

Table 1
HARRIS CORPORATION
FY '10 First Quarter Summary
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	<u>Quarter Ended</u>	
	<u>October 2, 2009</u>	<u>September 26, 2008</u>
	<u>(In millions, except per share amounts)</u>	
Revenue from product sales and services	\$ 1,203.0	\$ 1,172.6
Cost of product sales and services	(812.1)	(791.9)
Engineering, selling and administrative expenses	(212.1)	(189.6)
Non-operating loss	(0.2)	(8.1)
Interest income	0.4	1.0
Interest expense	<u>(18.2)</u>	<u>(12.4)</u>
Income from continuing operations before income taxes	160.8	171.6
Income taxes	<u>(56.3)</u>	<u>(52.2)</u>
Income from continuing operations	104.5	119.4
Discontinued operations, net of income taxes	---	(0.7)
Net income	<u>\$ 104.5</u>	<u>\$ 118.7</u>
Net income per common share		
Basic		
Continuing operations	\$.79	\$.89
Discontinued operations	---	---
	<u>\$.79</u>	<u>\$.89</u>
Diluted		
Continuing operations	\$.79	\$.89
Discontinued operations	---	(.01)
	<u>\$.79</u>	<u>\$.88</u>
Cash dividends paid per common share	\$.22	\$.20
Basic weighted average shares outstanding	131.8	134.0
Diluted weighted average shares outstanding	131.9	134.7

Table 2
HARRIS CORPORATION
FY '10 First Quarter Summary
BUSINESS SEGMENT INFORMATION
(Unaudited)

	Quarter Ended	
	October 2, 2009	September 26, 2008
	(In millions)	
Revenue		
RF Communications	\$ 423.7	\$ 415.2
Government Communications Systems	667.7	609.1
Broadcast Communications	118.7	158.2
Corporate eliminations	(7.1)	(9.9)
	<u>\$1,203.0</u>	<u>\$1,172.6</u>
Income From Continuing Operations		
Before Income Taxes		
<i>Segment Operating Income:</i>		
RF Communications	\$ 114.0	\$ 142.1
Government Communications Systems	85.7	66.3
Broadcast Communications	0.3	5.3
Unallocated corporate expense	(19.2)	(18.9)
Corporate eliminations	(2.0)	(3.7)
Non-operating loss	(0.2)	(8.1)
Net interest expense	(17.8)	(11.4)
	<u>\$ 160.8</u>	<u>\$ 171.6</u>

Table 3
HARRIS CORPORATION
FY '10 First Quarter Summary
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Quarter Ended	
	October 2, 2009	September 26, 2008
	(In millions)	
Operating Activities		
Net income	\$ 104.5	\$ 118.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	42.1	42.5
Share-based compensation	11.1	9.0
Non-current deferred income taxes	6.4	(3.1)
Impairment of securities available-for-sale	---	7.6
Noncontrolling interest in discontinued operations, net of income taxes	---	(0.6)
(Increase) decrease in:		
Accounts and notes receivable	29.2	(121.4)
Inventories	(29.8)	(66.8)
Increase (decrease) in:		
Accounts payable and accrued expenses	(106.0)	33.4
Advance payments and unearned income	34.1	(14.4)
Income taxes	45.1	35.9
Other	(2.2)	(3.3)
Net cash provided by operating activities	<u>134.5</u>	<u>37.5</u>
Investing Activities		
Cash adjustments related to acquired businesses	1.0	---
Additions of property, plant and equipment	(18.6)	(27.8)
Additions of capitalized software	(2.0)	(3.9)
Cash paid for short-term investments available-for-sale	---	(1.2)
Proceeds from the sale of short-term investments available-for-sale	---	1.8
Net cash used in investing activities	<u>(19.6)</u>	<u>(31.1)</u>
Financing Activities		
Proceeds from borrowings	---	78.5
Repayment of borrowings	(81.1)	(9.2)
Proceeds from exercise of employee stock options	0.1	5.3
Repurchases of common stock	(55.3)	(81.6)
Cash dividends	(29.0)	(26.9)
Net cash used in financing activities	<u>(165.3)</u>	<u>(33.9)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>0.3</u>	<u>(0.3)</u>
Net decrease in cash and cash equivalents	(50.1)	(27.8)
Cash and cash equivalents, beginning of year	<u>281.2</u>	<u>370.0</u>
Cash and cash equivalents, end of quarter	231.1	342.2
Less cash and cash equivalents of discontinued operations	<u>---</u>	<u>(94.4)</u>
Cash and cash equivalents of continuing operations, end of quarter	<u>\$ 231.1</u>	<u>\$ 247.8</u>

