

**Scientific-Atlanta, Inc.**  
**Fiscal Year 2005 and Q1 FY'06**  
**GAAP vs. Non-GAAP Net Income Reconciliation**

	Q1 FY'05 Qtr Ended 10/1/04		Q2 FY'05 Qtr Ended 12/31/04		Q3 FY'05 Qtr Ended 4/1/05		Q4 FY'05 Qtr Ended 7/1/05		FY'05 Fiscal Year Ended 7/1/05		Q1 FY'06 Qtr Ended 9/30/05	
	GAAP	Pro Forma	GAAP	Pro Forma	GAAP	Pro Forma	GAAP	Pro Forma	GAAP	Pro Forma	GAAP	Pro Forma
<i>(In Millions \$, except per share amounts)</i>												
Revenue	\$452.7	\$452.7	\$441.7	\$441.7	\$489.5	\$489.5	\$527.0	\$527.0	\$1,910.9	\$1,910.9	\$490.0	\$490.0
Gross Margin (e)	165.8	165.8	163.7	163.7	180.7	180.7	205.1	205.1	715.2	715.2	183.7	185.1
GM %	36.6%	36.6%	37.1%	37.1%	36.9%	36.9%	38.9%	38.9%	37.4%	37.4%	37.5%	37.8%
R&D (e)	38.3	38.3	37.9	37.9	42.8	42.8	44.5	44.5	163.5	163.5	44.3	42.5
SG&A (e)	48.8	48.8	47.9	47.9	51.6	51.6	54.9	54.9	203.1	203.1	57.1	50.6
Gemstar Settlement Expense (a)	-	-	-	-	-	-	33.3	-	33.3	-	-	-
Reserve for SEC Settlement (b)	-	-	-	-	-	-	20.0	-	20.0	-	-	-
Restructuring Expense (c)	-	-	-	-	(0.3)	-	(0.0)	-	(0.3)	-	0.9	-
Operating Expense	87.1	87.1	85.8	85.8	94.1	94.4	152.7	99.4	419.7	366.7	102.2	93.1
Operating Expense%	19.2%	19.2%	19.4%	19.4%	19.2%	19.3%	29.0%	18.9%	22.0%	19.2%	20.9%	19.0%
Operating Profit	78.7	78.7	78.0	78.0	86.5	86.2	52.3	105.6	295.5	348.6	81.4	92.0
Operating Profit %	17.4%	17.4%	17.7%	17.7%	17.7%	17.6%	9.9%	20.0%	15.5%	18.2%	16.6%	18.8%
Interest (Inc)/Exp	(5.6)	(5.6)	(6.6)	(6.6)	(7.8)	(7.8)	(9.8)	(9.8)	(29.8)	(29.8)	(10.4)	(10.4)
Other (Inc)/Exp (d)	(0.2)	(0.2)	1.0	0.4	1.2	(0.0)	0.4	(0.6)	2.4	(0.5)	(0.0)	(0.3)
Profit Before Tax	\$84.5	\$84.5	\$83.5	\$84.2	\$93.1	\$94.1	\$61.8	\$116.1	\$322.9	\$378.8	\$91.8	\$102.6
Income Taxes (f)	\$28.6	\$28.6	\$24.8	\$25.0	\$31.4	\$31.7	\$27.3	\$38.8	\$112.1	\$123.9	\$31.1	\$34.7
Tax Rate	33.9%	33.9%	29.7%	29.7%	33.7%	33.7%	44.2%	33.4%	34.7%	32.7%	33.9%	33.9%
Net Income (a,b,c,d,e,f)	\$55.9	\$55.9	\$58.7	\$59.1	\$61.7	\$62.4	\$34.5	\$77.3	\$210.8	\$254.9	\$60.7	\$67.9
EPS	\$0.36	\$0.36	\$0.38	\$0.38	\$0.40	\$0.40	\$0.22	\$0.50	\$1.36	\$1.65	\$0.39	\$0.44
Fully Diluted Shares Outstanding	155.4	155.4	154.5	154.5	154.3	154.3	154.7	154.7	154.7	154.7	154.9	154.9

**Note 1:**

Scientific-Atlanta provides pro forma net income and pro forma net income per share data as additional information to help investors better understand its operating results. These measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from pro forma measures used by other companies. Scientific-Atlanta believes that this presentation of pro forma results is useful information for management and investors regarding certain additional financial and business trends relating to its financial condition and results of operations. Scientific-Atlanta believes when GAAP net income and GAAP net income per share are viewed in conjunction with pro forma net income and pro forma net income per share, investors are provided with a more meaningful understanding of Scientific-Atlanta's ongoing operating performance.

A reconciliation between net income on a GAAP basis and pro forma net income is as follows:

<b>GAAP Net Income</b>	<b>\$55.9</b>	<b>\$58.7</b>	<b>\$61.7</b>	<b>\$34.5</b>	<b>\$210.8</b>	<b>\$60.7</b>
(a) Gemstar net settlement expense				\$33.3	\$33.3	
(b) Reserve for potential SEC settlement				\$20.0	\$20.0	
(c) Restructuring			(\$0.3)	(\$0.0)	(\$0.3)	\$0.9
(d) (Gain) Loss on on equity securities and misc. items		\$0.6	\$1.2	\$1.0	\$2.9	\$0.3
(e) Stock-based compensation under SFAS 123R						\$9.7
(f) Income tax effect on items above		(\$0.2)	(\$0.3)	(\$11.5)	(\$11.8)	(\$3.7)
<b>Non-GAAP Net Income</b>	<b>\$55.9</b>	<b>\$59.1</b>	<b>\$62.4</b>	<b>\$77.3</b>	<b>\$254.9</b>	<b>\$67.9</b>