



Barclays Capital Industrial Select Conference

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Chairman, President and Chief Executive Officer



Reconciliation of Non-GAAP Financial Measures and Regulation G Disclosures



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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 before income taxes and minority interest; income taxes; minority interest; net income (loss); and net income (loss) 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:

Non-GAAP Reconciliation



Revenue Growth

(\$ in millions)

	<u>FY '05</u>	<u>FY '06</u>	<u>FY '07</u>	<u>FY '08</u>	<u>FY '09P</u>
Harris Revenue - current fiscal year as reported	\$ 3,000.6	\$ 3,474.8	\$ 4,243.0	\$ 5,311.0	
Less Harris Stratex Revenue, adjusted for eliminations	<u>(323.7)</u>	<u>(341.5)</u>	<u>(505.2)</u>	<u>(714.9)</u>	
Revenue, excluding Harris Stratex Networks	\$ 2,676.9	\$ 3,133.3	\$ 3,737.8	\$ 4,596.1	~\$5.0B
<i>growth</i>		17.0%	19.3%	23.0%	8% - 9%

Non-GAAP Reconciliation



Earnings Per Share Trends Fiscal '05 to Fiscal '09

	<u>FY '05</u>	<u>FY '06</u>	<u>FY '07</u>	<u>FY '08</u>	<u>FY '09P</u>
Income from continuing operations per diluted share:					
GAAP EPS - Harris	\$ 1.46	\$ 1.71	\$ 3.43	\$ 3.26	\$ 4.05 - \$4.15
Less GAAP EPS - Harris Stratex Networks	<u>(0.01)</u>	<u>0.28</u>	<u>(0.94)</u>	<u>0.08</u>	<u>(0.12)</u>
GAAP EPS, excluding Harris Stratex Networks	\$ 1.45	\$ 1.99	\$ 2.49	\$ 3.34	\$ 3.93 - \$4.03
Non-GAAP Adjustments, excluding Harris Stratex Networks	0.05 (1)	0.19 (2)	0.22 (3)	0.02 (4)	
Non-GAAP EPS, excluding Harris Stratex Networks	<u>\$ 1.50</u>	<u>\$ 2.18</u>	<u>\$ 2.71</u>	<u>\$ 3.36</u>	\$ 3.93 - \$4.03
Non-GAAP EPS Growth, excluding Harris Stratex Networks		45%	24%	24%	17% - 20%

- (1) Adjustments relate to costs associated with our acquisition of Encoda.
- (2) Adjustments relate to costs associated with our acquisition of Leitch and the impact of cost-reduction actions in our Broadcast Communications segment.
- (3) Adjustments relate to 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.
- (4) Adjustments relate to charges associated with our acquisitions of Multimax and Zandar.

Non-GAAP Reconciliation



Free Cash Flow

(\$ in millions)

	<u>FY '06</u>	<u>FY '07</u>	<u>FY '08</u>	<u>FY '09P (4)</u>
Operating cash flow	\$ 334.2	\$ 438.6	\$ 550.3	\$575 to \$625
Less capital expenditures	<u>(146.4)</u>	<u>(129.1)</u>	<u>(146.2)</u>	<u>(140 to 150)</u>
Free cash flow (A)	\$ 187.8	\$ 309.5	\$ 404.1	\$425 to \$485
Net income as reported (est. for FY '09)	\$ 237.9	\$ 480.4	\$ 444.2	\$523 to \$537
Non-GAAP adjustments	<u>72.1</u> (1)	<u>(89.0)</u> (2)	<u>18.1</u> (3)	<u>---</u>
Non-GAAP net income (B)	\$ 310.0	\$ 391.4	\$ 462.3	\$523 to \$537
Free cash flow / net income (A)/(B)	61%	79%	87%	79% - 93%

(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.

(4) Assumes disposition of Harris Stratex Networks in FY '09.

Debt to Total Capital

(\$ in millions)

	FY '09-Q2
Short-term debt	\$ 18.4
Current portion of long-term debt	0.7
Long-term debt	<u>827.7</u>
Total debt (C)	\$ 846.8
Total debt	\$ 846.8
Shareholders' equity	<u>2,139.3</u>
Total capital (D)	\$ 2,986.1
Total-debt-to-total-capital ratio (C)/(D)	28.4%