

HARRIS CORP /DE/  
Form 11-K  
June 26, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

(Mark One)

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

For the fiscal year ended December 31, 2013

**OR**

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

Commission file number 1-3863

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Harris Corporation Retirement Plan**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Harris Corporation

1025 West NASA Blvd.

Melbourne, Florida 32919



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**HARRIS CORPORATION**

**RETIREMENT PLAN**

**Audited Financial Statements and Supplemental Schedule**

**As of December 31, 2013 and 2012**

**and for the Year Ended December 31, 2013**

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**HARRIS CORPORATION RETIREMENT PLAN**

December 31, 2013 and 2012 and for the year ended December 31, 2013

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**REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM**

To the Participants and the Harris Corporation Employee Benefits Committee of the

Harris Corporation Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the Harris Corporation Retirement Plan (the Plan) as of December 31, 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The statement of net assets available for benefits of the Harris Corporation Retirement Plan as of December 31, 2012 was audited by other auditors whose report dated June 26, 2013 expressed an unqualified opinion on that financial statement.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Harris Corporation Retirement Plan at December 31, 2013, and the changes in its net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

The schedule of assets (held at end of year) has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The schedule of assets (held at end of year) is the responsibility of the Plan's management. Our audit procedures included determining whether the schedule of assets (held at end of year) reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the schedule of assets (held at end of year). In forming our opinion on the schedule of assets (held at end of year), we evaluated whether the schedule of assets (held at end of year) including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for reporting and disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the schedule of assets (held at end of year) is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Carr, Riggs & Ingram, LLC

Melbourne, Florida

June 26, 2014

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**REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM**

To the Participants and the Harris Corporation Employee Benefits Committee of the

Harris Corporation Retirement Plan

We have audited the accompanying statement of net assets available for benefits of the Harris Corporation Retirement Plan as of December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Harris Corporation Retirement Plan at December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Boca Raton, Florida

June 26, 2013

**Table of Contents****HARRIS CORPORATION RETIREMENT PLAN**

Statements of Net Assets Available for Benefits

	December 31, 2013	December 31, 2012
<b>ASSETS</b>		
<b>Investments at fair value:</b>		
Interest bearing cash	\$ 12,123,369	\$ 6,567,189
Preferred stocks	167,247	1,761,760
Common stocks	796,851,485	613,337,467
Registered investment companies	276,932,318	230,080,328
Common/collective trust funds	2,357,513,313	2,256,116,562
Synthetic guaranteed investment contract wrappers	217,650	248,741
<b>Total investments at fair value</b>	<b>3,443,805,382</b>	<b>3,108,112,047</b>
<b>Receivables:</b>		
Accrued interest and dividends	681,601	414,886
Notes receivable from participants	45,684,314	48,149,474
Due from broker for securities sold	903,655	1,082,252
<b>Total receivables</b>	<b>47,269,570</b>	<b>49,646,612</b>
<b>Total assets</b>	<b>3,491,074,952</b>	<b>3,157,758,659</b>
<b>LIABILITIES</b>		
Accrued administrative expenses	587,477	477,721
Due to broker for securities purchased	788,270	718,076
<b>Total liabilities</b>	<b>1,375,747</b>	<b>1,195,797</b>
<b>Net assets available for benefits at fair value</b>	<b>3,489,699,205</b>	<b>3,156,562,862</b>
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(7,158,387)	(26,983,296)
<b>Net assets available for benefits</b>	<b>\$ 3,482,540,818</b>	<b>\$ 3,129,579,566</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents****HARRIS CORPORATION RETIREMENT PLAN**

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 2013

**Additions to net assets attributed to:**

Investment income:

Net appreciation in fair value of investments \$ 549,291,012

Dividends 11,889,878

Total 561,180,890

Contributions:

Participant rollovers 6,706,539

Employer matching 51,718,388

Participant (other than rollovers) 105,126,260

Total contributions 163,551,187

Interest on notes receivable from participants 1,861,167

**Total additions** 726,593,244**Deductions from net assets attributed to:**

Benefits paid to participants 367,554,032

Administrative expenses 6,077,960

**Total deductions** 373,631,992**Net increase** 352,961,252**Net assets available for benefits:**

Beginning of year 3,129,579,566

End of year \$ 3,482,540,818

The accompanying notes are an integral part of these financial statements.



