

HARRIS CORP /DE/
Form 10-K
August 30, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended July 2, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-3863

HARRIS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

34-0276860

(I.R.S. Employer Identification No.)

1025 West NASA Boulevard

Melbourne, Florida

(Address of principal executive offices)

32919

(Zip Code)

Registrant's telephone number, including area code: (321) 727-9100

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, par value \$1.00 per share

New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting common equity held by non-affiliates of the registrant was \$6,183,835,799 (based upon the quoted closing sale price per share of the stock on the New York Stock Exchange) on the last business day of the registrant's most recently completed second fiscal quarter (December 31, 2009). For purposes of this calculation, the registrant has assumed that its directors and executive officers as of December 31, 2009 are affiliates.

The number of outstanding shares of the registrant's common stock as of August 27, 2010 was 129,042,974.

Documents Incorporated by Reference:

Portions of the registrant's definitive Proxy Statement for the 2010 Annual Meeting of Shareholders scheduled to be held on October 22, 2010, which will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended July 2, 2010, are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described therein.

HARRIS CORPORATION

ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JULY 2, 2010

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Exhibits

This Annual Report on Form 10-K contains trademarks, service marks and registered marks of Harris Corporation and its subsidiaries. HD Radio® is a registered trademark of iBiquity Digital Corporation LLC. Bluetooth® is a registered trademark of Bluetooth SIG, Inc. All other trademarks are the property of their respective owners.

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Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K (this Report), including Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not materialize or prove correct, could cause our results to differ materially from those expressed in or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to, statements concerning: our plans, strategies and objectives for future operations; new products, services or developments; future economic conditions, performance or outlook; the outcome of contingencies; the potential level of share repurchases; the value of our contract awards and programs; expected cash flows or capital expenditures; our beliefs or expectations; activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future; and assumptions underlying any of the foregoing. Forward-looking statements may be identified by their use of forward-looking terminology, such as believes, expects, may, should, would, will, plans, estimates, anticipates, projects and similar words or expressions. You should not place undue reliance on the forward-looking statements, which reflect our management's opinions only as of the date of the filing of this Report and are not guarantees of future performance or actual results. Factors that might cause our results to differ materially from those expressed in or implied by these forward-looking statements include, but are not limited to, those discussed in Item 1A. Risk Factors of this Report. All forward-looking statements are qualified by, and should be read in conjunction with, those risk factors. Forward-looking statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and we undertake no obligation, other than imposed by law, to update forward-looking statements to reflect further developments or information obtained after the date of filing of this Report or, in the case of any document incorporated by reference, the date of that document, and disclaim any obligation to do so.

PART I

ITEM 1. BUSINESS.

HARRIS

Harris Corporation, together with its subsidiaries, is an international communications and information technology company serving government and commercial markets in more than 150 countries. We are dedicated to developing best-in-class *assured communications*[®] products, systems and services for global markets, including RF communications, government communications and broadcast communications.

Harris Corporation was incorporated in Delaware in 1926 as the successor to three companies founded in the 1890s. Our principal executive offices are located at 1025 West NASA Boulevard, Melbourne, Florida 32919, and our telephone number is (321) 727-9100. Our common stock is listed on the New York Stock Exchange under the symbol HRS. On July 2, 2010, we employed approximately 15,800 people. Unless the context otherwise requires, the terms we, our, us, Company and Harris as used in this Report refer to Harris Corporation and its subsidiaries.

General

We structure our operations primarily around the products and services we sell and the markets we serve, and we report our financial results in the following three business segments:

Our RF Communications segment, comprised of our (i) Tactical Radio Communications and (ii) Public Safety and Professional Communications businesses;

Our Government Communications Systems segment, comprised of our (i) Defense Programs, (ii) National Intelligence Programs, (iii) Civil Programs and (iv) IT Services businesses; and

Our Broadcast Communications segment, comprised of our (i) Workflow, Infrastructure and Networking Solutions, (ii) Media and (iii) Transmission Systems businesses.

In the fourth quarter of fiscal 2009, in connection with the May 27, 2009 spin-off (the Spin-off) in the form of a taxable pro rata dividend to our shareholders of all the shares of Harris Stratex Networks, Inc. (now known as Aviat Networks, Inc.) (HSTX) common stock owned by us, we eliminated as a reporting segment our former HSTX segment. Accordingly, our historical financial results have been restated to account for HSTX as discontinued operations for all periods presented in this Report, and unless otherwise specified, disclosures in this Report relate

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solely to our continuing operations. For additional information regarding discontinued operations, see *Note 3: Discontinued Operations* in the Notes to Consolidated Financial Statements in this Report (the *Notes*).

Financial information with respect to all of our other activities, including corporate costs not allocated to the business segments or discontinued operations, is reported as part of the *Unallocated corporate expense* or *Non-operating income (loss)* line items in our Consolidated Financial Statements.

Recent Acquisitions

Acquisition of Patriot Technologies, LLC. On November 16, 2009, we acquired Patriot Technologies, LLC (*Patriot*), which was privately held and had about 100 employees. Patriot is a leading provider of Department of Veterans Affairs (*VA*) healthcare information technology (*IT*), imaging and enterprise software solutions. We report Patriot within our Government Communications Systems segment. The acquisition of Patriot expanded our position as a leading provider of integrated and interoperable healthcare IT solutions for the U.S. Government market. Additionally, we believe the acquisition further positions us for providing a comprehensive solution addressing the national priority of integrating the VA and Military Health Systems.

Acquisition of SignaCert, Inc. On May 28, 2010, we acquired privately held SignaCert, Inc. (*SignaCert*), a leading provider of IT compliance solutions that form the foundation for software supply chain assurance. We report SignaCert within our Government Communications Systems segment. The acquisition of SignaCert expanded our position as a leading provider of cyber solutions for U.S. Government and commercial customers, strengthened our cyber leadership team, brings discriminating technology to our cyber portfolio and better positions us to provide trusted, comprehensive solutions that address the national priority of enhancing critical cyber infrastructure.

Subsequent Event Acquisition of CapRock

On July 30, 2010, after the end of our fiscal 2010, we acquired privately held CapRock Holdings, Inc. and its subsidiaries, including CapRock Communications, Inc. (collectively, *CapRock*), a global provider of mission-critical managed satellite communications services for the government, energy and maritime markets. CapRock's highly reliable solutions include broadband Internet access, voice over Internet Protocol (*VOIP*) telephony, wideband networking and real-time video, delivered to nearly 2,000 customer sites around the world, including many very harsh and remote locations, by leveraging best-of-breed partnerships, technical expertise and its robust global infrastructure that includes four self-owned and operated teleports and eleven regional support centers across North America, Central and South America, Europe, West Africa and Asia Pacific. The purchase price for CapRock was \$525 million in cash, subject to possible post-closing upward or downward adjustment. We will report CapRock within our Government Communications Systems segment. The acquisition of CapRock increased the breadth of our *assured communications*[®] capabilities while enabling us to enter new vertical markets and increase our international presence.

Financial Information About Our Business Segments

Financial information with respect to our business segments, including revenue, operating income or loss and total assets, and with respect to our operations outside the United States, is contained in *Note 25: Business Segments* in the Notes and is incorporated herein by reference.

Description of Business by Segment

RF Communications

RF Communications is a global supplier of secure tactical radio communications and embedded high-grade encryption solutions for military and government organizations and also of secure communications systems and equipment for public safety, utility and transportation markets. RF Communications is comprised of our (i) Tactical Radio Communications and (ii) Public Safety and Professional Communications businesses.

Tactical Radio Communications: We design, develop and manufacture a comprehensive line of secure radio communications products and systems for manpack, handheld, soldier-worn, vehicular, strategic fixed-site and shipboard applications that operate in various radio frequency bands high-frequency (HF), very high-frequency (VHF) and ultra high-frequency (UHF) over satellite communications (SATCOM) and in multiband mode. These radio systems are highly flexible, interoperable and capable of supporting diverse mission requirements. Our Falcon[®] family of tactical radios is built on a software-defined radio platform that is reprogrammable to add features or software upgrades. Our Falcon radios also have the highest grade embedded encryption and provide highly mobile, secure and reliable network communications capability without relying on a fixed infrastructure. This capability allows warfighters, for example, to remain connected with each other, their command structures and

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support organizations, and gives them the ability to communicate information and maintain situational awareness of both friendly and opposing forces, which are critical to both the safety and success of their missions.

Unlike many of our competitors in the U.S. Government market, we operate this business on a commercial customer and market-driven business model, as opposed to a government programs-driven business model. This means that we anticipate market needs, invest our internal research and development resources, build to our internal forecast, and provide ready-to-ship, commercial, off-the-shelf (COTS) products to customers more quickly than customers can typically obtain similar products under government-funded programs.

Our Falcon III® family of radios is the next generation of multiband, multi-mission tactical radios, which supports the U.S. military's Joint Tactical Radio System (JTRS) requirements as well as network-centric operations worldwide. Our Falcon III radios address the full range of current mission and interoperability requirements and are fully upgradeable to address changing technical standards and mission requirements of the future. Advances in our Falcon III radios include extended frequency range, significant reductions in weight and size compared with previous generations and programmable encryption.

Our Falcon III multiband handheld radio, the AN/PRC-152(C) (152C), is the world's most widely deployed JTRS-approved software-defined handheld radio and was our first Falcon III radio to be fielded. We have successfully fielded more than 100,000 152Cs, which are widely fielded by all branches of the U.S. Department of Defense (DoD), many allies worldwide and U.S. Federal agencies. The 152C offers users a wide range of capabilities, such as legacy Single Channel Ground and Airborne System (SINCGARS) interoperability; UHF ground-to-ground line-of-sight communications; close-air support; tactical SATCOM; and the Association of Public Safety Communications Officials International (APCO) P25 waveform to provide direct communications with first responders. The 152C also serves as the handheld-based transceiver of our Falcon III AN/VRC-110, a high-performance, multiband vehicular system that offers the added feature of easy vehicle dismount a grab-and-go feature that delivers continuous communications when removed from the vehicle, an important capability in urban environments.

Our Falcon III multiband manpack radio, the AN/PRC-117G (117G), is the first JTRS Software Communications Architecture (JTRS SCA)-certified and National Security Agency (NSA) Type-1 certified manpack radio system providing wideband networking capability, enabling the transition to a networked battlefield communications environment and high-bandwidth applications such as streaming video, simultaneous voice and data feeds, collaborative chat, and connectivity to secure networks (SIPRNet). The 117G's wideband network access capabilities give warfighters and field commanders critical real-time information. The 117G has been deployed to all branches of the DoD and is being used in a wide variety of ground, vehicular and airborne applications, including intelligence, surveillance and reconnaissance (ISR). The radio offers an extended frequency range of 30 megahertz to 2 gigahertz. The 117G includes a Remote Operated Video Enhanced Receiver (ROVER) interoperable mode that provides warfighters on the battlefield with the ability to receive live video directly from unmanned aerial vehicles (UAVs). This capability allows users to receive video feeds directly from UAVs without an intermediary or having to pass that information from a base station. In fiscal 2010, we announced the development of new mission modules that can be integrated with new and already fielded 117Gs to provide greater flexibility and mission-specific customization of the radios. The modules enable users to add to the 117G, quickly, seamlessly, selectively and on an as-needed basis, advanced capabilities and expanded functions such as a second wideband radio channel, an HF radio channel or an ISR module. The modules also are a future focused solution designed to keep pace with changing technologies in tactical communications, allowing integration into the 117G of newly developed capabilities to address future requirements.

Our cryptographic solutions encompass NSA-certified products and systems that range from single integrated circuits to major communications systems, including our Sierra® and Citadel® embedded encryption solutions and our SecNet 11® and SecNet 54™ Internet Protocol (IP) communications families of communications security (COMSEC)

terminals.

In the international market, our tactical radios are the standard of NATO and Partnership for Peace countries and are sold to more than 100 countries through our strong, longstanding international distribution channels consisting of regional sales offices and a broad dealer network. International tactical radio demand is being driven by continuing tactical communications modernization and standardization programs to provide more sophisticated communications capabilities to address traditional and emerging threats and to provide interoperability. In fiscal 2010, we received tactical radio orders from, and/or made deliveries to, a wide range of international customers, including Australia, Ethiopia, Iraq, Mexico, Pakistan, Saudi Arabia, Sweden and Yemen, as well as other countries in the Middle East and Central Asia. Additionally, we are providing integrated communications systems for the international market. Our integrated systems offerings are largely based on our products, but include other

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companies' products, as well as a wide variety of applications, in order to implement integrated command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) systems for many different types of platforms, including command post and transit case systems, vehicular and shelter communications systems and specialized airborne applications, which are frequently used in border security and surveillance systems.

Public Safety and Professional Communications: We supply *assured communications*[®] systems and equipment for public safety, federal, utility, commercial and transportation markets, with products ranging from complete end-to-end wireless network infrastructure solutions, including advanced IP voice and data networks, that support multiple platforms and provide interoperability among disparate systems, to portable and mobile single-band and multiband radios, to public safety-grade broadband video and data solutions. On May 29, 2009, we acquired substantially all of the assets of the Tyco Electronics wireless systems business (Wireless Systems) (formerly known as M/A-COM). Our acquisition of Wireless Systems served to form our Public Safety and Professional Communications business. This business has more than 80 years of experience and supports over 500 systems around the world.

As part of our business of designing, building, distributing, maintaining and supplying wireless communications systems, we offer our Voice, Interoperability, Data and Access (VIDA) network solution a unique, cost-effective IP-based network that is flexible, responsive, expandable and easily upgradeable, and that supports a full line of communications systems, including OpenSky[®], NetworkFirst, P25^{IP} and Enhanced Digital Access Communication System (EDACS), allowing seamless interconnection of diverse systems. Our VIDA network solutions currently serve as the backbone in some of the largest and most advanced statewide and regional communications networks in North America, including the Commonwealth of Pennsylvania and State of Florida.

