

Saltiel Robert J.  
 Form 3  
 December 16, 2009

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0104  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *		2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â Saltiel Robert J.		(Month/Day/Year)	ATWOOD OCEANICS INC [ATW]	
(Last)	(First)	(Middle)	4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
15835 PARK TEN PLACE				
DRIVE			(Check all applicable)	
(Street)			<input type="checkbox"/> Director	<input type="checkbox"/> 10% Owner
HOUSTON,Â TXÂ 77084			<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> Other
(City)	(State)	(Zip)	(give title below)	(specify below)
			President & CEO	6. Individual or Joint/Group Filing(Check Applicable Line)
				<input checked="" type="checkbox"/> Form filed by One Reporting Person
				<input type="checkbox"/> Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Atwood Oceanics, Inc. Common Stock	55,741 <sup>(1)</sup>	D	Â
Atwood Oceanics, Inc. Common Stock	27,871 <sup>(2)</sup>	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of	5. Ownership Form of Derivative	6. Nature of Indirect Beneficial Ownership (Instr. 5)
---	---	--	------------------------------------	---------------------------------	--

Edgar Filing: Saltiel Robert J. - Form 3

Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)
------------------	-----------------	-------	----------------------------	---------------------	---

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Saltiel Robert J. 15835 PARK TEN PLACE DRIVE HOUSTON, TX 77084	Â	Â	Â President & CEO	Â

## Signatures

Robert J. Saltiel 12/16/2009

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 5(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) These shares of common stock were granted as Restricted Stock Awards under the Atwood Oceanics, Inc. 2007 Long-Term Incentive Plan. One hundred percent (100%) of the restricted stock awards vest at the end of three (3) years.
- (2) These shares of common stock were granted as Restricted Stock Awards under the Atwood Oceanics, Inc. 2007 Long-Term Incentive Plan. One hundred percent (100%) of the restricted stock awards vest at the end of four (4) years

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

	Fiscal Year(\$)	Fiscal Year(\$)	Fiscal Year(\$)	Fiscal Year(\$)	Fiscal Year(\$)	Fiscal Year(\$)	Fiscal Year(\$)	Fiscal Year(\$)	Fiscal Year(\$)
Name	(1)	(2)	(3)	Distributions(\$)	Fiscal Year End(\$)				
Lance	\$324,192	\$484,704	\$206,959	\$0	\$2,471,189				Howard L.
McArthur	\$61,392	\$77,497	\$73,672	\$0	\$469,246				Gary L.
Henry	\$100,623	\$139,258	\$310,964	\$0	\$1,753,045				Robert K.
Thorsteinson	\$0	\$0	\$0	\$0					Timothy E.
Shuman	\$67,046	\$34,608	\$15,295	\$0	\$134,656				Jeffrey S.

- (1) The amounts in this column represent contributions by the named executive officers to our SERP in respect of the portion of salary or annual cash incentive that has been deferred and credited during fiscal 2007. The portion representing deferral of base salary is included in the Summary Compensation Table on page 38 in the Salary column. The portion representing deferral of annual cash incentives is the deferral during fiscal 2007 of Annual Incentive Plan payments in respect of fiscal 2006 performance. Any contributions by the named executive officers of deferred Annual Incentive Plan payments in respect of fiscal 2007 performance will be contributions in fiscal 2008.
- (2) The amounts in this column represent contributions by us, the amounts of which are included in the Summary Compensation Table on page 38 in the All Other Compensation column. Contributions by us in fiscal 2007 include profit sharing payments contributed by us in September 2006 in respect of fiscal 2006 performance. Profit sharing contributions to be made by us in respect of fiscal 2007 performance will be credited to the accounts of named executive officers in fiscal 2008.
- (3)

None of the earnings in this column are included in the Summary Compensation Table on page 38 because they were not preferential or above-market.

**POTENTIAL PAYMENTS UPON TERMINATION OR A CHANGE IN CONTROL**

This section of the proxy statement sets forth information regarding compensation and benefits that each of the named executive officers would receive in the event of a change in control without termination of employment or in the event of termination of employment under several different circumstances, including: (1) termination by Harris for cause; (2) a voluntary termination by the named executive officer; (3) termination by the named executive officer for good reason; (4) involuntary termination by Harris without cause; (5) death; (6) disability; or (7) termination by Harris without cause or by the named executive officer for good reason following a change in control.

**Employment Agreement    Howard L. Lance**

In December 2004, our Board approved, and Harris and Mr. Lance entered into, a letter agreement providing for Mr. Lance's continued employment as Harris' CEO and President, and his continued service as a director and Chairman. Mr. Lance's agreement provides for an indefinite term of employment ending on termination of Mr. Lance's employment either by Harris with or without cause, or upon Mr. Lance's resignation for good reason (as such terms are defined in the agreement), other resignation, death, disability or retirement.

Under Mr. Lance's letter agreement, cause generally means a material breach by Mr. Lance of his duties and responsibilities as CEO or the conviction of, or plea to, a felony involving willful misconduct which is materially injurious to Harris. In addition, good reason generally means, without Mr. Lance's consent: (a) a reduction in annual base salary or current annual incentive target award, other than a reduction also applicable to our other senior executive officers; (b) the removal of or failure to elect or reelect Mr. Lance as President or CEO or Chairman of the Board; (c) the assignment of duties or responsibilities that are materially inconsistent with Mr. Lance's position with Harris; and (d) a

**Table of Contents**

requirement that Mr. Lance relocate to a location more than 50 miles from where our principal place of business is currently located.

In the event Mr. Lance's employment is terminated by Harris without cause, which Harris is entitled to do upon 30 days' prior written notice, or by Mr. Lance for good reason, then Mr. Lance would be entitled to receive from Harris (i) continuation of his then-current base salary for a period of two years; (ii) his pro-rated annual incentive bonus for the year of termination; (iii) without duplication, his accrued but unpaid base salary through the date of termination, his earned but unpaid bonus for the prior fiscal year, reimbursement of reasonable business expenses incurred prior to the date of termination, and other or additional compensation benefits in accordance with the terms of applicable Harris plans or employee benefit programs for terminated employees; (iv) continued participation in the medical, dental, hospitalization, short-term and long-term disability, and group life insurance coverage plans of Harris in which he was participating on the date of termination until 24 months following such date of termination (or, if earlier, until the date or dates on which he receives comparable coverage and benefits under the plans and programs of a subsequent employer); (v) during the two-year period following termination and notwithstanding the terms and conditions of his stock option and restricted stock agreements, continued vesting of his unvested restricted stock and/or options, and as to vested stock options, continued exercisability until the date which is three months after the end of such two-year period; (vi) pro-rated vesting of his outstanding performance share awards pursuant to Harris performance targets and resulting performance; and (vii) outplacement services at Harris' expense for up to one year following the date of termination in accordance with the practices of Harris as in effect from time to time for senior executives.

In the event Mr. Lance's employment is terminated by Harris for cause or upon Mr. Lance's resignation other than for good reason, death, disability or retirement, then Mr. Lance (or his estate or legal representative, as appropriate) shall be entitled to receive from Harris his accrued but unpaid base salary through the date of termination, his earned but unpaid annual incentive bonus for the prior fiscal year, reimbursement of reasonable business expenses incurred prior to the date of termination, and other compensation benefits in accordance with the terms of applicable Harris plans or employee benefit programs for terminated employees. In the event Mr. Lance's employment is terminated as a result of his death or disability, he shall also be entitled to other compensation benefits in accordance with the terms of applicable Harris plans for employees who die or become disabled, as appropriate.

Mr. Lance is also entitled to the benefits under his Supplemental Pension Plan in the event Mr. Lance's employment is terminated by Harris without cause, by Mr. Lance for good reason or as a result of disability or eligible retirement. For additional information regarding Mr. Lance's Supplemental Pension Plan, see the "Pension Benefits in Fiscal 2007" section of this proxy statement.

Mr. Lance's agreement also provides that he may not, for a one-year period following termination of his employment for any reason (or a two-year period if he is receiving severance from Harris), without Harris' prior written consent, associate with an enterprise that competes with Harris, and, during his employment with Harris and for a two-year period following termination of his employment for any reason, solicit any customer or any employee of Harris to leave Harris.

Payments and obligations to Mr. Lance following a change in control are governed by Mr. Lance's change in control severance agreement discussed below.

**Table of Contents**

**Employment Agreement Timothy E. Thorsteinson**

In January 2007, we entered into a letter agreement with Mr. Thorsteinson providing for his employment as President of our Broadcast Communications Division. Under the terms of his agreement, Mr. Thorsteinson is entitled to participate in the benefit programs offered to our Canada-based employees. In addition, if we terminate Mr. Thorsteinson's employment without cause, he will be entitled to receive a lump sum severance payment equal to his then-current base salary plus the amount of his annual cash incentive payment in respect of the fiscal year prior to the termination date. Payments and obligations to Mr. Thorsteinson following a change in control are covered by his change in control severance agreement discussed below.

