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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1999

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	34-0276860
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1025 West NASA Boulevard
Melbourne, Florida 32919
(Address of principal executive offices)(Zip Code)

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

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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 X No___

The number of shares outstanding of the registrant's common stock, as of February 1, 2000 was 69,144,199 shares.

HARRIS CORPORATION

FORM 10-Q

For the Quarter Ended December 31, 1999

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HARRIS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(unaudited)

The following information for the quarter and two quarters ended December 31, 1999 and January 1, 1999 has not been audited by independent accountants, but in the opinion of management reflects all adjustments (consisting only of normal, recurring items) necessary for a fair presentation of the results for the indicated periods. The results of operations for the quarter and two fiscal quarters ended December 31, 1999 are not necessarily indicative of the results for the full fiscal year.

	Quarter Ended		Two Quarters Ended	
	December 31, 1999	January 1, 1999	December 31, 1999	January 1, 1999
	(In millions, except per share amounts)			
Revenue				
Revenue from product sales and services	$441.0	$417.5	$839.8	$830.1
Costs and Expenses				
Cost of product sales and services	329.2	296.9	628.7	599.5
Engineering, selling and administrative expenses	96.5	98.7	188.5	185.2
Special charge for litigation costs	—	—	—	20.6
Other income	(3.8)	(5.1)	(11.2)	(11.0)
	421.9	390.5	806.0	794.3
Operating income	19.1	27.0	33.8	35.8
Interest income	8.8	—	10.1	5.3
Interest expense	(6.9)	.2	(8.6)	(2.6)
Income from continuing operations before income taxes	21.0	27.2	35.3	38.5
Income taxes	7.4	9.8	12.4	13.9
Income from continuing operations	13.6	17.4	22.9	24.6
Discontinued operations net of income taxes	1.0	35.4	(7.0)	56.6
Net Income	$ 14.6	$ 52.8	$ 15.9	$ 81.2
Net Income (Loss) Per Common Share				
Basic:				
Continuing operations	$ .18	$ .22	$ .30	$ .31
Discontinued operations	.01	.44	(.09)	.71
	$ .19	$ .66	$ .21	$ 1.02
Diluted:				
Continuing operations	$ .18	$ .22	$ .30	$ .31
Discontinued operations	.01	.44	(.09)	.71
	$ .19	$ .66	$ .21	$ 1.02
Cash Dividends Paid Per Common Share	$ .05	$ .24	$ .29	$ .48
Average Shares Outstanding				
Basic	75.0	79.5	76.9	79.5
Diluted	75.1	79.8	77.0	79.8

See Notes to Financial Statements

HARRIS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

	December 31, 1999 (unaudited)	July 2, 1999 (audited)
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 365.5	$ 85.7
Marketable securities	216.0	15.5
Receivables – net, less allowance for collection losses of $21,700,000 at December 31, 1999 and $21,900,000 at July 2, 1999	447.7	411.7
Unbilled costs and accrued earnings on fixed price contracts based on percentage-of-completion accounting, less progress payments of $174,800,000 at December 31, 1999 and $171,100,000 at July 2, 1999	165.4	184.4
Inventories:		
Work in process and finished products	91.2	100.7
Raw materials and supplies	103.1	105.0
	194.3	205.7
Deferred income taxes	61.6	128.4
Total Current Assets	1,450.5	1,031.4
Plant and equipment, less allowances for depreciation of $547,800,000 at December 31, 1999 and $524,300,000 at July 2, 1999	304.7	291.6
Non-current notes receivable	97.0	13.5
Intangibles resulting from acquisitions	79.0	72.8
Net assets of discontinued operations	—	1,293.2
Other assets	247.0	256.1
	$2,178.2	$2,958.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term debt	$ 68.8	$ 323.7
Accounts payable	97.6	154.3
Compensation and benefits	79.0	103.2
Other accrued items	147.2	113.9
Advance payments and unearned income	85.4	84.9
Income taxes	8.7	26.8
Current portion of long-term debt	—	.5
Total Current Liabilities	486.7	807.3
Deferred income taxes	33.1	47.3
Long-term debt	415.6	514.5
Shareholders' Equity		
Capital stock:		
Preferred Stock, without par value:		
Authorized - 1,000,000 shares; issued — none	—	—
Common Stock, par value $1 per share:		
Authorized - 250,000,000 shares; issued 69,135,086 shares at December 31, 1999 and 79,650,994 at July 2, 1999	69.1	79.7
Other capital	229.6	271.5
Retained earnings	864.4	1,246.7
Unearned compensation	(5.6)	(4.0)
Accumulated other comprehensive income (loss)	85.3	(4.4)
Total Shareholders' Equity	1,242.8	1,589.5
	$ 2,178.2	$2,958.6