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**HARRIS CORPORATION RETIREMENT PLAN**

Notes to the Financial Statements

December 31, 2013 and 2012

**NOTE 1 DESCRIPTION OF PLAN**

The following description of the Harris Corporation Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

- A. **General** The Plan is a defined contribution plan with a 401(k) feature covering eligible employees of Harris Corporation and certain of its subsidiaries (collectively, the Company or Employer) as defined in the Plan document. The Plan Administrator is the Harris Corporation Employee Benefits Committee comprised of persons appointed by Harris Corporation. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).
- B. **Contributions** Participants may contribute a percentage of eligible compensation, as defined in the Plan document and subject to Internal Revenue Code (the Code) limitations, on a pre-tax and/or after-tax basis. After-tax contributions may be made either on a regular after-tax basis or on a designated Roth after-tax basis. Participants age 50 and older by the end of the calendar year can contribute an additional amount above the annual pre-tax/designated Roth after-tax limitation, as defined in the Plan document and subject to Code limitations. The Company matches up to 50% or 100% (depending on business unit) of pre-tax and after-tax contributions subject to a limit of 4%, 5% or 6% (depending on business unit) of eligible compensation for any eligible employee who has completed the Plan's service requirement (for new hires prior to July 15, 2013, either six months or one year, depending on business unit; for new hires on or after July 15, 2013, one year). Full-time regular participants who make no election with respect to their contribution percentage are deemed to have elected deferment of 6% of eligible compensation on a pre-tax basis. The Company may make discretionary profit sharing contributions to the Plan in an amount determined by the Company, allocated to eligible participants based on eligible compensation as defined in the Plan document. For the year ended December 31, 2013, no profit sharing contributions were made; instead, the Company's Performance Reward Plan (or similar plan) permitted each participant eligible for such plan to elect a special, unmatched pre-tax contribution to the Plan of 0%, 50% or 100% of the amount otherwise payable during 2013 to the participant by the Company in cash under the Performance Reward Plan (or similar plan), subject to Code limitations. In addition, participants may rollover amounts to the Plan from other qualified plans or certain individual retirement accounts (IRAs).
- C. **Payments of Benefits** Prior to termination of employment, a participant may withdraw all or any portion of his or her regular after-tax account balance or rollover balance. A participant may also receive a distribution while employed for financial hardship, as defined in the Plan document, upon attainment of age 59 1/2 or in certain cases, in connection with active military duty. Upon retirement or other termination of employment, a participant may elect to receive either a lump-sum amount equal to all or a portion of the participant's vested account, or installments of his or her vested account over a future period. Alternatively, a participant may rollover his or her vested account to an eligible retirement plan or IRA.
- D. **Participant Loans** The participant loan program permits participants to borrow against their pre-tax, regular after-tax, qualified non-elective and designated Roth after-tax and rollover contributions. A participant may borrow in increments of \$100 from a minimum of \$500 to a maximum of 50% of the vested portion of the participant's account or \$50,000 whichever is lower, within certain limitations established by the Plan document. Payback periods range from one to five years unless the loan is to be used for the purchase of a principal residence, in which case the payback period may not exceed ten years. Interest rates are established by the Company based on market rates. Loans are paid back ratably through payroll deductions (or, if the participant is not receiving paychecks, then they are paid back by personal, certified or cashier's check, money order or electronic transfer). The outstanding loans have been established as a separate fund.
- E. **Participant Accounts** Each participant's account is credited with the participant's contribution, including the contribution, if any, in respect of the participant's election under the Company's Performance Reward Plan (or similar plan), and allocations of (a) the Company's

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matching contribution, (b) the Company's discretionary profit sharing contribution, if any, and (c) Plan earnings, and is charged with an allocation of Plan losses and administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

- F. **Vesting** Participants are immediately vested in their pre-tax, regular after-tax, designated Roth after-tax, qualified non-elective and rollover contributions plus earnings thereon. Vesting in the Employer matching and any profit sharing contributions, plus earnings thereon, is based on years of service, as defined in the Plan document. A participant is 100% vested after four years of service, based on the following schedule:

<b>Years of Service</b>	<b>Vesting Percentage</b>
Less than 1 year	0%
1 year	25%
2 years	50%
3 years	75%
4 years	100%

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However, certain vesting schedules applicable to assets merged into the Plan have been preserved, as legally required, and may result in the vesting of Employer contributions plus earnings thereon, more quickly than described above. In addition, in the event of a disposition by the Company of a business or substantially all of the assets of a business, the participants impacted by such disposition may in certain circumstances become 100% vested in Employer contributions plus earnings thereon.