In addition to a full range of single-band land mobile radio terminals, we offer our Unity[™] family of multiband radios, including the Unity XG-100P handheld radio and the new Unity XG-100M full-spectrum mobile radio. Our Unity multiband radios cover all public safety frequency bands in a single radio; operate on APCO P25 conventional and trunked systems; are backwards compatible with analog FM systems; and include advanced capabilities, such as an internal Global Positioning System (GPS) receiver for situational awareness, internal secure Bluetooth[®] wireless technology, and background noise suppression features. They also include true software-defined radio architecture that allows flexibility for future growth, including a software-only upgrade to APCO P25 Phase 2, the next-generation emerging standard for mission-critical communications. Our Unity radios' multiband, multi-mode capabilities enable a single radio to communicate with multiple organizations, jurisdictions and agencies operating on different frequencies and systems, thus providing a significant improvement over most current radio systems for U.S. public safety, which are not interoperable and thus require users to carry multiple radios or route transmissions through ad-hoc network bridges, often configured at the time of an emergency, and creating instances where agencies responding to a common incident cannot talk to each other.

Revenue, Operating Income and Backlog: Revenue for the RF Communications segment increased 17 percent to \$2,067 million in fiscal 2010 compared with \$1,761 million in fiscal 2009, and was \$1,507 million in fiscal 2008. Segment operating income increased 24 percent to \$707.4 million in fiscal 2010 compared with \$571.5 million in fiscal 2009, and was \$525.5 million in fiscal 2008. The RF Communications segment contributed 40 percent of our total revenue in fiscal 2010 compared with 35 percent in fiscal 2009 and 32 percent in fiscal 2008. The percentage of this segment's revenue that was derived outside of the United States was 20 percent in fiscal 2010 compared with 39 percent in fiscal 2009 and 27 percent in fiscal 2008. U.S. Government customers, including the DoD and intelligence and civilian agencies, as well as foreign military sales through the U.S. Government, whether directly or through prime contractors, accounted for approximately 66 percent of this segment's total revenue in fiscal 2010 compared with approximately 79 percent in fiscal 2009 and 82 percent in fiscal 2008. For a general description of our U.S. Government contracts and subcontracts, including a discussion of revenue generated from cost-reimbursement versus fixed-price contracts, see Item 1. Business Principal Customers; Government Contracts of this Report.

In general, this segment's domestic products are sold and serviced directly to customers through its sales organization and through established distribution channels. Internationally, this segment markets and sells its products and services through regional sales offices and established distribution channels. See Item 1. Business International Business of this Report.

The funded backlog of unfilled orders for this segment was \$1,764 million at July 2, 2010 compared with \$922 million at July 3, 2009 and \$982 million at June 27, 2008. We expect to fill approximately 79 percent of this funded backlog during fiscal 2011, but we can give no assurance of such fulfillment. Additional information regarding funded backlog is provided under Item 1. Business Funded and Unfunded Backlog of this Report. For a discussion of certain risks affecting this segment, including risks relating to our U.S. Government contracts

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and subcontracts, see Item 1. Business Principal Customers; Government Contracts, Item 1A. Risk Factors and Item 3. Legal Proceedings of this Report.

Government Communications Systems

Government Communications Systems conducts advanced research studies and produces, integrates and supports highly reliable, net-centric communications and information technology that solve the mission-critical challenges of our defense, intelligence and civilian U.S. Government customers, and is comprised of our (i) Defense Programs, (ii) National Intelligence Programs, (iii) Civil Programs and (iv) IT Services businesses. Also, as described under Item 1. Business Subsequent Event Acquisition of CapRock of this Report, on July 30, 2010, we acquired CapRock, which we will report within our Government Communications Systems segment.

Defense Programs: We develop, supply and integrate communications and information processing products, systems and networks for a diverse base of aerospace, terrestrial and maritime applications supporting DoD missions, and we are committed to delivering leading-edge technologies that support the military's ongoing transformation to network-centric communications. Our technologies are providing advanced mobile wideband networking capabilities to assure timely and secure network-centric capabilities across strategic, operational and tactical boundaries in support of the DoD's full spectrum of warfighting, intelligence and logistics missions. Our major technology capabilities include SATCOM terminals for transportable ground, fixed-site and shipboard applications; flat-panel and phased-array antennas; aviation electronics for military jets and helicopters, including radios, digital maps, modems, sensors, data buses, fiber optics and microelectronics; high-speed data links and data networks for wireless communications and smart weapons; and advanced ground control systems.

For example, our mobile ad hoc networking capability allows the military to take its communications infrastructure with it, creating mobile, self-forming and self-healing networks across the battlefield. Our Highband Networking Radio™ (HNR) provides secure, wireless, high-bandwidth (30 megabits per second), on-the-move communications among users of widely dispersed local area networks (LANs) by establishing line-of-sight connectivity using a Harris-developed waveform that automatically selects the best communications path available, allowing seamless communication of voice, video and data to all levels of command. We announced in fiscal 2009 that our HNR system was deployed to the U.S. Army 101st Airborne Division (Air Assault) 2nd Brigade Combat Team in Iraq, which was the first combat deployment of the HNR system. In fiscal 2010, we were awarded a contract to provide HNRs to form the communications backbone of the U.S. Army's new Integrated Air and Missile Defense Battle Command System (IBCS). We also are currently producing and delivering HNRs under a Warfighter Information Network-Tactical (WIN-T) Increment 2 low-rate initial production (LRIP) contract. HNRs provide the first-ever use of directive beam technology to achieve higher throughput over longer distances in a robust, self-forming and self-healing directional mesh network.

Examples of ongoing programs for us include the following:

The U.S. Army Modernization of Enterprise Terminals (MET) program, for which we are developing, under a ten-year contract awarded to us in fiscal 2009 that is potentially worth \$600 million, next-generation large satellite earth stations to provide the worldwide backbone for high-priority military communications and missile defense systems and to support IP and Dedicated Circuit Connectivity within the Global Information Grid (GIG), providing critical reach-back capability for the warfighter;

The F-35 Joint Strike Fighter (F-35), F-22 Raptor and F/A-18E/F Super Hornet aircraft platform programs, for which we provide high-performance, advanced avionics such as high-speed fiber optic networking and switching, intra-flight data links, image processing, digital map software and other electronic components, including Multifunction Advanced Data Link (MADL) communications subsystems primarily intended for stealth platform air-to-air communications and which allow F-35s to communicate in a stealth fashion with other network nodes without revealing their positions;

The WIN-T program for the U.S. Army, for which we are designing and testing the wireless transmission system architecture, applying our proven enabling technologies for wireless on-the-move communications, including phased arrays and high-speed secure wireless network solutions such as our HNR system;

The Multiple Launch Rocket System (MLRS) Improved Fire Control System (IFCS) program for the U.S. Army, for which we provide the launcher interface unit, power switching unit and weapon interface unit; and

The Commercial Broadband Satellite Program (CBSP) for the U.S. Navy, for which we supply broadband multiband SATCOM terminals that support essential mission requirements and provide enhanced morale-related communications services such as high-speed Internet access and video communications, and for which we successfully completed in fiscal 2010 development of the Unit Level Variant (ULV) and Force Level Variant (FLV) and delivery of the first production lot of ULV terminals.

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National Intelligence Programs: A significant portion of this business involves classified programs. While classified programs generally are not discussed in this Report, the operating results relating to classified programs are included in our Consolidated Financial Statements. We believe that the business risks associated with those programs do not differ materially from the business risks of other U.S. Government programs.

We are a major developer, supplier and integrator of communications and information processing products, systems and networks for a diverse base of U.S. Intelligence Community programs, and we support the ongoing transformation of the Intelligence Community into a more collaborative enterprise. Serving primarily national intelligence and security agency customers, including NSA and the National Geospatial-Intelligence Agency (NGA), we provide ISR solutions that improve situational awareness, data collection accuracy and product analysis by correlating near real-time mission data and intelligence reference data for display and analysis by strategic and tactical planners and decision makers. Our ISR systems help to integrate information across the analyst workflow, accelerating the movement of information that has been collected and processed. We strive to produce innovative ISR solutions that provide our customers with information dominance for battle-space superiority.

For example, our image processing capabilities extend from algorithm development through delivery of operations systems, and we are providing advanced image exploitation and dissemination solutions for ISR applications by advancing image processing, image data fusion, display technologies and digital product generation techniques. Those technologies range from new techniques for merging and displaying imagery to automated techniques for image screening, cueing and remote visualization. Also, our mapping and visualization capabilities provide complete, accurate and timely knowledge about the threat, the terrain, the status and the location of single or multiple opposing and friendly forces and their support by utilizing data, pictures, voice and video drawn from vast storage banks or from real-time input which can be transmitted around the world in fractions of a second. In addition, we have industry-leading capabilities in the architecture, design and development of highly specialized satellite antennas, structures, phased arrays and on-board processors, which are used to enable next-generation satellite systems to provide the U.S. military and intelligence communities with strategic and tactical advantages. We are also a leader in the design and development of antenna and reflector technologies for commercial space telecommunications applications. Further, our capabilities include developing and supplying state-of-the-art wireless voice and data products and solutions, including surveillance and tracking equipment, spanning vehicular, man-portable, airborne and system-level applications for the U.S. Intelligence Community and law enforcement community.

During fiscal 2010, we were awarded a number of new contracts and follow-on contracts under classified programs. We also have expanded our capabilities and customer footprint in the cyber security market through our acquisition of Crucial Security, Inc. (Crucial) in fiscal 2009. Crucial offers an array of mission-enabling engineering solutions that address both offensive and defensive IT security challenges, providing critical support to Federal law enforcement and other U.S. Government agencies.

Civil Programs: We provide highly reliable, mission-critical communications and information processing systems that meet the most demanding needs of customers in the U.S. civilian Federal market, including the Federal Aviation Administration (FAA), Census Bureau, National Oceanic and Atmospheric Administration (NOAA) and Department of Health and Human Services (HHS). We use our ability to implement and manage large, complex programs that integrate secure, advanced communications and information processing technologies in order to improve productivity and information processing and to achieve cost savings for our customers. Our networks and information systems for large-scale, geographically dispersed enterprises offer advanced capabilities for collecting, processing, analyzing, interpreting, displaying, distributing, storing and retrieving data. We are a leader in satellite ground data processing and mission command-and-control (C2) systems. Our ground data processing systems consist of complex suites of hardware and software that receive sensor data from satellites, turning it into useable information. Our C2 systems feature COTS design and high levels of flexibility, are designed for government and commercial applications, and

support single-satellite missions as well as some of the largest and most complex satellite fleets deployed.

For example, we are the prime contractor under a 15-year contract, awarded in July 2002 that is potentially worth \$3.5 billion, for the FAA Telecommunications Infrastructure (FTI) program to integrate, modernize, operate and maintain the communications infrastructure for the U.S. air traffic control system. FTI is a modern, secure and efficient network providing voice, data and video communications deployed at more than 4,500 FAA sites across the U.S., to enhance network efficiency, reliability and security and improve service while reducing operating costs. We designed and deployed the FTI network and it is fully operational. The FTI network consists of the Operations Network, the Mission Support Network, the Satellite Network and the Microwave Network. The supporting infrastructure includes the Network Operations Control Centers (NOCCs) and Security Operations Control Centers

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(SOCCs). The FTI program has completed its equipment build-out phase and is transitioning to its telecommunication services and maintenance phase. In addition to being the prime contractor and system architect for the FTI program, other FAA programs we have developed include: the Weather and Radar Processor, a weather system serving the en-route air traffic control environment; OASIS, which provided integrated weather briefing and flight planning capabilities for preflight weather briefings and in-flight updates; the Voice Switching and Control System, which provides the critical air-to-ground communications links between en-route aircraft and air traffic controllers throughout the continental United States; and the satellite-based Alaskan National Airspace System (NAS) Interfacility Communications System. In the fourth quarter of fiscal 2010, we were awarded a six-year contract, potentially worth \$97 million, with the FAA for the Weather and Radar Maintenance and Sustainment Services II program, the scope of which includes software maintenance releases, depot support, on-site field support and engineering services at 22 operational FAA facilities in the U.S. Our acquisition in the fourth quarter of fiscal 2009 of the Air Traffic Control business unit (SolaCom ATC) of SolaCom Technologies, Inc. provided us with an immediate ability to address additional segments of the air traffic control voice/data systems market and we believe further positioned us to support the FAA's anticipated Next Generation Air Transportation System (NextGen) program.

Under the U.S. Census Bureau's Field Data Collection Automation (FDCA) program, awarded to us during fiscal 2006 in support of the 2010 census, we are the prime contractor responsible for integrating multiple automated systems. The FDCA program is nearing completion.

In the fourth quarter of fiscal 2009, we were awarded a ten-year contract, potentially worth \$736 million, to provide a complete, end-to-end solution for NOAA's Geostationary Operational Environmental Satellite Series R Ground Segment (GOES-R GS) program, under which we will design, develop, deploy and operate the ground segment system, which will receive and process satellite data and generate and distribute weather data to more than 10,000 direct users. We will also provide the command and control of operational satellites under the GOES-R GS program. Following the close of the fourth quarter of fiscal 2010, we were awarded a ten-year contract, potentially worth \$130 million, to supply antennas and control systems for NOAA's Geostationary Operational Environmental Satellite Series R (GOES-R) program. The antennas will provide communications links for command, telemetry and sensor data, as well as the communications link to direct data users. The new antennas will operate with next-generation GOES-R satellites and will be compatible with existing GOES-N through GOES-P satellites.

In our Healthcare Solutions business, we are continuing to focus on delivering standards-based interoperable healthcare solutions for government and commercial clients with security, privacy and patients in control of how their information is shared. For example, we are developing and integrating, under a contract from HHS, an open-source National Health Information Network (NHIN) CONNECT Gateway solution designed to enable seamless health information sharing among multiple Federal agencies and regional healthcare providers. We are developing a multi-hospital military health network with image-sharing capabilities under the DoD Military Health System global Healthcare Artifact and Image Management Solution (HAIMS) program. As described under Item 1. Business Recent Acquisitions of this Report, we acquired Patriot during the second quarter of fiscal 2010. In the third quarter of fiscal 2010, we were awarded a three-year contract, potentially worth \$72 million, from the VA for further improvements to the complex billing and collection activities of the VA, one of the largest healthcare delivery organizations in the world with 21 networks and 170 medical centers nationwide. We were awarded the contract after successfully implementing a pilot project for the VA's Mid-Atlantic region.