See Notes to Financial Statements

HARRIS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

	Two Quarters Ended	
	December 31, 1999	January 1, 1999
	(In millions)	
OPERATING ACTIVITIES		
Income from continuing operations	$ 22.9	$ 24.6
Adjustments to reconcile net income to net cash (used in) and provided by operating activities:		
Depreciation and amortization	31.7	31.6
Non-current deferred income tax	(14.2)	2.3
Income from discontinued operations-net of items not affecting cash	(41.6)	151.7
(Increase) decrease in:		
Accounts and notes receivable	(38.3)	(34.3)
Unbilled costs and inventories	32.5	41.8
Increase (decrease) in:		
Accounts payable and accrued expenses	(54.0)	(44.7)
Advance payments and unearned income	—	(6.1)
Income taxes	(4.9)	(45.4)
Other	(33.9)	(30.1)
Net cash (used in) and provided by operating activities	(99.8)	91.4
INVESTING ACTIVITIES		
Cash paid for acquired businesses	(5.8)	(15.3)
Additions of plant and equipment	(39.1)	(27.2)
Net assets of discontinued operations	1,028.1	(146.1)
Net cash provided by (used in) investing activities	983.2	(188.6)
FINANCING ACTIVITIES		
Increase (decrease) in short-term debt	(255.3)	110.3
Increase (decrease) in long-term debt	(98.9)	.3
Proceeds from sale of Common Stock	1.3	1.6
Purchase of Common Stock for treasury	(227.5)	(5.5)
Cash dividends	(22.9)	(38.3)
Net cash (used in) provided by financing activities	(603.3)	68.4
Effect of exchange rate changes on cash and cash equivalents	(.3)	1.4
Net increase (decrease) in cash and cash equivalents	279.8	(27.4)
Cash and cash equivalents, beginning of year	85.7	101.5
Cash and cash equivalents, end of quarter	$ 365.5	$ 74.1

See Notes to Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1999

Note A — Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, and changes in cash flows in conformity with generally accepted accounting principles. For further information refer to the financial statements and notes to financial statements included in Harris’ Annual Report on Form 10-K for the fiscal year ended July 2, 1999.

Note B -– Discontinued Operations

In fiscal 1999, Harris decided to sell its semiconductor business and spin off its Lanier Worldwide subsidiary. Accordingly, the results of operations and the net assets of these business segments have been reclassified as discontinued operations.

On August 13, 1999, Harris completed the sale of substantially all of its semiconductor business to Intersil

Corporation and its affiliates. Intersil Corporation is a newly formed company owned by Sterling Holding Company, LLC, a Citicorp Venture Capital Ltd. investment portfolio company, along with certain management investors, and affiliates of Credit Suisse First Boston Corporation.

The Harris assets disposed of consisted primarily of land, buildings, equipment, inventory, receivables, technology and other assets related to the operation of the semiconductor business.

In addition to acquiring a 10 percent equity interest in Intersil for which Harris paid $9 million, Harris received cash of $520 million, a promissory note of $90 million and Intersil assumed certain liabilities. Harris has also retained certain receivables and patent rights. Harris recorded an after-tax loss of $76.1 million for the disposal of its entire semiconductor business including the portion sold to Intersil. The promissory note received from Intersil has been classified on the balance sheet as a non-current note receivable and is being accounted for as a security that is available for sale.