A participant also becomes 100% vested in Employer contributions plus earnings thereon, upon his or her termination of employment after attaining age 55 or on account of his or her death or disability, or if a participant dies while on leave of absence due to qualified military service.

**G. Forfeitures** A terminated participant who is not 100% vested will forfeit the non-vested portion of the Company's contributions plus earnings thereon unless the participant returns to employment within five years. The forfeited contributions are used first, to restore the accounts of recently located missing participants, as defined in the Plan document; next, to restore the accounts of participants who are reemployed prior to incurring a break in service of five consecutive years; next, to fund any matching or profit sharing contributions to be allocated to participants who are reemployed after a period of qualified military service, as defined in the Plan document; and finally, to reduce future contributions to the Plan by the Company. Forfeited amounts included in Plan assets at December 31, 2013 and 2012 were \$391,052 and \$704,336, respectively. For the years ended December 31, 2013 and 2012, Company contributions to the Plan were reduced by \$2,956,823 and \$1,390,009, respectively, from forfeited non-vested accounts.

**H. Plan Termination** Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

**I. Investment Options** Upon enrollment into the Plan, a participant may direct Company and participant contributions into any of several investment options, including the Harris Stock Fund. A participant may transfer amounts from other investment options into the Harris Stock Fund, provided that no transfer shall cause more than 20% of a participant's account to be invested in the Harris Stock Fund. The Harris Stock Fund has been designated as an employee stock ownership plan, which means that the Company is entitled to a deduction for dividends paid on shares held in the Harris Stock Fund. Any such dividends are 100% vested and participants are permitted to elect that such dividends either be maintained in the Plan and reinvested in the Harris Stock Fund or paid from the Plan in cash to the participant.

The investment options are described in detail in the Plan's Summary Plan Description, which is available to all participants. In the event no investment option is selected by a participant, the default investment option for contributions is the LifeCycle Fund that is age-appropriate for the participant. Elections to change investment options can be made daily; however, amounts in the Stable Value Fund cannot be transferred directly to the Money Market Fund. Investments are also governed by other limitations described in the Plan document and the Summary Plan Description.

## **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** The accounting records of the Plan are maintained on the accrual basis. Certain prior year amounts have been reclassified to conform to the presentation for the year ended December 31, 2013.

**Valuation of Investments** The Plan's investments generally are stated at fair value. Quoted market prices are used, when available, to value investments. Investments for which quoted market prices are not available are stated at fair values as reported by the trustee or investee company. See Note 7 Financial Instruments for further information on the valuation of investments.

**Notes Receivable from Participants** Notes receivable from participants represent participant loans recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2013 or 2012. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded upon the participant's eligibility for a plan distribution.

**Synthetic Guaranteed Investment Contracts** During 2013 and 2012, the Plan held synthetic guaranteed investment contracts (synthetic GICs) in its Stable Value Fund (the Fund). A corresponding contract wrapper with the issuer of the synthetic GICs was also held in order to provide a variable rate of return on the cost of the investment. The fair value of the synthetic GICs was determined using a discounted cash flow method or

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quoted market prices of underlying investments. The fair value of the contract wrapper was based on the present value of the difference between the current fee and fee re-bids provided by the issuers and was \$217,650 and \$248,741 at December 31, 2013 and 2012, respectively. The Plan values all investments at fair value except synthetic GICs which are adjusted to contract value. See Note 7 Financial Instruments for further discussion of fair value measurements.

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The interest crediting rate of synthetic GICs is based on the contract value, and the fair value, duration and yield to maturity of the portfolio of bonds underlying the synthetic GICs. The interest crediting rate is reset quarterly. The minimum crediting rate is zero percent.