In our Cyber Integrated Solutions business, we announced in fiscal 2010 that we are establishing the Harris Cyber Integration Center, which we believe can leverage our extensive cyber capabilities to address the evolving critical cyber infrastructure challenges of our government and commercial customers through a unique managed hosting service in a trusted environment. The Harris Cyber Integration Center will provide an integrated offering of infrastructure, managed security and tailored applications and services—all provided as a secure, trusted total solution. The center will feature a trusted technology infrastructure, including a tested and accredited environment, supply

chain integrity and advanced persistent threat deterrence. Additionally, the center will offer industry-tailored applications and services on a tiered structure, providing both flexibility of service and superior value. The new Harris Cyber Integration Center will be located in a 140,000-square-foot facility in Harrisonburg, Virginia that we acquired in fiscal 2010. We expect the center to be fully operational in early calendar 2011. Also in fiscal 2010, we acquired SignaCert as described under Item 1. Business Recent Acquisitions of this Report. SignaCert's IT compliance solutions combine powerful change detection capabilities with custom and commercial software whitelists lists of software that are deemed safe and approved for a customer's network. As an industry leader in cyber security, we have been using state-of-the-art technology assessment techniques and architecture engineering for decades to define and operate secure networks supporting nationally critical programs. We currently support three of the nation's largest secure, mission-critical networks: (i) the FTI program network, (ii) the global

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communications and information systems (Patriot) program network for the National Reconnaissance Office (NRO), and (iii) the Navy/Marine Corps Intranet (NMCI) program network. Our technology, countermeasures and monitoring capabilities safeguard vital information systems that support the critical missions of U.S. military, intelligence and Federal law enforcement customers.

IT Services: We provide end-to-end solutions in mission-critical IT transformation, managed solutions and information assurance. With over 3,000 professionals performing to the highest industry standards at locations worldwide, we offer demonstrated past performance, proven technical expertise and innovative solutions in supporting large-scale IT programs that encompass the full technology lifecycle, including network design, deployment, operations and ongoing support. Our distributed workforce, present in all 50 states, and extensive experience in performance-based contracting and managed IT services, are key factors in delivering results to our defense, intelligence, homeland security, civil and commercial customers.

Our IT transformation solutions use a holistic approach built on proven methodologies to design, implement and manage enterprise-wide architectures that align IT goals with customers' business and mission goals. Our standards-based, repeatable IT transformation solutions unify, streamline and modernize unwieldy and disparate networks and systems across distributed environments, resulting in highly simplified, flexible, secure and manageable network infrastructures.

Our managed services solutions include outsourced staffing and infrastructure, sustained by comprehensive operations and maintenance offerings, and are based on a flexible, scalable and repeatable service level agreement (SLA) performance-driven business model, frequently in a fixed-price environment. Our managed services solutions use an Information Technology Infrastructure Library (ITIL)-based best-practices approach for optimizing and supporting IT and communications environments, improving efficiencies, lowering operational costs and allowing customers to focus on mission performance.

Our information assurance solutions include architecture analysis; attack warning and defense; identity management; security assessments; certification and accreditation process support; forensics analysis and vulnerability remediation; system anomaly monitoring, detection and management; and physical security countermeasures. Our information assurance solutions safeguard the confidentiality, integrity and availability of enterprise infrastructures, systems and critical business data over the full IT lifecycle, from infrastructure design to integration and testing to operations and maintenance. Those solutions meet widely used certification and accreditation standards, including the Federal Information Security Management Act (FISMA), the National Security Agency/Central Security Service Information System Certification and Accreditation Process (NISCAP) and the Department of Defense Information Assurance Certification and Accreditation Process (DIACAP).

As examples, for NRO, which designs, builds and operates U.S. reconnaissance satellites, we provide operations, maintenance and support services for its Patriot program network in space and on the ground under a ten-year contract awarded in August 2004, potentially worth \$1 billion, in support of NRO's global analyst community. We are providing the U.S. Navy with comprehensive, end-to-end support for data, video and voice communications for over 700,000 users as a Tier One subcontractor under the NMCI program awarded in October 2000 and potentially worth \$1.1 billion. In the fourth quarter of fiscal 2010, we were awarded a Continuity of Service subcontract under the NMCI program to extend the support services we are providing and to add site support, beginning in the second quarter of fiscal 2011. Under a five-year contract awarded by the U.S. Department of State, Bureau of Consular Affairs (the State 6 program) in August 2009, potentially worth \$200 million, we provide IT integration of installation, training, help desk, passport and configuration management services in support of more than 230 U.S. embassies and consulates around the world. We also provide system maintenance and engineering for the Defense Information Systems Agency's (DISA) Crisis Management System.

Additionally, under the Network and Space Operations and Maintenance (NSOM) program contract awarded to us in January 2008 for a six-month base period with six one-year options, potentially worth \$410 million in aggregate, we provide operations and maintenance support at locations around the world for the communications functions for the U.S. Air Force 50th Space Wing s Satellite Control Network (AFSCN), a global, continuously operational network of ground stations, operational control nodes and communications links that support launch and command and control of various space programs managed by the DoD and other national security space organizations.

We also have key positions on a number of Indefinite Delivery/Indefinite Quantity (IDIQ) contracts. We are a prime contractor under the U.S. Air Force Network Centric Solutions (NETCENTS) contract, which provides IT installation, integration and operations and maintenance services for networks and systems and offers IT products for networks. Our NETCENTS task orders include the Maxwell Air Force Base and the Overseas Navy Enterprise

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Network (ONE-NET). We are also a prime contractor under the U.S. Army ITES-2S contract, which provides IT installation, integration, infrastructure and operations and maintenance services for networks and systems. Our ITES-2S task orders include the Fort Bliss Department of Information Management (DOIM), the Army G-1 support and the Army.mil website and content support. In the second quarter of fiscal 2010, we were awarded an ITES-2S task order for the U.S. Southern Command (USSOUTHCOM) to migrate and consolidate the communications systems for nine USSOUTHCOM buildings into a new headquarters complex. We are one of 59 awardees under the ALLIANT Government-Wide Acquisition Contract (GWAC) for the General Services Administration (GSA), which is an IT procurement contract broadly accessible to all U.S. Government agencies.

In our Commercial Managed Services business, we are providing end-to-end solutions and services across our vertical commercial markets, including cyberspace, healthcare and new media broadcast markets. For example, we are providing Health First, Inc., a Florida-based healthcare provider, with managed services for back office infrastructure and networks. We also are collaborating with the Broadcast Communications segment to design and manage systems that manage, monitor and play out video content for a branded TV channel for the McDonald's fast food chain and systems that combine IP television (IPTV) and digital signage and IT infrastructure to create an advanced media workflow for an in-arena network for the Orlando Magic's new basketball arena, as described in more detail below under Item 1. Business Description of Business by Segment Broadcast Communications of this Report.

Revenue, Operating Income and Backlog: Revenue for the Government Communications Systems segment decreased 1 percent to \$2,688 million in fiscal 2010 compared with \$2,710 million in fiscal 2009, and was \$2,478 million in fiscal 2008. Segment operating income increased 11 percent to \$337.0 million in fiscal 2010 compared with \$302.8 million in fiscal 2009, and was \$226.0 million in fiscal 2008. This segment contributed 51 percent of our total revenue in fiscal 2010 compared with 54 percent in fiscal 2009 and 54 percent in fiscal 2008. In fiscal 2010, approximately 74 percent of revenue for this segment was under direct contracts with customers and approximately 26 percent of revenue was under contracts with prime contractors, compared with approximately 72 percent of revenue under direct contracts with customers and approximately 28 percent of revenue under contracts with prime contractors in fiscal 2009 and approximately 74 percent of revenue under direct contracts with customers and approximately 26 percent of revenue under contracts with prime contractors in fiscal 2008. Some of this segment's more significant programs in fiscal 2010 included FTI, Patriot, NETCENTS, NMCI, FDCA, GOES-R, NSOM, F-35 and various classified programs. This segment's largest program by revenue in a particular fiscal year represented approximately 9 percent of this segment's revenue in fiscal 2010, compared with approximately 13 percent in fiscal 2009 and approximately 9 percent in fiscal 2008. This segment's 10 largest programs by revenue in a particular fiscal year represented approximately 41 percent of this segment's revenue in fiscal 2010, approximately 46 percent in fiscal 2009 and approximately 45 percent in fiscal 2008. In fiscal 2010, this segment had a diverse portfolio of over 300 programs. Historically, that diversity has provided a stable backlog and reduced potential risks that come from reductions in funding or changes in customer priorities, and we expect that program diversity will continue to provide similar benefits in the future, although we can give no assurance. In fiscal 2010, fiscal 2009 and fiscal 2008, U.S. Government customers, including the DoD and intelligence and civilian agencies, as well as foreign military sales through the U.S. Government, whether directly or through prime contractors, accounted for approximately 96 percent of this segment's total revenue. For a general description of our U.S. Government contracts and subcontracts, including a discussion of revenue generated from cost-reimbursement versus fixed-price contracts, see Item 1. Business Principal Customers; Government Contracts of this Report.

The funded backlog of unfilled orders for this segment was \$1,238 million at July 2, 2010 compared with \$1,146 million at July 3, 2009 and \$836 million at June 27, 2008. Unfunded backlog for this segment was \$3,276 million at July 2, 2010 compared with \$4,002 million at July 3, 2009 and \$3,760 million at June 27, 2008. We expect to fill approximately 77 percent of this funded backlog during fiscal 2011, but we can give no assurance of such fulfillment. Additional information regarding funded and unfunded backlog is provided under Item 1. Business Funded and Unfunded Backlog of this Report. For a discussion of certain risks affecting this segment, including risks

relating to our U.S. Government contracts and subcontracts, see Item 1. Business Principal Customers; Government Contracts, Item 1A. Risk Factors and Item 3. Legal Proceedings of this Report.

Broadcast Communications

Broadcast Communications offers hardware and software products, systems and services that provide interoperable workflow solutions for broadcast, cable, satellite and out-of-home networks worldwide. Those solutions are designed to receive content in any format and then manage, move and reformat that content for any delivery network to any viewing device. Broadcast Communications offers customers a comprehensive, single-source approach to delivering interoperable workflow capabilities and solutions spanning the entire broadcast value chain,

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including content creation, management, distribution and delivery. The Harris ONE™ solution for interoperable workflows that depend on IT-centric systems, integrated infrastructure and enterprise software brings together highly integrated and cost-effective products that enable advanced media workflows for emerging content delivery business models. Broadcast Communications is supporting customers as they upgrade media operations to digital and high definition (HD) services from analog and standard definition (SD) services and as they expand services for HD television (HDTV), IPTV, video-on-demand and interactive TV. This segment serves the global digital and analog media markets, providing workflow, infrastructure and networking products and solutions; media solutions; and television and radio transmission equipment and systems.

Workflow, Infrastructure and Networking Solutions: Our workflow, infrastructure and networking solutions offerings include SD and HD products and systems that enable media companies to streamline workflow from production through transmission. Our workflow solutions offerings enable customers to transition into an IT workflow by using servers to manage content flow, storage and other key facets of an increasingly file-based broadcast environment. We provide a comprehensive, next-generation portfolio of servers, signal processors, routers, master control and branding systems, network monitoring and control software, and test and measurement instruments that support content throughout the workflow application chain. We also provide advanced multi-image display processors and state-of-the-art broadcast graphics that change the way broadcasters view and manage content and provide broadcasters with options for presenting their brands. We also provide highly differentiated network access and multiplex platforms through our NetVX™ solution, which offers customized integrated management and distribution applications for any content across any connection to support television, government video and public safety applications. Our workflow, infrastructure and networking products also include our NEXIO AMP™ HD/SD video server advanced media platform, part of our NEXIO™ family of scalable, interoperable video servers; X85™ up/down/cross converter and frame synchronizer multiple application video and audio processing platform; Opto+™ fiber optic signal processing products offering 3 Gb/s electrical-to-optical and optical-to-electrical conversion capabilities; Platinum™ large router for mixed video and audio signal routing; IconMaster™ digital master control system; Videotek® line of precision test and measurement instruments; compact, scalable Predator II™ and larger-format multi-image display processors, or multiviewers; Inscribe™ line of graphics and titling products; Invenio™ Digital Asset Management solution; and Infocaster line of digital signage systems. We have also introduced a comprehensive end-to-end workflow for three-dimensional (3D) applications, as well as three gigabit per second (3 Gb/s) solutions for the 1080p HD format.

Media: Our media solutions offerings enable customers to manage their digital media workflow through a portfolio of software solutions for advertising, media management (traffic, billing and program scheduling), digital signage, broadband, digital asset management and play-out automation. Our media solutions products include the Harris media software suite and our OSi Traffic™ software. The Harris media software suite is a unified system of interoperable broadcast and media applications based on open standards, with a network-, content- and service-agnostic approach, which supports customers' core services and business operations, makes data exchange and workflow more efficient and facilitates adding services that can lead to new revenue streams. Our products also include our Velocity™ family of editing controllers that employ open standards to accelerate time-to-air and reduce the costs associated with content acquisition, production, distribution and media management; and Punctuate™ out-of-home advertising and digital signage traffic, scheduling and ad sales advanced software solution.