On October 22, 1999, Harris announced that its Board of Directors formally approved the spin-off of its Lanier Worldwide subsidiary as an independent publicly traded company. The Board declared a dividend of one share of Lanier common stock for each share of Harris common stock to Harris shareholders of record on November 1, 1999. The distribution of the dividend was completed on November 5, 1999. Harris retained approximately 10 percent of the outstanding shares of Lanier. Lanier trades on the New York Stock Exchange under the symbol “LR”. Harris intends to sell all of its retained Lanier shares by November 5, 2001. Summarized financial information for the discontinued operations follows:

	Quarter Ended		**Two Quarters Ended**	
(in millions)	**December 31, 1999**	**January 1, 1999**	**December 31, 1999**	**January 1, 1999**
Net sales	$ 141.8	$ 501.9	$ 512.1	$ 977.7
	======	======	=====	======
Income before taxes	$ 1.5	$ 52.6	$ 8.2	$ 84.4
Income taxes	.5	17.2	3.0	27.8
Income from discontinued operations	1.0	35.4	5.2	56.6
Provision for disposal of discontinued operations after income tax benefits of $6.1 million	—	—	(12.2)	—
Discontinued operations net of income taxes	$ 1.0	$ 35.4	$ (7.0)	$ 56.6

Note C –- Comprehensive Earnings and Accumulated Other Comprehensive Income

Comprehensive earnings for the quarters ended December 31, 1999 and January 1, 1999 were $102.9 million and $55.0 million, respectively. Comprehensive income for the two quarters ended December 31, 1999 and January 1, 1999 were $105.6 million and $64.3 million, respectively.

The components of accumulated other comprehensive loss, net of related tax, at December 31, 1999 and July 2, 1999 are as follows:

(in millions)	December 31, 1999	July 2, 1999
Net unrealized gains on securities available-for-sale	$100.1	$ 7.3
Foreign currency translation adjustments	(14.8)	(11.7)
	$ 85.3	$ (4.4)

Note D — Net Income Per Share

Average outstanding shares used in the computation of net income per share are as follows:

	Quarter Ended		Two Quarters Ended	
(in millions)	December 31, 1999	January 1, 1999	December 31, 1999	January 1, 1999
Basic:				
Weighted average shares outstanding	75.3	80.0	77.2	80.0
Contingently issuable shares	(.3)	(.5)	(.3)	(.5)
	75.0	79.5	76.9	79.5
Diluted:				
Weighted average shares outstanding	75.3	80.0	77.2	80.0
Dilutive stock options	—	.2	—	.1
Contingently issuable shares	(.2)	(.3)	(.2)	(.3)
	75.1	79.9	77.0	79.8

Note E — Restructuring

In fiscal 1999, Harris recorded a $5.1 million charge ($3.3 million after income taxes) for severance costs associated with the restructuring of its operations. Restructuring actions included a work force reduction of approximately 714 employees. At December 31, 1999, 603 employees have been terminated with the remainder to be terminated before the end of fiscal 2000.

Reserve usage for the quarter ended December 31, 1999 is summarized below:

	Reserve Balance	Use of Reserves		Reserve Balance
(in millions)	at July 2, 1999	Cash	Non-Cash	at December 31, 1999
Severance benefits	$ 5.1	$ 3.4	—	$ 1.7

Note F – Non Cash Investing and Financing Activities

	Two Quarters Ended	
	December 31, 1999	January 1, 1999
Increase (decrease) in the fair value of marketable securities due to initial public offerings and market fluctuations	$ 152.4	$(9.1)
(Decrease) in equity resulting from stock dividend to Harris shareholders from Lanier spin-off	$(197.4)	$ —

Note G – Subsequent Events

In January, Harris announced that its telecom switch manufacturing and the headquarters of its Communications Products Division will be moved to Melbourne, Florida from Marin County, California to decrease costs and improve labor retention. A wide range of actions related to the telecom switching business are under active consideration. The financial impact of these potential actions is not yet known; however the Company believes that there will be a one-time negative impact to earnings over the remainder of fiscal 2000.