The interest crediting rate reset allows the contract value to converge with the fair value of the underlying portfolio over time, assuming the portfolio continues to earn the current yield for a period of time equal to the current portfolio duration.

The primary variables impacting the future interest crediting rates of synthetic GICs include the current yield of the assets underlying the contract, the duration of the assets underlying the contract and the existing difference between the fair value and contract value of the assets underlying the contract.

The investments in synthetic GICs are presented at fair value and adjusted to contract value on the Statements of Net Assets Available for Benefits. To the extent that the underlying portfolio of a synthetic GIC has unrealized and/or realized losses, a positive adjustment is made to the adjustment from fair value to contract value under contract value accounting. As a result, the future interest crediting rate may be lower over time than the then-current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made to the adjustment from fair value to contract value, and the future interest crediting rate may be higher than the then-current market rates. The adjustments ensure that ending net assets available for benefits are recorded at contract value and reflect the unrealized and/or realized gains and losses on the underlying portfolio of synthetic GICs.

Synthetic GICs generally provide for withdrawals associated with certain events which are not in the ordinary course of Plan operations. These withdrawals are paid with a market value adjustment applied to the withdrawal as defined in the investment contract. Each contract issuer specifies the events which may trigger a market value adjustment. Such events include but are not limited to the following: material amendments to the Plan or in the administration of the Fund; changes to the Plan's competing investment options including the elimination of equity wash provisions; complete or partial termination of the Plan; the failure of the Plan to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA; the redemption of all or a portion of the interests in the Fund held by the Plan at the direction of the Plan sponsor, including withdrawals due to the removal of a specifically identifiable group of employees from coverage under the Plan (such as a group layoff or early retirement incentive program), the closing or sale of a subsidiary, employing unit or affiliate, the bankruptcy or insolvency of the Plan sponsor, the merger of the Plan with another plan, or the Plan sponsor's establishment of another tax qualified defined contribution plan; any change in law, regulation, ruling, administrative or judicial position or accounting requirement, applicable to the Fund or the Plan; or the delivery of any communication to Plan participants designed to influence a participant not to invest in the Fund.

At this time, the Plan does not believe that the occurrence of any such market value adjustment-triggering event, which would limit the Plan's ability to transact at contract value with participants, is probable.

If the Plan defaults in its obligations under any synthetic GIC (including the issuer's determination that the agreement constitutes a non-exempt prohibited transaction as defined under ERISA), and such default is not corrected within the time permitted by the contract, then the contract may be terminated by the issuer and the Plan will receive the fair value of the underlying investments as of the date of termination. With the exception of this circumstance, termination of the contract by the issuer would be settled at contract value.

The average yield based on actual earnings was approximately 1.65% at December 31, 2013 and 1.05% at December 31, 2012. The average yield based on interest rate credited to participants was approximately 1.88% at December 31, 2013 and 2.28% at December 31, 2012.

**Use of Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts, disclosures, and schedules. Accordingly, actual results may differ from those estimates.

**Administrative Expenses** Unless otherwise elected by the Company, all reasonable charges and expenses incurred in connection with the administration of the Plan are paid by the trustee from the assets of the trust.

### **NOTE 3 INVESTMENTS**

For the year ended December 31, 2013, the Plan's investments (including investments bought, sold and held during such period) appreciated in value as follows:

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Net appreciation (depreciation) in fair value as determined by quoted market prices:	
Preferred stocks	\$ (26,976)
Common stocks	222,041,728
Registered investment companies	58,982,452
	280,997,204
Net appreciation in fair value as determined by investee company/trustee:	
Common/collective trust funds	268,293,808
Total net change in fair value	\$ 549,291,012

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The fair value of individual investments that represent 5% or more of Plan net assets is as follows:

	December 31, 2013	December 31, 2012
Prin Global Invs COLTV Invt TR Diversified Intl Eqty FD 50 BP Fee CL	\$ 233,018,319	\$ 167,570,757
NT Collective Russell 1000 Index Fund Non Lending	*	227,683,236
NT Collective S&P 500 Index Fund-DC-Non Lending (Tier J)	289,597,961	225,399,720
NT Collective Aggregate Bond Index Fund Non Lending	269,764,588	333,218,895
Galliard Capital Management Wells Fargo Bank NA Fixed Income Fund F	175,039,637	210,646,396
Galliard Capital Management Wells Fargo Bank NA Fixed Income Fund L	*	159,419,182

\* Investment was below 5% of Plan net assets at end of year.

