



Barclays Capital Industrial Select Conference – February 17, 2010

Gary L. McArthur

Sr. Vice President and Chief Financial Officer

Reconciliation of Non-GAAP Financial Measures and Regulation G Disclosures

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 (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:

Revenue - Last Four Quarters on a Pro Forma Basis

(\$ in millions)

| | | Trailing 4 Quarters |
|--|-----|------------------------|
| GAAP revenue by segment as reported | | <u>\$ 4,920</u> |
| Impact of Wireless Systems acquisition | (1) | 162 |
| Impact of Crucial Security acquisition | (2) | 7 |
| Impact of SolaCom ATC acquisition | (3) | 3 |
| Impact of Patriot acquisition | (3) | 39 |
| Pro forma revenue | | <u><u>\$ 5,131</u></u> |

(1) Included in Public Safety in revenue mix.

(2) Included in Government Communications Systems National Programs in revenue mix.

(3) Included in Government Communications Systems Civil Programs in revenue mix.

Earnings Per Share Fiscal '05 Actual to Fiscal '10 Guidance

| | <u>FY '05</u> | <u>FY '06</u> | <u>FY '07</u> | <u>FY '08</u> | <u>FY '09</u> | <u>FY '10 Guidance*</u> |
|---|----------------|----------------|----------------|------------------------------|----------------|-----------------------------|
| Income from continuing operations per diluted share: | | | | | | |
| GAAP EPS | \$ 1.45 | \$ 1.94 | \$ 2.49 | \$ 3.32 | \$ 2.34 | \$ 4.18 |
| Non-GAAP Adjustments | 0.05 (1) | 0.21 (2) | 0.22 (3) | 0.02 (4) | 1.52 (5) | 0.12 (6) |
| Non-GAAP EPS | <u>\$ 1.50</u> | <u>\$ 2.15</u> | <u>\$ 2.71</u> | <u>\$ 3.34</u> | <u>\$ 3.86</u> | <u>\$ 4.30</u> |
| Non-GAAP EPS Growth | | | | <i>FY '05 - FY '10 CAGR:</i> | | <i>23%</i> |

- (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 costs associated with our acquisitions of Multimax and Zandar.
- (5) Adjustments relate to impairment of goodwill and other long-lived assets in our Broadcast Communications segment, and to costs associated with our acquisitions of Tyco Electronics Wireless Systems and Crucial Security.
- (6) Adjustments relate to costs associated with our acquisitions of Tyco Electronics Wireless Systems, Crucial Security, SolaCom ATC and Patriot Technologies.

* At midpoint of guidance provided on January 27, 2010.

Non-GAAP Reconciliation



Cash Flow

(\$ in millions)

| | <u>FY '06</u> | <u>FY '07</u> | <u>FY '08</u> | <u>FY '09</u> | <u>Guidance FY '10</u> |
|--|-----------------|-----------------|----------------|------------------|----------------------------|
| Operating cash flow | \$ 334.2 | \$ 438.6 | \$ 556.0 | \$ 666.8 | \$650 - \$700 |
| Less capital expenditures | <u>(146.4)</u> | <u>(129.1)</u> | <u>(146.2)</u> | <u>(121.8)</u> | <u>\$150 - \$160</u> |
| Free cash flow (A) | \$ 187.8 | \$ 309.5 | \$ 409.8 | \$ 545.0 | \$490 - \$550 |
| GAAP net income from continuing operations | \$ 270.6 | \$ 347.2 | \$ 453.5 | \$ 312.4 | \$542 - \$555 |
| Non-GAAP adjustments | <u>30.2</u> (1) | <u>31.1</u> (2) | <u>3.0</u> (3) | <u>203.1</u> (4) | <u>\$16</u> (5) |
| Non-GAAP net income from continuing operations (B) | \$ 300.8 | \$ 378.3 | \$ 456.5 | \$ 515.5 | \$558 - \$571 |
| Free cash flow / net income (A) / (B) | 62% | 82% | 90% | 106% | 86% - 99% |

- (1) Adjustments relate to costs associated with our acquisition of Leitch and the impact of cost-reduction actions in our Broadcast Communications segment.
- (2) 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.
- (3) Adjustments relate to costs associated with our acquisitions of Multimax and Zandar.
- (4) Adjustments relate to impairment of goodwill and other long-lived assets in our Broadcast Communications segment, and to costs associated with our acquisitions of Tyco Electronics Wireless Systems and Crucial Security.
- (5) Adjustments relate to costs associated with our acquisitions of Tyco Electronics Wireless Systems, Crucial Security, SolaCom ATC and Patriot Technologies.

Total Debt to Total Capital

(\$ in millions)

| | <u>1/1/2010</u> |
|--|--------------------------|
| Short-term debt | \$ 45.0 |
| Current portion of long-term debt | 0.7 |
| Long-term debt | <u>1,176.9</u> |
| Total debt (A) | <u>1,222.6</u> |
| Shareholders' equity | <u>2,013.5</u> |
| Debt plus shareholders' equity (total capital) (B) | <u><u>\$ 3,236.1</u></u> |
| Total debt to total capital (A)/(B) | 38% |