In January, Harris purchased Louth Automation, a leading supplier of advanced automation systems for radio and television broadcasters. Harris paid cash in the net amount of approximately $90 million. The final determination of the purchase price is subject to adjustment and its allocation is in process, however, the amount of goodwill related to the acquisition is expected to be in the range of $80 million to $90 million.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

On November 5, 1999, Harris completed the spin-off of its Lanier Worldwide, Inc. subsidiary as an independent, publicly owned company. Additionally, on August 13, 1999, Harris completed the sale of its Semiconductor business. As a result of these actions, the Lanier and semiconductor businesses are presented as discontinued operations for all periods presented. Continuing operations are reported under two segments: the Government Communications segment, which is comprised of the operations of the former Electronic Systems Sector, and the Commercial Communications segment, which is comprised of the operations of the former Communications Sector. The following discussion is on a continuing operations basis.

Net Revenue and Operating Income by Segment

Net revenue for the quarter ended December 31, 1999 was $441 million, an increase of 6 percent compared to the prior year, and an 11 percent increase over the quarter ended October 31, 1999. Operating income in the second quarter was $19.1 million, versus $27.0 million during the prior year.

Segment revenue and operating income were as follows:

	Quarter Ended		**%**	**Two Quarters Ended**		**%**
(Dollars In Millions)	**December 31, 1999**	**January 1, 1999**	**Inc./ (Dec.)**	**December 31, 1999**	**January 1, 1999**	**Inc./ (Dec.)**
Revenue						
Government Communications	$194.3	$189.3	3	$389.6	$400.5	(3)
Commercial Communications	246.7	228.2	8	450.2	429.6	5
Total	$441.0	$417.5	6	$839.8	$830.1	1
Operating Income						
Government Communications	$ 15.0	$ 19.8	(24)	$ 26.8	$ 34.0	(21)
% of revenue	*7.7%*	*10.5%*		*6.9%*	*8.5%*	
Commercial Communications	11.3	14.1	(20)	13.4	5.5(1)	144
% of revenue	*4.6%*	*6.2%*		*3.0%*	*1.3%*	
Headquarters expense	(11.0)	(12.0)	(8)	(17.6)	(14.7)	20
Other income	3.8	5.1	(25)	11.2	11.0	2
Total	$ 19.1	$ 27.0	(29)	$ 33.8	$ 35.8	(6)

(1) Includes $20.6 million special charge for a litigation settlement.

Government Communications Segment: Government Communications segment revenue in the quarter ended December 31, 1999 increased three percent over last year’s second quarter, while operating income decreased 24 percent. Despite improved operating margins on more recent contract wins, margin pressure in the second quarter compared to the prior year continues to reflect the completion of poorer performing older contracts. Recent contract awards and evidence of increased contract opportunities provide encouragement that Harris’ government business is improving.

Commercial Communications Segment: Commercial Communications segment revenue in the quarter ended December 31, 1999 increased eight percent over last year’s second quarter reflecting growth in the Company’s tactical radio products, microwave, broadcast and network support products. Lower operating margins, mainly in the company’s telecom switching business, reduced operating income to $11.3 million, compared to $14.1 million last year. Harris made good progress in reducing G&A costs. Those reductions, however, were partially offset by planned increases in marketing and research and development. As expected, operating income was substantially above the $2.1 million recorded in the first quarter of this fiscal year.

Orders increased for microwave equipment during the quarter as markets rebounded in China, Brazil, and Latin America. Orders also increased substantially for telecom line test systems used by competitive local exchange carriers (CLEC's) to deploy digital subscriber lines (DSL's) for applications such as high-speed internet service. Harris' tactical radio products business had continued strong performance in the second quarter due primarily to expanding sales of a broadened multiband radio product line to military customers and law enforcement agencies.

Harris' broadcast communications business reported a strong increase in sales. Following the end of the quarter, Harris purchased Louth Automation, a leading supplier of advanced automation systems for radio and TV broadcasters. The acquisition strengthens Harris' position in global traditional broadcast markets and will enable Harris to enter cable and satellite markets.

Harris also made several key moves to improve its cost structure in the Commercial Communications segment. Printed circuit board manufacturing for this segment will be outsourced to Sanmina Corporation. Additionally, in an effort to reduce operating costs, Harris is relocating the Communications Products Division headquarters and switching business to Melbourne, Florida. The relocation is expected to be completed by July 1, 2000. A wide-range of related actions are under consideration. The financial impact of these potential actions is not yet known. However, Harris believes that there will be a one-time negative impact to earnings over the remainder of the fiscal year. Harris has a large customer base in the telecom switching business that will need support and is evaluating alternatives to provide that support.