**NOTE 4 RELATED-PARTY TRANSACTIONS**

Certain Plan investments are shares of common stock of Harris Corporation and balances in common/collective trust funds that are managed by Northern Trust. Harris Corporation is the Plan sponsor and Northern Trust is the Trustee and, therefore, these transactions qualify as exempt party-in-interest transactions under the provisions of ERISA.

The Plan's investments in Harris Corporation common stock (included with other common stock) and in common/collective trust funds managed by Northern Trust (included with other common/collective trust funds) are as follows:

	December 31, 2013		December 31, 2012	
	Shares	Fair Value	Shares	Fair Value
<b>Common stock</b>				
Harris Corporation common stock	1999233	\$ 139,566,456	2259601	\$ 110,630,065
<b>Common/collective trust funds</b>				
NT Collective Russell 1000 Index Fund Non Lending	8974317	171,526,128	15854274	227,683,236
NT Collective Extended Equity Index Fund Non Lending	712161	158,859,566	678612	109,676,518
NT Collective S&P 500 Index Fund-DC-Non Lending (Tier J)	49709	289,597,961	51207	225,399,720
NT Collective Aggregate Bond Index Fund Non Lending	2174995	269,764,588	2625714	333,218,895
NTGI Coltv Govt STIF Registered	3203379	3,203,379	3162761	3,162,761

During 2013, the Plan made the following purchases and sales of related party investments:

	Purchases	Sales
<b>Common stock</b>		
Harris Corporation common stock	\$ 10,715,224	\$ 22,560,374
<b>Common/collective trust funds</b>		
NT Collective Russell 1000 Index Fund Non Lending	23,203,620	136,507,280
NT Collective Extended Equity Index Fund Non Lending	38,390,540	25,358,442
NT Collective S&P 500 Index Fund-DC-Non Lending (Tier J)	34,356,514	41,530,999
NT Collective Aggregate Bond Index Fund Non Lending	14,597,151	71,226,239
NTGI Coltv Govt STIF Registered	*	*

\* Activity in this fund represents overnight interest bearing deposits (sweeps) of otherwise un-invested daily cash.

**NOTE 5 INCOME TAX STATUS**

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The Plan has received a determination letter from the Internal Revenue Service ( IRS ) dated October 30, 2013 stating that the Plan is qualified under Section 401(a) of the Code and the related trust is exempt from taxation. Although the Plan has been amended since receiving the determination letter, the Plan s sponsor and the Plan s tax counsel believe the Plan, as amended, is qualified and the related trust is exempt from taxation.

U.S. GAAP requires Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by



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the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2010.

### **NOTE 6 CREDIT RISKS AND UNCERTAINTIES**

Cash amounts at the Trustee may exceed the federally insured limit from time to time. The Plan provides for investments in various investment securities, which, in general, are exposed to certain risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect participant account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

### **NOTE 7 FINANCIAL INSTRUMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal market (or most advantageous market, in the absence of a principal market) for the asset or liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). A three-level fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques for which some or all significant assumptions are not observable.

The following section describes the valuation methodologies the Plan uses to measure financial assets at fair value.

In general, and where applicable, the Plan uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to the Plan's Level 1 assets which include interest bearing cash, certain preferred stocks, common stocks and registered investment companies. If quoted prices in active markets for identical assets are not available to determine fair value, then the Plan uses quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly. These assets are included in Level 2 and consist of certain preferred stocks, common/collective trust funds and synthetic guaranteed investment contract wrappers. Assets for which fair value is determined by management using assumptions that market participants would use in pricing assets are included in Level 3. As of December 31, 2013 and 2012, there were no Level 3 assets held by the Plan.