Table 4
HARRIS CORPORATION
FY '10 First Quarter Summary
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

	October 2, 2009	July 3, 2009
	(In millions)	
Assets		
Cash and cash equivalents	\$ 231.1	\$ 281.2
Receivables	742.7	770.8
Inventories	633.5	607.2
Income taxes receivable	---	21.0
Current deferred income taxes	124.8	117.2
Other current assets	65.7	62.0
Property, plant and equipment	532.2	543.2
Goodwill	1,522.2	1,507.1
Intangible assets	319.9	335.6
Non-current deferred income taxes	78.1	85.3
Other non-current assets	140.8	134.5
	\$4,391.0	\$4,465.1
 Liabilities and Shareholders' Equity		
Short-term debt	\$ 25.0	\$ 105.7
Accounts payable	305.5	368.0
Compensation and benefits	160.6	224.9
Other accrued items	302.6	288.7
Advance payments and unearned income	155.8	121.7
Income taxes payable	32.2	---
Current portion of long-term debt	0.8	0.7
Long-term debt	1,177.1	1,177.3
Long-term contract liability	142.3	145.6
Other long-term liabilities	168.3	163.4
Shareholders' equity	1,920.8	1,869.1
	\$4,391.0	\$4,465.1

HARRIS CORPORATION
FY '10 First Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURE

To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional measures of segments' operating income; cost of product sales and services; engineering, selling and administrative expenses; income from continuing operations before income taxes; income taxes; income from continuing operations; and income from continuing operations per diluted share adjusted to exclude certain costs, charges, expenses and losses. Harris management believes that these non-GAAP financial measures, when considered together with the GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period. Harris management also believes that these non-GAAP financial measures enhance the ability of investors to analyze Harris business trends and to understand Harris performance. In addition, Harris may utilize non-GAAP financial measures as a guide in its forecasting, budgeting, and long-term planning process and to measure operating performance for some management compensation purposes. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follows:

Table 5
HARRIS CORPORATION
FY '10 First Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Condensed Consolidated Statement of Income
(Unaudited)

	Quarter Ended October 2, 2009			Quarter Ended September 26, 2008		
	As Reported	Adjustment	Non-GAAP	As Reported	Adjustment	Non-GAAP
	(In millions, except per share amounts)					
Revenue from product sales and services	\$ 1,203.0	\$ ---	\$ 1,203.0	\$ 1,172.6	\$ ---	\$ 1,172.6
Cost of product sales and services (A)	(812.1)	3.6	(808.5)	(791.9)	---	(791.9)
Engineering, selling and administrative expenses(B)	(212.1)	3.6	(208.5)	(189.6)	---	(189.6)
Non-operating loss	(0.2)	---	(0.2)	(8.1)	---	(8.1)
Interest income	0.4	---	0.4	1.0	---	1.0
Interest expense	(18.2)	---	(18.2)	(12.4)	---	(12.4)
Income from continuing operations before income taxes	160.8	7.2	168.0	171.6	---	171.6
Income taxes	(56.3)	(2.7)	(59.0)	(52.2)	---	(52.2)
Income from continuing operations	<u>\$ 104.5</u>	<u>\$ 4.5</u>	<u>\$ 109.0</u>	<u>\$ 119.4</u>	<u>\$ ---</u>	<u>\$ 119.4</u>
Income from continuing operations per diluted common share	\$.79	\$.04	\$.83	\$.89	\$ ---	\$.89

Table 6
HARRIS CORPORATION
FY '10 First Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Business Segment Information
(Unaudited)

