



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): August 7, 2007

HARRIS STRATEX NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-33278

(Commission File
Number)

20-5961564

(I.R.S. Employer
Identification No.)

Address of principal executive offices:
Registrant's telephone number, including area
code:

**637 Davis Drive, Morrisville, NC 27560
(919) 767- 3250**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

[Item 2.02 Results of Operations and Financial Condition](#)

[Item 9.01 Financial Statements and Exhibits](#)

[EXHIBIT INDEX](#)

[EXHIBIT 99.1](#)

Item 2.02 Results of Operations and Financial Condition

The information contained in this Current Report on Form 8-K, including the accompanying Exhibit 99.1, is being furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section. The information contained in this Current Report on Form 8-K, including the accompanying Exhibit 99.1, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as shall be expressly set forth by specific reference in such a filing.

On August 7, 2007, Harris Stratex Networks, Inc. (“[Harris Stratex](#)”) issued a press release announcing its results of operations and financial condition as of and for its fourth quarter and fiscal year of 2007, which ended June 29, 2007, and revenue and earnings guidance for fiscal 2008. The full text of the press release and related financial tables is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

Use of Non-GAAP Measures and Comparative Financial Information

The press release and related financial tables include a discussion of non-GAAP financial measures, including non-GAAP net income or loss and net income or loss (or earnings or loss) per basic and diluted share for the fourth quarter and fiscal year ended June 29, 2007 for Harris Stratex, and the fourth quarter and fiscal year ended June 30, 2006 for the Harris Microwave Communications division and Stratex Networks, Inc., or Stratex, combined on a pro forma basis as if the January 26, 2007 merger of Stratex into a wholly owned subsidiary of Harris Stratex had occurred at the beginning of fiscal 2006. The press release also contains non-GAAP projected revenue and earnings per share guidance for Harris Stratex for fiscal year 2008. Each of such non-GAAP figures was determined by excluding certain items of purchase accounting for the merger, the costs of restructuring and integration activities undertaken in connection with the merger, stock-based compensation expense, and by including the January 2007 pre-merger operating results of Stratex.

A “non-GAAP financial measure” is generally defined as a numerical measure of a company’s historical or future performance that excludes or includes amounts, or is subject to adjustments, so as to be different from the most directly comparable measure calculated and presented in accordance with U.S. generally accepted accounting principles (“GAAP”). In the press release and related financial tables, non-GAAP net income and net income (or earnings) per basic and diluted share, exclude the impact of: (i) inventory write-downs and severance costs related to product discontinuances in the Microwave Communications Division of Harris Corporation (MCD); (ii) integration costs and other charges associated with the combination of MCD and Stratex; (iii) stock-based compensation expense for both MCD and Stratex reported in accordance with FAS 123R, which had different effective dates of adoption by each entity; (iv) corporate costs of Harris Corporation allocated to MCD historically while it was a division of Harris Corporation; and (v) purchase accounting adjustments related to the combination of MCD and Stratex with Harris Stratex. Such non-GAAP net income and income per share figures are financial measures that are not defined by GAAP and should be viewed in addition to, and not in lieu of, income or loss, income or loss per basic and diluted share, and other financial measures on a GAAP basis. Harris Stratex has included in its press release a reconciliation of non-GAAP financial measures disclosed in the press release to the most directly comparable GAAP financial measure.

Harris Stratex’s 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 management does not consider to be reflective of the company’s core operations going forward. Management also believes that these non-GAAP financial measures may enhance the ability of investors to analyze past and future trends in Harris Stratex’s combined businesses and to better understand its performance, especially in light of the unique circumstances associated with the combination of Stratex, which was a stand-alone publicly traded reporting company until January 26, 2007, with Harris Stratex and MCD, formerly a division of Harris Corporation and the historical accounting predecessor of Harris Stratex. In addition, Harris Stratex expects to utilize such 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. Please refer to our financial statements and accompanying footnotes for additional information and for a presentation of results in accordance with GAAP. Non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial measures prepared in accordance with GAAP.