First Two Quarters Ended December 31, 1999: Revenue for the first two quarters ended December 31, 1999 was relatively flat when compared to the first two quarters of last year while operating income, before the $20.6 million special charge for a litigation settlement in the first quarter of fiscal 1999, decreased 40 percent during the same period. The decline in operating income was consistent with management's expectations for a weak first half due to lower margins on older government contracts that are now being completed, poor performance in the Harris' telecom switching business and a significant decline in microwave sales and margins in the first quarter of fiscal 2000.

Comparative Statement of Income

Harris' comparative statement of income is as follows:

	Quarter Ended		**%**	**Two Quarters Ended**		**%**
(Dollars In Millions)	**December 31, 1999**	**January 1, 1999**	**Inc./ (Dec.)**	**December 31, 1999**	**January 1, 1999**	**Inc./ (Dec.)**
Revenue	$441.0	$417.5	6	$839.8	$830.1	1
Cost of revenue	329.2	296.9	11	628.7	599.5	5
Gross margin	111.8	120.6	(7)	211.1	230.6	(8)
% of revenue	*25.4%*	*28.9%*		*25.1%*	*27.8%*	
Operating expenses	96.5	98.7	(2)	188.5	185.2	2
% of revenue	*21.9%*	*23.6%*		*22.4%*	*22.3%*	
Special charge for litigation	—	—		—	20.6	
Other Income	3.8	5.1	(25)	11.2	11.0	2
Operating income	19.1	27.0	(29)	33.8	35.8	(6)
% of revenue	*4.3%*	*6.5%*		*4.0%*	*4.3%*	
Interest income	8.8	—		10.1	5.3	91
Interest expense	(6.9)	.2		(8.6)	(2.6)	231
Income from continuing operations before taxes	21.0	27.2	(23)	35.3	38.5	(8)
Income taxes	7.4	9.8	(24)	12.4	13.9	(11)
Income from continuing operations	$ 13.6	$ 17.4	(22)	$ 22.9	$ 24.6	(7)
% of revenue	*3.1%*	*4.2%*		*2.7%*	*3.0%*	

Gross Margin: The gross margin as a percent of revenue was 25.4% in the quarter ended December 31, 1999 and 25.1% for the two quarters ended December 31, 1999, which compares to 28.9% and 27.8% for the prior year's respective periods. The decline in gross margins in the second quarter was primarily due to reduced gross margins in the telecom switching business, which were partially offset by better margins in the microwave business. The decline in gross margins in the first two quarters of fiscal 2000 was also due to reduced margins in the Commercial Communications segment's tactical radio products due to exceptionally strong margins in the prior year as a result of program close outs.

Operating Expenses: Operating expenses as a percent of revenue improved to 21.9% in the second quarter of fiscal 2000 compared to 23.6% in the prior year. Lower operating margins, mainly in the company's telecom switching business, reduced operating income to $19.1 million, compared to $27.0 million last year. Harris made good progress in reducing G&A costs. Those reductions, however, were partially offset by planned increases in marketing and research and development. As expected, operating income was substantially above the $14.7 million recorded in the first quarter of this fiscal year. Operating expenses as a percent of revenue for the two quarters ended December 31, 1999 was relatively unchanged from the prior year.

Other Income: Other income for the quarter ended December 31, 1999 was $1.3 million lower than the prior year's second quarter due to lower royalty income, which was partially offset by higher gains from investments. The prior year also benefited from gains on the sale of property. Other income for the two quarters ended December 31, 1999 was relatively unchanged from the prior year.

Interest Income and Interest Expense: Interest income was higher in the quarter and two quarters ended December 31, 1999 due to higher cash balances that resulted from the sale of the semiconductor business and the spin-off of the Lanier subsidiary. Interest expense increased in both the quarter ended and two quarters ended December 31, 1999 when compared to the prior year due to a higher allocation of interest expense to the results of discontinued operations in the prior year. Total interest expense from both continuing operations and discontinued operations is lower for both the quarter ended and two quarters ended December 31, 1999 when compared to the prior year. This decrease is due to the repayment of short-term debt from the cash received from the sale of the semiconductor business and the spin-off of the Lanier subsidiary as well as lower interest rates.