**Severance Agreement Jeffrey S. Shuman**

In July 2005, we provided Mr. Shuman an offer letter as an incentive for him to join us as Vice President, Human Resources & Corporate Relations. Under the terms of the offer letter, Mr. Shuman is entitled to participate in Harris comprehensive employee benefit programs, executive long-term disability insurance coverage, Retirement Plan and SERP. In addition, if we terminate Mr. Shuman's employment other than for cause or performance reasons, the offer letter provides that he will be entitled to receive one year of severance in the form of base salary and pro-rated incentive compensation. Payments and obligations to Mr. Shuman following a change in control are governed by his change in control severance agreement discussed below.

**Executive Change in Control Severance Agreements**

To provide continuity of management and dedication of our executives in the event of a threatened or actual change in control of Harris, our Board has approved change in control severance agreements for our Board-elected or appointed officers. Under these agreements, our Board-elected or appointed officers, including the named executive officers, are provided with severance benefits in the event (a) an executive terminates his employment for good reason within two years of a change in control, or (b) Harris terminates the executive's employment within two years of a change in control of Harris for any reason other than for cause (all terms as defined in the severance agreement). Under the change in control severance agreement, the executive agrees not to voluntarily terminate his or her employment with us during the six-month period following a change in control.

Under the change in control severance agreements, a change in control generally means the occurrence of any one of the following events:

any person becomes the beneficial owner of 20% or more of the combined voting power of our outstanding common stock;

a change in the majority of our Board not approved by two-thirds of our incumbent directors;

the consummation of a merger, consolidation or reorganization unless immediately following such transaction: (i) more than 80% of the total voting power of Harris resulting from the transaction is represented by shares that were voting securities of Harris immediately prior to the transaction; (ii) no person becomes the beneficial owner of 20% or more of the total voting power of the outstanding voting securities as a result of the transaction; and (iii) at least a majority of the members of the board of directors of the company resulting from the transaction were incumbent directors of Harris at the time of the Board's approval of the execution of the initial agreement providing for the transaction; or

our shareholders approve a plan of complete liquidation or dissolution of Harris or the sale or disposition of all or substantially all of our assets.

Also, under these agreements, good reason generally means:

a reduction in the executive's annual base salary or current annual incentive target award;

the assignment of duties or responsibilities that are materially inconsistent with the executive's position immediately prior to a change in control;



**Table of Contents**

a material adverse change in the executive's reporting responsibilities, titles or offices with Harris as in effect immediately prior to a change in control;

any requirement that the executive be based more than fifty miles from the facility where the executive was located at the time of the change in control; or

failure of Harris to continue in effect any employee benefit or compensation plans or provide the executive with employee benefits as in effect for the executive immediately prior to a change in control.

In addition, the term "cause" generally means a material breach by the executive of the duties and responsibilities of the executive's position or the conviction of, or plea to, a felony involving willful misconduct which is materially injurious to Harris.

If triggered, the lump-sum severance benefit payable under the change in control severance agreement equals the sum of: (a) the executive's unpaid base salary through the date of termination, a pro-rated annual bonus (as determined under the severance agreement), any compensation deferred by the executive other than under a tax-qualified plan and any accrued vacation pay; and (b) from one to three times (based upon the executive's position) the executive's highest annual rate of base salary during the 12-month period prior to the date of termination and from one to three times (based upon the executive's position) the greatest of the executive's highest annual bonus in the three years prior to the change in control, the executive's target bonus for the year during which the change in control occurred or the executive's target bonus for the year in which the executive's employment is terminated. Payment amounts are three times salary and bonus for Messrs. Lance, Henry and Shuman, which for Mr. Lance was agreed upon in his employment letter agreement and for Mr. Shuman was agreed in his offer letter, and two times salary and bonus for Messrs. McArthur and Thorsteinson. In addition, for the two years following the date of termination, the executive receives the same level of medical, dental, accident, disability, life insurance and any similar benefits as are in effect on the date of termination (or the highest level of coverage provided to active executives, if more favorable). The executive also receives reimbursement for any relocation expense related to the pursuit of other business opportunities incurred within two years following the date of termination, for recruitment or placement services of up to \$4,000 and for professional financial or tax planning services of up to \$5,000 per year. The change in control severance agreement also provides for a tax gross-up payment to the executive in the event that payment of any severance benefits is subject to excise taxes imposed under Section 4999 of the Internal Revenue Code. In addition, pursuant to the change in control severance agreement, we will reimburse the executive for any legal fees and costs with respect to any dispute arising under such severance agreement.

**Payments and Benefits Upon any Termination**

Our salaried employees, including the named executive officers, are entitled to receive certain elements of compensation on a non-discretionary basis upon termination of employment for any reason. Subject to the exceptions noted below, these include: (a) accrued salary and pay for unused vacation; (b) distributions of vested plan balances under our Retirement Plan or SERP; and (c) earned but unpaid bonuses. For a description of the SERP and the account balances credited to the named executive officers in the SERP as of June 29, 2007, see the Nonqualified Deferred Compensation Table on page 47. The amounts shown below in the Tables of Potential Payments Upon Termination or Change in Control do not include these elements of compensation or benefits.

**Termination for Cause**

A named executive officer whose employment is terminated by Harris for cause is not entitled to any compensation or benefits other than those paid to all of our salaried employees upon any termination of employment as described above. In addition, as noted under "Recovery of Executive Compensation" in the "Compensation Discussion and Analysis" section of this proxy statement, depending upon the circumstances giving rise to such termination, we may be entitled to recover all or a portion of any performance-based compensation if our financial statements are restated as a result of errors, omissions or fraud. Annual incentive awards, vested and unvested

**Table of Contents**

options, performance shares, performance share units, restricted shares and restricted stock units are automatically forfeited following a termination for cause or misconduct.

**Involuntary Termination Without Cause**

In the case of termination of employment other than for cause, neither Mr. McArthur nor Mr. Henry is contractually entitled to any compensation or benefits other than those that are paid to all salaried employees upon any termination of employment as described above. However, as discussed in the Compensation Discussion and Analysis section of this proxy statement, we have a long-standing practice of providing reasonable severance compensation for involuntary termination of an executive's employment without cause. The specific amount may be based upon the relevant circumstances, including the reason for termination, length of employment and other factors. Unvested options, restricted shares and restricted stock units are forfeited following an involuntary termination, vested options may be exercised until the sooner of three months of such termination or the regularly scheduled expiration date and performance shares and performance share units will be paid out pro-rata after the end of the relevant performance period based upon the number of months worked during such performance period.

Compensation and benefits payable to Messrs. Lance, Thorsteinson and Shuman in the case of termination of employment other than for cause are described above under the description of their respective employment letter agreements or offer letter.

**Voluntary Termination**

A named executive officer who voluntarily terminates employment other than due to retirement or for good reason, is not entitled to any benefits other than those that are paid to all of our salaried employees upon any termination of employment as described above. Annual incentive awards, vested and unvested options, restricted shares, restricted stock units, performance shares and performance share units are automatically forfeited following a voluntary termination.

**Death**

In the event of termination of employment as a result of death, the beneficiaries of named executive officers are eligible for benefits under the death benefit programs generally available to our U.S.-based employees, including basic group life insurance paid by Harris and supplemental group life insurance elected and paid for by employees. Mr. Lance also has additional life insurance coverage as discussed above in the Compensation Discussion and Analysis section of this proxy statement. In the event of death:

account balances in our Retirement Plan and SERP become fully vested;

annual incentive awards are paid pro-rata based upon the number of months worked during the fiscal year and are paid following the fiscal year-end based upon our performance;

restricted shares, restricted stock units, performance shares or performance share units are paid to the beneficiary pro-rata based upon the number of months worked during the restricted period or performance period, as applicable, with performance shares and performance share units paid at the end of the three-year performance period based upon our performance; and

options immediately fully vest and shall be exercisable by the beneficiaries for up to 12 months following the date of death but no later than the expiration date.

**Disability**

In the event of termination of employment as a result of disability, named executive officers are eligible for benefits in disability programs generally available to our U.S.-based employees. These include a long-term disability income benefit and, in most cases, continuation of medical and life insurance coverage applicable to active employees while disabled. In the event of disability:

account balances in our Retirement Plan and SERP become fully vested;



annual incentive awards are paid out pro-rata based upon the number of months worked during the fiscal year and are paid

**Table of Contents**

following the fiscal year-end based upon our performance;

restricted shares, restricted stock units, performance shares and performance share units are paid pro-rata based upon the number of months worked during the restricted period or performance period, as applicable, with performance shares and performance share units paid at the end of the three-year performance period based upon our performance; and

options continue to vest in accordance with the vesting schedule and be exercisable until the regularly scheduled expiration date.

