



***Fiscal 2014 Third 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 on 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; potential contract opportunities and awards; the potential value of contract awards; and statements regarding outlook, including expected growth, 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 change or reduction 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); 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; risks inherent with large long-term fixed-price contracts, particularly the ability to contain cost overruns; financial and government and regulatory risks relating to international sales and operations; the continued effects of the general weakness 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 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 up 5%; income up 10%; EPS up 13%; strong performance in Government Communications and RF Communications**
- **International revenue up 39% higher in the quarter and up 15% year to date – on track to increase from 26% of total revenue in FY13 to 29% in FY14**
- **Company-funded R&D up 10% – investing for growth and international expansion**
- **Booked first order for RF-340M multi-channel manpack radio**
- **Other significant new product milestones – RF-330E, MUOS**
- **Increased EPS guidance for year**

# 3Q fiscal 2014 financial results



(\$million, except per share amounts)	<u>3Q 2013</u>	<u>3Q 2014</u>
<b>Orders</b>	\$ 1,129	\$ 1,112
<i>% increase</i>		-1%
<b>Revenue</b>	1,204	1,268
<i>% increase</i>		5%
<b>Operating margin</b>	16.4%	17.6%
<b>Income from continuing operations</b>	125	137
<i>% increase</i>		10%
<b>Earnings per share from continuing operations</b>	1.12	1.27
<i>% increase</i>		13%

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

(\$million)	<u>3Q 2013</u>	<u>3Q 2014</u>
<b>Orders</b>	\$ 486	\$ 405
Tactical Communications	297	285
Public Safety and Professional Communications	189	120
<b>Revenue</b>	418	457
Tactical Communications	276	335
Public Safety and Professional Communications	142	122
<b>Operating income</b>	116	144
<i>Operating margin</i>	27.8%	31.4%

- **Segment revenue up 9%; Tactical up 21% more than offsetting Public Safety weakness**
- **Growth in international tactical revenue and orders**
- **International pipeline up from \$2.2B to \$2.3B; U.S. pipeline up from \$900M to \$1.0B**
- **Strong operating margin**
- **Awarded \$988M Army multi-vendor IDIQ contract for SRW appliqué**

(\$million)	<u>3Q 2013<sup>(1)</sup></u>	<u>3Q 2014</u>
<b>Revenue</b>	\$ 375	\$ 348
<i>% increase</i>		-7%
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<b>Operating income</b>	31	21
<i>Operating margin</i>	8.2%	6.1%
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<p>(1) Adjusted to report the cyber security network testing business area (previously reported in Government Communications Systems) in Integrated Network Solutions.</p>		

- Impacted by continuing weak government market environment
- Solid revenue growth in commercial CapRock
- FusionFx healthcare software gaining traction – live in 3 customers covering 29 hospitals and over 1,000 clinician and 40,000 patient users

(\$million)	3Q 2013 <sup>(1)</sup>	3Q 2014
<b>Revenue</b>	\$ 431	\$ 477
<i>% increase</i>		11%
<b>Operating income</b>	67	77
<i>Operating margin</i>	15.4%	16.2%

(1) Adjusted to report the cyber security network testing business area (previously reported in Government Communications Systems) in Integrated Network Solutions.

- Revenue up 11% – all 3 business areas higher – civil, national intelligence, defense
- Drivers included Army MET SatCom terminals, F-35, FAA’s NextGen DataComm and Aireon hosted payloads
- Strong operating margin
- Aireon program began full-rate production; number of payloads increased almost 50%; largest implementation of commercially hosted payloads

# 3Q fiscal 2014 financial highlights



(\$million)	<u>3Q 2013</u>	<u>3Q 2014</u>
Cash and cash equivalents	\$ 459	\$ 350
Depreciation and amortization	54	48
Capital expenditures	49	55
Cash flow from operations	234	175
Free cash flow	185	120
Effective tax rate	26.9%	31.8%

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



# Fiscal 2014 updated guidance



Guidance	Revenue			EPS and op margin (non-GAAP)		
	FY 13 <sup>(1)</sup>	Previous FY 14	Revised FY 14	FY 13 <sup>(1)</sup>	Previous FY 14	Revised FY 14
Harris Corporation	\$ 5.11B	-1 to -3%	-2 to -3%	\$4.90	\$ 4.80 – 4.90	\$ 4.90 – 5.00
<b>Other information</b>						
RF Communications	1.85B	~ flat	~ flat	31.7%	~30%	30.5% – 31%
Integrated Network Solutions	1.58B	-5 to -6%	-8 to -9%	8.4%	8% – 9%	7% – 8%
Government Communications Systems	1.78B	-1 to -3%	~ flat	14.7%	~15%	~15.5%
Free cash flow as % of net income				119%	≥100%	~100%
Tax rate				31.1%	~33%	~32.5%
<p><sup>(1)</sup> Adjusted to report the cyber security network testing business area (previously reported in Government Communications Systems) in Integrated Network Solutions.</p> <p>Reference non-GAAP reconciliation on the Harris investor relations website.</p>						