

Table 1
HARRIS CORPORATION
FY '15 Second Quarter Summary
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Quarter Ended		Two Quarters Ended	
	January 2, 2015	December 27, 2013	January 2, 2015	December 27, 2013
	(In millions, except per share amounts)			
Revenue from product sales and services	\$ 1,206.3	\$ 1,223.2	\$ 2,361.7	\$ 2,415.1
Cost of product sales and services	(807.8)	(795.4)	(1,570.4)	(1,569.9)
Engineering, selling and administrative expenses	(187.5)	(204.7)	(382.7)	(412.5)
Non-operating income	0.2	3.2	0.2	4.5
Interest income	0.7	0.7	1.4	1.3
Interest expense	(22.7)	(23.7)	(45.5)	(47.4)
Income from continuing operations before income taxes	189.2	203.3	364.7	391.1
Income taxes	(49.7)	(66.2)	(100.1)	(126.6)
Income from continuing operations	139.5	137.1	264.6	264.5
Discontinued operations, net of income taxes	—	(1.0)	—	(2.7)
Net income	139.5	136.1	264.6	261.8
Noncontrolling interests, net of income taxes	—	0.1	—	0.2
Net income attributable to Harris Corporation	<u>\$ 139.5</u>	<u>\$ 136.2</u>	<u>\$ 264.6</u>	<u>\$ 262.0</u>
Net income per common share attributable to				
Harris Corporation common shareholders				
Basic				
Continuing operations	\$ 1.34	\$ 1.28	\$ 2.52	\$ 2.47
Discontinued operations	—	(0.01)	—	(0.03)
	<u>\$ 1.34</u>	<u>\$ 1.27</u>	<u>\$ 2.52</u>	<u>\$ 2.44</u>
Diluted				
Continuing operations	\$ 1.32	\$ 1.27	\$ 2.50	\$ 2.45
Discontinued operations	—	(0.01)	—	(0.03)
	<u>\$ 1.32</u>	<u>\$ 1.26</u>	<u>\$ 2.50</u>	<u>\$ 2.42</u>
Cash dividends paid per common share	\$ 0.47	\$ 0.42	\$ 0.94	\$ 0.84
Basic weighted average common shares outstanding	103.9	106.3	104.3	106.3
Diluted weighted average common shares outstanding	104.9	107.3	105.3	107.3

Table 2
HARRIS CORPORATION
FY '15 Second Quarter Summary
BUSINESS SEGMENT INFORMATION
(Unaudited)

	Quarter Ended		Two Quarters Ended	
	January 2, 2015	December 27, 2013	January 2, 2015	December 27, 2013
	(In millions)			
Revenue				
RF Communications	\$ 432.2	\$ 454.6	\$ 819.3	\$ 877.6
Government Communications Systems	454.3	433.0	915.0	844.6
Integrated Network Solutions	339.6	365.9	665.3	741.5
Corporate eliminations	(19.8)	(30.3)	(37.9)	(48.6)
	\$ 1,206.3	\$ 1,223.2	\$ 2,361.7	\$ 2,415.1
Income From Continuing Operations Before Income Taxes				
<i>Segment Operating Income:</i>				
RF Communications	\$ 124.8	\$ 142.1	\$ 241.5	\$ 277.3
Government Communications Systems	77.6	66.5	151.5	130.5
Integrated Network Solutions	28.5	32.7	51.6	62.4
Unallocated corporate expense	(16.8)	(14.4)	(30.7)	(30.4)
Corporate eliminations	(3.1)	(3.8)	(5.3)	(7.1)
Non-operating income	0.2	3.2	0.2	4.5
Net interest expense	(22.0)	(23.0)	(44.1)	(46.1)
	\$ 189.2	\$ 203.3	\$ 364.7	\$ 391.1

Table 3
HARRIS CORPORATION
FY '15 Second Quarter Summary
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	<u>Two Quarters Ended</u>	
	<u>January 2,</u>	<u>December 27,</u>
	<u>2015</u>	<u>2013</u>
	(In millions)	
Operating Activities		
Net income	\$ 264.6	\$ 261.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	104.3	100.4
Share-based compensation	17.4	18.5
Non-current deferred income taxes	6.5	25.2
Loss on sale of discontinued operations	—	2.7
(Increase) decrease in:		
Accounts receivable	(15.9)	(2.7)
Inventories	(30.9)	(20.0)
Increase (decrease) in:		
Accounts payable and accrued expenses	(119.9)	(56.4)
Advance payments and unearned income	(12.6)	(9.5)
Income taxes	0.6	(1.0)
Other	8.1	(39.5)
Net cash provided by operating activities	<u>222.2</u>	<u>279.5</u>
Investing Activities		
Additions of property, plant and equipment	(79.1)	(85.0)
Proceeds from sale of Cyber Integration Center	7.0	27.0
Net cash used in investing activities	<u>(72.1)</u>	<u>(58.0)</u>
Financing Activities		
Proceeds from borrowings	32.6	3.1
Repayments of borrowings	(17.0)	(62.6)
Proceeds from exercises of employee stock options	28.2	99.8
Repurchases of common stock	(163.8)	(156.8)
Cash dividends	(99.5)	(90.4)
Net cash used in financing activities	<u>(219.5)</u>	<u>(206.9)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(22.1)</u>	<u>(1.2)</u>
Net increase (decrease) in cash and cash equivalents	(91.5)	13.4
Cash and cash equivalents, beginning of year	<u>561.0</u>	<u>321.0</u>
Cash and cash equivalents, end of quarter	<u>\$ 469.5</u>	<u>\$ 334.4</u>

Table 4
HARRIS CORPORATION
FY '15 Second Quarter Summary
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

	<u>January 2,</u> <u>2015</u>	<u>June 27,</u> <u>2014</u>
	(In millions)	
Assets		
Cash and cash equivalents	\$ 469.5	\$ 561.0
Receivables	582.0	566.1
Inventories	649.6	618.7
Income taxes receivable	21.6	28.1
Current deferred income taxes	116.3	112.2
Other current assets	107.0	105.2
Property, plant and equipment	724.5	728.1
Goodwill	1,676.5	1,711.2
Intangible assets	223.9	257.5
Non-current deferred income taxes	68.9	87.3
Other non-current assets	158.4	155.8
	<u>\$ 4,798.2</u>	<u>\$ 4,931.2</u>
Liabilities and Equity		
Short-term debt	\$ 73.9	\$ 58.3
Accounts payable	292.1	324.3
Compensation and benefits	150.8	212.8
Other accrued items	256.4	249.8
Advance payments and unearned income	253.3	265.9
Current deferred income taxes	—	2.1
Current portion of long-term debt	1.4	1.4
Long-term debt	1,575.8	1,575.8
Long-term contract liability	77.3	83.8
Other long-term liabilities	305.8	331.6
Equity	1,811.4	1,825.4
	<u>\$ 4,798.2</u>	<u>\$ 4,931.2</u>