**Retirement**

As of June 29, 2007, none of our named executive officers is retirement-eligible. In the event of termination of employment as a result of retirement, a named executive officer would receive retirement benefits generally available to our salaried employees. These include the benefits under our Retirement Plan, SERP and, in certain cases, retiree medical, dental and vision coverage. In the event of retirement:

account balances in our Retirement Plan and SERP become fully vested;

annual incentive awards are paid pro-rata based upon the number of months worked during the fiscal year and are paid following the fiscal year-end based upon our performance;

after age 62 with ten or more years of service, options continue to vest in accordance with the vesting schedule and be exercisable until the regularly scheduled expiration date;

before age 62, but after age 55 with ten or more years of service, options cease vesting and options exercisable at the time of such retirement continue to be exercisable until the regularly scheduled expiration date, but unvested options are forfeited;

restricted shares and restricted stock units are paid pro-rata based upon the number of months worked during the restricted period; and

performance shares and performance share units are paid pro-rata based upon the number of months worked during the performance period, with such shares or units paid at the end of the performance period based upon our performance.

**Change in Control**

Each of our named executive officers is party to a change in control severance agreement providing for benefits only upon both a change in control and the subsequent termination of employment of or by the executive in accordance with the terms of the agreement. For additional information regarding the terms of such agreements, see

Executive Change in Control Severance Agreements on page 49. In addition, upon a change in control and irrespective of employment status:

annual incentive awards are fully earned and paid out promptly following the change in control at not less than the target level;

all options immediately vest and become exercisable;

all restricted shares immediately vest;

all restricted stock units immediately vest and will be paid immediately; and

all performance shares and performance share units are deemed fully earned and fully vested and will be paid at the end of the performance period, subject to accelerated pay-out or forfeiture in certain circumstances.

**Tables of Potential Payments Upon Termination or Change in Control**

The following tables set forth the details on an executive-by-executive basis, of the estimated compensation and benefits that would be provided to each named executive officer in the event that such executive's employment with us is terminated for any reason, including termination for cause, voluntary termination, termination by the executive for good reason, involuntary termination without cause, death, disability or termination without cause or for good reason following a change in control. The tables also set forth the amount of potential payments to each of our

**Table of Contents**

named executive officers in the event of a change in control without a termination of employment. These amounts are estimates of the amounts that would be paid to the named executive officer upon such termination of employment or change in control. The actual amounts to be paid can only be determined at the time of a named executive officer's termination of employment or a change in control. The amounts included in the tables are also based on the following:

The applicable provisions in the agreements and other arrangements between the named executive officer and Harris, which are summarized in the Potential Payments Upon Termination or a Change in Control section of this proxy;

We have assumed that the termination event occurred effective as of June 29, 2007, the last day of our fiscal year 2007;

We have assumed that the value of our common stock was \$54.55 per share based on the closing market price on June 29, 2007, the last trading day of our fiscal year 2007 and that all unvested options not automatically forfeited were exercised on such day;

The designation of an event as a resignation or retirement is dependent upon an individual's age. We have assumed that an individual over the age of 55 and who has completed at least ten years of service has retired, and an individual who does not satisfy these criteria has resigned;

Cash compensation includes multiples of salary and annual incentive, and does not include paid or unpaid salary or annual incentive compensation earned in respect of fiscal 2007 as a named executive officer is entitled to annual incentive compensation if employed on June 29, 2007;

The value of accelerated performance shares and performance share units is based upon the target number of performance shares and performance share units previously granted and does not include performance shares for the three-year performance period ended June 29, 2007, which performance shares for such three-year performance period are set forth in the Option Exercises and Stock Vested in Fiscal 2007 Table on page 44 of this proxy statement;

We have not included in the tables the value of any options that were vested prior to June 29, 2007;

We have not included in the tables any payment of the aggregate balance shown in the Nonqualified Deferred Compensation Table on page 47 of this proxy statement;

Health and welfare benefits are included, where applicable, at the estimated value of continuation of this benefit;

In the event of termination by Harris without cause or by the named executive officer for good reason following a change in control, Other Benefits includes \$4,000 for placement services and \$5,000 for financial or tax planning services as set forth in the change in control severance agreement and also includes relocation assistance estimated at \$220,000; and

Amounts shown in the Reimbursement of Excise Tax line reflect the amount payable to the named executive officer to offset any excise tax imposed under the Internal Revenue Code on payments received under the change in control severance agreement and any other taxes imposed on this additional amount. The amount shown assumes the base amount is the five-year average W-2 earnings for the period of 2002 through 2006. The benefit amount in excess of a named executive officer's base amount is considered an excess parachute payment and if the parachute payment is greater than three times the average base amount, it is subject to an excise tax.



**Table of Contents**

**Howard L. Lance**

Executive Benefits and Payment Upon Termination	Termination by Harris	Termination by Voluntary for Cause	Termination By Executive for Good Reason	Termination by Harris without Cause	Death	Disability	Change in Control without Termination	Termination by Harris without Cause/by Executive for Good Reason Following a Change in Control
Cash Compensation	\$0	\$0	\$1,900,000	\$1,900,000	\$0	\$0	\$0	\$8,400,000
Value of Accelerated or Continued Vesting of Unvested Options	\$0	\$0	\$5,057,613	\$5,057,613	\$5,473,400	\$5,473,400	\$5,473,400	\$5,473,400
Value of Accelerated Unvested Performance Shares	\$0	\$0	\$2,203,820	\$2,203,820	\$2,203,820	\$2,203,820	\$4,320,360	\$4,320,360
Health and Welfare Benefits	\$0	\$0	\$51,906	\$51,906	\$0	\$0	\$0	\$51,906
Other Benefits	\$0	\$0	\$4,000	\$4,000	\$0	\$0	\$0	\$229,000
Supplemental Pension Plan**	\$0	\$0	\$181,198	\$181,198	\$0	\$50,030	\$0	\$261,046
Reimbursement of Excise Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL***</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,217,339</b>	<b>\$9,217,339</b>	<b>\$7,677,220</b>	<b>\$7,677,220</b>	<b>\$9,793,760</b>	<b>\$18,474,666</b>

\* Under the terms of Mr. Lance's employment letter agreement, if his employment is terminated by Harris without cause or by Mr. Lance for good reason, stock options continue to vest for 24 months. The amount shown represents the intrinsic value of such unvested options that would vest during such 24 month period based upon the \$54.55 closing market price of our common stock on June 29, 2007.

\*\* The Supplemental Pension Plan benefit payments shown above are annual amounts and are paid in monthly installments for Mr. Lance's remaining lifetime. For termination for good reason and for termination without cause, commencement of payments is deferred for two years. For disability, payments commence immediately, offset by long-term disability benefits. For termination following a change in control, commencement of payments is deferred for three years.

\*\*\* Excludes annuity benefits payable from the Supplemental Pension Plan.

**Gary L. McArthur**

Termination	By	Involuntary	Change in Control	Termination by Harris without Cause/by Executive for Good Reason

Edgar Filing: Saltiel Robert J. - Form 3

<i>Executive Benefits and Payment Upon Termination</i>	<i>by Harris</i>	<i>Voluntary</i>	<i>for Good Reason</i>	<i>by Harris without Cause</i>	<i>Death</i>	<i>Disability</i>	<i>without Termination</i>	<i>Following a Change in Control</i>
Cash Compensation	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,280,000
Value of Accelerated or Continued Vesting of Unvested Options	\$0	\$0	\$ 0	\$ 0	\$ 689,530	\$ 689,530 <sup>(1)</sup>	\$ 689,530	\$ 689,530
Value of Accelerated Unvested Restricted Shares	\$0	\$0	\$ 0	\$ 0	\$ 515,194	\$ 515,194	\$ 545,500	\$ 545,500
Value of Accelerated Unvested Performance Shares	\$0	\$0	\$ 309,117	\$ 309,117	\$ 309,117	\$ 309,117	\$ 665,510	\$ 665,510
Health and Welfare Benefits	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,113
Other Benefits	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,000
Reimbursement of Excise Tax	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 641,104
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 309,117</b>	<b>\$ 309,117</b>	<b>\$ 1,513,841</b>	<b>\$ 1,513,841</b>	<b>\$ 1,900,540</b>	<b>\$ 4,084,757</b>