[Table of Contents](#)

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is furnished herewith:

99.1 Press Release, issued by Harris Stratex Networks, Inc. on August 7, 2007 (furnished pursuant to Item 2.02 and Item 7.01).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HARRIS STRATEX NETWORKS, INC.

August 7, 2007

By: /s/ Sarah A. Dudash

Name: Sarah A. Dudash

Title: Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.
Under
Regulation S-K,
Item 601

Description

99.1 Press Release, issued by Harris Stratex Networks, Inc. on August 7, 2007, (furnished pursuant to Item 2.02 and Item 7.01).

**News Release**

637 Davis Drive
Morrisville, NC 27560 USA
phone 1-919-767-3230
fax 1-919-767-3233

www.harrisstratex.com

Harris Stratex Networks Reports Q4 and Year-End Fiscal 2007 Financial Results
*Fourth quarter revenue increased to \$174 million driven by strength in
North America and International markets*

Research Triangle Park, NC, – August 7, 2007 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), the leading independent supplier of turnkey wireless network solutions, today reported financial results for the fourth quarter and full year of fiscal 2007, which ended June 29, 2007.

On January 26, 2007, the Harris Microwave Communications Division was combined with Stratex Networks, Inc. to create a new company – Harris Stratex Networks, Inc.

Revenue for the fourth quarter of fiscal 2007 was \$174.1 million. GAAP net loss was \$5.3 million or \$0.09 per share, which includes \$23.9 million in pre-tax charges associated with the merger transaction, integration and stock compensation expense.

Non-GAAP Financial Results

For comparative purposes, Harris Stratex Networks has provided pro forma, non-GAAP financial information related to revenue and income as if the former Stratex Networks and the former Harris Microwave Communications Division had been combined since the beginning of fiscal 2006. On this basis, revenue for the fourth quarter of fiscal 2007 increased by 19 percent compared with \$146.8 million in the prior quarter, and decreased slightly from \$176.8 million in the year ago quarter. Non-GAAP net income for the fourth fiscal quarter of 2007 was \$10.3 million or \$0.18 per diluted share compared with \$3.7 million or \$0.06 per diluted share in the prior quarter and \$10.3 million in the prior-year quarter.

A reconciliation of GAAP to non-GAAP financial measures is provided on Table 4 along with the accompanying notes.

By segment, North America microwave posted another strong quarter. Revenue increased 20 percent sequentially and 30 percent compared to the prior-year quarter, reflecting continued market strength in both the U.S. and

Canada. This was driven by leased-line substitution, mobile network footprint expansion, funding for homeland security initiatives and some initial microwave relocation spending as a result of the Advanced Wireless Services (AWS) auction. International microwave segment revenue increased 20 percent sequentially as orders and project activity with key customers in Africa, Europe, the Middle East, Russia and Asia Pacific improved substantially. International revenue declined by 13 percent compared to a very strong prior-year quarter. Revenue in the Network Operations segment of the business declined 10 percent sequentially but increased 7 percent from the prior-year quarter.

Non-GAAP gross margins were 32 percent in the fiscal 2007 fourth quarter compared with 30 percent in the prior quarter, with improvement driven by mix and product cost reduction synergy actions. Non-GAAP operating income was \$13.8 million in the fourth quarter of fiscal 2007, improving sequentially from \$5.6 million in the third quarter. These improvements were partially offset by higher operating costs.

“Our efforts to expand revenue were successful in our fourth quarter, with a sequential increase of 19 percent,” said Guy Campbell, president and chief executive officer of Harris Stratex Networks. “Customer orders in Q4 also increased sequentially, positioning us well as we enter the new fiscal year. Our ability to serve our customers with turnkey wireless transmission solutions is evident in the size of our contracts. Since we last reported earnings, we have announced a North America contract of over \$28 million with the Commonwealth of Kentucky and contracts with two major African operators totaling over \$30 million.”

