



Reconciliation of Non-GAAP Financial Measures and Regulation G Disclosures

Regulation G Disclosures



To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional measures of segments' operating income (loss), non-operating income (loss); cost of product sales and services; engineering, selling and administrative expenses; income (loss) from continuing operations before income taxes; income taxes; income (loss) from continuing operations; and income (loss) from continuing operations per diluted common share adjusted to exclude certain costs, charges, expenses, gains and losses. Harris management believes that these non-GAAP financial measures, when considered together with the GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period. Harris management also believes that these non-GAAP financial measures enhance the ability of investors to analyze Harris' business trends and to understand Harris' performance. In addition, Harris may utilize non-GAAP financial measures as a guide in its forecasting, budgeting, and long-term planning process and to measure operating performance for some management compensation purposes. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follows:

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Harris Corporation - Organic Revenue Growth

(Dollars in millions)

	<u>FY09-Q4</u>	<u>FY10-Q4</u>	<u>Percent Change</u>
Revenue as reported	\$ 1,294.1	\$ 1,455.9	12.5%
Impact of acquisitions (1)	59.0	-	
Organic revenue	<u>1,353.1</u>	<u>1,455.9</u>	7.6%

(1) Revenue related to the acquisitions of Wireless Systems, Crucial Security, SolaCom ATC and Patriot.

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Public Safety and Professional Communications - Organic Revenue Growth

(Dollars in millions)

	FY09	FY10	Percent Change
Revenue as reported	\$ 67.9	\$ 494.0	627.5%
Pro forma revenue (1)	393.9	-	
Organic revenue	461.8	494.0	7.0%

(1) Wireless Systems revenue for the period 6/28/08 through the date of acquisition (5/29/09).

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Government Communications Systems Segment - Organic Revenue Growth

(Dollars in millions)

	FY09	FY10	Percent Change
Fiscal year revenue	\$ 2,709.6	\$ 2,688.0	-0.8%
Impact of FDCA program	(356.8)	(118.4)	
Impact of acquisitions (1)	50.9		
Organic revenue excluding impact of FDCA program	\$ 2,403.7	\$ 2,569.6	6.9%

(1) Revenue related to the acquisitions of Crucial Security, SolaCom ATC and Patriot.

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Harris Corporation - Non-GAAP EBITDA Growth

(\$ in millions)

	<u>FY10</u>	<u>FY11P (3)</u>	<u>Percent Change</u>
GAAP EBIT	\$ 910.9	\$966 - \$986	
Non-GAAP adjustments	26.1 (1)	10 (2)	
Non-GAAP EBIT	937.0	976 - 996	
Depreciation and amortization	165.7	205 - 215	
Non-GAAP EBITDA	\$ 1,102.7	\$1,181 - \$1,211	7% to 10%

(1) Adjustments related to the acquisitions of Wireless Systems, Crucial Security, SolaCom ATC, Patriot, SignaCert and CapRock.

(2) Adjustments related to the acquisition of CapRock.

(3) Based on fiscal 2011 guidance provided on August 3, 2010.

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Harris Corporation - Non-GAAP Income from Continuing Operations per Diluted Share Guidance

	FY11-Q1 (Guidance)	FY11-Q2 (Guidance)
GAAP income from continuing operations per diluted share	\$1.19 to \$1.24	\$.94 to \$.99
Charges associated with the acquisition of CapRock Communications (1)	\$0.01	\$0.01
Non-GAAP income from continuing operations per diluted share	\$1.20 to \$1.25	\$.95 to \$1.00

(1) Adjustment for estimated pre-tax charges of \$2.5 million (\$.01 per diluted share) for each of the first and second quarters of fiscal 2011 related to integration and other costs associated with our acquisition of CapRock.

Free Cash Flow

(Dollars in millions)

	<u>FY10</u>
Operating cash flow	\$ 802.7
Less capital expenditures	<u>(198.0)</u>
Free cash flow	\$ 604.7

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Return on Invested Capital

(\$ in millions)

	FY08	FY09	FY09	FY10
GAAP operating income from continuing operations (1)		\$ 538.0		\$ 912.8
Non-GAAP adjustments		265.6 (2)		26.1 (3)
Non-GAAP operating income		803.6		938.9
Taxes (31.3% for FY09; 32.9% for FY10)		(251.5)		(308.9)
Non-GAAP operating income after-tax (A)		\$ 552.1		\$ 630.0
Equity excluding noncontrolling interest in discontinued operations	\$ 2,272.3	\$ 1,869.1	\$ 1,869.1	\$ 2,190.1
Debt	829.0	1,283.7	1,283.7	1,207.3
Cash and cash equivalents	(274.5)	(281.2)	(281.2)	(455.2)
Ending invested capital	\$ 2,826.8	2,871.6	\$ 2,871.6	2,942.2
Beginning invested capital		2,826.8		2,871.6
Average invested capital (B)		\$ 2,849.2		\$ 2,906.9
Return on invested capital (A)/(B)		19.4%		21.7%

- (1) Revenue less: Cost of product sales and services; Engineering, sales and administrative expenses; and Impairment of goodwill and other long-lived assets.
- (2) Adjustments relate to impairment of goodwill and other long-lived assets in our Broadcast Communications segment, and costs associated with our acquisitions of Wireless Systems and Crucial Security.
- (3) Adjustments relate to costs associated with our acquisitions of Wireless Systems, Crucial Security, SolaCom ATC, Patriot, SignaCert and CapRock.