**Table of Contents****Robert K. Henry**

Executive Benefits and Payment Upon Termination	Termination by Harris		Termination by Harris		Death	Disability	Termination	Change in Control without	Termination by Harris without Cause/Executive for Good Reason Following a Change
	Voluntary	for Good Cause	for Good Cause	without Cause					
Cash Compensation	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$2,880,000
Value of Accelerated or Continued Vesting of Unvested Options	\$0	\$0	\$ 0	\$ 0	\$1,342,273	\$1,342,273 <sup>(1)</sup>	\$1,342,273	\$1,342,273	\$1,342,273
Value of Accelerated Unvested Restricted Shares	\$0	\$0	\$ 0	\$ 0	\$2,363,833	\$2,363,833	\$2,727,500	\$2,727,500	\$2,727,500
Value of Accelerated Unvested Performance Shares	\$0	\$0	\$640,054	\$640,054	\$ 640,054	\$ 640,054	\$1,292,835	\$1,292,835	\$1,292,835
Health and Welfare Benefits	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,809
Other Benefits	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,000
Reimbursement of Excise Tax	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$640,054</b>	<b>\$640,054</b>	<b>\$4,346,160</b>	<b>\$4,346,160</b>	<b>\$5,362,608</b>	<b>\$5,362,608</b>	<b>\$8,497,417</b>

**Timothy E. Thorsteinson**

Executive Benefits and Payment Upon Termination	Termination by Harris		Termination by Harris		Death	Disability	Termination	Change in Control without	Termination by Harris without Cause/Executive for Good Reason Following a Change
	Voluntary	for Good Cause	for Good Cause	without Cause					
Cash Compensation	\$0	\$0	\$1,099,504	\$1,099,504	\$ 0	\$ 0	\$ 0	\$ 0	\$2,199,008
Value of Accelerated or Continued Vesting of Unvested Options	\$0	\$0	\$ 0	\$ 0	\$ 494,680	\$ 494,680 <sup>(1)</sup>	\$ 494,680	\$ 494,680	\$ 494,680
Value of Accelerated Unvested Restricted Stock	\$0	\$0	\$ 0	\$ 0	\$ 684,905	\$ 684,905	\$1,374,660	\$1,374,660	\$1,374,660



Edgar Filing: Saltiel Robert J. - Form 3

Units									
Value of Accelerated Unvested Performance									
Share Units	\$0	\$0	\$ 367,304	\$ 367,304	\$ 367,304	\$ 367,304	\$ 720,060	\$ 720,060	
Health and Welfare Benefits	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,978	
Other Benefits	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,000	
Reimbursement of Excise Tax	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,466,808</b>	<b>\$1,466,808</b>	<b>\$1,546,889</b>	<b>\$1,546,889</b>	<b>\$2,589,400</b>	<b>\$5,048,386</b>	

**Table of Contents***Jeffrey S. Shuman*

Executive Benefits and Payment Upon Termination	Termination by Harris		Termination by Executive		Termination by Harris		Death	Disability	Change in Control without Termination in Control	Termination by Harris without Cause/by Executive for Good Reason Following a Change
	Voluntary	for Good Reason	for Good Reason	without Cause	without Cause	without Cause				
Cash Compensation	\$0	\$0	\$355,000	\$355,000	\$0	\$0	\$0	\$0	\$0	\$2,040,000
Value of Accelerated or Continued Vesting of Unvested Options	\$0	\$0	\$0	\$0	\$609,818	\$609,818 <sup>(1)</sup>	\$609,818	\$609,818	\$609,818	\$609,818
Value of Accelerated Unvested Restricted Shares	\$0	\$0	\$0	\$0	\$767,110	\$767,110	\$767,110	\$767,110	\$981,900	\$981,900
Value of Accelerated Unvested Performance Shares	\$0	\$0	\$434,582	\$434,582	\$434,582	\$434,582	\$434,582	\$434,582	\$840,070	\$840,070
Health and Welfare Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,344
Reimbursement of Excise Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,039,958
Other Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$229,000
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$789,582</b>	<b>\$789,582</b>	<b>\$1,811,510</b>	<b>\$1,811,510</b>	<b>\$1,811,510</b>	<b>\$1,811,510</b>	<b>\$2,431,788</b>	<b>\$5,778,090</b>

(1) In the event of termination of employment as a result of disability, stock options continue to vest in accordance with the vesting schedule. The amount shown represents the intrinsic value of such unvested options that would vest during such vesting period based upon the \$54.55 closing market price of our common stock on June 29, 2007.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, as well as persons who own more than ten percent of our outstanding shares of common stock, to file reports of ownership and changes in ownership of our securities with the SEC and the NYSE. We have procedures in place to assist our directors and executive officers in preparing and filing these reports on a timely basis.

Based solely upon a review of the forms furnished to us, or written representations from certain persons that no Forms 5 were required, we believe that all required forms have been timely filed for fiscal 2007.

**Table of Contents**

**PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM  
Fees Paid to Independent Registered  
Public Accounting Firm**

E&Y served as Harris' independent registered public accounting firm for the fiscal year ended June 29, 2007. In addition to the engagement to audit our financial statements and internal control over financial reporting and to review the financial statements included in our quarterly reports on Form 10-Q, E&Y was also engaged by us during fiscal 2007 to perform certain audit-related services.

The following table presents fees for professional audit services rendered by E&Y for the audit of our annual financial statements for the fiscal years ended June 29, 2007 and June 30, 2006 and fees for other services rendered by E&Y during those periods.

	Fiscal 2007	Fiscal 2006
Audit Fees	\$4,005,100	\$4,236,100
Audit-Related Fees	\$1,227,300	141,400
Tax Fees	0	0
All Other Fees	0	0
<b>Total</b>	<b>\$5,232,400</b>	<b>\$4,377,500</b>

*Audit Fees.* Audit services include fees associated with the annual audit and the audit of internal control over financial reporting, as well as reviews of Harris' quarterly reports on Form 10-Q, SEC registration statements, accounting and reporting consultations and statutory audits required internationally for subsidiaries of Harris.

*Audit-Related Fees.* Services within audit-related fees include the stand-alone audit of the Microwave Communications Division in connection with its combination with Stratex Networks, Inc. and transaction due diligence.

*Tax Fees.* No tax-related services were rendered or fees billed for the fiscal years ended June 29, 2007 and June 30, 2006.

*All Other Fees.* For the fiscal years ended June 29, 2007 and June 30, 2006, no professional services were rendered or fees billed for other services not included within Audit Fees, Audit-Related Fees or Tax Fees.

E&Y did not perform any professional services related to financial information systems design and implementation for Harris in fiscal 2007 or fiscal 2006.

The Audit Committee has determined in its business judgment that the provision of non-audit services described above is compatible with maintaining E&Y's independence.

In fiscal 2007, E&Y served as the independent registered public accounting firm for Harris Stratex Networks, Inc., a publicly-traded company of which we own approximately 57% of the outstanding shares. The audit committee of Harris Stratex Networks, Inc. is responsible for reviewing and pre-approving the scope and cost of services provided by its independent registered public accounting firm. The fees set forth above do not include the fees paid by Harris Stratex Networks, Inc. to E&Y for services rendered to Harris Stratex Networks, Inc.

**Pre-Approval of Audit  
and Non-Audit Services**

Under the Audit Committee Pre-Approval Policy and Procedures, as adopted by the Audit Committee, the Audit Committee must pre-approve all audit and non-audit services provided by our independent registered public accounting firm in order to ensure that the provision of such services does not impair their independence. The policy utilizes a framework of both general pre-approval for certain specified services and specific pre-approval for all other services.

### Edgar Filing: Saltiel Robert J. - Form 3

At the start of each fiscal year, the Audit Committee is asked to pre-approve the audit services, audit-related services and tax services together with specific details regarding such services anticipated to be required for such fiscal year including, when available, estimated fees. The Audit Committee reviews and, as it deems appropriate, pre-approves those services. The Audit Committee reviews the services provided to date and actual fees against the estimates, and such fee amounts may be updated to the extent appropriate at the regularly scheduled meetings of the Audit Committee. Additional pre-approval is required before actual fees for any service can exceed the originally pre-approved amount. The Audit Committee may also revise the list of pre-approved services and related fees from time to

**Table of Contents**

time. All of the services described above under the captions "Audit Fees" and "Audit-Related Fees" with respect to fiscal 2007, were pre-approved in accordance with this policy.

If we seek to engage the independent registered public accounting firm for other services that are not considered subject to general pre-approval as described above, then the Audit Committee must approve such specific engagement as well as the estimated fees. Such engagement will be presented to the Audit Committee for pre-approval at its next regularly scheduled meeting. If the timing of the project requires an expedited decision, then we may ask the Chairperson of the Audit Committee to pre-approve such engagement. Any such pre-approval by the Chairperson is then reported to the full Audit Committee for ratification at the next Audit Committee meeting. In any event, pre-approval of any engagement by the Audit Committee or the Chairperson of the Audit Committee is required before our independent registered public accounting firm may commence any engagement. Additional pre-approval is required before any fees can exceed approved fees for any such specifically-approved services.