Transmission Systems: We develop, manufacture and supply digital and analog television and radio transmission systems for delivery of rich media over wireless broadcast terrestrial networks on a worldwide basis, including mobile TV applications. We can provide single products or end-to-end systems, including nationwide networks with hundreds of transmitters. Our television and radio transmission systems solutions are scalable to meet the needs of broadcasters of all sizes. We are a leader in television's transition from analog to digital technology and in technology for the U.S. digital standard known as ATSC and the European digital standard DVB-T. In fiscal 2007, we introduced with LG Electronics Inc. the jointly developed Mobile Handheld in-band mobile digital TV system (M/H), a new

technology capable of providing digital TV (DTV) signals and extending over-the-air broadcast TV signals beyond customary TV viewing at home to mobile, pedestrian and other handheld devices (such as mobile phones or laptop computers). Our products also include our Maxiva™ line of UHF multimedia transmitters, comprised of our Maxiva ULX Series of liquid-cooled transmitters for high-power UHF multimedia broadcasters and our Maxiva UAX Series of air-cooled, solid-state transmitters for low-power UHF transmission.

We are also a leader in the transition from analog to digital radio. Our product offerings address the U.S. digital standard called IBOC (In-Band/On-Channel), which is referred to in the market as HD Radio as well as international digital standards including DAB and DRM. Our radio transmission products include our IntraPlus® of audio transport products, including studio-to-transmitter links, and our FLEXSTAR™ family, which provides a bandwidth-efficient bitstream so broadcasters can offer supplemental audio and data capability

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along with the main program stream, offering listeners 5.1 surround sound, on-demand traffic, weather and sports reports, store-and-play capabilities and real-time navigation.

This segment also is focused on three principal growth areas. First, in many international markets, the transition from analog to digital broadcasting is just beginning, which we believe will result in growing demand for both digital transmission systems and related infrastructure. Second, in the U.S. Government market for full-motion video systems, we believe we have unique technology capabilities. Our Full-Motion Video Asset Management Engine (FAME[®]) solution provides our U.S. Government customers with greater visibility into increasing amounts of digital ISR information, including real-time and archived video, such as that collected from manned and unmanned aircraft and ground-based sensors. FAME is a COTS-based solution developed based on our digital asset management technologies, input from intelligence analysts and our Government Communications Systems segment's image processing, system integration and security capabilities. Third, in digital out-of-home advertising, our solutions enable advertisers to reach consumers on the move, and we believe new systems will be increasingly deployed to deliver rich media content in live sports and entertainment venues and in retail establishments.

Revenue, Operating Income and Backlog: Revenue for the Broadcast Communications segment decreased 17 percent to \$486 million in fiscal 2010 compared with \$584 million in fiscal 2009, and was \$643 million in fiscal 2008. The segment had an operating loss of \$30.8 million in fiscal 2010 compared with an operating loss of \$238.0 million in fiscal 2009, which included a \$255.5 million non-cash charge for impairment of goodwill and other long-lived assets, and operating income of \$33.8 million in fiscal 2008. The Broadcast Communications segment contributed 9 percent of our total revenue in fiscal 2010 compared with 11 percent in fiscal 2009 and 14 percent in fiscal 2008. The percentage of this segment's revenue that was derived outside of the United States was approximately 56 percent in fiscal 2010 compared with 47 percent in fiscal 2009 and 47 percent in fiscal 2008. No single customer accounted for more than 3 percent of fiscal 2010 revenue for the Broadcast Communications segment.

In general, this segment's domestic products are sold and serviced directly to customers through its sales organization and through established distribution channels. Internationally, this segment markets and sells its products and services through regional sales offices and established distribution channels. See Item 1. Business International Business of this Report.

The funded backlog of unfilled orders for this segment was \$260 million at July 2, 2010 compared with \$247 million at July 3, 2009 and \$305 million at June 27, 2008. We expect to fill approximately 45 percent of this backlog during fiscal 2011, but we can give no assurance of such fulfillment. For a discussion of certain risks affecting this segment, see Item 1A. Risk Factors and Item 3. Legal Proceedings of this Report.

International Business

Revenue from products exported from the United States (including foreign military sales) or manufactured abroad was \$724.6 million (14 percent of our total revenue) in fiscal 2010 compared with \$1,016.6 million (20 percent of our total revenue) in fiscal 2009 and \$759.7 million (17 percent of our total revenue) in fiscal 2008. Essentially all of the international sales are derived from the RF Communications and Broadcast Communications segments. Direct export sales are primarily denominated in U.S. Dollars, whereas sales from foreign subsidiaries are generally denominated in the local currency of the subsidiary. Financial information regarding our domestic and international operations is contained in *Note 25: Business Segments* in the Notes and is incorporated herein by reference.

Our principal international manufacturing facilities are located in Canada and the United Kingdom. The majority of our international marketing activities are conducted through subsidiaries which operate in Canada, Europe, Central and South America, and Asia. We have also established international marketing organizations and several regional sales offices. Reference is made to Exhibit 21 Subsidiaries of the Registrant of this Report for further information regarding our international subsidiaries.

We utilize indirect sales channels, including dealers, distributors and sales representatives, in the marketing and sale of some lines of products and equipment, both domestically and internationally. These independent representatives may buy for resale or, in some cases, solicit orders from commercial or governmental customers for direct sales by us. Prices to the ultimate customer in many instances may be recommended or established by the independent representative and may be above or below our list prices. Our dealers and distributors generally receive a discount from our list prices and may mark up those prices in setting the final sales prices paid by the customer. Revenue from indirect sales channels in fiscal 2010 represented 6 percent of our total revenue and approximately 35 percent of our international revenue, compared with revenue from indirect sales channels in fiscal 2009 representing 11 percent of our total revenue and approximately 55 percent of our international revenue, and revenue

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from indirect sales channels in fiscal 2008 representing 7 percent of our total revenue and approximately 44 percent of our international revenue.

Fiscal 2010 international revenue came from a large number of countries, and no such single country accounted for more than 3 percent of our total revenue. Some of our exports are paid for by letters of credit, with the balance carried either on an open account or installment note basis. Advance payments, progress payments or other similar payments received prior to or upon shipment often cover most of the related costs incurred. Significant foreign government contracts generally require us to provide performance guarantees. In order to stay competitive in international markets, we also sometimes enter into recourse and vendor financing arrangements to facilitate sales to certain customers.

The particular economic, social and political conditions for business conducted outside the U.S. differ from those encountered by domestic businesses. Our management believes that the overall business risk for the international business as a whole is somewhat greater than that faced by our domestic operations as a whole. A description of the types of risks to which we are subject in international business is contained in Item 1A. Risk Factors of this Report. Nevertheless, in the opinion of our management, these risks are partially mitigated by the diversification of the international business and the protection provided by letters of credit and advance payments.

Competition

We operate in highly competitive markets that are sensitive to technological advances. Although successful product and systems development is not necessarily dependent on substantial financial resources, many of our competitors in each of our businesses are larger than we are and can maintain higher levels of expenditures for research and development. In each of our businesses we concentrate on the market opportunities that our management believes are compatible with our resources, overall technological capabilities and objectives. Principal competitive factors in these businesses are product quality and reliability; technological capabilities; service; past performance; ability to develop and implement complex, integrated solutions; ability to meet delivery schedules; the effectiveness of third-party sales channels in international markets; and cost-effectiveness. Within the IT services market, there is intense competition among many companies. The ability to compete in the IT services market depends on a number of factors, including the capability to deploy skilled professionals at competitive prices across the diverse spectrum of the IT services market.

In the RF Communications segment, principal competitors include European Aeronautic Defence and Space Company N.V. (EADS), General Dynamics, ITT Industries, Motorola, Raytheon, Rohde & Schwarz, Selex, Tadiran and Thales.

In the Government Communications Systems segment, principal competitors include Boeing, CACI, General Dynamics, GTSI, L-3 Communications, Lockheed Martin, ManTech, Northrop Grumman, Raytheon, RigNet, Rockwell Collins, Schlumberger Global Connectivity Services, SRA and SAIC. Consolidation among U.S. defense and aerospace companies has resulted in a reduction in the number of principal prime contractors. As a result of this consolidation, we frequently partner or are involved in subcontracting and teaming relationships with companies that are, from time to time, competitors on other programs.

In the Broadcast Communications segment, principal competitors include Avid, Broadcast Electronics, Chyron, Evertz, EVS, Harmonic, Miranda, Nautel, NEC, Omnibus, Orad, Open Text, Pilat Media, Rohde & Schwarz, Sony Broadcast, Technicolor, Tektronix/Danaher, Thomson, Vizrt and Wide Orbit, as well as other smaller companies and divisions of large companies.

Principal Customers; Government Contracts

Sales to U.S. Government customers, including the DoD and intelligence and civilian agencies, as well as foreign military sales through the U.S. Government, whether directly or through prime contractors, were 76 percent of our total revenue in fiscal 2010 compared with 79 percent in both fiscal 2009 and fiscal 2008. No other customer

accounted for more than 2 percent of our total revenue in fiscal 2010. Additional information regarding customers for each of our segments is provided under Item 1. Business Description of Business by Segment of this Report. Our U.S. Government sales are predominantly derived from contracts with agencies of, and prime contractors to, the U.S. Government. Most of the sales of the Government Communications Systems segment are made directly or indirectly to the U.S. Government under contracts or subcontracts containing standard government contract clauses providing for redetermination of profits, if applicable, and for termination for the convenience of the U.S. Government or for default based upon performance.

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These U.S. Government contracts and subcontracts include both cost-reimbursement and fixed-price contracts. Our cost-reimbursement contracts provide for the reimbursement of allowable costs plus the payment of a fee. Our cost-reimbursement contracts fall into three basic types: (i) cost-plus fixed-fee contracts, which provide for the payment of a fixed fee irrespective of the final cost of performance; (ii) cost-plus incentive-fee contracts, which provide for increases or decreases in the fee, within specified limits, based upon actual results compared with contractual targets relating to factors such as cost, performance and delivery schedule; and (iii) cost-plus award-fee contracts, which provide for the payment of an award fee determined at the discretion of the customer based upon the performance of the contractor against pre-established performance criteria. Under cost-reimbursement contracts, we are reimbursed periodically for allowable costs and are paid a portion of the fee based on contract progress. Some overhead costs have been made partially or wholly unallowable for reimbursement by statute or regulation. Examples are certain merger and acquisition costs, lobbying costs, charitable contributions and certain litigation defense costs.

Our fixed-price contracts are either firm fixed-price contracts or fixed-price incentive contracts. Under firm fixed-price contracts, we agree to perform a specific scope of work for a fixed price and, as a result, benefit from cost savings and carry the burden of cost overruns. Under fixed-price incentive contracts, we share with the U.S. Government both savings accrued from contracts performed for less than target costs as well as costs incurred in excess of targets up to a negotiated ceiling price (which is higher than the target cost), but carry the entire burden of costs exceeding the negotiated ceiling price. Accordingly, under such incentive contracts, profit may also be adjusted up or down depending upon whether specified performance objectives are met. Under firm fixed-price and fixed-price incentive contracts, we usually receive either milestone payments equaling 100 percent of the contract price or monthly progress payments from the U.S. Government in amounts equaling 80 percent of costs incurred under the contract. The remaining amounts, including profits or incentive fees, are billed upon delivery and final acceptance of end items and deliverables under the contract. Fixed-price contracts generally have higher profit margins than cost-reimbursement contracts. Production contracts are mainly fixed-price contracts, and development contracts are generally cost-reimbursement contracts.

In fiscal 2010, fiscal 2009 and fiscal 2008, approximately 38 percent, 36 percent and 35 percent, respectively, of the total combined revenue of our RF Communications and Government Communications Systems segments was from fixed-price contracts. GWAC and IDIQ contracts, which can include task orders for each contract type, require us to compete both for the initial contract and then for individual task or delivery orders under such contracts.

As stated above, U.S. Government contracts are terminable for the convenience of the U.S. Government, as well as for default based on performance. Companies supplying goods and services to the U.S. Government are dependent on Congressional appropriations and administrative allotment of funds and may be affected by changes in U.S. Government policies resulting from various military, political and international developments. Long-term government contracts and related orders are subject to cancellation if appropriations for subsequent performance periods become unavailable. Under contracts terminable for the convenience of the U.S. Government, a contractor is entitled to receive payments for its allowable costs and, in general, the proportionate share of fees or earnings for the work done. Contracts that are terminable for default generally provide that the U.S. Government pays only for the work it has accepted and may require the contractor to pay for the incremental cost of reprocurement and may hold the contractor liable for damages. In many cases, there is also uncertainty relating to the complexity of designs, necessity for design improvements and difficulty in forecasting costs and schedules when bidding on developmental and highly sophisticated technical work. Under many U.S. Government contracts, we are required to maintain facility and personnel security clearances complying with DoD and other Federal agency requirements. For further discussion of risks relating to U.S. Government contracts, see Item 1A. Risk Factors and Item 3. Legal Proceedings of this Report.

Funded and Unfunded Backlog

Our total company-wide funded and unfunded backlog was approximately \$6,526 million at July 2, 2010 compared with approximately \$6,317 million at July 3, 2009 and \$5,883 million at June 27, 2008. The funded portion of this

backlog was approximately \$3,250 million at July 2, 2010 compared with approximately \$2,315 million at July 3, 2009 and \$2,123 million at June 27, 2008. The determination of backlog involves substantial estimating, particularly with respect to customer requirements contracts and development and production contracts of a cost-reimbursement or incentive nature.

In fiscal 2010, we changed how we define funded backlog to be more consistent with industry practices. This change of methodology, which we applied retrospectively, had no impact on our total backlog, but did result in a reclassification of certain amounts of backlog from unfunded backlog to funded backlog for prior periods presented in this Report. We now define funded backlog as unfilled firm orders for products and services for which funding

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has been authorized and, in the case of U.S. Government agencies, appropriated. We define unfunded backlog as primarily unfilled firm contract value for which funding has not yet been authorized or, in the case of U.S. Government agencies, appropriated, including the value of contract options in cases of material contracts that have options we believe are probable of being exercised. We do not include potential task or delivery orders under IDIQ contracts in our backlog. In fiscal 2011, we expect to fill approximately 75 percent of our total funded backlog as of July 2, 2010. However, we can give no assurance of such fulfillment or that our funded backlog will become revenue in any particular period, if at all. Backlog is subject to delivery delays and program cancellations, which are beyond our control. Additional information with regard to the backlog of each of our segments is provided under Item 1. Business Description of Business by Segment of this Report.

