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; gain on the combination with Stratex; income before income taxes; 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:

Forward looking statements

This presentation contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not materialize or prove correct, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to, statements concerning: our plans, strategies and objectives for future operations; new products, services or developments; future economic conditions, performance or outlook; the outcome of contingencies; the potential level of share repurchases; the value of our contract awards and programs; expected cash flows or capital expenditures; our beliefs or expectations; and assumptions underlying any of the foregoing. Forward-looking statements may be identified by their use of forward-looking terminology, such as "believes," "expects," "may," "should," "would," "will," "intends," "plans," "estimates," "anticipates," "projects" and similar words or expressions. You should not place undue reliance on forward-looking statements, which reflect our management's opinions only as of the date of this presentation. Forward-looking statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our consolidated results and the forward-looking statements could be affected by many factors, including:

- We participate in markets that are often subject to uncertain economic conditions, which makes it difficult to estimate growth in our markets and, as a result, future income and expenditures.
- We depend on the U.S. Government for a significant portion of our revenue, and the loss of this relationship or a shift in U.S. Government funding priorities could have adverse consequences on our future business.
- We depend significantly on our U.S. Government contracts, which often are only partially funded, subject to immediate termination, and heavily regulated and audited. The termination or failure to fund one or more of these contracts could have an adverse impact on our business.
- We enter into fixed-price contracts that could subject us to losses in the event of cost overruns.
- We derive a substantial portion of our revenue from international operations and are subject to the risks of doing business internationally, including fluctuations in currency exchange rates.
- Our future success will depend on our ability to develop new products that achieve market acceptance.
- We cannot predict the consequences of future geo-political events, but they may affect adversely the markets in which we operate, our ability to insure against risks, our operations or our profitability.
- We have made, and may continue to make, strategic acquisitions that involve significant risks and uncertainties.
- The inability of our subcontractors to perform, or our key suppliers to deliver our components or products, could cause our products to be produced in an untimely or unsatisfactory manner.
- Third parties have claimed in the past and may claim in the future that we are infringing upon their intellectual property rights, and third parties may infringe upon our intellectual property rights.
- The outcome of litigation or arbitration in which we are involved is unpredictable and an adverse decision in any such matter could have a material adverse affect on our financial position and results of operations.
- We are subject to customer credit risk.
- Developing new technologies entails significant risks and uncertainties.
- Changes in our effective tax rate may have an adverse effect on our results of operations.
- Our consolidated financial results may be impacted by Harris Stratex Networks' financial results, which may vary significantly and be difficult to forecast.
- We have significant operations in Florida that could be materially and adversely impacted in the event of a hurricane, and operations in California that could be materially and adversely impacted in the event of an earthquake.
- Changes in future business conditions could cause business investments and/or recorded goodwill to become impaired, resulting in substantial losses and write-downs that would reduce our results of operations.
- In order to be successful, we must attract and retain key employees, and failure to do so could seriously harm us.

Further information relating to factors that may impact the Company's results and forward-looking statements are disclosed in the Company's filings with the SEC. Harris disclaims any intention or obligation, other than imposed by law, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Reconciliation of Non-GAAP Financial Measures – Shareholder Presentation

($ in Millions, except per share amounts)

Net Income and Net Income Per Diluted Share

	Net Income		Per Diluted Share	
Fiscal 2007 GAAP	$ 480.4		$ 3.43	
Adjustments	(89.0)	(a)	(.63)	(a)
Fiscal 2007 Non-GAAP	$ 391.4		$ 2.80	
Fiscal 2006 GAAP	$ 237.9		$ 1.71	
Adjustments	72.1	(b)	.51	(b)
Fiscal 2006 Non-GAAP	$ 310.0		$ 2.22	
% increase from Non-GAAP fiscal 2006 to Non-GAAP fiscal 2007	26.3%		26.1%	

(a) Adjustments for fiscal 2007 include: a $143.1 million after-tax ($1.01 per diluted share) gain on the combination with Stratex offset by $22.9 million after-tax and minority interest ($.16 per diluted share) of transaction and integration costs in our Harris Stratex Networks segment; a $6.0 million after-tax ($.04 per diluted share) charge for cost-reduction actions and a $12.3 million after-tax ($.09 per diluted share) write-down of capitalized software in our Broadcast Communications segment; a $12.9 million after-tax ($.09 per diluted share) write-down of our investment in Terion, Inc. due to an other-than-temporary impairment.

(b) Adjustments for fiscal 2006 include: a $36.5 million after-tax ($.26 per diluted share) charge related to inventory write-downs and other charges associated with decisions regarding product discontinuances and the shutdown of manufacturing activities in our Harris Stratex Networks segment's Montreal, Canada plant; a $10.2 million after-tax ($.07 per diluted share) charge related to a write-off of in-process research and development costs, lower margins being recognized subsequent to our acquisition due to a step up in inventory recorded as of the acquisition date and other costs associated with our acquisition of Leitch in our Broadcast Communications segment; a $20.0 million after-tax ($.14 per diluted share) charge associated with the continuing consolidation of manufacturing locations and cost-reduction initiatives in our Broadcast Communications segment and a $5.4 million after-tax ($.04 per diluted share) charge related to our arbitration with Bourdex Telecommunications Limited ("Bourdex").