**Appointment of Independent  
Registered Public Accountants  
for Fiscal 2008**

The Audit Committee has appointed E&Y to audit our books and accounts for the fiscal year ending June 27, 2008.

Although applicable law does not require shareholder ratification of the appointment, our Board has decided to ascertain the position of our shareholders on the appointment. If our shareholders do not ratify the appointment of E&Y, the Audit Committee will reconsider the appointment. We expect that a representative of E&Y will be present at the 2007 Annual Meeting to respond to appropriate questions from shareholders and to make a statement if he or she desires to do so.

As provided in the Audit Committee's Charter and as discussed above, the Audit Committee is responsible for directly appointing, retaining, terminating and overseeing our independent registered public accounting firm. While Harris has a very long-standing relationship with E&Y, the Audit Committee continuously evaluates the independence and effectiveness of the independent registered public accounting firm and its personnel, and the cost and quality of its audit and audit-related services. In accordance with sound corporate governance practices and in order to ensure that the Audit Committee and our shareholders are receiving the best and most cost effective audit services available, the Audit Committee periodically considers issuing a request for proposal from E&Y and other large nationally recognized accounting firms with regard to our audit engagement. If we determine to use a request for proposal process, that could result in a firm other than E&Y providing audit engagement services to us in later years.

**Recommendation Regarding Proposal 2**

The affirmative vote of a majority of the shares represented at the 2007 Annual Meeting of Shareholders and entitled to vote on this proposal will be required to ratify our Audit Committee's appointment of our independent registered public accounting firm. Abstentions will have the effect of a vote against ratification of the appointment of the independent registered public accounting firm.

**Our Board of Directors recommends that you vote FOR ratification of the Audit Committee's appointment of E&Y as our independent registered public accounting firm for the fiscal year ending June 27, 2008.**

**SHAREHOLDER PROPOSALS FOR THE 2008 ANNUAL MEETING OF SHAREHOLDERS**

Pursuant to applicable requirements of the Securities Exchange Act of 1934, as amended, in order to be considered for inclusion in our proxy statement and form of proxy for the 2008 Annual Meeting of Shareholders, we must receive any proposals that shareholders wish to present no later than May 21, 2008. Such proposals will need to be in writing and to comply with SEC regulations regarding the inclusion of shareholder proposals in Harris-sponsored proxy materials.

In addition, our By-Laws provide that, for any shareholder proposal or director nomination to be properly presented at the 2008 Annual Meeting of Shareholders, whether or not also submitted for inclusion in our proxy statement, we must receive notice of the matter not less than 90 nor more

**Table of Contents**

than 120 days prior to October 26, 2008. Thus, to be timely, the notice of a proposal for the 2008 Annual Meeting of Shareholders must be received by our Corporate Secretary no earlier than June 28, 2008 and no later than July 28, 2008. Further, any proxy granted with respect to the 2008 Annual Meeting of Shareholders will confer discretionary authority to vote with respect to a shareholder proposal or director nomination if notice of such proposal or nomination is not received by our Corporate Secretary within the timeframe provided above. Each notice of director nomination must contain the name and address of the shareholder who intends to make the nomination and the number of shares of our common stock owned of record and beneficially by the shareholder; the name, address and written consent of the nominee; and the number of all shares of our common stock owned of record and beneficially by the nominee, as reported to the shareholder by the nominee; and any other nominee information as would be required to be disclosed in a proxy solicitation. A copy of our By-Laws is available on the Corporate Governance section of our website at [www.harris.com/harris/cg/](http://www.harris.com/harris/cg/). You may also obtain a copy of our By-Laws upon written request to our Corporate Secretary at the address below.

A nomination or proposal that does not supply adequate information about the nominee or proposal, and the shareholder making the nomination or proposal, will be disregarded. You should address all nominations or proposals to:

Corporate Secretary  
Harris Corporation  
1025 West NASA Boulevard  
Melbourne, Florida 32919

**DISCRETIONARY VOTING ON OTHER MATTERS**

Except for the matters described in this proxy statement, our Board of Directors is not aware of any matter that will or may be properly presented at the 2007 Annual Meeting of Shareholders. The deadline under our By-Laws for any shareholder proposal to be properly presented at the 2007 Annual Meeting of Shareholders has passed. If any other matter is properly brought before the 2007 Annual Meeting of Shareholders, the persons named in the proxy card and voting instructions intend to vote the shares for which we have received proxies in accordance with their best judgment.

**MISCELLANEOUS MATTERS**

**Annual Report on Form 10-K**

Our Annual Report on Form 10-K for our fiscal year ended June 29, 2007 was mailed to our shareholders with this proxy statement. **Upon request, we will furnish to shareholders without charge a copy of the Annual Report on Form 10-K.** The Annual Report on Form 10-K also has been filed with the SEC. Shareholders may obtain a copy by:

Writing to our Corporate Secretary at:  
Harris Corporation  
1025 West NASA Boulevard  
Melbourne, FL 32919; or

Calling (321) 727-9100.

A copy is also available on the Investor Relations section of our website at [www.harris.com/investor-relations.html](http://www.harris.com/investor-relations.html).

**Shareholder List**

A list of our shareholders of record as of the August 31, 2007 record date will be available for examination for any purpose germane to the 2007 Annual Meeting of Shareholders during normal business hours at 1025 West NASA Boulevard, Melbourne, Florida, at least ten days prior to the 2007 Annual Meeting of Shareholders and also will be available for examination at the 2007 Annual Meeting of Shareholders.

**By Order of the Board of Directors**

Scott T. Mikuen  
*Vice President, Associate  
General Counsel and*

*Corporate Secretary*

Melbourne, Florida  
September 18, 2007

59

---

**HARRIS CORPORATION  
CORPORATE GOVERNANCE PRINCIPLES  
OF THE  
BOARD OF DIRECTORS**

**I. INTRODUCTION.**

The Board of Directors (the Board ) of Harris Corporation (the Corporation ), acting on the recommendation of its Corporate Governance Committee, has developed and adopted these principles as a general guide to assist the Board in carrying out its responsibilities and to promote the effective functioning of the Board and its committees. The Board, on behalf of the Corporation and its shareholders, oversees and provides general direction to the management of the Corporation.

In addition to other Board or committee responsibilities outlined below, the responsibilities of the Board include: reviewing the overall operating, financial and strategic plans and performance of the Corporation; selecting and evaluating the Corporation's Chief Executive Officer (CEO ), either directly or through a committee overseeing the appointment and evaluation of the Corporation's senior officers; overseeing appropriate policies of corporate conduct and compliance with laws; and, reviewing the process by which financial and non-financial information about the Corporation is provided to employees, management, the Board and the Corporation's shareholders.

The Corporation's senior officers, under the direction of the CEO, are responsible for the operations of the Corporation, implementation of the strategic, financial, and management plans of the Corporation, preparation of financial statements and other reports that accurately reflect requisite information about the Corporation, and timely reports which inform the Board about the foregoing matters.

These principles are not intended as binding legal obligations or inflexible requirements, and are not intended to interpret applicable laws and regulations or modify the Corporation's Certificate of Incorporation or By-laws. These principles are subject to modification and the Board in the exercise of its discretion, shall be able to deviate from these principles from time to time, as the Board may deem appropriate or desirable or as required by applicable laws and regulations.

**II. BOARD COMPOSITION.**

(a) Size of the Board; Staggered Board. The Board will periodically review the appropriate size of the Board given factors deemed relevant to the Board, including providing for sufficient diversity among non-employee directors while also facilitating substantive discussions and input in which each director can meaningfully participate. The Corporation's Certificate of Incorporation and By-laws currently provide that the authorized number of directors will be not less than eight or more than thirteen. The Board is classified with the terms of office of each of the three classes of directors ending in successive three-year terms, as provided in the Corporation's Certificate of Incorporation. The Board believes that this staggered election of directors helps maintain continuity and stability of the work of the Board and assists in conducting long-term strategic planning, which is vital to the Corporation's future success.

(b) Majority of Independent Directors. A majority of the directors serving on the Board will meet the standard of director independence set forth in the New York Stock Exchange listing standards as the same may be amended from time to time (the listing standards ), as well as other factors not



**Table of Contents**

inconsistent with the listing standards that the Board considers appropriate for effective oversight and decision-making by the Board.

