



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



# Regulation G Disclosures

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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 – Earnings Release Information



(\$ in millions)

	<b>LTM FY08-Q3</b>	
<b>Return on Invested Capital</b>		
Income from continuing operations before income taxes and minority interest, as reported	\$ 608.4	
Non-GAAP adjustments	46.2	(1)
Add back net interest	44.3	
Add back non-operating loss (income)	<u>(8.4)</u>	
Non-GAAP operating income	\$ 690.5	
Taxes (32%)	<u>(221.0)</u>	
Non-GAAP operating income after-tax (A)	\$ 469.5	
	<u>3/30/07</u>	<u>3/28/08</u>
Total assets as reported	\$ 3,940.8	\$ 4,525.3
Less cash and short-term investments	(522.6)	(295.3)
Less non-interest bearing liabilities:		
Payables and accrued expenses	(649.0)	(918.2)
Advance payments and unearned income	(162.1)	(142.3)
Taxes	<u>(80.1)</u>	<u>(50.8)</u>
Invested capital	\$ 2,527.0	\$ 3,118.7
Average invested capital (B)		\$ 2,822.9
Return on invested capital (A)/(B)		16.6%

(1) Adjustments relate to charges associated with the combination with Stratex, and with our acquisitions of Multimax and Zandar, and the impact of cost-reduction actions and the discontinuance of a software development effort in our Broadcast communications segment.