In June, the company took a major step to further bolster its international business when it opened its international headquarters (IHQ) in Singapore. “This location will enable us to better serve our customers outside of North America, improve our logistics and supply chain functions and expand our R&D activities focused on software development. We are also seeing substantial improvements in our Asia Pacific orders and revenue, further validating our decision to open the IHQ,” said Campbell.

“Mobile network expansion continues to provide the greatest opportunity for Harris Stratex Networks. As the clear technology leader, we will continue to offer innovative products that exceed the needs of our global customer base and that build upon the industry-leading Eclipse™ and TRuepoint® platforms. The trend to IP, or Internet Protocol, is accelerating and our product portfolio is well positioned to capture opportunities for high capacity backhaul and IP transport,” said Campbell. “We see further market investment in IP and have aligned our technology solutions to take advantage of this future growth.”

Outlook and Guidance

“In fiscal year 2008, we continue to expect revenue to range between \$670 million and \$702 million and non-GAAP earnings per diluted share of \$1.05 to \$1.22,” said Campbell. “The leadership team is completely focused on delivering the financial performance we have set forth for the company in fiscal year 2008.”

Conference Call

Harris Stratex Networks will host a conference call today to discuss the company’s financial results at 5:30 p.m. Eastern Time. Those wishing to join the call should dial 303-262-2141, (no pass code required) at approximately 5:20 p.m. A replay of the call will be available starting one hour after the call’s completion until August 14. To access the replay, dial 303-590-3000 (pass code: 11092904 #). A live and archived webcast of the conference call will also be available via the company’s Web site at www.HarrisStratex.com/investors/conference-call.

Non-GAAP Measures and Comparative Financial Information

Tables reconciling financial results for the Microwave Communications Division of Harris Corporation and Stratex Networks for each quarter of fiscal 2006 and the first two quarters of fiscal 2007 are posted on the investor relation page of the company Web site at www.HarrisStratex.com.

Harris Stratex Networks, Inc. and the Microwave Communications Division of Harris Corporation report information in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). The GAAP information presented in this press release consists of the results of operations and financial position of Harris Stratex Networks, Inc. for the quarter and four quarters ended June 29, 2007 and the quarter and four quarters ended June 30, 2006. On January 26, 2007, the Microwave Communications Division of Harris Corporation and Stratex Networks, Inc. merged into Harris Stratex Networks, Inc. and became one reporting entity. Accordingly, management of Harris Stratex Networks will monitor revenues, cost of product sales and services, research and development expenses, selling and administrative expenses, operating income or loss, tax expense or benefit, net income or loss, and net income per diluted share for the new combined entity for planning and forecasting results in future periods, and may use these measures for some management compensation purposes. As such, historical non-GAAP combined information has been included in this press release for comparative purposes. These measures exclude certain costs and expenses as discussed herein. As a result, management is presenting these non-GAAP measures in addition to results reported in accordance with GAAP to better communicate underlying operational and financial performance in each period. Management believes these non-GAAP 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 disproportionate positive or negative impact on results in any given period. Management also believes that these non-GAAP measures enhance the ability of an investor to analyze trends in Harris Stratex Networks’ business and to better understand our performance.

Harris Stratex Networks management does not, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Harris Stratex Networks presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate the Company’s financial performance. Reconciliations of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP are included in the tables below.

About Harris Stratex Networks

Harris Stratex Networks, Inc. (NASDAQ: HSTX) is the world's leading independent supplier of turnkey wireless transmission solutions. The company offers reliable, flexible and scalable wireless network solutions, backed by comprehensive professional services and support. Harris Stratex Networks serves all global markets, including mobile network operators, public safety agencies, private network operators, utility and transportation companies, government agencies and broadcasters. Customers in more than 135 countries depend on Harris Stratex Networks to build, expand and upgrade their voice, data and video solutions. Harris Stratex Networks is recognized around the world for innovative, best-in-class wireless networking solutions and services. For more information, visit www.HarrisStratex.com.