(c) Affirmative Determination of Independence. The Board will affirmatively determine annually and at other times required by the listing standards that the directors designated as independent have no material relationships to the Corporation (either directly or with an organization in which the director is a partner, shareholder or officer or is financially interested) that may interfere with the exercise of their independence from management and the Corporation. If the Board determines that a director has a relationship which is not material, the Corporation will disclose the determination in its annual proxy statement, provided that the Board may adopt and disclose categorical standards to assist it in making determinations of independence and disclose if a director meets these standards.

(d) Management Directors. The Board anticipates that the Corporation's CEO will be nominated to serve on the Board. The Board may also appoint or nominate other members of the Corporation's management whose experience and role at the Corporation are expected to help the Board fulfill its responsibilities.

(e) Selection of Chairman and Presiding Independent Director. The Board will periodically appoint a Chairman of the Board. The Board believes it is appropriate and efficient for the Corporation's CEO also to serve as Chairman. However, the Board retains the authority to separate those functions in the future if it deems such action is appropriate. The Board has adopted a procedure for the selection of an individual to act as Chairperson to preside at the sessions of independent directors. The procedure requires the annual rotation of the individual to chair the Board sessions of independent directors among the Chairpersons of each of the Board committees, in alphabetical order by committee name. The Corporation will appropriately disclose: (i) the procedure by which such presiding director is chosen; and (ii) the method by which interested parties may contact the independent directors. The Board has considered the concept of a lead non-employee director and believes that rather than designating a lead non-employee director, the annual rotation of an independent director to chair the Board sessions of independent directors is more effective.

(f) Selection of Board Nominees. The Board has overall responsibility for the selection of candidates for nomination or appointment to the Board. The Corporate Governance Committee will evaluate and recommend director candidates to the Board for nomination or appointment. The Board will determine the individuals to be nominated to serve on the Corporation's Board for election by shareholders at each annual meeting of shareholders, and to be appointed to fill vacancies on the Board.

(g) Board Membership Criteria. The Board's policy is to encourage the selection of directors who will contribute to the Corporation's overall corporate goals including: responsibility to its shareholders, industry leadership, customer success, positive working environment, and integrity in financial reporting and business conduct. The Board, based on the recommendation of the Corporate Governance Committee, will select new nominees for the position of director considering the following criteria:

Demonstrated ability and sound judgment that usually will be based on broad experience;

Personal qualities and characteristics, accomplishments and reputation in the business community, professional integrity, educational background, business experience and related experience;

Willingness to objectively appraise management performance;

Giving due consideration to potential conflicts of interest, current knowledge and contacts in the communities in which the Corporation does business and in the Corporation's industry or other industries relevant to the Corporation's business;

Ability and willingness to commit adequate time to Board and committee matters including attendance at Board meetings, committee meetings, and annual shareholders meetings;

**Table of Contents**

Fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Corporation and the interests of its shareholders; and

Diversity of viewpoints, background, experience and similar demographics.

The Board and the Corporate Governance Committee will, from time to time, review the experience and characteristics appropriate for Board members and director candidates in light of the Board's composition at the time and the skills and expertise needed for effective operation of the Board and its committees.

(h) Term Limits; Retirement; Change in Status; Other Directorships.

(i) No Term Limits. The Board does not impose term limits, because of the belief they could unnecessarily interfere with the continuity, diversity, developed experience and knowledge, and the long-term outlook of the Board. The Board, based on recommendations by the Corporate Governance Committee, will review the prior service of the director who is eligible to be re-nominated for Board membership, including an assessment of individual director performance, attendance, length of service, number of other public and private corporation boards on which the individual serves, composition and requirements of the Board at that time, and other relevant factors.

(ii) Retirement Policy. Directors will retire from the Board effective at the end of the month in which they reach age 72. In the event that a director's 72nd birthday falls within twelve months of the Annual Meeting of Shareholders at which such director would stand for re-election, such director shall not stand for re-election. Upon reaching age 72, a director shall tender his or her resignation.

(iii) Change in Status. Individual directors who (A) retire, or (B) change the primary job responsibility or employer they had when last elected or appointed to the Board, will promptly tender their resignation so that the Corporate Governance Committee and the Board may determine, on a case-by-case basis, whether the director's continued Board membership is in the best interest of the Corporation, free from conflict of interests, and is otherwise appropriate.

(iv) Other Directorships. The Board recognizes that individuals should limit the number of boards on which they serve so they can give proper attention to each board responsibility. The Corporate Governance Committee shall consider the number of other boards on which a prospective nominee is a member. The Board believes that directors should simultaneously serve on no more than four other public company boards. Directors are expected to advise the Chairman of the Board, the Chairperson of the Corporate Governance Committee and the Corporate Secretary in advance of accepting any other company directorship. To avoid any potential conflict of interest, it is expected that Board members will refrain from serving as a director with any companies that compete with the Corporation.

(i) Communications with Independent Directors. The Board will maintain procedures for interested parties to communicate with the non-employee directors. These procedures will be published in the Proxy Statement for each annual meeting of shareholders and posted on the Corporation's internet site.

**III. BOARD COMPENSATION.**

The Board, through the Corporate Governance Committee, will review or request management or outside consultants (retained by or at the direction of the Corporate Governance Committee) to review appropriate compensation policies or changes in compensation policies for the directors serving on the Board and its committees. This review may consider Board compensation practices of other comparable public companies, contributions to the Board functions, time commitments expected for Board and committee service, and other appropriate factors. The Board believes that equity-based compensation is an important component of director compensation as it aligns the director's interests with those of shareholders. The Board, upon the recommendation of the Corporate Governance Committee, may adopt



**Table of Contents**

share ownership guidelines for independent directors. The Corporate Governance Committee will review director compensation annually and recommend changes, if any, to the Board for approval.

**IV. BOARD MEETINGS.**

(a) Scheduling of Full Board Meetings and Committee Meetings. The Board meeting schedule and agenda are developed with direct input from directors. Meeting lengths vary as business and discussion dictate. Teleconference meetings may be used between regular meetings to address significant issues.

During each fiscal year, the Board will generally hold six regular meetings. In consultation with each Committee Chairperson, the Chairman recommends a meeting schedule (including frequency and length of meeting) for the Board and meeting schedules and suggested agendas for the committees for the next two years. The schedule and agendas are reviewed by the Corporate Governance Committee and then presented to the full Board for approval.

(b) Executive Sessions of Non-Management Directors. To ensure free and open communication among the non-management directors of the Board, each fiscal year the non-management directors will hold regularly scheduled executive sessions without management directors or management present, at such times and for such purposes as the non-management directors consider to be appropriate. For the convenience of the directors, these meetings may, but need not, be scheduled to coincide with the dates of regular Board meetings. The independent directors may invite the Corporation's independent auditors, legal counsel, other consultants or advisors, finance staff and other employees to attend portions of these meetings. Non-management directors who are not independent under the rules of the New York Stock Exchange may participate in these executive sessions, but independent directors shall meet separately in executive session at least once per year.

(c) Agenda. The Board shall be responsible for its agenda. The Chairman of the Board and the Corporate Secretary will have primary responsibility for suggesting the specific agenda for each meeting and arranging for the agenda to be sent in advance of the meeting to the directors along with appropriate written information and background materials. Each Board committee Chairperson and each individual director is encouraged to suggest specific items for inclusion on the agenda. The Chairperson and the full Board each separately may require the Board to meet in executive sessions to discuss sensitive matters with or without distribution of written materials.

(d) Access to Management and Information; Meeting Materials Distributed in Advance. The Corporation's management will afford each Board member full access to the Corporation's management and employees and the outside auditors, legal counsel and other professional advisors for any purpose reasonably related to the Board's responsibilities. Each director is entitled to: (i) inspect the Corporation's books and records and obtain such other data and information as the director may reasonably request; (ii) inspect facilities as reasonably appropriate for the performance of director duties; and (iii) receive notice of all meetings in which a director is entitled to participate and copies of all Board and committee meeting minutes. Information and data that is important to the business and/or that related to items expected to be discussed or acted upon by the Board at a meeting, will be distributed to the Board before the Board meets. The Board intends that this information be understandable, organized and distributed in a timely manner to allow for meaningful review.

(e) Independent Inquiries and Advisors. The Board is authorized to conduct investigations, and to retain, at the expense of the Corporation, independent legal, accounting, investment banking, or other professional advisors selected by the Board, for any matters relating to the purpose or responsibilities of the Board.

**V. BOARD COMMITTEES.**

(a) Committees. The committees of the Board are: the Audit Committee; Business Conduct and Corporate Responsibility Committee; Corporate Governance Committee; Finance Committee; and Management Development and Compensation Committee. The Board may, from time to time, establish

**Table of Contents**

additional committees or, subject to compliance with applicable law and applicable listing standards, dissolve or otherwise reconfigure existing committees.