Research, Development and Engineering

Research, development and engineering expenditures totaled approximately \$1,047 million in fiscal 2010, \$1,003 million in fiscal 2009 and \$980 million in fiscal 2008. Company-sponsored research and product development costs, which included research and development for commercial products and independent research and development related to government products and services, as well as concept formulation studies and bid and proposal efforts, were approximately \$326 million in fiscal 2010, \$244 million in fiscal 2009 and \$248 million in fiscal 2008. A portion of our independent research and development costs are allocated among contracts and programs in process under U.S. Government contractual arrangements. Company-sponsored research and product development costs not otherwise allocable are charged to expense when incurred. The portion of total research, development and engineering expenditures that was not company-sponsored was funded by the U.S. Government and is included in our revenue. Customer-sponsored research and development was \$721 million in fiscal 2010, \$759 million in fiscal 2009 and \$732 million in fiscal 2008. Company-sponsored research is directed to the development of new products and to building technological capability in selected communications and electronic systems markets.

U.S. Government-funded research helps strengthen and broaden our technical capabilities. All of our segments maintain their own engineering and new product development departments, with scientific assistance provided by advanced-technology departments. As of July 2, 2010, we employed approximately 7,000 engineers and scientists and are continuing efforts to make the technologies developed in any of our business segments available for all other business segments.

Patents and Other Intellectual Property

We consider our patents and other intellectual property, in the aggregate, to constitute an important asset. We own a large and valuable portfolio of patents, trade secrets, know-how, confidential information, trademarks, copyrights and other intellectual property. We also license intellectual property to and from third parties. As of July 2, 2010, we held approximately 1,075 U.S. patents and 645 foreign patents, and had approximately 550 U.S. patent applications pending and 1,260 foreign patent applications pending. Unpatented research, development and engineering skills also make an important contribution to our business. While our intellectual property rights in the aggregate are important to our business and the operations of our business segments, we do not consider our business or any business segment to be materially dependent upon any single patent, license or other intellectual property right, or any group of related patents, licenses or other intellectual property rights. We are engaged in a proactive patent licensing program and have entered into a number of licenses and cross-license agreements, some of which generate royalty income. Although existing license agreements have generated income in past years and may do so in the future, there can be no assurances we will enter into additional income-producing license agreements. From time to time we engage in litigation to protect our patents and other intellectual property. Any of our patents, trade secrets, trademarks, copyrights and other proprietary rights could be challenged, invalidated or circumvented, or may not provide competitive advantages. For further discussion of risks relating to intellectual property, see Item 1A. Risk Factors of this Report. With regard to patents relating to our Government Communications Systems segment, the U.S. Government often has an irrevocable, non-exclusive, royalty-free license, pursuant to which the U.S. Government may use or authorize others to use the inventions covered by such patents. Pursuant to similar arrangements, the U.S. Government may consent to our use of inventions covered by patents owned by other persons.

Numerous trademarks used on or in connection with our products are also considered to be a valuable asset.

Environmental and Other Regulations

Our facilities and operations are subject to numerous domestic and international laws and regulations designed to protect the environment, particularly with regard to wastes and emissions. The applicable environmental laws and regulations are common within the industries and markets in which we operate and serve. We believe that we have complied with these requirements and that such compliance has not had a material adverse effect on our results of operations, financial condition or cash flows. Based upon currently available information, we do not expect

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expenditures over the next several years to protect the environment and to comply with current environmental laws and regulations, as well as to comply with current and pending climate control legislation, regulation, treaties and accords, to have a material impact on our competitive position or financial condition, but we can give no assurance that such expenditures will not exceed current expectations. If future treaties, laws and regulations contain more stringent requirements than presently anticipated, actual expenditures may be higher than our present estimates of those expenditures. We have installed waste treatment facilities and pollution control equipment to satisfy legal requirements and to achieve our waste minimization and prevention goals. We did not spend material amounts on environmental capital projects in fiscal 2010, fiscal 2009 or fiscal 2008. A portion of our environmental expenditures relates to discontinued operations for which we have retained certain environmental liabilities. We currently expect that amounts to be spent for environmental-related capital projects will not be material in fiscal 2011. These amounts may increase in future years. Additional information regarding environmental and regulatory matters is set forth in Item 3. Legal Proceedings of this Report and in *Note 1: Significant Accounting Policies* in the Notes.

Electronic products are subject to governmental environmental regulation in a number of jurisdictions. Equipment produced by our Broadcast Communications segment, in particular, is subject to domestic and international requirements requiring end-of-life management and/or restricting materials in products delivered to customers, including the European Union's Directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE) and Directive 2002/95/EC on the Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS), as amended. Other jurisdictions have adopted similar legislation. Such requirements typically are not applicable to most equipment produced by our Government Communications Systems and RF Communications segments. We believe that we have complied with such rules and regulations, where applicable, with respect to our existing products sold into such jurisdictions. We intend to comply with such rules and regulations with respect to our future products.

Broadcast and wireless communications (whether TV, radio, satellite or telecommunications) are also subject to governmental regulation. Equipment produced by our Broadcast Communications and RF Communications segments, in particular, is subject to domestic and international requirements to avoid interference among users of radio and television frequencies and to permit interconnection of telecommunications equipment. Additionally, our managed satellite communications services business holds licenses for very small aperture terminals (VSATs) and satellite earth stations, which authorize operation of networks and teleports. We are also required to comply with technical operating and licensing requirements that pertain to our wireless licenses and operations. We believe that we have complied with such rules and regulations and licenses with respect to our existing products and services, and we intend to comply with such rules and regulations and licenses with respect to our future products and services. Governmental reallocation of the frequency spectrum also could impact our business, financial condition and results of operations.

Raw Materials and Supplies

Because of the diversity of our products and services, as well as the wide geographic dispersion of our facilities, we use numerous sources for the wide array of raw materials (such as electronic components, printed circuit boards, metals and plastics) needed for our operations and for our products. We are dependent upon suppliers and subcontractors for a large number of components and subsystems and the ability of our suppliers and subcontractors to adhere to customer or regulatory materials restrictions and to meet performance and quality specifications and delivery schedules. In some instances, we are dependent upon one or a few sources, either because of the specialized nature of a particular item or because of local content preference requirements pursuant to which we operate on a given project. While we have been affected by financial and performance issues of some of our suppliers and subcontractors, we have not been materially adversely affected by the inability to obtain raw materials or products. On occasion, we have experienced component shortages from vendors as a result of the RoHS environmental regulations in the European Union or similar regulations in other jurisdictions. These regulations may cause a spike in demand for certain electronic components (such as lead-free components), resulting in industry-wide supply chain shortages. To date, these component shortages have not had a material adverse effect on our business. For further discussion of risks

relating to subcontractors and suppliers, see Item 1A. Risk Factors of this Report.

Seasonality

We do not consider any material portion of our business to be seasonal. Various factors can affect the distribution of our revenue between accounting periods, including the timing of contract awards and the timing and availability of U.S. Government funding, as well as the timing of product deliveries and customer acceptance.

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Employees

We employed approximately 15,800 employees at the end of fiscal 2010 compared with approximately 15,400 employees at the end of fiscal 2009. Approximately 91 percent of our employees as of the end of fiscal 2010 were located in the United States. A significant number of employees in our Government Communications Systems segment possess a U.S. Government security clearance. We also utilize a number of independent contractors. None of our employees in the United States is represented by a labor union. In certain international subsidiaries, our employees are represented by workers' councils or statutory labor unions. In general, we believe that our relations with our employees are good.

Website Access to Harris Reports; Available Information

General. We maintain an Internet website at <http://www.harris.com>. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available free of charge on our website as soon as reasonably practicable after these reports are electronically filed with or furnished to the Securities and Exchange Commission (the SEC). We also will provide the reports in electronic or paper form free of charge upon request. We also make available free of charge on our website our annual report to shareholders and proxy statement. Our website and the information posted thereon are not incorporated into this Report or any current or other periodic report that we file with or furnish to the SEC. All reports we file with or furnish to the SEC also are available free of charge via the SEC's electronic data gathering and retrieval (EDGAR) system available through the SEC's website at <http://www.sec.gov>.

Additional information relating to our businesses, including our operating segments, is set forth in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Report.

Corporate Governance Principles and Committee Charters. We previously adopted Corporate Governance Principles, which are available on the Corporate Governance section of our website at www.harris.com/harris/cg/. In addition, the charters of each of the committees of our Board, namely, the Audit Committee, Business Conduct and Corporate Responsibility Committee, Corporate Governance Committee, Finance Committee and Management Development and Compensation Committee, are also available on the Corporate Governance section of our website. A copy of the charters is also available free of charge upon written request to our Secretary at Harris Corporation, 1025 West NASA Boulevard, Melbourne, Florida 32919.

Certifications. We have filed with the SEC the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to this Report. In addition, an annual CEO certification was submitted by our Chief Executive Officer to the New York Stock Exchange (NYSE) in November 2009 in accordance with the NYSE's listing standards, which included a certification that he was not aware of any violation by Harris of the NYSE's corporate governance listing standards.

ITEM 1A. RISK FACTORS.

We have described many of the trends and other factors that we believe could impact our business and future results in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Report. In addition, our business, operating results, cash flows and financial condition are subject to, and could be materially adversely affected by, various risks and uncertainties, including, without limitation, those set forth below, any one of which could cause our actual results to vary materially from recent results or our anticipated future results.

We depend on U.S. Government customers for a significant portion of our revenue, and the loss of this relationship or a shift in U.S. Government funding priorities could have adverse consequences on our future business.

We are highly dependent on sales to U.S. Government customers. The percentage of our net revenue that was derived from sales to U.S. Government customers, including the DoD and intelligence and civilian agencies, as well as foreign

military sales through the U.S. Government, whether directly or through prime contractors, was approximately 76 percent in fiscal 2010 and 79 percent in both fiscal 2009 and fiscal 2008. Therefore, any significant disruption or deterioration of our relationship with the U.S. Government would significantly reduce our revenue. Our U.S. Government programs must compete with programs managed by other government contractors for limited resources and for uncertain levels of funding. Our competitors continuously engage in efforts to expand their business relationships with the U.S. Government and will continue these efforts in the future, and the U.S. Government may choose to use other contractors. We expect that a majority of the business that we seek in the foreseeable future will be awarded through competitive bidding. The U.S. Government has increasingly relied on certain types of contracts that are subject to a competitive bidding process, including IDIQ, GWAC, GSA Schedule

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and other multi-award contracts, which has resulted in greater competition and increased pricing pressure. We operate in highly competitive markets and our competitors may have more extensive or more specialized engineering, manufacturing and marketing capabilities than we do in some areas, and we may not be able to continue to win competitively awarded contracts or to obtain task orders under multi-award contracts. Further, the competitive bidding process involves significant cost and managerial time to prepare bids and proposals for contracts that may not be awarded to us, and the risk that we may fail to accurately estimate the resources and costs required to fulfill any contract awarded to us. Following any contract award, we may experience significant expense or delay, contract modification or contract rescission as a result of our competitors protesting or challenging contracts awarded to us in competitive bidding. We also compete with the U.S. Government's own capabilities and federal non-profit contract research centers. Budget decisions made by the U.S. Government are outside of our control and have long-term consequences for our business. A shift in U.S. Government spending priorities or an increase in non-procurement spending at the expense of our programs (for example, through in-sourcing), or a reduction in total U.S. Government spending, could have material adverse consequences on our future business.

We depend significantly on U.S. Government contracts, which often are only partially funded, subject to immediate termination, and heavily regulated and audited. The termination or failure to fund one or more of these contracts could have an adverse impact on our business.

Over its lifetime, a U.S. Government program may be implemented by the award of many different individual contracts and subcontracts. The funding of U.S. Government programs is subject to Congressional appropriations. Although multi-year contracts may be authorized and appropriated in connection with major procurements, Congress generally appropriates funds on a fiscal year basis. Procurement funds are typically made available for obligation over the course of three years. Consequently, programs often receive only partial funding initially, and additional funds are obligated only as Congress authorizes further appropriations. The termination of funding for a U.S. Government program would result in a loss of anticipated future revenue attributable to that program, which could have an adverse impact on our operations. In addition, the termination of a program or the failure to commit additional funds to a program that already has been started could result in lost revenue and increase our overall costs of doing business.

Generally, U.S. Government contracts are subject to oversight audits by U.S. Government representatives. Such audits could result in adjustments to our contract costs. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and such costs already reimbursed must be refunded. We have recorded contract revenues based upon costs we expect to realize upon final audit. However, we do not know the outcome of any future audits and adjustments and we may be required to materially reduce our revenues or profits upon completion and final negotiation of audits. Negative audit findings could also result in termination of a contract, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business with the U.S. Government.

In addition, U.S. Government contracts generally contain provisions permitting termination, in whole or in part, without prior notice at the U.S. Government's convenience upon the payment only for work done and commitments made at the time of termination. We can give no assurance that one or more of our U.S. Government contracts will not be terminated under these circumstances. Also, we can give no assurance that we would be able to procure new contracts to offset the revenue or backlog lost as a result of any termination of our U.S. Government contracts. Because a significant portion of our revenue is dependent on our performance and payment under our U.S. Government contracts, the loss of one or more large contracts could have a material adverse impact on our financial condition.

Our government business also is subject to specific procurement regulations and a variety of socio-economic and other requirements. These requirements, although customary in U.S. Government contracts, increase our performance and compliance costs. These costs might increase in the future, thereby reducing our margins, which could have an adverse effect on our financial condition. Failure to comply with these regulations and requirements could lead to suspension or debarment from U.S. Government contracting or subcontracting for a period of time. Among the causes

for debarment are violations of various laws, including those related to procurement integrity, export control, U.S. Government security regulations, employment practices, protection of the environment, accuracy of records, proper recording of costs and foreign corruption. The termination of a U.S. Government contract or relationship as a result of any of these acts would have an adverse impact on our operations and could have an adverse effect on our standing and eligibility for future U.S. Government contracts.

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We enter into fixed-price contracts that could subject us to losses in the event of cost overruns or a significant increase in inflation.