Forward-Looking Statement

The information contained in this document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act and Section 27A of the Securities Act. All statements, trend analyses and other information contained herein about the markets for the services and products of Harris Stratex Networks and trends in revenue, as well as other statements identified by the use of forward-looking terminology, including "anticipate", "believe", "plan", "estimate", "expect", "goal", "will", "seeing", "continues", "delivering", and "intend", or the negative of these terms or other similar expressions, constitute forward-looking statements. These forward-looking statements are based on estimates reflecting the current beliefs of the senior management of Harris Stratex Networks. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various important factors, including those set forth in this document. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include the following:

- *the failure to obtain and retain expected synergies from the merger;*
- *the ability to successfully integrate the operations, personnel and businesses of the former Stratex Networks, Inc. with those of the former Microwave Communications Division of Harris Corporation;*
- *the ability to minimize the disruption of the merger and related integration on direct and indirect sales channels;*
- *continued price erosion as a result of increased competition in the microwave transmission industry;*
- *the ability to achieve business plans for Harris Stratex Networks;*
- *the ability to manage and maintain key customer relationships;*
- *the effect of technological changes on Harris Stratex Networks' businesses;*
- *the ability to maintain projected product rollouts, product functionality or market acceptance of planned products;*
- *the failure of Harris Stratex Networks to protect its intellectual property rights and its ability to defend itself against intellectual property infringement claims by others;*
- *currency and interest rate risks;*
- *the impact of political, economic and geographic risks on international sales; and*
- *the impact of slowing growth in the wireless telecommunications market combined with supplier and operator consolidations;*
- *pricing pressure on Harris Stratex Networks products and services.*

For more information regarding the risks and uncertainties of the microwave communications business as well as risks relating to the combination of the former Harris Corporation Microwave Communications Division and the former Stratex Networks, see "Risk Factors" in the proxy statement/prospectus included in the Company's registration statement on Form S-4, as amended, as well as other reports filed by Harris Stratex Networks with the U.S. Securities and Exchange Commission from time to time. Harris Stratex Networks undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

Financial Tables Attached.

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Investor Contact:

Mary McGowan
Summit IR Group Inc.
1-408-404-5401
Mary@summitirgroup.com

Media Contact:

Kami Spangenberg
Harris Stratex Networks, Inc.
1-919-767-5238
Kami.Spangenberg@HSTX.com

Table 1
HARRIS STRATEX NETWORKS, INC.
FY'07 Year End Summary
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Quarter Ended		Year Ended	
	June 29, 2007	June 30, 2006	June 29, 2007	June 30, 2006
	(In millions, except net loss per share)			
Revenue from product sales and services	\$ 174.1	\$ 110.5	\$ 507.9	\$ 357.5
Cost of product sales and services	(121.4)	(71.3)	(352.2)	(272.5)
Amortization of purchased technology	(1.8)	—	(3.0)	—
Gross margin	50.9	39.2	152.7	85.0
Research and development expenses	(12.6)	(7.7)	(39.4)	(28.8)
Selling and administrative expenses	(36.6)	(22.1)	(98.9)	(68.5)
Acquired in-process research and development	—	—	(15.3)	—
Amortization of intangible assets	(4.5)	—	(7.5)	—
Restructuring charges	(7.3)	(3.8)	(9.3)	(3.8)
Corporate allocations expense	—	(2.3)	(3.7)	(12.4)
Operating (loss) income	(10.1)	3.3	(21.4)	(28.5)
Interest income	0.6	—	1.8	0.5
Interest expense	(0.8)	(0.2)	(2.3)	(1.0)
(Loss) income before income taxes	(10.3)	3.1	(21.9)	(29.0)
Income tax benefit (expense)	5.0	(0.3)	4.0	(6.8)
Net (loss) income	<u>\$ (5.3)</u>	<u>\$ 2.8</u>	<u>\$ (17.9)</u>	<u>\$ (35.8)</u>
Net loss per common share	0.09			
Basic and diluted	<u>\$ (0.09)</u>	*	<u>\$ (0.72)</u>	*
Basic and diluted weighted average shares outstanding	<u>58.2</u>	*	<u>24.7</u>	*

* Prior to January 26, 2007, the Company was not a public reporting entity and there were no shares outstanding for purposes of earnings (loss) per share calculations.