Income Taxes: The provision for income taxes as a percentage of pretax income was 35.0 percent in both the quarter and two quarters ended December 31, 1999 and 36.0 percent in the prior year's comparable period. All periods presented benefited from tax rates on foreign source income and export sales, which offset the additional provision needed for state income taxes.

Return on Revenue: Income from continuing operations as a percentage of revenue was 3.1 percent for the quarter ended December 31, 1999 and 2.7 percent for the two quarters ended December 31, 1999 versus 4.2 percent and 3.0 percent for the prior year's comparable periods. The variances were due to the previously stated reasons.

LIQUIDITY AND FINANCIAL POSITION

Harris' comparative financial position is as follows:

(Dollars In Millions)	December 31, 1999	January 1, 1999	% Inc./ (Dec.)
Cash and marketable securities	$ 581.5	$ 101.2	475
Other current assets	869.0	930.2	(7)
Current liabilities	486.7	807.3	(40)
Working capital	$ 963.8	$ 224.1	330
Net assets of discontinued operations	$ —	$1,293.2	(100)
Total debt	$ 484.4	$ 838.7	(42)
Total shareholders' equity	$1,242.8	$1,589.5	(22)
Additions of plant and equipment	39.1	27.2	44
Total debt to total capitalization	28.0%	34.5%	
Book value per share	$ 17.98	$ 19.96	(10)

Working Capital/Total Debt: Working capital increased from $224.1 million as of July 2, 1999 to $963.8 million as of December 31, 1999. Also, total debt decreased from $838.7 million to $484.4 million for the same periods. These changes were largely due to cash received from the sale of Harris' semiconductor operation and the spin-off of the Lanier subsidiary.

Significant Cash Receipts: The cash received from the sale of the semiconductor business was $548 million, and approximately $546 million was received from Lanier in connection with the spin-off. Harris has used a portion of this cash to reduce indebtedness, repurchase Harris' Common Stock and for other general corporate purposes such as the acquisition of Louth Automation.

In addition, Harris expects to receive full payment of its $90 million note receivable from Intersil when Intersil completes its recently announced initial public offering. Harris also has approximately 10% equity ownership in Intersil.

The Company plans to use its remaining cash balances for similar general corporate purposes in the future such as acquisitions, repurchases of its Common Stock and the relocation of its telecom switching operations.

Purchase of Common Stock for Treasury: For the two quarters ended December 31, 1999 the Company had used $227.5 million to repurchase 9.9 million shares of its Common Stock. Harris' Board of Directors has approved a share repurchase program which authorizes the repurchase of up to 15 million shares through open market transactions, in negotiated block transactions or pursuant to tender offers.

Marketable Securities: Marketable securities increased from $15.5 million as of July 2, 1999 to $216.0 million as of December 31, 1999. The increase was primarily due to the Company's investment in AirNet Communications Corporation, which conducted an initial public offering during the quarter, and Harris' retention of approximately ten percent of the shares of Lanier.

Additions of Plant and Equipment: Additions of plant and equipment for the two quarters ended December 31, 1999 were $39.1 million versus $27.2 million for the comparable period in the prior year. The increase is due to the purchase of a new headquarters building for the Company's broadcast communications operation in Mason, Ohio. Total additions for Harris in fiscal 2000, including expenditures for customer rental equipment, are expected to be approximately $80 million.

YEAR 2000 ISSUE

The Year 2000 statements set forth below are designated as “Year 2000 Readiness Disclosures” pursuant to the Year 2000 Information and Readiness Disclosure Act.

Certain software and hardware systems are time sensitive. Older time-sensitive systems often use a two-digit dating convention (e.g., “00” rather than “2000”) that could result in system failure and disruption of operations as the year 2000 approaches.

