



Fiscal 2016 First Quarter

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 financial measures that exclude or include amounts, or are subject to adjustments, so as to be different from the most directly comparable financial measures calculated and presented in accordance with GAAP. 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 guides in its forecasting, budgeting, and long-term planning processes 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:

# Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



## Free Cash Flow Calculations

(\$ in millions)

	<u>FY15-Q1</u>	<u>FY16-Q1</u>
Operating cash flow	\$ 80	\$ 64
Less net capital expenditures (1)	<u>(34)</u>	<u>(24)</u>
Free cash flow	\$ 46	\$ 40

(1) Reflects additions of property, plant and equipment, net of proceeds from the sale of property, plant and equipment.

## CHQ Expense

(\$ in millions)

	<u>FY16</u>
GAAP CHQ expense	\$145
Acquisition integration costs	(60) - (65)
Deal, financing and other acquisition costs	(10)
	<u>Non-GAAP CHQ expense</u>
Non-GAAP CHQ expense	\$70 - \$75