

HARRIS CORP /DE/
Form 10-Q
February 03, 2016
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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 1, 2016

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)

1025 West NASA Boulevard

Melbourne, Florida
(Address of principal executive offices)

(321) 727-9100

34-0276860
(I.R.S. Employer Identification No.)

32919
(Zip Code)

(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.

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 January 29, 2016 was 124,654,177 shares.

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For the Quarter Ended January 1, 2016

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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 1, 2016	January 2, 2015	January 1, 2016	January 2, 2015
	(In millions, except per share amounts)			
Revenue from product sales and services	\$ 1,843	\$ 1,206	\$ 3,654	\$ 2,361
Cost of product sales and services	(1,281)	(808)	(2,501)	(1,570)
Engineering, selling and administrative expenses	(239)	(188)	(568)	(383)
Impairment of goodwill and other assets	(367)		(367)	
Non-operating income			1	
Interest income		1	1	2
Interest expense	(45)	(22)	(93)	(45)
Income (loss) from continuing operations before income taxes	(89)	189	127	365
Income taxes	(46)	(50)	(114)	(101)
Income (loss) from continuing operations	(135)	139	13	264
Discontinued operations, net of income taxes	(17)		(17)	
Net income (loss)	\$ (152)	\$ 139	\$ (4)	\$ 264
Net income (loss) per common share				
Basic				
Continuing operations	\$ (1.09)	\$ 1.34	\$ 0.10	\$ 2.52
Discontinued operations	(0.14)		(0.14)	
	\$ (1.23)	\$ 1.34	\$ (0.04)	\$ 2.52
Diluted				
Continuing operations	\$ (1.09)	\$ 1.32	\$ 0.10	\$ 2.50
Discontinued operations	(0.14)		(0.13)	
	\$ (1.23)	\$ 1.32	\$ (0.03)	\$ 2.50
Cash dividends paid per common share	\$ 0.50	\$ 0.47	\$ 1.00	\$ 0.94
Basic weighted average common shares outstanding	123.8	103.9	123.6	104.3
Diluted weighted average common shares outstanding	123.8	104.9	124.7	105.3

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

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HARRIS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

	Quarter Ended		Two Quarters Ended	
	January 1, 2016	January 2, 2015	January 1, 2016	January 2, 2015
	(In millions)			
Net income (loss)	\$ (152)	\$ 139	\$ (4)	\$ 264
Other comprehensive loss:				
Foreign currency translation loss, net of income taxes	(15)	(45)	(47)	(74)
Net unrealized gain (loss) on hedging derivatives, net of income taxes	1		1	(1)
Net unrecognized gain (loss) on postretirement obligations, net of income taxes	(4)	3	(4)	12
Other comprehensive loss, net of income taxes	(18)	(42)	(50)	(63)
Total comprehensive income (loss)	\$ (170)	\$ 97	\$ (54)	\$ 201

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

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HARRIS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

(Unaudited)

	January 1, 2016	July 3, 2015
	(In millions, except shares)	
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 511	\$ 481
Receivables	935	1,168
Inventories	1,070	1,015
Income taxes receivable	156	87
Deferred compensation plan investments	41	267
Other current assets	122	165
Total current assets	2,835	3,183
<i>Non-current Assets</i>		
Property, plant and equipment	1,102	1,165
Goodwill	5,989	6,348
Other intangible assets	1,643	1,775
Non-current deferred income taxes	376	502
Other non-current assets	152	154
Total non-current assets	9,262	9,944
	\$ 12,097	\$ 13,127
Liabilities and Equity		
<i>Current Liabilities</i>		
Short-term debt	\$ 198	\$ 33
Accounts payable	558	581
Compensation and benefits	159	255
Other accrued items	422	490
Advance payments and unearned income	353	433
Income taxes payable	8	57
Deferred compensation plan liabilities	13	267
Current portion of long-term debt	385	130
Liabilities of discontinued operations	43	28
Total current liabilities	2,139	2,274
<i>Non-current Liabilities</i>		
Defined benefit plans	1,739	1,943
Long-term debt	4,443	5,053
Long-term contract liability	64	71
Non-current deferred income taxes	11	12
Other long-term liabilities	449	372
Total non-current liabilities	6,706	7,451
<i>Equity</i>		
Shareholders' Equity:		
Preferred stock, without par value; 1,000,000 shares authorized; none issued		

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Common stock, \$1.00 par value; 500,000,000 shares authorized; issued and outstanding 124,411,448 shares at January 1, 2016 and 123,675,756 shares at July 3, 2015	124	124
Other capital	2,066	2,031
Retained earnings	1,127	1,258
Accumulated other comprehensive loss	(66)	(16)
Total shareholders' equity	3,251	3,397
Noncontrolling interests	1	