

HARRIS CORP /DE/
Form 10-Q
February 10, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 2, 2015

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)

(321) 727-9100

(Registrant's telephone number, including area code)

No changes

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(Former name, former address and former fiscal year, if changed since last report)

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 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.

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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 number of shares outstanding of the registrant's common stock as of February 6, 2015 was 104,118,788 shares.

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For the Quarter Ended January 2, 2015

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This Quarterly Report on Form 10-Q contains trademarks, service marks and registered marks of Harris Corporation and its subsidiaries.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****HARRIS CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF INCOME****(Unaudited)**

	Quarter Ended		Two Quarters Ended	
	January 2, 2015	December 27, 2013	January 2, 2015	December 27, 2013
	(In millions, except per share amounts)			
Revenue from product sales and services	\$ 1,206.3	\$ 1,223.2	\$ 2,361.7	\$ 2,415.1
Cost of product sales and services	(807.8)	(795.4)	(1,570.4)	(1,569.9)
Engineering, selling and administrative expenses	(187.5)	(204.7)	(382.7)	(412.5)
Non-operating income	0.2	3.2	0.2	4.5
Interest income	0.7	0.7	1.4	1.3
Interest expense	(22.7)	(23.7)	(45.5)	(47.4)
Income from continuing operations before income taxes	189.2	203.3	364.7	391.1
Income taxes	(49.7)	(66.2)	(100.1)	(126.6)
Income from continuing operations	139.5	137.1	264.6	264.5
Discontinued operations, net of income taxes		(1.0)		(2.7)
Net income	139.5	136.1	264.6	261.8
Noncontrolling interests, net of income taxes		0.1		0.2
Net income attributable to Harris Corporation	\$ 139.5	\$ 136.2	\$ 264.6	\$ 262.0
Amounts attributable to Harris Corporation common shareholders				
Income from continuing operations	\$ 139.5	\$ 137.2	\$ 264.6	\$ 264.7
Discontinued operations, net of income taxes		(1.0)		(2.7)
Net income	\$ 139.5	\$ 136.2	\$ 264.6	\$ 262.0
Net income per common share attributable to Harris Corporation common shareholders				
Basic net income per common share attributable to Harris Corporation common shareholders				
Continuing operations	\$ 1.34	\$ 1.28	\$ 2.52	\$ 2.47
Discontinued operations		(0.01)		(0.03)
	\$ 1.34	\$ 1.27	\$ 2.52	\$ 2.44
Diluted net income per common share attributable to Harris Corporation common shareholders				
Continuing operations	\$ 1.32	\$ 1.27	\$ 2.50	\$ 2.45

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Discontinued operations		(0.01)		(0.03)
	\$ 1.32	\$ 1.26	\$ 2.50	\$ 2.42
Cash dividends paid per common share	\$ 0.47	\$ 0.42	\$ 0.94	\$ 0.84
Basic weighted average common shares outstanding	103.9	106.3	104.3	106.3
Diluted weighted average common shares outstanding	104.9	107.3	105.3	107.3

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents**HARRIS CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****(Unaudited)**

	Quarter Ended		Two Quarters Ended	
	January 2, 2015	December 27, 2013	January 2, 2015	December 27, 2013
	(In millions)			
Net income	\$ 139.5	\$ 136.1	\$ 264.6	\$ 261.8
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	(45.3)	(5.5)	(73.9)	18.5
Net unrealized loss on hedging derivatives, net of income taxes	(0.4)	(0.1)	(1.2)	(0.4)
Amortization of loss on treasury lock, net of income taxes	0.1	0.2	0.3	0.3
Net unrecognized gain on post-retirement obligations, net of income taxes	3.3	0.7	11.8	1.3
Other comprehensive income (loss), net of income taxes	(42.3)	(4.7)	(63.0)	19.7
Total comprehensive income	97.2	131.4	201.6	281.5
Comprehensive loss attributable to noncontrolling interests		0.1		0.2
Total comprehensive income attributable to Harris Corporation	\$ 97.2	\$ 131.5	\$ 201.6	\$ 281.7

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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HARRIS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

(Unaudited)

	January 2, 2015	June 27, 2014
	(In millions, except shares)	
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 469.5	\$ 561.0
Receivables	582.0	566.1
Inventories	649.6	618.7
Income taxes receivable	21.6	28.1
Current deferred income taxes	116.3	112.2
Other current assets	107.0	105.2
Total current assets	1,946.0	1,991.3
<i>Non-current Assets</i>		
Property, plant and equipment	724.5	728.1
Goodwill	1,676.5	1,711.2
Intangible assets	223.9	257.5
Non-current deferred income taxes	68.9	87.3
Other non-current assets	158.4	155.8
Total non-current assets	2,852.2	2,939.9
	\$ 4,798.2	\$ 4,931.2
Liabilities and Equity		
<i>Current Liabilities</i>		
Short-term debt	\$ 73.9	\$ 58.3
Accounts payable	292.1	324.3
Compensation and benefits	150.8	212.8
Other accrued items	256.4	249.8
Advance payments and unearned income	253.3	265.9
Current deferred income taxes		2.1
Current portion of long-term debt	1.4	1.4
Total current liabilities		