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Reconciliation of Non-GAAP Financial Measures and 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:

Non-GAAP Reconciliation



Revenue Growth

(\$ in millions)

	Fiscal Year				
	2005	2006	2007	2008P	2009P
Current fiscal year as reported (est. for FY08/09)	\$ 3,000.6	\$ 3,474.8	\$ 4,243.0	\$ 5,300.0	\$5,800-\$5,900
<i>growth</i>		16%	22%	25%	9% - 11%
Prior fiscal year as reported (est. for FY08)		\$ 3,000.6	\$ 3,474.8	\$ 4,243.0	\$5,300
Pro forma adjustments		165.4 (1)	203.7 (2)	453.7 (3)	
Prior year adjusted for impact of acquisitions		<u>\$ 3,166.0</u>	<u>\$ 3,678.5</u>	<u>\$ 4,696.7</u>	<u>\$5,300</u>
<i>organic growth</i>		10%	15%	13%	9% - 11%

(1) Adjustments relate to our acquisitions of Encoda, Leitch, OSi, and Aastra.

(2) Adjustments relate to our acquisitions of Leitch, OSi, and Aastra, and Multimax, and the combination with Stratex.

(3) Adjustments relate to our acquisitions of Multimax, Zandar and the combination with Stratex, offset by revenue from our Radio Resale business exited in Q4 of FY '07.

Non-GAAP Reconciliation



Free Cash Flow

(\$ in millions)

	<u>FY '06</u>	<u>FY '07</u>	<u>FY '08P</u>	<u>FY '09P</u>
Operating cash flow	\$ 334.2	\$ 438.6	\$550 to \$600	\$675 to \$725
Less capital expenditures	<u>(146.4)</u>	<u>(129.1)</u>	<u>(150)</u>	<u>(175)</u>
Free cash flow (A)	\$ 187.8	\$ 309.5	\$400 to \$450	\$500 to \$550
Net income as reported	\$ 237.9	\$ 480.4	\$ 456.5	\$546 to \$559
Non-GAAP adjustments	<u>72.1</u> (1)	<u>(89.0)</u> (2)	<u>14.6</u> (3)	<u>---</u>
Non-GAAP net income (B)	\$ 310.0	\$ 391.4	\$ 471.1	\$546 to \$559
Free cash flow / net income (A)/(B)	61%	79%	85% - 95%	92% - 98%

(1) Adjustments relate to costs associated with our acquisition of Leitch, the impact of cost-reduction actions in our Broadcast Communications and Harris Stratex segments, and a charge related to our arbitration with Bourdex.

(2) Adjustments relate to the gain recorded on our combination with Stratex, offset by charges associated with the combination with Stratex, the impact of cost-reduction actions in our Broadcast Communications segment, a charge resulting from a decision to discontinue a software development effort in our Broadcast Communications segment, and impairment to our investment in Terion.

(3) Adjustments relate to charges associated with our combination with Stratex, and with our acquisitions of Multimax and Zandar.

Debt to Total Capital

(\$ in millions)

	<u>FY '08-Q3</u>
Short-term debt	\$ 53.5
Current portion of long-term debt	6.8
Long-term debt	<u>833.5</u>
Total debt (C)	\$ 893.8
Total debt	\$ 893.8
Shareholders' equity	<u>2,182.4</u>
Total capital (D)	\$ 3,076.2
Total-debt-to-total-capital ratio (C)/(D)	29.1%

Non-GAAP Reconciliation



(\$ in Billions)

Government Communications Systems Segment - Pro forma Revenue

(\$ in billions)

	LTM ended Mar '08
GAAP revenue	\$ 1.9
Impact of Multimax acquisition	0.1 (1)
Pro forma revenue	\$ 2.0

(1) Multimax revenue for the period April, 2007 through June 15, 2007 (acquisition date).