Table 2
HARRIS STRATEX NETWORKS, INC.
FY'07 Year End Summary
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

	June 29, 2007	June 30, 2006 (1)
	(In millions)	
Assets		
Cash and cash equivalents	\$ 69.2	\$ 13.8
Short-term investments	20.4	—
Receivables	185.3	123.9
Inventories and unbilled costs	169.8	97.4
Current deferred taxes	1.0	—
Other current assets	21.7	6.7
Property, plant and equipment	80.0	52.2
Goodwill	323.6	28.3
Identifiable intangible assets	144.5	6.4
Non-current deferred taxes	—	9.6
Other assets	16.2	14.3
	<u>\$ 1,031.7</u>	<u>\$ 352.6</u>
Liabilities and Shareholders' Equity		
Short-term debt	\$ 1.2	\$ 0.2
Current portion of long-term debt	10.7	—
Accounts payable	88.9	42.1
Accrued expenses and other current liabilities	93.0	45.7
Current deferred taxes	7.0	—
Due to Harris Corporation	16.1	12.6
Long-term debt	8.8	—
Restructuring and other long-term liabilities	11.8	—
Warrants outstanding	3.9	—
Redeemable preference shares	8.3	—
Non-current deferred taxes	24.0	—
Shareholders' equity	758.0	252.0
	<u>\$ 1,031.7</u>	<u>\$ 352.6</u>

(1) Derived from audited financial statements.

Table 3
HARRIS STRATEX NETWORKS, INC.
FY'07 Year End Summary
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	<u>Quarter Ended</u> <u>June 29,</u> <u>2007</u>
Cash flow used in Operations	\$ (1.6)
Cash flows from Investing Activities:	
Sales of short-term investments, net	20.4
Purchases of capital assets	(4.0)
Net cash provided by Investing Activities	<u>16.4</u>
Cash flows from Financing Activities:	
Proceeds from issuance of short-term debt, net of repayments	1.1
Proceeds from exercise of former Stratex stock options	1.7
Payments on long-term debt	(2.7)
Net cash provided by Financing Activities	<u>0.1</u>
Effect of exchange rate changes on cash and cash equivalents	(0.1)
Net increase in cash and cash equivalents	14.8
Cash and cash equivalents, beginning of quarter	54.4
Cash and cash equivalents, end of year	<u>\$ 69.2</u>

HARRIS STRATEX NETWORKS, INC.

FY'07 Year End Summary

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURE

To supplement our consolidated financial statements presented in accordance with accounting principles generally accepted in the United States (GAAP), we provide additional measures of revenue, gross margin, operating income (loss), non-operating income (loss); cost of product sales and services; research and development expenses, selling and administrative expenses; income before income taxes; income taxes; net income, and net income per diluted share adjusted to exclude certain costs, expenses, gains and losses. Management of Harris Stratex Networks, Inc. (the "Company" or "Harris Stratex") believes that these non-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 disproportionate positive or negative impact on results in any particular period. Management also believes that these non-GAAP measures enhance the ability of an investor to analyze trends in Harris Stratex' business and to better understand our performance. In addition, the Company may utilize non-GAAP financial measures as a guide in its 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:

Table 4
HARRIS STRATEX NETWORKS, INC.