(b) Committee Member Selection. After considering the recommendations of the Corporate Governance Committee, the Board will designate the members and the Chairperson of each committee, endeavoring to match the committee's function and needs for expertise with individual skills and experience of the appointees to the committee. Each member of the Audit, Business Conduct and Corporate Responsibility, Management Development and Compensation, and Corporate Governance Committees will be independent as defined in the applicable listing standards, laws and regulations and, in the case of the Audit Committee, who also satisfy the additional eligibility requirements of the SEC's rules and regulations. The required qualifications for the members of each committee shall be set out in the respective committee's charter.

(c) Committee Functions. Each of the Board committees will have a written charter approved by the Board in compliance with applicable listing standards, laws and regulations. The number and content of committee meetings and means of carrying out committee responsibilities will be determined by each committee in light of the committee's charter, the authority delegated by the Board to the committee, and legal, regulatory, accounting or governance principles applicable to that committee's function. The Chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop and approve the committee's agenda. The Corporation's management will afford access to the Corporation's employees, professional advisors, and other resources, if needed, to enable committee members to carry out their responsibilities.

**VI. BOARD MEMBER RESPONSIBILITIES.**

(a) Director Responsibilities.

(i) Generally. The business and affairs of the Corporation shall be managed by or under the supervision and direction of the Board in accordance with Delaware law. The core responsibility of the Board of Directors is to exercise its fiduciary duty to act in the best interest of the Corporation and its shareholders. A director is expected to discharge his or her director duties, including duties as a member of a committee on which the director serves, in good faith and in a manner the director reasonably believes to be in the best interests of the Corporation.

(ii) Disclose Relationships. Each independent director is expected to disclose promptly to the Board any existing or proposed relationships with the Corporation (other than service as a Board member or on Board committees) which could affect the independence of the director under applicable listing standards or any additional standards as may be established by the Board from time to time, including direct relationships between the Corporation and the director and his or her family members, and indirect relationships between the Corporation and any business, nonprofit or other organization in which the director is a general partner or manager, officer, or significant shareholder, or is materially financially interested.

(iii) Reporting and Compliance Systems. Based on information available to the director, each director should be satisfied that Corporation management maintains an effective system for timely reporting to the Board or appropriate Board committees on the following: (i) the Corporation's financial and business plans, strategies and objectives; (ii) the recent financial results and condition of the Corporation and its business segments; (iii) significant accounting, regulatory, competitive, litigation and other external issues affecting the Corporation; and (iv) systems of control which promote accurate and timely reporting of financial information to shareholders and compliance with laws and corporate policies. Based on information furnished by management or otherwise available to the Board, each director is expected to have a basic understanding of the foregoing matters.

(iv) Attendance and Preparation. Board members are expected to devote sufficient time and attention to prepare for, attend and participate in Board meetings and meetings of committees on which they serve, including advance review of meeting materials that may be circulated prior to each

**Table of Contents**

meeting. In the absence of unavoidable conflict, all Board members are also expected to attend the Annual Meeting of Shareholders. SEC rules require disclosure in the Corporation's proxy statement of any director who fails to attend an aggregate of 75% of all Board and committee meetings and the number of Board members that attended the prior year's Annual Meeting of Shareholders.

(v) Reliance on Management and Outside Advisors. In discharging responsibilities as a director, a director is entitled to rely in good faith on reports, opinions or other information provided by Corporation management, independent auditors, legal counsel, other consultants and advisors, and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

(b) Code of Conduct and Ethics. Each member of the Board shall at all times exhibit high standards of integrity and ethical behavior. Each director shall adhere to the applicable Corporation policies concerning integrity and ethical behavior, including the Corporation's Directors Standards of Business Conduct. In addition, directors must avoid any conflict between their own interests and the interests of the Corporation in dealing with suppliers, customers, and other third parties, and in the conduct of their personal affairs.

(c) Transactions Affecting Director Independence. Without the prior approval of a majority of disinterested members of the full Board, and, if required by the listing standards, the Audit Committee, the Corporation will not make significant charitable contributions to organizations in which a director or a family member of the director is affiliated, enter into consulting contracts with (or otherwise provide indirect forms of compensation to) a director, or enter into any relationships or transactions (other than service as a director and Board committee member) between the Corporation and the director (or any business or nonprofit entity or organization in which the director is a general partner, controlling shareholder, officer, manager, or trustee, or materially financially interested). Notwithstanding the foregoing, to the extent required to comply with SEC rules, no member of the Audit Committee will be an affiliated person of the Corporation or receive any direct or indirect compensation from the Corporation other than for service as a director and on committees on which the individual serves.

(d) Orientation and Continuing Education. The Board is expected periodically to review appropriate policies and procedures for providing orientation sessions for newly elected or appointed directors, including background material on the Corporation, its business plans, legal affairs, and risk profile, and meetings with senior management, and recommending on an as-needed basis continuing director education programs for Board or committee members.

**VII. SUCCESSION PLANNING.**

(a) CEO Succession Planning. At least annually, the Board shall review a succession plan addressing the policies and principles for selecting a successor to the CEO, both in an emergency situation or retirement and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.

(b) Management Succession Planning. The CEO will review with the Board management succession and development plans for senior officers.

**VIII. CEO EVALUATION AND EXECUTIVE COMPENSATION.**

(a) Evaluating and Approving Compensation for the CEO. The Board acting through the Management Development and Compensation Committee, annually reviews and evaluates the performance of the CEO and the Corporation against the Corporation's goals and objectives and, acting through the independent directors, upon advice or with the assistance of the Management Development and Compensation Committee, approves the compensation and incentives of the CEO.

**Table of Contents**

(b) Evaluating and Approving Compensation of Senior Officers. The Board, acting through the Management Development and Compensation Committee, has the responsibility to approve overall compensation policies applicable to senior officers.

**IX. MANAGEMENT RESPONSIBILITY.**

(a) Financial Reporting and Legal Compliance. While the Board has an oversight function, the Corporation's management has the primary responsibility for (i) preparing financial statements which accurately and fairly present the Corporation's financial results and condition, and (ii) maintaining systems, procedures and corporate culture which comply with legal and regulatory requirements and the ethical conduct of the Corporation's business.

(b) Corporate Communications. Management has the primary responsibility to establish policies concerning the Corporation's communications with investors, shareholders, the press, customers, suppliers and employees. The CEO and designated management speak for the Corporation. Inquiries from the press, shareholders, or others are referred to the CEO for response.

(c) Communication of Corporate Governance Guidelines and Charters. As required by the listing standards, management will assure that the Corporation's website includes a copy of these guidelines, copies of the charters of the Audit, Corporate Governance, and Management Development and Compensation Committees and, if applicable, other committees of the Board, and a copy of the Corporation's standards of business conduct. Management will also include in the Corporation's annual report to shareholders statements to the effect that this information is available on the Corporation's website and in print to any shareholder who requests it.

(d) Outside Directorships of Chief Executive Officer. The CEO's first obligation is to the Corporation but it is recognized that service on outside boards may be beneficial. The CEO will advise the Board, in advance of his/her desire to accept a position on another board. The Board, based on recommendation of the Corporate Governance Committee will decide if such a directorship is appropriate.

(e) Standards of Business Conduct. The Corporation maintains standards of business conduct which sets forth the Corporation's commitment to integrity and ethical behavior in all aspects of its business activity. The standards are applicable to all of the Corporation's directors, officers, and employees who are required to periodically verify their awareness of, and compliance with, the standards. The Business Conduct and Corporate Responsibility Committee has oversight responsibility for the standards.

**X. EVALUATION OF BOARD PERFORMANCE.**

The Board, acting through the Corporate Governance Committee, should conduct a self-evaluation at least annually to assess whether it is functioning effectively. The Corporate Governance Committee will periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the requisite experience and qualifications to perform its oversight function effectively.

Each committee of the Board shall conduct a self-evaluation at least annually and report the results to the Board. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter.

**XI. ELECTION OF DIRECTORS.**

Any nominee in an uncontested election who receives a greater number of against votes than for votes shall promptly tender his or her resignation following certification of the vote. A contested election shall be an election for which (i) the Secretary of the Corporation receives a notice in compliance with the applicable requirements for shareholder nominations for director set forth in the Corporation's By-Laws and (ii) such proposed nomination has not been withdrawn by such shareholder on or prior to the tenth day preceding the date the Corporation first mails its notice of meeting for such meeting to the shareholders. The Corporate Governance Committee shall consider the resignation offer and shall recommend to the Board the action to be taken. Any director whose resignation is under consideration

**Table of Contents**

shall not participate in the Corporate Governance Committee recommendation regarding whether to accept the resignation. The Board shall take action within 90 days following certification of the vote, unless such action would cause the Corporation to fail to comply with any requirement of the New York Stock Exchange or any rule or regulation promulgated under the Securities Exchange Act of 1934, in which event the Corporation shall take action as promptly as is practicable while continuing to meet such requirements. The Board will promptly disclose its decision and the reasons therefore, in a Form 8-K furnished to the Securities and Exchange Commission.