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Assets measured at fair value on a recurring basis at December 31, 2013 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest bearing cash	\$ 12,123,369	\$	\$	\$ 12,123,369
Preferred stocks	167,247			167,247
Common stocks:				
Consumer	134,707,752			134,707,752
Energy	74,399,910			74,399,910
Financial	96,881,001			96,881,001
Health care	71,994,200			71,994,200
Industrial	77,239,374			77,239,374
Information technology	277,889,739			277,889,739
Other	63,739,509			63,739,509
Total common stocks	796,851,485			796,851,485
Registered investment companies:				
Small company funds	119,808,362			119,808,362
Technology funds	72,862,017			72,862,017
U.S. Government securities money market funds	68,374,260			68,374,260
Other funds	15,887,679			15,887,679
Total registered investment companies	276,932,318			276,932,318
Common/collective trust funds (a):				
Fixed income funds		693,509,496		693,509,496
Index funds		1,565,921,190		1,565,921,190
International equity funds		94,879,248		94,879,248
Other funds		3,203,379		3,203,379
Total common/collective trust funds (a)		2,357,513,313		2,357,513,313
Synthetic guaranteed investment contract wrappers		217,650		217,650
<b>Total Assets Measured at Fair Value</b>	<b>\$ 1,086,074,419</b>	<b>\$ 2,357,730,963</b>	<b>\$</b>	<b>\$ 3,443,805,382</b>

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Assets measured at fair value on a recurring basis at December 31, 2012 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest bearing cash	\$ 6,567,189	\$	\$	\$ 6,567,189
Preferred stocks	1,710,037	51,723		1,761,760
Common stocks:				
Consumer	96,645,663			96,645,663
Energy	56,910,186			56,910,186
Financial	70,963,693			70,963,693
Health care	55,231,840			55,231,840
Industrial	57,870,426			57,870,426
Information technology	220,122,481			220,122,481
Other	55,593,178			55,593,178
Total common stocks	613,337,467			613,337,467
Registered investment companies:				
Small company funds	89,991,234			89,991,234
Technology funds	56,129,796			56,129,796
U.S. Government securities money market funds	75,119,433			75,119,433
Other funds	8,839,865			8,839,865
Total registered investment companies	230,080,328			230,080,328
Common/collective trust funds (a):				
Fixed income funds		781,499,767		781,499,767
Index funds		1,303,883,277		1,303,883,277
International equity funds		167,570,757		167,570,757
Other funds		3,162,761		3,162,761
Total common/collective trust funds (a)		2,256,116,562		2,256,116,562
Synthetic guaranteed investment contract wrappers		248,741		248,741
<b>Total Assets Measured at Fair Value</b>	<b>\$ 851,695,021</b>	<b>\$ 2,256,417,026</b>	<b>\$</b>	<b>\$ 3,108,112,047</b>

- (a) Common/collective trust funds share the common goal of first growing then later preserving principal and contain a mix of U.S. stocks, U.S. issued bonds and cash. There are currently no redemption restrictions on these investments. The fair values of the investments in this category have been estimated using the net asset value per share.

**NOTE 8 RECONCILIATION OF PLAN FINANCIAL STATEMENTS TO THE FORM 5500**

Form 5500 requires the recording of a liability for benefit amounts processed prior to year-end but not yet paid and requires fully benefit-responsive contracts to be reported at fair value. These requirements conflict with U.S. GAAP and the presentation of such amounts in the financial statements where they remain as part of net assets available for benefits.

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31, 2013	December 31, 2012
Net assets available for benefits per the financial statements	\$ 3,482,540,818	\$ 3,129,579,566
Benefits due to participants	(1,651,840)	(576,291)

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Adjustment to fair value from contract value for fully benefit-responsive investment contracts	7,158,387	26,983,296
Net assets available for benefits per the Form 5500	\$ 3,488,047,365	\$ 3,155,986,571

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2013:

Benefits paid to participants per the financial statements	\$ 367,554,032
Add: benefits due but unpaid at December 31, 2013	1,651,840
Less: benefits due but unpaid at December 31, 2012	(576,291)
Total benefit payments, corrective distributions and deemed distributions per the Form 5500	\$ 368,629,581

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The following is a reconciliation of investment income per the financial statements to the Form 5500 for the year ended December 31, 2013:

Net change in Plan assets per the financial statements	\$ 352,961,252
Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2012	(26,983,296)
Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2013	7,158,387
Benefits due but unpaid at December 31, 2013	(1,651,840)
Benefits due but unpaid at December 31, 2012	576,291
 Net income and transfers in per the Form 5500	 \$ 332,060,794

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## SUPPLEMENTAL INFORMATION

**Harris Corporation Retirement Plan**

E.I.N. 34-0276860

Plan Number 015

Schedule H, Line 4(i)

## Schedule of Assets (Held at End of Year)

December 31, 2013

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value (In Shares/Par Value Except Notes Receivable from Participants)	(d) Cost	(e) Value
<b>Value of Interest in Interest Bearing Cash</b>				
	INTEREST BEARING CASH	12123369		\$ 12,123,369
	<b>Total Value of Interest in Interest Bearing Cash</b>			<b>\$ 12,123,369</b>
<b>Value of Interest in Preferred Stocks</b>				
	LIVING SOCIAL INC PFD STK SER F	6726		\$ 7,533
	WEYERHAEUSER CO 6.375% PREF CONV SER A	2850		159,714
	<b>Total Value of Interest in Preferred Stocks</b>			<b>\$ 167,247</b>
<b>Value of Interest in Common Stocks</b>				
	1ST HORIZON NATL CORP COM	199054		\$ 2,318,979
	1ST NIAGARA FINL GROUP INC NEW COM	34700		368,514
	ADR ASML HLDG NV NY REG 2012 (POST REV SPLIT)	54750		5,130,075
	ACXIOM CORP COM	80161		2,964,354
	ADR ARM HLDS PLC SPONSORED ISIN US0420681068	86000		4,707,640
	ADR BP P L C SPONSORED ADR	36156		1,757,543
	ADR BAIDU INC SPONSORED ADR	57300		10,192,524
	ADR CTRIP COM INTL LTD ADS AMERICAN DEP SHS	17300		858,426
	ADR PETROLEO BRASILEIRO SA PETROBRAS SPONSORED ADR	127200		1,752,816
		64400		4,589,788

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ADR ROYAL DUTCH SHELL PLC SPONSORED ADR REPSTG A  
SHS

AES CORP COM	85700	1,243,507
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(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value (In Shares/Par Value Except Notes Receivable from Participants)	(d) Cost	(e) Value
	AGILENT TECHNOLOGIES INC COM	18900		1,080,891
	AIMIA INC COM	39400		723,477
	AKAMAI TECHNOLOGIES INC COM STK	29800		1,405,964
	ALEXION PHARMACEUTICALS INC COM	42800		5,694,968
	ALLSCRIPTS HEALTHCARE SOLUTIONS INC	100800		1,558,368
	ALLSTATE CORP COM	66400		3,621,456
	AMAZON COM INC COM	42121		16,797,434
	AMERICAN EXPRESS CO	39400		3,574,762
	ANADARKO PETRO CORP COM	35200		2,792,064
	ANALOG DEVICES INC COM	45700		2,327,501
	ANTERO RES CORP COM	7000		444,080
	AOL INC COM STK	63001		2,937,107
	APACHE CORP COM	66400		5,706,416
	APPLE INC COM STK	11190		6,278,821
	APPLIED MATERIALS INC COM	139500		2,467,755
	ARCHER-DANIELS-MIDLAND CO COM	82800		3,593,520
	ASSOCTD BANC-CORP COM	100164		1,742,854
	AT&T INC COM	130141		4,575,758
	ATHENAHEALTH INC COM MON STOCK	14000		1,883,000

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	AVERY DENNISON CORP COM	33236		1,668,115
	AVON PRODUCTS INC COM USD0.25	112300		1,933,806
	BANK NEW YORK MELLON CORP COM STK	2900		101,326
	BANK OF AMERICA CORP	322964		5,028,549
	BIOGEN IDEC INC COM STK	26200		7,329,450
	BIOMARIN PHARMACEUTICAL INC COM ISIN CH0008107010	30000		2,108,100
	BOEING CO COM	54000		7,370,460
	BRISTOL MYERS SQUIBB CO COM	64900		3,449,435
	BRISTOW GROUP INC COM	13722		1,029,973
	CA INC COM	27400		922,010
	CABLEVISION SYS CORP CL A COM STK	81200		1,455,916
	CALPINE CORP COM NEW STK	102171		1,993,356
	CAMPBELL SOUP CO COM	65800		2,847,824
	CARDINAL HLTH INC	17800		1,189,218
	CARNIVAL CORP COM PAIRED	71900		2,888,223
	CBOE HOLDINGS INC COM	7930		412,043
	CELGENE CORP COM	14400		2,433,024
	CENTURYLINK INC COM	45875		1,461,119