Harris diligently addressed the potential Year 2000 problem by undertaking 235 remediation project initiatives relating to four basic aspects of Harris and its business operations: (1) internal information technology systems, including sales order processing, contract management, financial systems, and service management; (2) internal non-information technology systems, including office equipment and test equipment; (3) products and services; and (4) material third-party relationships. The Company completed all these initiatives at the estimated cost of $20 million dollars. This cost was generally not incremental to existing information technology budgets.

As of the date hereof, Harris has not experienced any significant business disruptions or system failures as a result of Year 2000 issues. There has been no substantial Year 2000 related issues reported from our major suppliers or customers.

Although the Year 2000 event has occurred, and while there can be no assurance that there will be no problems related to the Year 2000 for a period of time after January 1, 2000, Harris believes it will not be adversely impacted by Year 2000 issues.

OUTLOOK

Harris’ outlook is promising. We are continuing to reduce manufacturing and administrative costs and invest to expand our core communications business. We believe we are in a good position to take advantage of the upturn in both commercial and government businesses and expect sales and earnings, excluding the potential impact of charges associated with the telecom switching business, to continue to improve in the second half of the year.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that reflect management's current expectations, assumptions and estimates of future performance and economic conditions. Such statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Harris cautions investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. Harris' consolidated results and the forward-looking statements could be affected by many factors, including general economic conditions in the markets in which Harris operates; economic developments that have a particularly adverse effect on one or more of the markets served by Harris; the ability to execute management's repositioning as a pure communications company; the ability to realize cost savings from Harris' internal reorganization; continuing challenges in its telecom switching business; stability of key markets for communications products, particularly Asia and Brazil; fluctuation in foreign currency exchange rates and the effectiveness of Harris' currency hedging program; reductions in the U.S. and worldwide defense and space budgets; effect of continuing consolidation in the U.S. defense industry on Harris' direct and indirect business with the U.S. government; Harris' ability to receive contract awards; continued development and market acceptance of new products, especially digital television broadcast products and broadband wireless access products; continued success of Harris' patent licensing programs; and the successful resolution of patent infringement and other general litigation. Other factors that may impact Harris' results and forward-looking statements may be disclosed in Harris' filings with the SEC. Harris disclaims and intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

At the Annual Meeting of Shareholders of Harris held on October 22, 1999, the following proposals were adopted by the margins indicated.

1. To elect two nominees to the Board of Directors:

Nominee	Number of Shares	
	For	**Withheld**
John T. Hartley	70,716,045	789,861
Karen Katen	70,722,705	783,201

2. To ratify the selection of Ernst & Young LLP as the independent public auditors of Harris for fiscal 2000.

For	71,020,159
Against	248,250
Abstain	237,495

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

(12) Ratio of Earnings to Fixed Charges.

(27) Financial Data Schedule (submitted electronically to the Securities and Exchange Commission for information only and not filed).

(b) Reports on Form 8-K.

(i) On October 22, 1999, Harris filed with the Commission a Current Report on Form 8-K relating to the formal approval of the spin-off of Lanier Worldwide, Inc., the approval of a new 15 million share repurchase authorization and a lowered dividend rate.

(ii) On November 8, 1999, Harris filed with the Commission a Current Report Form 8-K relating to the completion of the spin-off of Lanier Worldwide, Inc. and the move of Harris from the S&P 500 Index to the S&P Midcap 400 Index.

(iii) On November 19, 1999, Harris filed with the Commission a Current Report on Form 8-K disclosing information about the spin-off of Lanier Worldwide, Inc. and providing pro forma financial information giving effect to the spin-off.

(iv) On December 6, 1999, Harris filed with the Commission a Current Report on Form 8-K relating to the amendment and restatement of Harris' By-laws.

Items 1, 2, 3, and 5 of Part II are not applicable and have been omitted.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HARRIS CORPORATION
(Registrant)

Date: February 4, 2000

By: /s/Bryan R. Roub

Bryan R. Roub
Senior Vice President & Chief
Financial Officer (principal
financial officer and duly
authorized officer)

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Description
(12)	Ratio of Earnings to Fixed Charges
(27)	Financial Data Schedule (submitted electronically to the Securities and Exchange Commission for information Only and not filed).