



# Reconciliation of Non-GAAP Financial Measures and Regulation G Disclosures



# Regulation G Disclosures

---



To supplement our condensed consolidated financial statements presented in accordance with accounting principles generally accepted in the United States (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 before income taxes and minority interest; income taxes; minority interest; net income, and net income per diluted share adjusted to exclude certain costs, 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 – Mr. Lance’s Discussion



(\$ in millions)

	Quarter Ended		% Increase
	September 29, 2006	September 28, 2007	
<b>GAAP Revenue</b>	\$ 946.8	\$ 1,230.5	30%
<b>Impact of Acquisitions</b>	144.4 (1)	-	
<b>Organic Revenue</b>	<u>\$ 1,091.2</u>	<u>\$ 1,230.5</u>	13%

(1) Revenue related to the combination with Stratex Networks, Inc., Mutimax Incorporated offset by revenue from our Radio Resale business exited in Q4 2007.

# Reconciliation of Non-GAAP Financial Measures – Mr. Lance’s Discussion



(\$ in millions)

## Government Communications Systems Segment - Organic Growth

	Quarter Ended		<u>% Increase</u>
	<u>September 29, 2006</u>	<u>September 28, 2007</u>	
<b>GAAP Revenue</b>	\$ 341.7	\$ 489.9	43%
<b>Impact of Acquisitions</b>	80.3 (1)	-	
<b>Organic Revenue</b>	<u>\$ 422.0</u>	<u>\$ 489.9</u>	16%

(1) Revenue related to the acquisition of Multimax Incorporated

## Broadcast Communications Segment - Organic Growth

	Quarter Ended		<u>% Increase</u>
	<u>September 29, 2006</u>	<u>September 28, 2007</u>	
<b>GAAP Revenue</b>	\$ 139.8	\$ 146.7	5%
<b>Impact of Acquisitions</b>	(3.2) (2)	-	
<b>Organic Revenue</b>	<u>\$ 136.6</u>	<u>\$ 146.7</u>	7%

(2) Revenue related to the Radio Resale business exited in Q4 2007

# Reconciliation of Non-GAAP Financial Measures – Mr. McArthur’s Discussion



(\$ in millions)

## EBITDA (Non-GAAP) - QTD Basis

	September 28, 2007	September 29, 2006	Percentage Inc / (Dec)
Revenue from product sales and services	\$ 1,230.5	\$ 946.8	
Cost of product sales and services	(848.8)	(640.9)	
Engineering, selling and administrative expenses	(208.8)	(169.4)	
Non-operating income	1.7	1.3	
Interest income	2.0	2.4	
Interest expense	(15.1)	(9.8)	
Income before income taxes	161.5	130.4	
Non-operating income	(1.7)	(1.3)	
Net interest	13.1	7.4	
Depreciation and Amortization	41.9	27.3	
Less Depreciation and Amortization included in non-GAAP adj	(0.7)	-	
EBITDA (Non-GAAP)	\$ 214.1	\$ 163.8	31 %

# Reconciliation of Non-GAAP Financial Measures – Mr. McArthur’s Discussion



(\$ in millions)

## Calculation of Net Operating Working Capital

	September 28, 2007	September 29, 2006
Receivables	\$ 758.1	\$ 560.4
Inventories	612.2	498.9
Accounts payable and accrued expenses	(674.7)	(506.1) *
Advance payments and unearned income	(123.9)	(124.4) *
Net Operating Working Capital (a)	\$ 571.7	\$ 428.8
Revenues (b)	\$ 4,526.7	\$ 3,661.9
Net Operating Working Capital as a % of Revenue (a)/(b)	12.6%	11.7%

\* Adjusted for reclassification of certain items to other-long term liabilities.

	September 28, 2007	Multimax Impact	Total Excluding Multimax
Receivables	\$ 758.1	(54.3)	\$ 703.8
Inventories	612.2	(13.9)	598.3
Accounts payable and accrued expenses	(674.7)	26.3	(648.4)
Advance payments and unearned income	(123.9)	-	(123.9)
Net Operating Working Capital (a)	\$ 571.7	(41.9)	\$ 529.8
Revenues (b)	\$ 4,526.7	(87.0)	\$ 4,439.7
Net Operating Working Capital as a % of Revenue (a)/(b)	12.6%	48.2%	11.9%