($ in Millions, except per share amounts)

Earnings Per Share Growth

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Income from continuing operations per diluted share:			
GAAP EPS	$0.53	$0.92	$1.46
Non-GAAP Adjustments	$0.18 (a)	$0.04 (b)	$0.05 (c)
Non-GAAP EPS	$0.71	$0.96	$1.51

(a) Adjustments for fiscal 2003 include: a $5.6 million after-tax ($.04 per diluted share) write-down of inventory related to our exit from unprofitable products and the shutdown of our Brazilian manufacturing plant in our Harris Stratex Networks segment; an $8.1 million after-tax ($.06 per diluted share) charge related to our disposal of assets remaining from our telecom switch business; and a $10.8 million after-tax ($.08 per diluted share) charge for cost-reduction measures taken in our Harris Stratex Networks and Broadcast Communications segments as well as our corporate headquarters.

(b) Adjustments for fiscal 2004 include: an $5.1 million after-tax ($.04 per diluted share) charge related to cost-reduction actions taken in our Harris Stratex Networks;

(c) Adjustments for fiscal 2005 include: a $7.0 million after-tax ($.05 per diluted share) charge related to a write-off of in-process research and development costs and impairment losses on capitalized software development costs associated with our acquisition of Encoda.

Reconciliation of Non-GAAP Financial Measures – Shareholder Presentation

($ in Millions)

Fiscal 2007 Pro-forma Revenue

Fiscal 2007 GAAP revenue	$4,243.0
Adjustments	455.6 (a)
Pro-forma revenue	$4,698.6

(a) Adjustment for Harris Stratex Networks and Mulimax as if they were acquired as of the beginning of fiscal 2007.

Reconciliation of Non-GAAP Financial Measures – Shareholder Presentation

($ in Millions)

Segment Performance

	Broadcast Comm.		Harris Stratex Networks	
Fiscal 2007 GAAP segment operating income (loss)	11.9		146.9	
Adjustments	26.4	(a)	(117.4)	(b)
Fiscal 2007 Non-GAAP segment operating income (loss)	38.3		29.5	
Fiscal 2006 GAAP segment operating income (loss)	22.8		(19.6)	
Adjustments	36.9	(c)	39.6	(d)
Fiscal 2006 Non-GAAP segment operating income (loss)	59.7		20.0	

(a) Adjustments to Broadcast Communications segment operating income for fiscal 2007 includes charges of $7.5 million related to severance and other expenses associated with cost-reduction actions directed at downsizing to better align the cost structure for our transmission and software solution products to their revenue run rates, and an $18.9 million write-down of capitalized software associated with our decision to discontinue an automation software development effort.

(b) Adjustments to Harris Stratex Networks segment operating income for fiscal 2007 included a $163.4 million gain on the combination with Stratex offset by $46.0 million of transaction-related and integration costs.

(c) Adjustments to Broadcast Communications segment operating income for fiscal 2006 includes a $25.0 million charge related to inventory write-downs, severance and other costs associated with cost reduction actions and an $11.9 million charge associated with our acquisition of Leitch including the write-off of in-process research and development, lower margins being recognized subsequent to our acquisition due to a step up in inventory recorded as of the acquisition date, integration activities and other items.

(d) Adjustments to our Harris Stratex Networks segment operating loss for fiscal 2006 relate to inventory write-downs and severance costs associated with product discontinuances and the shut-down of our manufacturing activities in Montreal, Canada.

($ in Millions)

Percentage of U.S. and International Revenue

	Fiscal 2007 Pro-forma Revenue	
	U.S.	**International**
RF Communications	$ 851.2	$ 327.9
Broadcast Communications	322.6	276.9
Harris Stratex Networks (a)	175.7	478.0
	$ 1,349.5	$ 1,082.8
Total RF, BCD and HSTX Pro-forma Revenue	$ 2,432.3	
Percentage of Total	55%	45%

(a) Adjustment for Harris Stratex Networks as if they were acquired as of the beginning of fiscal 2007.

EPS Outlook Growth

GAAP EPS Fiscal Year ended June 29, 2007	$	3.43
Non-GAAP Adjustments	$	(0.63) (d)
Non-GAAP EPS Fiscal Year ended June 29, 2007 (a)	$	2.80
Fiscal 2008 Estimated EPS = $3.30 to $3.40 (b)	$	3.35
Percent Increase (Decrease) [(b)-(a)]/(a)		20%

(d) Adjustments for fiscal 2007 include: a $143.1 million after-tax ($1.01 per diluted share) gain on the combination with Stratex offset by $22.9 million after-tax and minority interest ($.16 per diluted share) of transaction and integration costs in our Harris Stratex Networks segment; a $6.0 million after-tax ($.04 per diluted share) charge for cost-reduction actions and a $12.3 million after-tax ($.09 per diluted share) write-down of capitalized software in our Broadcast Communications segment; a $12.9 million after-tax ($.09 per diluted share) write-down of our investment in Terion, Inc. due to an other-than-temporary impairment.