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	CERNER CORP COM	63000		3,511,620
	CHEVRON CORP COM	59378		7,416,906
	CHIPOTLE MEXICAN GRILL INC COM STK	13500		7,192,530
	CHUBB CORP COM	16100		1,555,743
	CISCO SYSTEMS INC	116800		2,622,160
	CLARCOR INC COM	15996		1,029,343
	CLOROX CO COM	35900		3,330,084
	COCA COLA CO COM	6600		272,646
	COGNIZANT TECH SOLUTIONS CORP CL A	19300		1,948,914
	COMCAST CORP NEW-CL A	30300		1,574,540
	COMPASS MINERALS INTL INC COM	21283		1,703,704
	COMPUTER SCI CORP COM	40700		2,274,316
	CONOCOPHILLIPS COM	18200		1,285,830
	CONSOL ENERGY INC COM	61000		2,320,440
	CORNING INC COM	166200		2,961,684
	CROWN CASTLE INTL CORP COM STK	52600		3,862,418
	D R HORTON INC COM	57800		1,290,096
	DANA HLDG CORP COM	96008		1,883,677
	DANAHER CORP COM	46252		3,570,654

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	DEERE & CO COM	22100		2,018,393
	DIAMOND OFFSHORE DRILLING INC COM	35900		2,043,428
	DISCOVERY COMMUNICATIONS INC NEW COM SERC COM SER C	16300		1,366,918
	DOLBY LABORATORIES INC CL A COM STK	36700		1,415,152
	DOLLAR TREE INC COM STK	16100		908,362
	DST SYS INC COM	9462		858,582
	DU PONT E I DE NEMOURS & CO COM STK	29100		1,890,627
	DUKE ENERGY CORP NEW COM NEW COM NEW	51802		3,574,856
	EATON CORP PLC COM USD0.50	24138		1,837,385
	EBAY INC COM USD0.001	25700		1,410,673
	ECOLAB INC COM	12300		1,282,521
	EHEALTH INC COM STK	20183		938,308
	ELECTRONICS FOR IMAGING INC COM	1500		58,095
	ELIZABETH ARDEN INC COM	28100		996,145
	EMERSON ELECTRIC CO COM	56300		3,951,134
	ENDURANCE SPECIALTY HOLDINGS LTD COM USD1	18800		1,102,996
	ENI SPA EUR1	27447		661,482
	ENTERGY CORP NEW COM	43700		2,764,899

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	EURONET WORLDWIDE INC COM	44714		2,139,565
	EXELON CORP COM	77500		2,122,725
	EXXON MOBIL CORP COM	61526		6,226,431
	FACEBOOK INC CL A CL A	160292		8,761,561
	FASTENAL CO COM	19800		940,698
	FEDEX CORP COM	16600		2,386,582
	FIRST AMERN FINL CORP COM STK	78175		2,204,535
	FIRSTENERGY CORP COM	45435		1,498,446
	FIRSTMERIT CORP COM	24200		537,966
	FLOWSERVE CORP COM	11200		882,896
	FMC TECHNOLOGIES INC COM	62000		3,237,020
	FORD MTR CO DEL COM PAR \$0.01 COM PAR \$0.01	110200		1,700,386
	FOSSIL GROUP INC COM	5900		707,646
	FTD COS INC COM	34000		1,107,720
	GEN MTRS CO COM	53227		2,175,387
	GENERAL ELECTRIC CO	346100		9,701,183
	GENUINE PARTS CO COM	21700		1,805,223
	GILEAD SCIENCES INC	76400		5,741,460
	GLAXOSMITHKLINE ORD GBP0.25	60321		1,609,996

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(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value <i>(In Shares/Par Value Except Notes Receivable from Participants)</i>	(d) Cost
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