We have a number of firm fixed-price contracts. In fiscal 2010 and fiscal 2009, approximately 38 percent and 36 percent, respectively, of the total combined revenue of our RF Communications and Government Communications Systems segments was from fixed-price contracts. These contracts allow us to benefit from cost savings, but they carry the risk of potential cost overruns because we assume all of the cost burden. If our initial estimates are incorrect, we can lose money on these contracts. U.S. Government contracts can expose us to potentially large losses because the U.S. Government can hold us responsible for completing a project or, in certain circumstances, paying the entire cost of its replacement by another provider regardless of the size or foreseeability of any cost overruns that occur over the life of the contract. Because many of these contracts involve new technologies and applications and can last for years, unforeseen events, such as technological difficulties, fluctuations in the price of raw materials, problems with our suppliers and cost overruns, can result in the contractual price becoming less favorable or even unprofitable to us over time. The United States also may experience a significant increase in inflation. A significant increase in inflation rates could have a significant adverse impact on the profitability of these contracts. Furthermore, if we do not meet contract deadlines or specifications, we may need to renegotiate contracts on less favorable terms, be forced to pay penalties or liquidated damages or suffer major losses if the customer exercises its right to terminate. In addition, some of our contracts have provisions relating to cost controls and audit rights, and if we fail to meet the terms specified in those contracts we may not realize their full benefits. Our results of operations are dependent on our ability to maximize our earnings from our contracts. Cost overruns could have an adverse impact on our financial results. The potential impact of such risk on our financial results would increase if the mix of our contracts and programs shifted toward a greater percentage of firm fixed-price contracts.

We derive a significant portion of our revenue from international operations and are subject to the risks of doing business internationally, including fluctuations in currency exchange rates.

We are dependent on sales to customers outside the United States. In fiscal 2010, fiscal 2009 and fiscal 2008, revenue from products exported from the U.S. or manufactured abroad was 14 percent, 20 percent and 17 percent, respectively, of our total revenue. Approximately 41 percent of our international business in fiscal 2010 was transacted in local currency. Losses resulting from currency rate fluctuations can adversely affect our results. We expect that international revenue will continue to account for a significant portion of our total revenue. Also, a significant portion of our international revenue is in less-developed countries. We are subject to risks of doing business internationally, including:

- Currency exchange controls, fluctuations of currency and currency revaluations;
- The laws, regulations and policies of foreign governments relating to investments and operations, as well as U.S. laws affecting the activities of U.S. companies abroad, including the Foreign Corrupt Practices Act;
- Changes in regulatory requirements, including imposition of tariffs or embargoes, export controls and other trade restrictions;
- Uncertainties and restrictions concerning the availability of funding, credit or guarantees;
- The complexity and necessity of using international dealers, distributors, sales representatives and consultants;
- The difficulty of managing an organization doing business in many countries;
- Import and export licensing requirements and regulations, as well as unforeseen changes in export regulations;
- Uncertainties as to local laws and enforcement of contract and intellectual property rights and occasional requirements for onerous contract clauses; and
- Rapid changes in government, economic and political policies, political or civil unrest, acts of terrorism or the threat of international boycotts or U.S. anti-boycott legislation.

Our reputation and ability to do business may be impacted by the improper conduct of our employees, agents or business partners.

We have implemented extensive compliance controls, policies and procedures designed to prevent reckless or criminal acts from being committed by our employees, agents or business partners that would violate the laws of the jurisdictions in which we operate, including laws governing payments to government officials (such as the Foreign Corrupt Practices Act), and to detect any such reckless or criminal acts committed. We cannot ensure, however, that our controls, policies and procedures will prevent or detect all such reckless or criminal acts. If not prevented, such reckless or criminal acts could subject us to civil or criminal investigations and monetary and non-monetary

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penalties and could have a material adverse effect on our ability to conduct business, our results of operations and our reputation.

We may not be successful in obtaining the necessary export licenses to conduct certain operations abroad, and Congress may prevent proposed sales to certain foreign governments.

We must first obtain export and other licenses and authorizations from various U.S. Government agencies before we are permitted to sell certain products and technologies outside of the United States. For example, the U.S. Department of State must notify Congress at least 15-60 days, depending on the size and location of the sale, prior to authorizing certain sales of defense equipment and services to foreign governments. During that time, Congress may take action to block the proposed sale. We can give no assurance that we will continue to be successful in obtaining the necessary licenses or authorizations or that Congress will not prevent or delay certain sales. Any significant impairment of our ability to sell products or technologies outside of the United States could negatively impact our results of operations and financial condition.

Our future success will depend on our ability to develop new products and technologies that achieve market acceptance in our current and future markets.

Both our commercial and government businesses are characterized by rapidly changing technologies and evolving industry standards. Accordingly, our performance depends on a number of factors, including our ability to:

- Identify emerging technological trends in our current and target markets;
- Develop and maintain competitive products;
- Enhance our offerings by adding innovative hardware, software or other features that differentiate our products from those of our competitors; and
- Develop, manufacture and bring cost-effective offerings to market quickly.

We believe that, in order to remain competitive in the future, we will need to continue to develop new products and technologies, requiring the investment of significant financial resources. The need to make these expenditures could divert our attention and resources from other projects, and we cannot be sure that these expenditures ultimately will lead to the timely development of new products or technologies. Due to the design complexity of some of our products and technologies, we may experience delays in completing development and introducing new products or technologies in the future. Any delays could result in increased costs of development or redirect resources from other projects. In addition, we cannot provide assurances that the markets for our products or technologies will develop as we currently anticipate. The failure of our products or technologies to gain market acceptance could significantly reduce our revenue and harm our business. Furthermore, we cannot be sure that our competitors will not develop competing products or technologies that gain market acceptance in advance of our products or technologies, or that our competitors will not develop new products or technologies that cause our existing products or technologies to become non-competitive or obsolete, which could adversely affect our results of operations. The future direction of the domestic and global economies, including its impact on customer demand, also will have a significant impact on our overall performance.

We participate in markets that are often subject to uncertain economic conditions, which makes it difficult to estimate growth in our markets and, as a result, future income and expenditures.

We participate in U.S. and international markets that are subject to uncertain economic conditions. As a result, it is difficult to estimate the level of growth in the markets in which we participate. Because all components of our budgeting and forecasting are dependent upon estimates of growth in the markets we serve, the uncertainty renders estimates of future income and expenditures even more difficult. As a result, we may make significant investments and expenditures but never realize the anticipated benefits.

We cannot predict the consequences of future geo-political events, but they may adversely affect the markets in which we operate, our ability to insure against risks, our operations or our profitability.

Ongoing instability and current conflicts in the Middle East and Asia and the potential for further conflicts and future terrorist activities and other recent geo-political events throughout the world have created economic and political uncertainties that could have a material adverse effect on our business, operations and profitability. These matters cause uncertainty in the world's financial and insurance markets and may increase significantly the political, economic and social instability in the geographic areas in which we operate. These matters also have caused the premiums charged for our insurance coverages to increase and may cause further increases or some coverages to be unavailable altogether.

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We have made, and may continue to make, strategic acquisitions that involve significant risks and uncertainties.

We have made, and we may continue to make, strategic acquisitions that involve significant risks and uncertainties. These risks and uncertainties include:

- Difficulty in identifying and evaluating potential acquisitions, including the risk that our due diligence does not identify or fully assess valuation issues, potential liabilities or other acquisition risks;
- Difficulty in integrating newly acquired businesses and operations in an efficient and cost-effective manner and the risk that we encounter significant unanticipated costs or other problems associated with integration;
- Challenges in achieving strategic objectives, cost savings and other benefits expected from acquisitions;
- Risk that our markets do not evolve as anticipated and that the strategic acquisitions do not prove to be those needed to be successful in those markets;
- Risk that we assume significant liabilities that exceed the limitations of any applicable indemnification provisions or the financial resources of any indemnifying parties;
- Potential loss of key employees of the acquired businesses; and
- Risk of diverting the attention of senior management from our existing operations.

Disputes with our subcontractors and the inability of our subcontractors to perform, or our key suppliers to timely deliver our components, parts or services, could cause our products or services to be produced or delivered in an untimely or unsatisfactory manner.

On many of our contracts, we engage subcontractors. We may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontract, our failure to extend existing task orders or issue new task orders under a subcontract, our hiring of the personnel of a subcontractor or vice versa or the subcontractor's failure to comply with applicable law. In addition, there are certain parts, components and services for many of our products and services which we source from other manufacturers or vendors. Some of our suppliers, from time to time, experience financial and operational difficulties, which may impact their ability to supply the materials, components, subsystems and services that we require. Any inability to develop alternative sources of supply on a cost-effective and timely basis could materially impair our ability to manufacture and deliver products and services to our customers. We can give no assurances that we will be free from disputes with our subcontractors, material supply problems or component, subsystems or services problems in the future. Also, our subcontractors and other suppliers may not be able to acquire or maintain the quality of the materials, components, subsystems and services they supply, which might result in greater product returns, service problems and warranty claims and could harm our business, financial condition and results of operations.

Third parties have claimed in the past and may claim in the future that we are infringing directly or indirectly upon their intellectual property rights, and third parties may infringe upon our intellectual property rights.

Many of the markets we serve are characterized by vigorous protection and pursuit of intellectual property rights, which often has resulted in protracted and expensive litigation. Third parties have claimed in the past and may claim in the future that we are infringing directly or indirectly upon their intellectual property rights, and we may be found to be infringing or to have infringed directly or indirectly upon those intellectual property rights. Claims of intellectual property infringement might also require us to enter into costly royalty or license agreements. Moreover, we may not be able to obtain royalty or license agreements on terms acceptable to us, or at all. We also may be subject to significant damages or injunctions against development and sale of certain of our products. Our success depends in large part on our proprietary technology. We rely on a combination of patents, copyrights, trademarks, trade secrets, know-how, confidentiality provisions and licensing arrangements to establish and protect our intellectual property rights. If we fail to successfully protect and enforce these rights, our competitive position could suffer. Our pending patent and trademark registration applications may not be allowed, or competitors may challenge the validity or scope of our patents or trademark registrations. In addition, our patents may not provide us a significant competitive advantage. We may be required to spend significant resources to monitor and police our intellectual property rights. We may not be able to detect infringement and our competitive position may be harmed before we do so. In addition,

competitors may design around our technology or develop competing technologies.

The outcome of litigation or arbitration in which we are involved is unpredictable and an adverse decision in any such matter could have a material adverse effect on our financial condition and results of operations.

We are defendants in a number of litigation matters and, from time to time, are involved in a number of arbitrations. These actions may divert financial and management resources that would otherwise be used to benefit our operations. No assurances can be given that the results of these or new matters will be favorable to us. An

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adverse resolution of lawsuits or arbitrations could have a material adverse effect on our financial condition and results of operations.

We face certain significant risk exposures and potential liabilities that may not be covered adequately by insurance or indemnity.

We are exposed to liabilities that are unique to the products and services we provide. A significant portion of our business relates to designing, developing and manufacturing advanced defense and technology systems and products. New technologies associated with these systems and products may be untested or unproven. Components of certain of the defense systems and products we develop are inherently dangerous. Failures of satellites, missile systems, air traffic control systems, homeland security applications and aircraft have the potential to cause loss of life and extensive property damage. In most circumstances, we may receive indemnification from the U.S. Government. While we maintain insurance for certain risks, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs from an accident or incident. It also is not possible to obtain insurance to protect against all operational risks and liabilities. Substantial claims resulting from an incident in excess of U.S. Government indemnity and our insurance coverage could harm our financial condition, operating results and cash flows. Moreover, any accident or incident for which we are liable, even if fully insured, could negatively affect our standing among our customers and the public, thereby making it more difficult for us to compete effectively, and could significantly impact the cost and availability of adequate insurance in the future.

Changes in our effective tax rate may have an adverse effect on our results of operations.

Our future effective tax rate may be adversely affected by a number of factors including:

- The jurisdictions in which profits are determined to be earned and taxed;
- Adjustments to estimated taxes upon finalization of various tax returns;
- Increases in expenses not fully deductible for tax purposes, including write-offs of acquired in-process research and development and impairment of goodwill in connection with acquisitions;
- Changes in available tax credits;
- Changes in share-based compensation expense;
- Changes in the valuation of our deferred tax assets and liabilities;
- Changes in domestic or international tax laws or the interpretation of such tax laws; and
- The resolution of issues arising from tax audits with various tax authorities.

Any significant increase in our future effective tax rates could adversely impact our results of operations for future periods.

The effects of the recent recession in the United States and general downturn in the global economy could have an adverse impact on our business, operating results or financial condition.

The United States economy has recently experienced a recession and there has been a general downturn in the global economy. Although governments worldwide, including the U.S. Government, have initiated sweeping economic plans, we are unable to predict the impact, severity and duration of these economic events. The continuing effects of the recent recession or a worsening of economic conditions could have an adverse impact on our business, operating results or financial condition in a number of ways. Possible effects of these economic events include the following:

- The U.S. Government could reprioritize its spending away from the government programs in which we participate;
- We may experience declines in revenues, profitability and cash flows as a result of reduced orders, payment delays or other factors caused by the economic problems of our customers and prospective customers (including U.S. state and local governments);

We may experience supply chain delays, disruptions or other problems associated with financial constraints faced by our suppliers and subcontractors; and

We may incur increased costs or experience difficulty with future borrowings under our commercial paper program or credit facilities or in the debt markets, or otherwise with financing our operating, investing (including any future acquisitions) or financing activities.

We have significant operations in Florida and other locations that could be materially and adversely impacted in the event of a natural disaster or other significant disruption.

Our corporate headquarters and significant operations of our Government Communications Systems segment are located in Florida, where major hurricanes have occurred. Our worldwide operations could be subject to natural

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disasters or other significant disruptions, including hurricanes, typhoons, tsunamis, floods, earthquakes, fires, water shortages, other extreme weather conditions, medical epidemics, acts of terrorism, power shortages and blackouts, telecommunications failures, cyber attacks and other natural and manmade disasters or disruptions. In the event of such a natural disaster or other disruption, we could experience disruptions or interruptions to our operations or the operations of our suppliers, subcontractors, distributors, resellers or customers; destruction of facilities; and/or loss of life, all of which could materially increase our costs and expenses and materially adversely affect our business, financial condition and results of operations.

