



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 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



Public Safety and Professional Communications Business - Pro Forma Revenue

(Dollars in millions)

	<u>FY09-Q3</u>	<u>FY10-Q3</u>	<u>Percent Change</u>
Pro forma revenue	\$ 123.9	\$ 121.6	-1.9%

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Government Communications Systems Segment - Organic Revenue Growth

(Dollars in millions)

	FY09 Q3 YTD	FY10 Q3 YTD	Percent Change
Fiscal YTD revenue as reported	\$ 2,005.8	\$ 1,980.7	-1.3%
Impact of FDCA program	(288.4)	(99.7)	
Impact of acquisitions (1)	39.1	-	
Organic revenue excluding impact of FDCA program	\$ 1,756.5	\$ 1,881.0	7.1%

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

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Government Communications Systems Segment - Organic Revenue Growth

(Dollars in millions)

	FY09	Expected for FY10	Percent Change
Fiscal year revenue	\$ 2,709.6	\$ 2,710.0 (2)	0.0%
Impact of FDCA program	(356.8)	(120.0)	
Impact of acquisitions (1)	50.9		
Organic revenue excluding impact of FDCA program	\$ 2,403.7	\$ 2,590.0	7.8%

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

(2) Based on fiscal 2010 guidance provided on 4/28/10.

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Return on Invested Capital

(\$ in millions)	LTM	
	4/3/09	4/2/10
GAAP operating income from continuing operations (1)		\$ 594.1
Non-GAAP adjustments		281.6 (2)
Non-GAAP operating income		875.7
Taxes (at 34.0%)		(297.7)
Non-GAAP operating income after-tax (A)		\$ 578.0
Shareholders' equity	\$ 2,179.3	\$ 2,116.9
Debt	828.4	1,177.5
Cash, cash equivalents and short-term investments	(336.4)	(405.7)
Ending invested capital	\$ 2,671.3	2,888.7
Beginning invested capital		2,671.3
Average Invested Capital (B)		\$ 2,780.0
Return on invested capital (A)/(B)		20.8%

(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, Crucial Security, SolaCom ATC and Patriot.

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Return on Equity

(\$ in millions)	LTM
	4/2/10
GAAP income from continuing operations	\$ 326.7
Non-GAAP adjustments after taxes	<u>213.2</u> (1)
Non-GAAP net income (A)	\$ 539.9
Beginning shareholders' equity	\$ 2,179.3
Ending shareholders' equity	<u>2,116.9</u>
Average shareholders' equity (B)	\$ 2,148.1
Return on invested capital (A)/(B)	25.1%

(1) 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, Crucial Security, SolaCom ATC and Patriot.

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Total Debt to Total Capital

(\$ in millions)

	<u>4/2/2010</u>	<u>7/2/2009</u>
Short-term debt	\$ -	\$ 105.7
Current portion of long-term debt	0.8	0.7
Long-term debt	<u>1,176.7</u>	<u>1,177.3</u>
Total debt (A)	1,177.5	1,283.7
Shareholders' equity	<u>2,116.9</u>	<u>1,869.1</u>
Debt plus shareholders' equity (total capital) (B)	<u>\$ 3,294.4</u>	<u>\$ 3,152.8</u>
Total debt to total capital (A)/(B)	35.7%	40.7%