



Investor Briefing September 2010

Reconciliation of Non-GAAP Financial Measures and 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); cost of product sales and services; engineering, selling and administrative expenses; income from continuing operations before income taxes; income taxes; income from continuing operations; and income from continuing operations per diluted common share adjusted to exclude certain costs, charges, expenses 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



Earnings Per Share Fiscal '06 Actual to Fiscal '11 Guidance

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11 Guidance*</u>
Income from continuing operations per diluted share:						
GAAP EPS	\$ 1.94	\$ 2.49	\$ 3.31	\$ 2.33	\$ 4.28	\$4.55-4.65
Non-GAAP Adjustments	0.21 (1)	0.22 (2)	0.02 (3)	1.52 (4)	0.15 (5)	0.05 (6)
Non-GAAP EPS	<u>\$ 2.15</u>	<u>\$ 2.71</u>	<u>\$ 3.33</u>	<u>\$ 3.85</u>	<u>\$ 4.43</u>	<u>\$4.60-4.70</u>
Non-GAAP EPS Growth					<i>FY06 - FY11 CAGR:</i>	<i>16.7%</i>

- (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 Wireless Systems and Crucial Security.
- (5) Adjustments relate to costs associated with our acquisitions of Wireless Systems, Crucial Security, SolaCom ATC, Patriot, SignaCert and CapRock.
- (6) Adjustments relate to costs associated with our acquisition of CapRock.

* Based on guidance provided on August 3, 2010.

Non-GAAP Income from Continuing Operations per Diluted Share

	<u>FY10-H1</u>	<u>FY10-H2</u>	<u>FY10</u>
GAAP income from continuing operations per diluted share	\$ 1.85	\$ 2.42	\$ 4.28
Non-GAAP Adjustments	0.04 (1)	0.11 (2)	0.15
Non-GAAP income from continuing operations per diluted share	<u>\$ 1.89</u>	<u>\$ 2.53</u>	<u>\$ 4.43</u>

(1) Adjustments relate to costs associated with our acquisitions of Wireless Systems, Crucial Security, SolaCom ATC and Patriot.

(2) Adjustments relate to costs associated with our acquisitions of Wireless Systems, Crucial Security, SolaCom ATC, Patriot, SignaCert and CapRock.

Non-GAAP Income from Continuing Operations per Diluted Share Guidance (1)

	<u>FY11-Q1</u>	<u>FY11-Q2</u>	<u>FY11-H1</u>	<u>FY11-H2</u>	<u>FY11</u>
Income from continuing operations per diluted share:					
GAAP EPS	\$1.19 to \$1.24	\$.94 to \$.99	\$2.13 to \$2.23	\$2.42	\$4.55 to \$4.65
Non-GAAP Adjustments (2)	0.01	0.01	0.02	0.03	0.05
Non-GAAP EPS	<u>\$1.20 to \$1.25</u>	<u>\$.95 to \$1.00</u>	<u>\$2.15 to \$2.25</u> \$2.20 midpoint	<u>\$2.45</u>	<u>\$4.60 to \$4.70</u> \$4.65 midpoint

(1) Based on fiscal 2011 guidance provided on August 3, 2010.

(2) Adjustments relate to costs associated with our acquisition of CapRock.

Non-GAAP Reconciliation



Cash Flow

(\$ in millions)

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>Guidance FY11*</u>
Operating cash flow	\$ 334.2	\$ 438.6	\$ 556.0	\$ 666.8	\$ 802.7	\$ 775.0
Less capital expenditures	<u>(146.4)</u>	<u>(129.1)</u>	<u>(146.2)</u>	<u>(121.8)</u>	<u>(198.0)</u>	<u>(262.5)</u>
Free cash flow (A)	\$ 187.8	\$ 309.5	\$ 409.8	\$ 545.0	\$ 604.7	\$ 512.5
GAAP income from continuing operations	\$ 270.6	\$ 347.2	\$ 453.5	\$ 312.4	561.6	\$ 589.0
Non-GAAP adjustments	<u>30.2</u> (1)	<u>31.1</u> (2)	<u>3.0</u> (3)	<u>203.1</u> (4)	<u>19.9</u> (5)	<u>6.0</u> (6)
Non-GAAP income from continuing operations (B)	\$ 300.8	\$ 378.3	\$ 456.5	\$ 515.5	\$ 581.5	\$ 595.0
Free cash flow / income from continuing operations (A) / (B)	62%	82%	90%	106%	104%	86%

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(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 Wireless Systems and Crucial Security.

(5) Adjustments relate to costs associated with our acquisitions of Wireless Systems, Crucial Security, SolaCom ATC, Patriot, SignaCert and CapRock.

(6) Adjustments relate to costs associated with our acquisition of CapRock.

* Based on midpoint of guidance provided on August 3, 2010.

Total Debt to Total Capital

(\$ in millions)

	<u>7/2/2010</u>
Short-term debt	\$ 30.0
Current portion of long-term debt	0.7
Long-term debt	<u>1,176.6</u>
Total debt (A)	1,207.3
Equity	<u>2,190.1</u>
Debt plus equity (total capital) (B)	<u>\$ 3,397.4</u>
Total debt to total capital (A)/(B)	<u>36%</u>

CapRock - Non-GAAP EBITDA

(\$ in millions)	FY11 Guidance (1)
GAAP EBIT	\$14 - \$16
Non-GAAP adjustments (2)	10
Non-GAAP EBIT	24 - 26
Depreciation and amortization	37 - 39
Non-GAAP EBITDA	\$61 - \$65

(1) Based on fiscal 2011 guidance provided on August 3, 2010.

(2) Adjustments related to the acquisition of CapRock.