



*Fiscal 2014 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 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 2015; 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, 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 the company's 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 the company's IT networks and systems or those the company operates 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; the company's 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 the company's ability to manage and integrate acquired businesses; performance of the company's subcontractors and suppliers; potential claims that the company is 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 the company's effective tax rate; the potential impact of natural disasters or other disruptions on the company's operations; the potential impact of changes in the regulatory framework that applies to, or of satellite bandwidth constraints on, the company's 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.

- **Solid 4Q revenue and EPS – fiscal 14 finished at high end of revenue and EPS guidance ranges**
- **International revenue up 8% in 4Q and up 13% in fiscal 14 to 30% of total company revenue**
- **Fiscal 14 EPS of \$5.00 benefited from >\$100M in cost savings**
- **Continued growth investments – R&D up 30% in 4Q and up 12% in fiscal 14**
- **Strong free cash flow – \$648M in fiscal 14 and 120% of net income, exceeding goal**
- **\$300M in repurchases in fiscal 14 compared to \$200M original target**

# 4Q14 and fiscal 14 results



(\$million, except per share amounts)	<u>4Q 2013</u>	<u>4Q 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>
<b>Orders</b>	\$ 1,429	\$ 1,087	\$ 5,272	\$ 4,875
<i>% increase</i>		-24%		-8%
<b>Revenue</b>	1,360	1,329	5,112	5,012
<i>% increase</i>		-2%		-2%
<b>Income from continuing operations</b>	71	138	466	540
<b>Non-GAAP income from continuing operations</b>	154	138	549	540
<i>% increase</i>		-10%		-2%
<b>Operating margin</b>	12.6%	17.0%	15.9%	17.6%
<b>Non-GAAP operating margin</b>	19.5%	17.0%	17.7%	17.6%
<b>Earnings per share from continuing operations</b>	0.65	1.28	4.16	5.00
<b>Non-GAAP earnings per share from continuing operations</b>	1.41	1.28	4.90	5.00
<i>% increase</i>		-9%		2%

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

(\$million)	4Q 2013	4Q 2014
<b>Orders</b>	\$ 646	\$ 361
Tactical Communications	498	232
Public Safety and Professional Communications	148	129
<b>Revenue</b>	501	493
Tactical Communications	336	348
Public Safety and Professional Communications	165	145
<b>Operating income</b>	176	141
Non-GAAP operating income	185	141
<i>Non-GAAP operating margin</i>	36.9%	28.5%
Reference non-GAAP reconciliation on the Harris investor relations website.		

- **Segment revenue down 1%; Tactical up 4% w/international up 11%; soft U.S. tactical and public safety markets**
- **International tactical pipeline up modestly from \$2.3B to \$2.5B**
- **4Q operating margin of 28.5% reflects planned higher R&D**
- **Multi-channel manpack radio received NSA certification, significant milestone to begin deliveries**

(\$million)	<u>4Q 2013<sup>(1)</sup></u>	<u>4Q 2014</u>
<b>Revenue</b>	\$ 412	\$ 373
<i>% increase</i>		-9%
<b>Operating income</b>	(17)	33
Non-GAAP operating income	36	33
<i>Non-GAAP operating margin</i>	8.6%	8.7%
 <i>(1) Adjusted to report the cyber security network testing business area (previously reported in Government Communications Systems) in Integrated Network Solutions.</i>		
Reference non-GAAP reconciliation on the Harris investor relations website.		

- **Revenue growth in commercial CapRock and commercial Healthcare more than offset by continued weak government market**
- **Operating margin slightly higher on lower revenue – improved CapRock and Healthcare partially offset by IT Services**
- **Progress on FusionFx roll-out in Healthcare**



(\$million)	<u>4Q 2013<sup>(1)</sup></u>	<u>4Q 2014</u>
<b>Revenue</b>	\$ 471	\$ 480
<i>% increase</i>		2%
<b>Operating income</b>	54	69
Non-GAAP operating income	65	69
<i>Non-GAAP operating margin</i>	13.8%	14.4%
<i>(1) Adjusted to report the cyber security network testing business area (previously reported in Government Communications Systems) in Integrated Network Solutions.</i>		
Reference non-GAAP reconciliation on the Harris investor relations website.		

- **Revenue up 2% – drivers included classified, FAA DataComm, F-35 and Navy Commercial Broadband Satellite program**
- **Strong operating margin of 14.4% in 4Q and 15.4% in fiscal 14**
- **New wins by leveraging strong franchises: \$63M commercially-hosted payload order; \$495M Hosted Payload Solutions multi-award IDIQ from Air Force; \$773M Foundation GEOINT Content Management single-award IDIQ from NGA for geospatial imagery**

(\$million)	<u>4Q 2013</u>	<u>4Q 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>
Cash and cash equivalents	\$ 321	\$ 561	\$ 321	\$ 561
Depreciation and amortization	56	56	221	204
Capital expenditures	47	61	178	201
Cash flow from operations	320	395	833	849
Free cash flow	273	334	655	648
Effective tax rate (non-GAAP)	34.1%	32.3%	31.1%	32.2%

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



# Fiscal 2015 guidance



Guidance	Revenue		EPS and op margin	
	FY 14	FY 15	FY 14	FY 15
Harris Corporation	\$ 5.01B	-1 to -3%	\$5.00	\$ 4.75 – 5.00
<b>Other information</b>				
RF Communications	1.83B	flat to -3%	30.7%	30% – 31%
Integrated Network Solutions	1.46B	-7 to -8%	8.0%	7% – 8%
Government Communications	1.80B	flat to +2%	15.4%	~15.0%
Free cash flow as % of net income			120%	~100%
Tax rate			32.2%	~32.5%
Reference non-GAAP reconciliation on the Harris investor relations website.				