We could be negatively impacted by a security breach, through cyber attack, cyber intrusion or otherwise, or other significant disruption of our IT networks and related systems or of those we operate for certain of our customers.

We face the risk, as does any company, of a security breach, whether through cyber attack or cyber intrusion over the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization, or with persons with access to systems inside our organization, or other significant disruption of our IT networks and related systems. We face an added risk of a security breach or other significant disruption of the IT networks and related systems that we develop, install, operate and maintain for certain of our customers, which may involve managing and protecting information relating to national security and other sensitive government functions. The risk of a security breach or disruption, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. As a communications and IT company, and particularly as a government contractor, we face a heightened risk of a security breach or disruption from threats to gain unauthorized access to our and our customers' proprietary or classified information on our IT networks and related systems and to the IT networks and related systems that we operate and maintain for certain of our customers. These types of information and IT networks and related systems are critical to the operation of our business and essential to our ability to perform day-to-day operations, and in some cases are critical to the operations of certain of our customers. Although we make significant efforts to maintain the security and integrity of these types of information and IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because attempted security breaches, particularly cyber attacks and intrusions, or disruptions will occur in the future, and because the techniques used in such attempts are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible for us to entirely mitigate this risk. A security breach or other significant disruption involving these types of information and IT networks and related systems could:

- Disrupt the proper functioning of these networks and systems and therefore our operations and/or those of certain of our customers;
- Result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of ours or our customers, including trade secrets, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;
- Compromise national security and other sensitive government functions;
- Require significant management attention and resources to remedy the damages that result;
- Subject us to claims for contract breach, damages, credits, penalties or termination; or
- Damage our reputation among our customers (particularly agencies of the U.S. Government and potential customers of our Cyber Integrated Solutions business) and the public generally,

Any or all of which could have a negative impact on our results of operations, financial condition and cash flows.

We rely on third parties to provide satellite bandwidth for our managed satellite communications services, and any bandwidth constraints could harm our business, financial condition and results of operations.

In our managed satellite communications services business, we compete for satellite bandwidth with other commercial entities, such as other satellite communications services providers and broadcasting companies, and with governmental entities, such as the military. In certain markets and at certain times, satellite bandwidth may be limited and/or pricing of satellite bandwidth could be subject to competitive pressure. In such cases, we may be

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unable to secure sufficient bandwidth needed to provide our managed satellite communications services, either at favorable rates or at all. This inability could harm our business, financial condition and results of operations.

Changes in future business conditions could cause business investments and/or recorded goodwill to become impaired, resulting in substantial losses and write-downs that would reduce our results of operations.

As part of our overall strategy, we will, from time to time, acquire a minority or majority interest in a business. These investments are made upon careful analysis and due diligence procedures designed to achieve a desired return or strategic objective. These procedures often involve certain assumptions and judgment in determining acquisition price. After acquisition, unforeseen issues could arise which adversely affect the anticipated returns or which are otherwise not recoverable as an adjustment to the purchase price. Even after careful integration efforts, actual operating results may vary significantly from initial estimates. Goodwill accounts for approximately 33 percent of our recorded total assets as of July 2, 2010. We evaluate the recoverability of recorded goodwill amounts annually, as well as when we change reporting segments and when events or circumstances indicate there may be an impairment. The annual impairment test is based on several factors requiring judgment. Principally, a decrease in expected reporting segment cash flows or changes in market conditions may indicate potential impairment of recorded goodwill. For additional information on accounting policies we have in place for goodwill impairment, see our discussion under **Critical Accounting Policies and Estimates** in **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations** of this Report and *Note 1: Significant Accounting Policies* and *Note 22: Impairment of Goodwill and Other Long-Lived Assets* in the Notes.

We must attract and retain key employees, and failure to do so could seriously harm us.

Our business has a continuing need to attract significant numbers of skilled personnel, including personnel holding security clearances, to support our growth and to replace individuals who have terminated employment due to retirement or for other reasons. To the extent that the demand for qualified personnel exceeds supply, as has been the case from time to time in recent years, we could experience higher labor, recruiting or training costs in order to attract and retain such employees, or could experience difficulties in performing under our contracts if our needs for such employees were unmet.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

We have no unresolved comments from the SEC.

ITEM 2. PROPERTIES.

Our principal executive offices are located at owned facilities in Melbourne, Florida. As of July 2, 2010, we operated approximately 138 locations in the United States, Canada, Europe, Central and South America and Asia, consisting of about 7.5 million square feet of manufacturing, administrative, research and development, warehousing, engineering and office space, of which approximately 5.1 million square feet were owned and approximately 2.4 million square feet were leased. There are no material encumbrances on any of our facilities. Our leased facilities are, for the most part, occupied under leases for remaining terms ranging from one month to 10 years, a majority of which can be terminated or renewed at no longer than five-year intervals at our option. As of July 2, 2010, we had major operations at the following locations:

RF Communications Rochester, New York; Henrietta, New York; Lynchburg, Virginia; Forest, Virginia; Chelmsford, Massachusetts; and Columbia, Maryland.

Government Communications Systems Palm Bay, Florida; Melbourne, Florida; Malabar, Florida; Harrisonburg, Virginia; Chantilly, Virginia; Dulles, Virginia; Largo, Maryland; Alexandria, Virginia; Herndon, Virginia; Colorado Springs, Colorado; Calgary, Canada; Falls Church, Virginia; Annapolis Junction, Maryland; and Bellevue, Nebraska.

Broadcast Communications Quincy, Illinois; Mason, Ohio; Toronto, Canada; Englewood, Colorado; Pottstown, Pennsylvania; Waterloo, Canada; and Los Angeles, California.

Corporate Melbourne, Florida and Winnerish, United Kingdom.

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The following is a summary of the approximate floor space of our offices and facilities in productive use, by segment, at July 2, 2010 (in millions):

Segment	Approximate Sq. Ft. Total Owned	Approximate Sq. Ft. Total Leased	Total
RF Communications	1.4	0.9	2.3
Government Communications Systems	2.8	1.0	3.8
Broadcast Communications	0.5	0.4	0.9
Corporate	0.4	0.1	0.5
Total	5.1	2.4	7.5

In the opinion of management, our facilities, whether owned or leased, are suitable and adequate for their intended purposes and have capacities adequate for current and projected needs. While we have some unused or under-utilized facilities, they are not considered significant. The facilities owned by our RF Communications segment include a recently acquired manufacturing facility located in Henrietta, New York that, as of July 2, 2010, was undergoing construction for anticipated use beginning in early fiscal 2012. We frequently review our anticipated requirements for facilities and will, from time to time, acquire additional facilities, expand existing facilities, and dispose of existing facilities or parts thereof, as management deems necessary. For more information about our lease obligations, see *Note 18: Lease Commitments* in the Notes. Our facilities and other properties are generally maintained in good operating condition.

ITEM 3. LEGAL PROCEEDINGS.

General. From time to time, as a normal incident of the nature and kind of businesses in which we are, and were, engaged, various claims or charges are asserted and litigation or arbitration is commenced by or against us arising from or related to matters, including, but not limited to: product liability; personal injury; patents, trademarks, trade secrets or other intellectual property; labor and employee disputes; commercial or contractual disputes; the sale or use of products containing asbestos or other restricted materials; breach of warranty; or environmental matters. Claimed amounts against us may be substantial but may not bear any reasonable relationship to the merits of the claim or the extent of any real risk of court or arbitral awards. We record accruals for losses related to those matters against us that we consider to be probable and that can be reasonably estimated. Gain contingencies, if any, are recognized when they are realized and legal costs generally are expensed when incurred. While it is not feasible to predict the outcome of these matters with certainty, and some lawsuits, claims or proceedings may be disposed of or decided unfavorably to us, based upon available information, in the opinion of management, settlements, arbitration awards and final judgments, if any, which are considered probable of being rendered against us in litigation or arbitration in existence at July 2, 2010 are reserved against, covered by insurance or would not have a material adverse effect on our financial condition, results of operations or cash flows.

U.S. Government Business. U.S. Government contractors, such as us, are engaged in supplying goods and services to the U.S. Government and its various agencies. We are therefore dependent on Congressional appropriations and administrative allotment of funds and may be affected by changes in U.S. Government policies. U.S. Government contracts typically involve long lead times for design and development, are subject to significant changes in contract scheduling and may be unilaterally modified or cancelled by the U.S. Government. Often these contracts call for successful design and production of complex and technologically advanced products or systems. We may participate

in supplying goods and services to the U.S. Government as either a prime contractor or as a subcontractor to a prime contractor. Disputes may arise between the prime contractor and the U.S. Government and the prime contractor and its subcontractors and may result in litigation or arbitration between the contracting parties.

Generally, U.S. Government contracts are subject to procurement laws and regulations, including the Federal Acquisition Regulation (FAR), which outline uniform policies and procedures for acquiring goods and services by the U.S. Government, and specific agency acquisition regulations that implement or supplement the FAR, such as the Defense Federal Acquisition Regulations. As a U.S. Government contractor, our contract costs are audited and reviewed on a continuing basis by the Defense Contract Audit Agency (DCAA). The DCAA also reviews the adequacy of, and a U.S. Government contractor's compliance with, the contractor's internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems. In addition to these routine audits, from time to time, we may, either individually or in conjunction with other U.S. Government contractors, be the subject of audits and investigations by other agencies of the U.S. Government. These audits and investigations are conducted to determine if our performance and administration of our U.S. Government contracts are compliant with applicable contractual requirements and procurement and other

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applicable Federal laws and regulations. These investigations may be conducted without our knowledge. We are unable to predict the outcome of such investigations or to estimate the amounts of resulting claims or other actions that could be instituted against us, our officers or employees. Under present U.S. Government procurement laws and regulations, if indicted or adjudged in violation of procurement or other Federal laws, a contractor, such as us, or one or more of our operating divisions or subdivisions, could be subject to fines, penalties, repayments, or compensatory or treble damages. U.S. Government regulations also provide that certain findings against a contractor may lead to suspension or debarment from eligibility for awards of new U.S. Government contracts for up to three years. Suspension or debarment would have a material adverse effect on us because of our reliance on U.S. Government contracts. In addition, our export privileges could be suspended or revoked. Suspension or revocation of our export privileges also would have a material adverse effect on us. For further discussion of risks relating to U.S. Government contracts, see Item 1A. Risk Factors of this Report.

International. As an international company, we are, from time to time, the subject of investigations relating to our international operations, including under the U.S. export control laws, the U.S. Foreign Corrupt Practices Act and similar U.S. and international laws.

Environmental. We are subject to numerous U.S. Federal, state and international environmental laws and regulatory requirements and are involved from time to time in investigations or litigation of various potential environmental issues concerning activities at our facilities or former facilities or remediation as a result of past activities (including past activities of companies we have acquired). From time to time, we receive notices from the U.S. Environmental Protection Agency or equivalent state or international environmental agencies that we are a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act (commonly known as the Superfund Act) and/or equivalent laws. Such notices assert potential liability for cleanup costs at various sites, which include sites owned by us, sites we previously owned and treatment or disposal sites not owned by us, allegedly containing hazardous substances attributable to us from past operations. We own, previously owned or are currently named as a potentially responsible party at 14 such sites, excluding sites as to which our records disclose no involvement or as to which our liability has been finally determined. While it is not feasible to predict the outcome of many of these proceedings, in the opinion of our management, any payments we may be required to make as a result of such claims in existence at July 2, 2010 will not have a material adverse effect on our financial condition, results of operations or cash flows. Additional information regarding environmental matters is set forth in *Note 1: Significant Accounting Policies* in the Notes, which Note is incorporated herein by reference, and in Item 1. Business Environmental and Other Regulations of this Report.

HSTX Securities Litigation. HSTX and certain of its current and former officers and directors, including certain current Harris officers, were named as defendants in a federal securities class action complaint filed on September 15, 2008 in the United States District Court for the District of Delaware by plaintiff Norfolk County Retirement System on behalf of an alleged class of purchasers of HSTX securities from January 29, 2007 to July 30, 2008, including shareholders of Stratex Networks, Inc. (Stratex) who exchanged shares of Stratex for shares of HSTX as part of the combination between Stratex and our former Microwave Communications Division to form HSTX. Similar complaints were filed in the United States District Court for the District of Delaware on October 6, 2008 and October 30, 2008. The complaints were consolidated in a slightly expanded complaint filed on July 29, 2009 that, among other things, added Harris Corporation as a defendant. This action relates to public disclosures made by HSTX on January 30, 2007 and July 30, 2008, which included the restatement of HSTX's financial statements for the first three fiscal quarters of its fiscal 2008 (the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007) and for its fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005 due to accounting errors. The consolidated complaint alleged violations of Section 10(b) and Section 20(a) of the Exchange Act and of Rule 10b-5 promulgated thereunder, as well as violations of Section 11 and Section 15 of the Securities Act, and sought, among other relief, determinations that the action is a proper class action, unspecified compensatory damages and reasonable attorneys' fees and costs. We believe that the defendants have meritorious defenses to these actions and the defendants

intend to defend the litigation vigorously.

