<i>% increase</i>		2%

Reference non-GAAP reconciliation on the Harris investor relations website. \$ in millions.

	<u>2Q 2011</u>	<u>2Q 2012</u>
Orders	\$ 391	\$ 268
Tactical Communications	300	183
Public Safety and Professional Communications	91	85
Revenue	545	526
Tactical Communications	426	391
Public Safety and Professional Communications	119	135
Operating income	189	172
<i>Operating margin</i>	34.8%	32.8%

- **Excluding prior-year expedited MRAP, Tactical Communications revenue increased double-digit with international more than offsetting decline in DoD**
- **International revenue increased significantly**
- **Public Safety revenue grew 14% and operating margins improved**
- **Strong performance at Army's Network Integration Evaluation (NIE)**
- **\$235M Australia order received after quarter-end**

\$ in millions.

	<u>2Q 2011</u>	<u>2Q 2012</u>
Revenue	\$ 496	\$ 526
<i>Revenue growth</i>		6%
<i>Organic revenue growth</i>		(4%)
Operating income	21	16
Non-GAAP operating income	25	25
<i>Non-GAAP operating margin</i>	5.0%	4.8%

- **Revenue increase resulted from Schlumberger acquisition and Healthcare growth**
- **Organic revenue declined 4 percent, primarily due to IT Services**
- **Sequential improvement in operating income**
- **Negative impact of Thailand floods mostly mitigated at Broadcast**
- **Expect stronger second half at Harris CapRock**
- **Losses in our Cyber initiative continued**

Reference non-GAAP reconciliation on the Harris investor relations website. \$ in millions.

	<u>2Q 2011</u>	<u>2Q 2012</u>
Revenue	\$ 422	\$ 422
<i>Revenue growth</i>		0%
Operating income	59	63
<i>Operating margin</i>	14.1%	14.9%

- **Strong growth in classified programs and commercial satellite reflectors offset by declines in DoD programs and completion of FDCA**
- **Excellent operating performance**
- **Selected as Boeing's partner on U.S. Missile Defense Agency's Ground-based Midcourse Defense (GMD) program**
- **Well-positioned for tougher government spending environment**
 - Existing diversified program base, large upcoming FAA opportunities, and government focus on ISR

\$ in millions.

	<u>2Q 2011</u>	<u>2Q 2012</u>
Cash and cash equivalents	\$ 741	\$ 387
Depreciation and amortization	49	66
Capital expenditures	67	41
Cash flow from operations	94	199
Free cash flow	28	159
Effective tax rate (non-GAAP)	31.6%	34.1%

Reference non-GAAP reconciliation on the Harris investor relations website. \$ in millions.

Fiscal 2012 guidance



Segment guidance	Revenue		EPS and op margin (non-GAAP)	
	FY11	FY12	FY11	FY12
Harris Corporation	\$ 5.92B	~\$ 6.0B	\$ 4.89	\$ 5.10 – 5.30
RF Communications	2.29B	6 – 8% lower	34.4%	~33%
Integrated Network Solutions	1.99B	9 – 11% growth 0 – 2% organic	5.9%	5.5% – 6.5%
Government Communications	1.78B	1 – 3% growth	12.8%	~14%
Other guidance (\$ in millions)			FY11	FY12
Cash flow from operations			\$ 833	\$ 825 – 875
Depreciation and amortization			212	280 – 290
Capital expenditures			325	265 – 285
Non-operating income (loss)			(2)	10 – 15
Tax rate (non-GAAP)			32.7%	~33%

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