FY'07 Year End Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Condensed Consolidated Statement Of Operations
(Unaudited)

	Quarter Ended June 29, 2007			Quarter Ended June 30, 2006		
	As Reported	Non-GAAP Adjustments	Non-GAAP (In millions, except for net loss per share)	MCD and Stratex Combined as Reported	Non-GAAP Adjustments	Non-GAAP
Revenue from product sales and services	\$ 174.1	\$ —	\$ 174.1	\$ 176.8	\$ —	\$ 176.8
Cost of product sales and services (B)	(121.4)	2.9	(118.5)	(117.7)	0.3	(117.4)
Amortization of purchased technology (C)	(1.8)	1.8	—	—	—	—
Gross margin	50.9	4.7	55.6	59.1	0.3	59.4
Research and development expenses (D)	(12.6)	0.4	(12.2)	(11.6)	0.7	(10.9)
Selling and administrative expenses (E)	(36.6)	7.0	(29.6)	(35.8)	2.5	(33.3)
Acquired in-process research and development (F)	—	—	—	—	—	—
Amortization of intangible assets (G)	(4.5)	4.5	—	—	—	—
Restructuring charges (H)	(7.3)	7.3	—	(3.8)	3.8	—
Corporate allocations expense(I)	—	—	—	(2.3)	2.3	—
Operating (loss) income	(10.1)	23.9	13.8	5.6	9.6	15.2
Interest income	0.6	—	0.6	0.5	—	0.5
Interest expense	(0.8)	—	(0.8)	(0.6)	—	(0.6)
Other expense, net	—	—	—	(0.4)	—	(0.4)
(Loss) income before income taxes	(10.3)	23.9	13.6	5.1	9.6	14.7
Income taxes (J)	5.0	(8.3)	(3.3)	(0.5)	(3.9)	(4.4)
Net (loss) income	<u>\$ (5.3)</u>	<u>\$ 15.6</u>	<u>\$ 10.3</u>	<u>\$ 4.6</u>	<u>\$ 5.7</u>	<u>\$ 10.3</u>
Net (loss) income per common share:						
Basic and diluted	<u>\$ (0.09)</u>		<u>\$ 0.18</u>	*		*
Basic and diluted weighted average shares outstanding:						
Basic and diluted	<u>58.2</u>		<u>58.2</u>	*		*

* Prior to January 26, 2007, the Company was not a public reporting entity and there were no shares outstanding for purposes of earnings (loss) per share calculations.

Table 4 (Continued)
HARRIS STRATEX NETWORKS, INC.

FY'07 Year End Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Condensed Consolidated Statement Of Operations
(Unaudited)

	Year Ended June 29, 2007			Year Ended June 30, 2006		
	As Reported	Non-GAAP Adjustments	Non-GAAP (In millions, except for net loss per share)	MCD and Stratex Combined as Reported	Non-GAAP Adjustments	Non-GAAP
Revenue from product sales and services (A)	\$ 507.9	\$ 145.8	\$ 653.7	\$ 599.9	\$ —	\$ 599.9
Cost of product sales and services (B)	(352.2)	(91.2)	(443.4)	(444.0)	35.4	(408.6)
Amortization of purchased technology (C)	(3.0)	3.0	—	—	—	—
Gross margin	152.7	57.6	210.3	155.9	35.4	191.3
Research and development expenses (D)	(39.4)	2.0	(37.4)	(43.3)	0.7	(42.6)
Selling and administrative expenses (E)	(98.9)	(22.0)	(120.9)	(117.2)	5.9	(111.3)
Acquired in-process research and development (F)	(15.3)	15.3	—	—	—	—
Amortization of intangible assets (G)	(7.5)	7.5	—	—	—	—
Restructuring charges (H)	(9.3)	8.6	(0.7)	(3.8)	3.8	—
Corporate allocations expense(G)	(3.7)	3.4	(0.3)	(12.4)	12.4	—
Operating (loss) income	(21.4)	72.4	51.0	(20.8)	58.2	37.4
Interest income	1.8	1.8	3.6	2.0	—	2.0
Interest expense	(2.3)	(1.4)	(3.7)	(3.1)	—	(3.1)
Other expense, net	—	(0.9)	(0.9)	(1.9)	—	(1.9)
(Loss) income before income taxes	(21.9)	71.9	50.0	(23.8)	58.2	34.4
Income taxes (H)	4.0	(18.2)	(14.2)	(8.3)	(2.0)	(10.3)
Net (loss) income	<u>\$ (17.9)</u>	<u>\$ 53.7</u>	<u>\$ 35.8</u>	<u>\$ (32.1)</u>	<u>\$ 56.2</u>	<u>\$ 24.1</u>
Net (loss) income per common share:						
Basic and diluted	<u>\$ (0.72)</u>		<u>\$ 0.62</u>	*		*
Basic and diluted weighted average shares outstanding:						
Basic and diluted	<u>24.7</u>		<u>57.9</u>	*		*