Table of Contents**ITEM 4. (REMOVED AND RESERVED).****EXECUTIVE OFFICERS OF THE REGISTRANT**

The name, age, position held with us, and principal occupation and employment during at least the past 5 years for each of our executive officers as of August 27, 2010, are as follows:

Name and Age	Position Currently Held and Past Business Experience
Howard L. Lance, 54	Chairman of the Board, President and Chief Executive Officer since June 2003. President and Chief Executive Officer from February 2003 to June 2003. Formerly President of NCR Corporation and Chief Operating Officer of its Retail and Financial Group from July 2001 to October 2002. Prior to July 2001, Mr. Lance served for 17 years with Emerson Electric Company, where he held increasingly senior management positions with different divisions of the company, and was named Executive Vice President for Emerson's Electronics and Telecommunications businesses in 1999. Mr. Lance is a director of Stryker Corporation and Eastman Chemical Company.
Robert K. Henry, 63	Executive Vice President since June 2010. Executive Vice President and Chief Operating Officer from May 2007 to May 2010. Executive Vice President from July 2006 to May 2007. Senior Vice President from March 2003 to July 2006. President Government Communications Systems Division from July 1999 to May 2007. Vice President General Manager of the Communications Systems Division of the Electronic Systems Sector from 1997 to 1999. Formerly with Sanders, a Lockheed Martin company from 1995 to 1997, in various positions of increasing responsibility, including Vice President of Engineering and Vice President General Manager, Information Systems Division. Technical Operations Director, Martin Marietta, from 1993 to 1995. Business Interface South Manager, GE Aerospace, from 1990 to 1993.
Daniel R. Pearson, 58	Executive Vice President and Chief Operating Officer since June 2010. Group President, Government Communications Systems from July 2008 to May 2010. Group President, Defense Communications and Electronics from May 2007 to June 2008. Group President Defense Communications from July 2006 to May 2007. President Department of Defense Programs, Government Communications Systems Division from November 2003 to July 2006. President Network Support Division from June 2000 to November 2003. Mr. Pearson joined Harris in 1977.
Gary L. McArthur, 50	Senior Vice President and Chief Financial Officer since September 2008. Vice President and Chief Financial Officer from March 2006 to September 2008. Vice President Finance and Treasurer from January 2005 to March 2006. Vice President Corporate Development from January 2001 to January 2005. Director Corporate Development from March 1997 to December 2000. Formerly, Chief Financial Officer of 3D/EYE Inc. from 1996 to 1997. Executive Director Mexico, Nextel from 1995 to 1996. Director Mergers and Acquisitions, Nextel from 1993 to 1995. Prior to 1993, Mr. McArthur held various positions with Lehman Brothers, Inc., Cellcom Corp. and Deloitte & Touche.
Jeffrey S. Shuman, 56	Senior Vice President, Human Resources and Corporate Relations since June 2010. Vice President, Human Resources and Corporate Relations from August 2005 to May 2010. Formerly with Northrop Grumman as Vice President of Human Resources and Administration, Information Technology Sector from March 2001 to

Eugene S. Cavallucci, 63

August 2005; and Senior Vice President of Human Resources Information Systems Group, Litton Inc. from September 1999 to March 2001. Prior to that, with Honeywell International/Allied Signal Corporation as Vice President Human Resources for Allied Signal's technical services business from February 1997 to September 1999 and Director, Human Resources, Allied Signal from January 1995 to February 1997. President, Management Recruiters International of Orange County from 1994 to 1995. Prior to 1994, Mr. Shuman held various positions with Avon Products, Inc.

Vice President, General Counsel since October 2004. Vice President Counsel, Government Operations and Director of Business Conduct from July 1999 to October 2004. Vice President Sector Counsel from August 1992 to June 1999. Mr. Cavallucci joined Harris in 1990.

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Name and Age	Position Currently Held and Past Business Experience
Sheldon J. Fox, 51	Group President, Government Communications Systems since June 2010. President, National Intelligence Programs, Government Communications Systems from December 2007 to May 2010. President, Defense Programs, Government Communications Systems from May 2007 to December 2007. Vice President and General Manager, Department of Defense Programs, Government Communications Systems Division from July 2006 to April 2007. Vice President of Programs, Department of Defense Communications Systems, Government Communications Systems Division from July 2005 to June 2006. Mr. Fox joined Harris in 1984.
Dana A. Mehnert, 48	Group President, RF Communications since May 2009. President, RF Communications from July 2006 to May 2009. Vice President and General Manager Government Products Business, RF Communications from July 2005 to July 2006. Vice President and General Manager Business Development and Operations, RF Communications from January 2005 to July 2005. Vice President Defense Operations, RF Communications from January 2004 to January 2005. Vice President International Operations, RF Communications from November 2001 to January 2004. Vice President/Managing Director International Government Sales Operations for Harris regional sales organization from September 1999 to November 2001. Vice President Marketing and International Sales, RF Communications from August 1997 to September 1999. Vice President Worldwide Marketing, RF Communications from July 1996 to July 1997. Vice President International Sales, RF Communications from November 1995 to June 1996. Mr. Mehnert joined Harris in 1984.
Lewis A. Schwartz, 47	Vice President, Principal Accounting Officer since October 2006. Principal Accounting Officer from October 2005 to October 2006. Assistant Controller from October 2003 to October 2005. Director, Corporate Accounting from August 1999 to October 2003. Director, Corporate Planning from January 1997 to August 1999. Mr. Schwartz joined Harris in 1992. Formerly, Mr. Schwartz was with Ernst & Young LLP from 1986 to 1992.

There is no family relationship between any of our executive officers or directors, and there are no arrangements or understandings between any of our executive officers or directors and any other person pursuant to which any of them was appointed or elected as an officer or director, other than arrangements or understandings with our directors or officers acting solely in their capacities as such. All of our executive officers are elected annually and serve at the pleasure of our Board of Directors.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information and Price Range of Common Stock

Our common stock, par value \$1.00 per share, is listed and traded on the NYSE, under the ticker symbol HRS. According to the records of our transfer agent, as of August 27, 2010, there were approximately 6,113 holders of record of our common stock. The high and low sales prices of our common stock as reported on the NYSE consolidated transactions reporting system and the dividends paid on our common stock for each quarterly period in our last two fiscal years are reported below:

	High	Low	Cash Dividends
Fiscal 2010			
First Quarter	\$ 39.42	\$ 26.11	\$ 0.22
Second Quarter	\$ 48.25	\$ 35.88	0.22
Third Quarter	\$ 49.67	\$ 42.67	0.22
Fourth Quarter	\$ 54.50	\$ 40.24	0.22
			\$ 0.88
Fiscal 2009			
First Quarter	\$ 55.00	\$ 42.00	\$ 0.20
Second Quarter	\$ 47.52	\$ 27.56	0.20
Third Quarter	\$ 45.25	\$ 27.38	0.20
Fourth Quarter	\$ 32.22	\$ 27.22	0.20
			\$ 0.80

On August 27, 2010, the last sale price of our common stock as reported in the NYSE consolidated transactions reporting system was \$42.87 per share.

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Dividends

The cash dividends paid on our common stock for each quarter in our last two fiscal years are set forth in the tables above. On August 28, 2010, our Board of Directors increased the quarterly cash dividend rate on our common stock from \$.22 per share to \$.25 per share, for an annualized cash dividend rate of \$1.00 per share and declared a quarterly cash dividend of \$.25 per share, which will be paid on September 17, 2010 to holders of record on September 8, 2010. Our annualized cash dividend rate was \$.88 per share, \$.80 per share and \$.60 per share in fiscal 2010, fiscal 2009 and fiscal 2008, respectively. Quarterly cash dividends are typically paid in March, June, September and December. We currently expect that cash dividends will continue to be paid in the near future, but we can give no assurances. The declaration of dividends and the amount thereof will depend on a number of factors, including our financial condition, capital requirements, results of operations, future business prospects and other factors that our Board of Directors may deem relevant.

Harris Stock Performance Graph

The following performance graph and table do not constitute soliciting material and the performance graph and table should not be deemed filed or incorporated by reference into any other previous or future filings by us under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate the performance graph and table by reference therein.

The performance graph and table below compare the five-year cumulative total return of our common stock with the comparable five-year cumulative total returns of the Standard & Poor's 500 Composite Stock Index (S&P 500), the Standard & Poor's 500 Information Technology Sector Index (S&P 500 Information Technology) and the Standard & Poor's 500 Aerospace & Defense Index (S&P 500 Aerospace & Defense). The figures in the performance graph and table below assume an initial investment of \$100 at the close of business on July 1, 2005 in Harris, the S&P 500, the S&P 500 Information Technology and the S&P 500 Aerospace & Defense and the reinvestment of all dividends, including, with respect to our common stock, the Spin-off dividend. For purposes of calculating the cumulative total return of our common stock, the then-current market value of the HSTX shares distributed in the Spin-off was deemed to have been reinvested on the May 27, 2009 Spin-off date in shares of our common stock.

We have included the S&P 500 because we are a company within the S&P 500, and we have included the S&P 500 Information Technology as a relevant published industry index. In addition, we have included the S&P 500 Aerospace & Defense because we believe that this index is representative of certain other companies competing with us or otherwise participating in markets we serve, and therefore may also provide a fair basis for comparison with us and be relevant to an assessment of our performance.

Table of Contents**COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN AMONG
HARRIS, S&P 500, S&P 500 INFORMATION TECHNOLOGY AND S&P 500 AEROSPACE & DEFENSE**

HARRIS FISCAL YEAR END	2005	2006	2007	2008	2009	2010
Harris	\$100	132	175	166	99	146
S&P 500	\$100	108	131	113	82	95
S&P 500 Information Technology	\$100	101	127	119	94	110
S&P 500 Aerospace & Defense	\$100	120	149	131	97	122

Sales of Unregistered Securities

During fiscal 2010, we did not issue or sell any unregistered securities.

Issuer Purchases of Equity Securities

During fiscal 2010, we repurchased 4,779,411 shares of our common stock under our repurchase program at an average price per share of \$41.81, excluding commissions. During fiscal 2009, we repurchased 2,722,438 shares of our common stock under our repurchase program at an average price per share of \$45.88, excluding commissions. The level of our repurchases depends on a number of factors, including our financial condition, capital requirements, results of operations, future business prospects and other factors that our Board of Directors may deem relevant. The timing, volume and nature of share repurchases are subject to market conditions, applicable securities laws and other factors and are at our discretion and may be suspended or discontinued at any time. Shares repurchased by us are cancelled and retired.

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The following table sets forth information with respect to repurchases by us of our common stock during the fiscal quarter ended July 2, 2010:

Period*	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (1)	Maximum approximate dollar value of shares that may yet be purchased under the plans or programs (1)
Month No. 1 (April 3, 2010 – April 30, 2010)				
Repurchase programs (1)	None	n/a	None	\$ 500,501,229
Employee transactions (2)	10,145	\$ 49.49	n/a	n/a
Month No. 2 (May 1, 2010 – May 28, 2010)				
Repurchase programs (1)	1,075,639	\$ 46.46	1,075,639	\$ 450,522,775
Employee transactions (2)	207,241	\$ 51.45	n/a	n/a
Month No. 3 (May 29, 2010 – July 2, 2010)				
Repurchase programs (1)	None	n/a	None	\$ 450,522,775
Employee transactions (2)	17,207	\$ 48.08	n/a	n/a
Total	1,310,232	\$ 47.30	1,075,639	\$ 450,522,775

* Periods represent our fiscal months.

- (1) On March 2, 2009, we announced that on February 27, 2009, our Board of Directors approved a share repurchase program authorizing us to repurchase up to \$600 million in shares of our stock through open-market transactions, private transactions, transactions structured through investment banking institutions or any combination thereof. Our repurchase program does not have a stated expiration date. The approximate dollar amount of our stock that may yet be purchased under our repurchase program as of July 2, 2010 was \$450,522,775 (as reflected in the table above). Our repurchase program has resulted, and is expected to continue to result, in repurchases in excess of offsetting the dilutive effect of shares issued under our share-based incentive plans. However, the level of our repurchases depends on a number of factors, including our financial condition, capital requirements, results of operations, future business prospects and other factors that our Board of Directors may deem relevant. As a matter of policy, we do not repurchase shares during the period beginning on the 15th day of the third month of a fiscal quarter and ending two days following the public release of earnings and financial results for such fiscal quarter.

- (2) Represents a combination of (a) shares of our common stock delivered to us in satisfaction of the exercise price and/or tax withholding obligation by holders of employee stock options who exercised stock options, (b) shares of our common stock delivered to us in satisfaction of the tax withholding obligation of holders of performance shares or restricted shares which vested during the quarter, (c) performance or restricted shares returned to us upon retirement or employment termination of employees or (d) shares of our common stock purchased by, or sold to us by, the Harris Corporation Master Rabbi Trust, with the trustee thereof acting at our direction, to fund obligations of the Rabbi Trust under our deferred compensation plans. Our equity incentive plans provide that the value of shares delivered to us to pay the exercise price of options or to cover tax withholding obligations shall be the closing price of our common stock on the date the relevant transaction occurs.

The information required by this Item with respect to securities authorized for issuance under our equity compensation plans is included in Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters – Equity Compensation Plan Information of this Report. See *Note 14: Stock Options and Other Share-Based Compensation* in the Notes for a general description of our stock and equity incentive plans.

Table of Contents**ITEM 6. SELECTED FINANCIAL DATA.**

The following table summarizes our selected historical financial information for each of the last five fiscal years. All amounts presented have been restated on a continuing operations basis. Discontinued operations are more fully discussed in *Note 3: Discontinued Operations* in the Notes. The selected financial information shown below has been derived from our audited Consolidated Financial Statements, which for data presented for fiscal years 2010 and 2009 are included elsewhere in this Report. This table should be read in conjunction with our other financial information, including Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and accompanying Notes, included elsewhere in this Report.

	Fiscal Years Ended				
	2010 (1)	2009 (2)	2008 (3)	2007 (4)	2006 (5)
	(In millions, except per share amounts)				
<u>Results of Operations</u>					
Revenue from product sales and services	\$ 5,206.1	\$ 5,005.0	\$ 4,596.1	\$ 3,737.9	\$ 3,133.3
Cost of product sales and services	3,334.4	3,420.2	3,145.6	2,519.8	2,125.8
Interest expense	72.1	52.8	53.1	38.9	35.5
Income from continuing operations before income taxes	840.3	485.3	667.5	518.1	413.3
Income taxes	278.7	172.9	214.0	170.9	142.7
Income from continuing operations	561.6	312.4	453.5	347.2	270.6
Income (loss) from discontinued operations, net of income taxes		(274.5)	(9.3)	133.2	(32.7)
Net income					