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## Harris Corporation F3Q09 (Qtr End 04/03/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions). We will go first to Jim McIlree of Collins Stewart.

#### Jim McIlree - Collins Stewart

Yes, thank you and good evening. Howard, on the RF outlook for fiscal '10, actually not fiscal '10 but beyond that. You say you're looking for growth beyond that. So I'm assuming you are thinking that would get the 117G Army issue cleared up by that point. Actually the first part of that question is what did the Army find unacceptable that they canceled that order? What's going to make it and what gives you confidence that they're going to find it acceptable at some point?

#### Howard Lance

Well, let me deal with that and then I'll go back to your other question, Jim. The original contract justification was done for the 117F. The Army believed that they had enough flexibility when they placed the order with us to include the 117G. After review the contracts organization changed their mind and so they canceled the order. It's a delay. It's not anything more than that. I'm very confident based on the feedback we've been receiving not only at the command level with all of our people with customer forces around the world, but at the senior levels of the Army that they are very committed to utilizing the capabilities of the 117G.

It really is significantly more capable than any legacy multiband manpack radios including our own Falcon II 117F. So it's really just a question of timing. We're obviously going to do everything we can to recapture not only the original order, but the entire \$500 million contract ceiling just as soon as we can. At this point given that order cancellation we just didn't feel we could count on that in our guidance and were either forced to delay providing guidance or to provide guidance at a relatively lower level. As a result of that and the stretching out of the Iraq Ministry of Defense orders. Does that make sense?

#### Jim McIlree - Collins Stewart

Yes, it does. So when you look at the fiscal '10 numbers, you're taking it sounds like maybe a couple of hundred million out for the 117G Army and then I am just ballparking like 100 million or so for Iraq. Would that be round numbers, about right?

#### Howard Lance

I think so. I think the way I would articulate it is three months ago we said we thought we would struggle to get to a one-to-one book-to-bill, especially if that Iraq order moved but at that time we were still feeling pretty good about growth in fiscal '10. So if you take our guidance range now for '09 and compare that to our guidance range for '10, I would hang essentially all of our reduction to these two factors in terms of what changed in our point of view over the last 90 days.

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