* Prior to January 26, 2007, the Company was not a public reporting entity and there were no shares outstanding for purposes of earnings (loss) per share calculations.

Notes to tables 4 and 6:

Note A – Revenue — Adjustment to revenue for the fiscal year ended June 29, 2007 of \$145.8 million to add Stratex Networks, Inc. revenue for the 7 months ended January 26, 2007, prior to the merger.

Note B – Cost of sales and services — Adjustments to cost of product sales and services for the fiscal year ended June 29, 2007 to add \$100.3 million to add Stratex Networks cost of product sales and services for the 7 months ended January 26, 2007, prior to the merger, and to remove merger related charges including amortization of the step-up in inventory and fixed assets (\$2.7 million for the quarter ended June 29, 2007 and \$8.3 million for fiscal year 2007) and write-off of deferred costs (\$0.1 million for the fiscal year ended June 29, 2007). Adjustments to cost of product sales and services to remove FAS 123R expense (\$0.2 million for the quarter ended June 29, 2007 and \$0.7 million for fiscal year ended June 29, 2007). Adjustments to the Microwave Communications Division of Harris Corporation's cost of product sales and services for the year ended June 30, 2006 to remove \$34.9 million for inventory write-downs related to product discontinuances. Adjustment to Stratex Networks, Inc. cost of product sales and services to remove \$0.2 million of APB No. 25 stock-based compensation expense prior to the adoption of FAS 123R and \$0.3 million for the quarter ended June 29, 2006 for a total of \$0.5 million for fiscal year 2006.

Note C – Amortization of purchased technology — Adjustment for the quarter and fiscal year ended June 29, 2007 to remove amortization of purchased intangibles incurred in connection with the merger.

Note D – Research and development expenses — Adjustment for the quarter and fiscal year ended June 29, 2007 to remove FAS 123R expenses of \$0.4 million and \$2.0 million. Upon the adoption of FAS 123R by Stratex Networks in the June 2006 quarter, adjustment for the quarter and fiscal year ended June 30, 2006 to remove FAS 123R expenses of \$0.7 million.

Note E – Selling and administrative expenses — Adjustment to selling and administrative expenses for the year ended June 29, 2007 of \$41.5 million to add Stratex Networks selling and administrative expenses for the 7 months ended January 26, 2007, prior to the merger. Adjustments for the quarter and year ended June 29, 2007 to remove merger related charges including amortization of the step-up fixed assets (\$0.4 million for the quarter and \$0.8 million for the year ended June 29, 2007), integration and severance costs (\$4.7 million for the quarter and \$11.8 million for the year ended June 29, 2007), and FAS 123R expense (\$1.9 million for the quarter and \$6.9 million for the year ended June 29, 2007).

Adjustments to the Microwave Communications Division of Harris Corporation's selling and administrative expenses to remove FAS 123R expense (\$0.5 million for the quarter and \$1.9 million for the year ended June 30, 2006), and to remove severance costs associated with product discontinuance in the Microwave Communications Division (\$0.9 million for the fiscal year ended June 30, 2006). Adjustment to Stratex Networks, Inc. selling and administrative expenses for the year ended June 30, 2006 to remove \$1.1 million of APB No. 25 stock compensations expense prior to the adoption of FAS 123R, plus \$2.0 million upon adoption of FAS 123R by Stratex in the June 2006 quarter.

Note F – Acquired in-process research and development — Adjustment for the fiscal ended June 29, 2007 to remove write off of in-process research and development incurred in connection with the merger.

