



Fiscal 2015 Second Quarter

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 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 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:

Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



Free Cash Flow Calculations

(\$ in millions)

	<u>FY14</u>	<u>FY14-Q2</u>	<u>FY15-Q2</u>
Operating cash flow	\$ 849.2	\$ 106.9	\$ 142.1
Less net capital expenditures	<u>(174.3) (1)</u>	<u>(51.6)</u>	<u>(38.1)</u>
Free cash flow (A)	\$ 674.9	\$ 55.3	\$ 104.0
Income from continuing operations (B)	\$ 539.8		
Free cash flow / Income from continuing operations (A) / (B)	125.0%		

(1) Reflects \$209.3 million of capital expenditures, net of \$35.0 million of proceeds from the sale of property, plant and equipment, including \$27.0 million from the sale of our Cyber Integration Center.