



***Fiscal 2015 First 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, sequestration, 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 and sequestration; 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.

- **EPS \$1.18 on revenue down 3%**
- **Operating performance solid – lower costs and good execution**
- **Investing in R&D to drive growth – up 5% to 5.4% of revenue**
- **Strong revenue and orders growth in Government Communications Systems and in International Tactical Radio**
- **Total company international up 15% to 31% of revenue**
- **\$100M share repurchases; 12% dividend increase**

1Q fiscal 2015 results



(\$million, except per share amounts)	1Q 2014	1Q 2015
Orders	\$ 1,204	\$ 1,114
<i>% increase</i>		-7%
Revenue	1,192	1,155
<i>% increase</i>		-3%
Income from continuing operations	128	125
<i>% increase</i>		-2%
Operating margin	17.6%	17.1%
Earnings per share from continuing operations	1.18	1.18
<i>% increase</i>		0%

(\$million)	<u>1Q 2014</u>	<u>1Q 2015</u>
Orders	\$ 348	\$ 374
Tactical Communications	225	288
Public Safety and Professional Communications	123	86
Revenue	423	387
Tactical Communications	305	276
Public Safety and Professional Communications	118	111
Operating income	135	117
<i>Operating margin</i>	32.0%	30.1%

- **Segment revenue down 8%; orders up 7%**
- **Strong orders and revenue growth in international tactical market; continuing weak U.S. tactical and public safety markets**
- **Tactical B:B of 1.04**
- **Significant wins – orders of \$99M country in Middle East, \$18M Philippines, \$18M Asia; C\$180M single-award IDIQ from Canada**
- **Significant new product investment – demonstrating readiness to deliver**

(\$million)	1Q 2014	1Q 2015
Revenue	\$ 412	\$ 461
<i>% increase</i>		12%
Operating income	64	74
<i>Operating margin</i>	15.5%	16.0%

- Revenue, orders and operating income – all up significantly
- 4th consecutive quarter delivering growth in constrained government market – customer diversification; leveraging strong franchises in space, avionics, air traffic management, geospatial imagery and weather
- Strong operating margin of 16.0% – manufacturing efficiencies in space area and strong program performance across the segment
- Awarded U.S. Air Force \$495M Hosted Payload Solutions program, \$20M GOES-R rebroadcast solution, \$83M from classified customers

(\$million)	1Q 2014	1Q 2015
Revenue	\$ 376	\$ 326
<i>% increase</i>		-13%
Operating income	30	23
<i>Operating margin</i>	7.9%	7.1%

- Revenue growth in Commercial CapRock and Healthcare more than offset primarily by wind-down of two major programs in IT Services
- Healthcare wins – Phoebe Putney Health System in Georgia and two international contracts from Telus Health in Canada and National Health Service-East Kent in the U.K.
- Healthcare FusionFX software now deployed at 50 hospitals and users have grown from 50,000 to 75,000

1Q fiscal 2015 financial highlights



(\$million)	<u>1Q 2014</u>	<u>1Q 2015</u>
Cash and cash equivalents	\$ 337	\$ 449
Depreciation and amortization	50	51
Capital expenditures	33	41
Cash flow from operations	173	80
Free cash flow	166	46
Effective tax rate	32.2%	28.7%

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

Other information

RF Communications	1.83B	flat to -3%	30.7%	30% – 31%
Government Communications	1.80B	flat to +2%	15.4%	~15.0%
Integrated Network Solutions	1.46B	-7 to -8%	8.0%	7% – 8%
Free cash flow as % of net income			125%	~100%
Tax rate			32.2%	~32.5%

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