Note G – Amortization of intangible assets — Adjustment for the quarter and fiscal year ended June 29, 2007 to remove amortization of purchased intangibles incurred in connection with the merger.

Note H – Charges for restructuring — Adjustment to remove charges for restructuring incurred during the fiscal years ended June 29, 2007 and June 30, 2006 and each of the quarters ended June 29, 2007 and June 30, 2006.

Note I – Corporate allocation expenses — Adjustment for the year ended June 29, 2007 and for the quarter and fiscal year ended June 30, 2006 to remove Corporate allocation expenses from Harris Corporation through December 31, 2006, which did not continue after the merger.

Note J – Income taxes — Adjustment to reflect a pro-forma 26 percent tax rate for the second half of fiscal 2007 which for the fiscal year 2007 makes for an effective tax rate of 28.5 percent and 30 percent tax rate for the fiscal year ended June 30, 2006.

Table 5
HARRIS STRATEX NETWORKS, INC.
FY'07 Year End Summary
GAAP REVENUE BY SEGMENT INFORMATION
(Unaudited)

	<u>Quarter Ended</u>		<u>Year Ended</u>	
	<u>June 2007</u>	<u>June 2006</u>	<u>June 2007</u>	<u>June 2006</u>
	(In millions)			
Revenue				
North America microwave	\$ 58.8	\$ 41.6	\$ 216.3	\$ 168.1
International microwave	110.6	64.5	272.2	172.3
Network operations	4.7	4.4	19.4	17.1
	<u>\$ 174.1</u>	<u>\$ 110.5</u>	<u>\$ 507.9</u>	<u>\$ 357.5</u>

Table 6
HARRIS STRATEX NETWORKS, INC.
FY'07 Year End Summary
SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA
(Unaudited)

	Quarter Ended June 29, 2007			Quarter Ended June 30, 2006		
	<u>As Reported</u>	<u>Non-GAAP Adjustments</u>	<u>Non-GAAP</u>	<u>MCD Actual</u>	<u>Stratex Actual</u>	<u>Combined Non-GAAP</u>
North America	\$ 58.8	\$ —	\$ 58.8	\$ 41.6	\$ 3.5	\$ 45.1
International:						
Africa	41.3	—	41.3	47.9	17.1	65.0
Europe, Middle East and Russia	44.2	—	44.2	8.5	26.8	35.3
Latin America and AsiaPac	25.1	—	25.1	8.1	18.9	27.0
Total International	110.6	—	110.6	64.5	62.8	127.3
Network Operations	4.7	—	4.7	4.4	—	4.4
	<u>\$ 174.1</u>	<u>\$ —</u>	<u>\$ 174.1</u>	<u>\$ 110.5</u>	<u>\$ 66.3</u>	<u>\$ 176.8</u>

(In millions)

Table 6 (Continued)
HARRIS STRATEX NETWORKS, INC.

FY'07 Year End Summary
SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA
(Unaudited)

	Year Ended June 29, 2007			Year Ended June 30, 2006		
	<u>As Reported</u>	<u>Non-GAAP Adjustments</u>	<u>Non-GAAP</u>	<u>MCD Actual</u>	<u>Stratex Actual</u>	<u>Combined Non-GAAP</u>
North America	\$ 216.3	\$ 7.0	\$ 223.3	\$ 168.1	\$ 19.1	\$ 187.2
International:						
Africa	126.7	44.1	170.8	98.6	47.9	146.5
Europe, Middle East and Russia	87.1	59.2	146.3	29.7	102.0	131.7
Latin America and AsiaPac	58.4	35.5	93.9	44.0	73.4	117.4
Total International	272.2	138.8	411.0	172.3	223.3	395.6
Network Operations	19.4	—	19.4	17.1	—	17.1
	<u>\$ 507.9</u>	<u>\$ 145.8</u>	<u>\$ 653.7</u>	<u>\$ 357.5</u>	<u>\$ 242.4</u>	<u>\$ 599.9</u>

(In millions)