	Quarter Ended October 2, 2009			Quarter Ended September 26, 2008		
	As Reported	Adjustment	Non-GAAP	As Reported	Adjustment	Non-GAAP
	(In millions)					
Revenue						
RF Communications	\$ 423.7	\$ ---	\$ 423.7	\$ 415.2	\$ ---	\$ 415.2
Government Communications Systems	667.7	---	667.7	609.1	---	609.1
Broadcast Communications	118.7	---	118.7	158.2	---	158.2
Corporate eliminations	(7.1)	---	(7.1)	(9.9)	---	(9.9)
	<u>\$ 1,203.0</u>	<u>\$ ---</u>	<u>\$ 1,203.0</u>	<u>\$ 1,172.6</u>	<u>\$ ---</u>	<u>\$ 1,172.6</u>
Income From Continuing Operations Before Income Taxes						
<i>Segment Operating Income:</i>						
RF Communications (C)	\$ 114.0	\$ 6.5	\$ 120.5	\$ 142.1	\$ ---	\$ 142.1
Government Communications Systems (D)	85.7	0.7	86.4	66.3	---	66.3
Broadcast Communications	0.3	---	0.3	5.3	---	5.3
Unallocated corporate expense	(19.2)	---	(19.2)	(18.9)	---	(18.9)
Corporate eliminations	(2.0)	---	(2.0)	(3.7)	---	(3.7)
Non-operating loss	(0.2)	---	(0.2)	(8.1)	---	(8.1)
Net interest expense	(17.8)	---	(17.8)	(11.4)	---	(11.4)
	<u>\$ 160.8</u>	<u>\$ 7.2</u>	<u>\$ 168.0</u>	<u>\$ 171.6</u>	<u>\$ ---</u>	<u>\$ 171.6</u>

Table 7
HARRIS CORPORATION
FY '10 First Quarter Summary
Reconciliation of FY '10 GAAP Income from Continuing Operations per Diluted
Share Guidance to FY '09 GAAP Income from Continuing Operations per Diluted
Share and FY '10 Non-GAAP Income from Continuing Operations per Diluted
Share Guidance
(Unaudited)

	<u>Fiscal Year 2009</u>	<u>Guidance for Fiscal Year 2010</u>	<u>Percent Change</u>
GAAP income from continuing operations per diluted share (H)	\$2.34	\$3.74 to \$3.84	60% to 64%
Impairment of our Broadcast Communications segment goodwill and other long-lived assets (E)	\$1.48	\$---	
Charges associated with the acquisition of Tyco Electronics Wireless Systems (F)	\$0.04	\$0.10	
Charges associated with the acquisitions of Crucial Security, Inc. and the ATC Business Unit of SolaCom Technologies Inc. (G)	\$---	\$0.01	
Non-GAAP income from continuing operations per diluted share (H)	<u>\$3.86</u>	<u>\$3.85 to \$3.95</u>	0% to 2%

HARRIS CORPORATION
FY '10 First Quarter Summary
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(Unaudited)

Notes to tables 5 through 7:

Note A – Adjustments to cost of product sales and services for the quarter ended October 2, 2009 are due to integration costs and the impact of a step up in inventory associated with our acquisition of the Tyco Electronics Wireless Systems business (“Wireless Systems”) (\$3.6 million).

Note B – Adjustments to engineering, selling and administrative expenses for the quarter ended October 2, 2009 are due to integration and other costs associated with our acquisitions of Wireless Systems (\$2.9 million), Crucial Security, Inc. (“Crucial”) (\$0.4 million) and the Air Traffic Control business unit of SolaCom Technologies Inc. (“SolaCom ATC”) (\$0.3 million).

Note C – Adjustments to our RF Communications segment operating income for the quarter ended October 2, 2009 are due to integration costs and the impact of a step up in inventory associated with our acquisition of Wireless Systems (\$6.5 million).

Note D – Adjustments to our Government Communications Systems segment operating income for the quarter ended October 2, 2009 are due to integration costs associated with our acquisitions of Crucial (\$0.4 million) and SolaCom ATC (\$0.3 million).

Note E – Adjustment for pre-tax charges of \$255.5 million (\$1.48 per diluted share) for impairment of goodwill and other long-lived assets in our Broadcast Communications segment.

Note F – Adjustment for pre-tax charges of \$9.5 million (\$.04 per diluted share) for fiscal 2009 and estimated pre-tax charges of \$20.0 million (\$.10 per diluted share) for fiscal 2010, related to integration and other costs associated with our acquisition of Wireless Systems.

Note G – Adjustment for estimated pre-tax charges of \$2.5 million (\$.01 per diluted share) for fiscal 2010 related to integration costs associated with our acquisitions of Crucial and SolaCom ATC.

Note H – The fiscal 2009 GAAP and non-GAAP income from continuing operations per diluted share have been restated from \$2.35 and \$3.87, respectively, to \$2.34 and \$3.86, respectively. The restatement reflects the impact of adopting a new accounting standard that requires unvested share-based payment awards that contain rights to receive nonforfeitable dividends to be treated as participating securities and included in the calculations of income per basic and diluted share.