



*Fiscal 2013 Fourth Quarter
Earnings Call Presentation*

Forward-looking statements



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, revenue, operating margin, free cash flow, tax rate and other guidance for fiscal 2014; expected cost savings from restructuring and other actions in the fourth quarter of fiscal 2013; potential contract opportunities and awards; the potential value and timing of contract awards; the value of opportunity pipelines; and statements regarding outlook, including expected growth, revenue, orders, cash flow and timing of software releases. 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 actual cost-savings from restructuring and other actions; 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, sequestration 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 and weakness in the global economy and U.S. Government's budget deficits, national debt, continuing resolutions and sequestration; 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; the timing and impact of anticipated dispositions of the company's Cyber Integrated Solutions operation and the timing and amount of anticipated gains, losses, impairments and charges related to such disposition; and changes in future business or other market conditions that could cause business investments and/or recorded goodwill or other long-term assets 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.

- Revenue down 5% -- about as expected
- Non-GAAP EPS of \$1.41 compared to prior year of \$1.42
- Significantly benefited from operational excellence initiatives and cost-reduction efforts, including 4Q restructuring
- Expect ~\$60M annualized cost savings from restructuring
- \$655M free cash flow for year -- 119% of non-GAAP net income
- B:B>1; funded backlog up 2% sequentially and 4% Y/Y
- Encouraged by strong orders momentum in international tactical market and by substantially higher tactical backlog

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

4Q fiscal 2013 financial results



(\$million, except per share amounts)	<u>4Q 2012</u>	<u>4Q 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>
Orders	\$ 1,476	\$ 1,429	\$ 5,477	\$ 5,272
<i>% increase</i>		(3)%		(4)%
Revenue	1,436	1,360	5,451	5,112
<i>% increase</i>		(5)%		(6)%
Income from continuing operations	137	71	559	466
Non-GAAP income from continuing operations	162	154	605	549
<i>% increase</i>		(5)%		(9)%
Operating margin	16.9%	12.6%	17.3%	15.9%
Non-GAAP operating margin	18.9%	19.5%	18.3%	17.7%
Earnings per share from continuing operations	1.20	0.65	4.80	4.16
Non-GAAP earnings per share from continuing operations	1.42	1.41	5.20	4.90
<i>% increase</i>		-1%		

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

(\$million)	4Q 2012	4Q 2013
Orders	\$ 529	\$ 646
Tactical Communications	356	498
Public Safety and Professional Communications	173	148
Revenue	584	501
Tactical Communications	409	336
Public Safety and Professional Communications	175	165
Operating income	196	176
Non-GAAP operating income	196	185
<i>Non-GAAP operating margin</i>	33.5%	36.9%
Reference non-GAAP reconciliation on the Harris investor relations website.		

- **Revenue down 14%; orders up 22%; B:B 1.29**
- **Tactical B:B 1.49; backlog substantially higher; B:B >1 in international, U.S.**
- **Encouraging international order momentum; strong international pipeline**
- **Lower costs and favorable mix resulting in strong operating margin on lower revenue**

(\$million)	<u>4Q 2012</u>	<u>4Q 2013</u>
Revenue	\$ 379	\$ 402
<i>% increase</i>		6%
Operating income	6	(18)
Non-GAAP operating income	34	35
<i>Non-GAAP operating margin</i>	9.0%	8.7%
Reference non-GAAP reconciliation on the Harris investor relations website.		

- **Revenue up 6% – CapRock up 9%, IT Services up 5%, Healthcare up 2%**
- **Healthcare operating performance improvement offset by weaker CapRock**
- **Awarded 5-year, \$4 million contract from Allina Health Systems to provide new clinical integration software platform**

(\$million)	<u>4Q 2012</u>	<u>4Q 2013</u>
Revenue	\$ 497	\$ 481
<i>% increase</i>		-3%
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Operating income	66	55
Non-GAAP operating income	66	66
<i>Non-GAAP operating margin</i>	13.3%	13.6%
Reference non-GAAP reconciliation on the Harris investor relations website.		

- **Revenue down 3% – GOES-R weather program transitioning to new phase**
- **Solid non-GAAP operating margin of 13.6%**
- **Following the close of the quarter, NextGen FAA win – 7-year, \$150 million contract to provide Data Communication Network Services (DCNS) component of recently won DCIS program, bringing total value to \$481M**

4Q fiscal 2013 financial highlights



(\$million)	<u>4Q 2012</u>	<u>4Q 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>
Cash and cash equivalents	\$ 356	\$ 321	\$ 356	\$ 321
Depreciation and amortization	66	56	260	221
Capital expenditures	59	47	234	178
Cash flow from operations	370	320	853	833
Free cash flow	311	273	619	655
Effective tax rate (non-GAAP)	33.9%	34.1%	33.1%	31.1%

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

Fiscal 2014 guidance



Guidance	Revenue			EPS and op margin (non-GAAP)		
	FY 13	Adjusted FY 13 ⁽¹⁾	FY 14	FY13	Adjusted FY 13 ⁽¹⁾	FY 14
Harris Corporation	\$ 5.11B	\$ 5.11B	-1 to -3%	\$4.90	\$4.90	\$ 4.65 – 4.85
Other information						
RF Communications	1.85B	1.85B	~ flat	31.7%	31.7%	~30%
Integrated Network Solutions	1.54B	1.58B	~ flat	8.4%	8.4%	8% – 10%
Government Communications	1.83B	1.78B	-5 to -7%	14.5%	14.7%	~14.0%
Free cash flow as % of net income				119%	119%	~100%
Tax rate				31.1%	31.2%	~33%
(1) Adjusted FY13 reflects that the cyber security network testing business area (reported in the Government Communications segment for fiscal 2013) will be reported in the Integrated Network Solutions segment effective in fiscal year 2014						
Reference non-GAAP reconciliation on the Harris investor relations website						