**HARRIS CORPORATION CORPORATE GOVERNANCE PRINCIPLES**

Historical Perspective:

The Responsibilities of Directors evolved through discussions by the Board of Directors of Harris Corporation at a series of single-subject seminars, the first of which was held in 1960. It was formalized as a written document in 1965 and then updated in certain respects at meetings of the Board of Directors in 1972, 1977, and 1994.

The Administration of the Board of Directors derived from the Board of Directors Guidelines which was first approved by the Board of Directors in 1988 and revised in 1994.

The Responsibilities and Administration of the Board of Directors is a consolidation of the Administration of the Board of Directors and the Responsibilities of Directors guidelines by the Corporate Governance Committee of the Board of Directors in December 1997 and was approved by the Committee in February 1998.

The Harris Corporation Corporate Governance Principles evolved through discussions by the Corporate Governance Committee of the Board of Directors at the Committee's February 2001, February 2002, and June 2002 meetings and a discussion with the Board of Directors in April 2002. It was presented to the Board of Directors for approval and adopted by the Board at the June 28, 2002, meeting and was further amended by the Board of Directors on June 25, 2004, October 28, 2005, and February 23, 2007.



**Table of Contents**

**PROXY/VOTING INSTRUCTION CARD**

**HARRIS CORPORATION Annual Meeting of Shareholders October 26, 2007**

**This proxy/voting instruction card is solicited on behalf of the Board of Directors of Harris Corporation and the Harris Corporation Retirement Plan Trustee.**

You are receiving this proxy/voting instruction card because you are a registered shareholder and/or a participant in the Harris Corporation Retirement Plan. If you are a registered shareholder, by signing this proxy/voting instruction card you are hereby appointing HOWARD L. LANCE, GARY L. McARTHUR and SCOTT T. MIKUEN, jointly or individually, proxies with full power of substitution, to vote all shares you are entitled to vote at the Harris Corporation Annual Meeting of Shareholders on October 26, 2007 or any adjournments or postponements thereof. Unless otherwise instructed, the proxies will vote your shares FOR Proposal 1 the election of three directors; and FOR Proposal 2 ratification of the appointment by our Audit Committee of Ernst & Young LLP as our independent registered public accounting firm. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

If you are a participant in the Harris Corporation Retirement Plan, in connection with the Harris Corporation Annual Meeting of Shareholders on October 26, 2007 or any adjournments or postponements thereof, you may provide voting instructions to the Plan Trustee on how to vote the shares allocable to your Harris Corporation Stock Fund Account. If you do not provide voting instructions, the Plan Trustee will vote such shares in the same proportion as the shares for which other participants have timely provided voting instructions.

This proxy/voting instruction card revokes all prior proxies/voting instructions given by you. If you are voting by mail with this proxy/voting instruction card, please mark your choices and sign on the reverse side exactly as your name or names appear there. If stock is held in the name of joint holders, each should sign. If you are signing as trustee, executor, etc., please so indicate.

(This Proxy/Voting Instruction Card Is Continued And To Be Signed On The Reverse Side) A **FOLD AND DETACH HERE A**

**YOUR VOTE IS IMPORTANT!**

**You can give voting instructions in one of three ways:**

1. Vote over the Internet at <http://www.proxyvoting.com/hrs> by following the instructions on the reverse side of this card.

*or*

2. Call **toll free 1-866-540-5760** on a Touch Tone telephone and follow the instructions on the reverse side of this card. There is **NO CHARGE** to you for this call.

*or*

3. Mark, sign and date your proxy/voting instruction card and return it promptly in the enclosed envelope.

**PLEASE VOTE**

---

**Table of Contents**

**The Board of Directors recommends a vote FOR all proposals**

Proposal 1 Election of Directors The Board recommends a vote FOR each listed nominee as a Director for a three-year term expiring in 2010:

**FOR AGAINST ABSTAIN**

01 Thomas A. Dattilo **FOR AGAINST ABSTAIN** 02 Howard L. Lance  
**FOR AGAINST ABSTAIN** 03 James C. Stoffel

**Please mark your vote as indicated in this example**

The Board recommends a vote **FOR**

Proposal 2 Ratification of the appointment **for against abstain** by our Audit Committee of Ernst & Young LLP as our independent registered public accounting firm. I ..... 1 I ... 1 I

**PLEASE RETURN YOUR PROXY/VOTING INSTRUCTION CARD OR IF YOU WISH TO VOTE BY INTERNET OR TELEPHONE, PLEASE READ THE INSTRUCTIONS BELOW**

**This proxy/voting instruction card when properly executed will be voted in the manner instructed herein by the undersigned shareholder. If no instruction is made, this proxy/voting instruction card will be voted FOR the election of the Board of Directors nominees; and FOR Proposal 2, or, if you are a participant in the Harris Corporation Retirement Plan, as may otherwise be provided in the Plan.**

n their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

**Signature(s) Date**

**NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.**

**A FOLD AND DETACH HERE A**

**INTERNET VOTING INSTRUCTIONS <http://www.proxyvoting.com/hrs>**

Your Internet voting instructions authorize the named proxies and/or provide the Plan Trustee with instructions to vote your shares in the same manner as if you marked, signed and returned your proxy/voting instruction card. Have your proxy card in hand when you access the website. You cannot vote over the Internet after 11:59 p.m. (EST) on October 25, 2007.

**TELEPHONE VOTING INSTRUCTIONS**

**Call Toll Free on a Touch-Tone Telephone ANYTIME 1-866-540-5760**

**There is no charge to you for this call.**

Your telephone voting instructions authorize the named proxies and/or provide the Plan Trustee with instructions to vote your shares in the same manner as if you marked, signed and returned your proxy/voting instruction card. You will need to have your proxy card in hand when voting. You cannot vote by telephone after 11:59 p.m. (EST) on October 25, 2007.

**OPTION #1:** To vote as the Board of Directors recommends on *ALL* proposals, press 1.

**OPTION #2:** To vote on *EACH* proposal and nominee separately, press 0. You will hear instructions for each proposal: Proposal 1: For each nominee: To vote **FOR** the nominee, press **1**; **AGAINST**, press **9**; **ABSTAIN**, press 0. Proposal 2: To vote **FOR**, press **1**; **AGAINST**, press **9**; **ABSTAIN**, press 0.

**PLEASE DO NOT RETURN THE ABOVE**

**PROXY/VOTING INSTRUCTION CARD IF YOU VOTED OVER THE INTERNET OR BY PHONE.**



**Table of Contents**

**STANDARD SCRIPT FOR REGISTERED SHAREOWNER TELEPHONE VOTING for MELLON  
(Single # w/ company identifier embedded in control #)**

**Shareowner Hears This Script**

Speech 1	Welcome to the Telephone voting site. Please enter your 11digit control number located in the lower right hand corner of the card.
Speech 2	To vote as the <i>name of the company</i> Board recommends on all proposals Press 1 now. To vote on each proposal separately Press 0 now.
Speech 2A	If the voter chooses the 1 <sup>st</sup> option of speech 2 the following will be heard. You have voted as the Board recommended. If this is correct, press 1. If incorrect, Press 0.
Speech 2B	If the voter chooses the 2 <sup>nd</sup> option of speech 2 Speech 3 will follow.
Speech 3	Proposal 1.01 To vote FOR, Press 1; AGAINST, Press 9, ABSTAIN, Press 0 Proposal 1.02 To vote FOR, Press 1; AGAINST, Press 9, ABSTAIN, Press 0 Proposal 1.03 To vote FOR, Press 1; AGAINST, Press 9, ABSTAIN, Press 0 Proposal 2 To vote FOR, Press 1; AGAINST, Press 9, ABSTAIN, Press 0
Speech 4	Your votes have been cast as follows: Proposal 1.01: For, Against, Abstain <i>Repeat for All remaining proposals</i> If this is correct, Press 1; if incorrect, Press 0
Closing A	Thank you for voting.
Closing B	Your votes have been canceled. If you would like to re-vote your proxy or if you would like to vote another proxy press 1 now, or press 0 to end this call.
Closing C	I m sorry you re having difficulty. Please try again or mark, sign and date the proxy card and return in the envelope provided.
Attend Meeting	If you plan to attend the Annual Meeting, Press 1 if not, Press 0.
Vote Another Card	If you have received more than one proxy card you must vote each card separately. If you would like to vote another proxy press 1 now to end this call press 0 now.