Table of Contents

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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 28, 2008

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________

Commission File Number 001-33278

HARRIS STRATEX NETWORKS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-5961564**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
637 Davis Drive Morrisville, North Carolina	**27560**
(Address of principal executive offices)	(Zip Code)

(919) 767-3250
(Registrant's telephone number, including area code)

Indicate by checkmark whether the registrant (l) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o　　Accelerated filer ☑

Non-accelerated filer o (Do not check if a smaller reporting company)　　Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12 b-2 of the Exchange Act). Yes o No ☑

Class of Stock	Shares Outstanding as of May 2, 2008
Class A Common Stock, par value $0.01 per share	25,556,002
Class B Common Stock, par value $0.01 per share	32,913,377
Total shares of common stock outstanding	58,469,379

HARRIS STRATEX NETWORKS, INC.

FORM 10-Q

For the Quarter Ended March 28, 2008

INDEX

	Page
Part I. Financial Information:	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Statements of Operations for the Quarter and Three Quarters ended March 28, 2008 and March 30, 2007	3
Condensed Consolidated Balance Sheets at March 28, 2008 and June 29, 2007	4
Condensed Consolidated Statements of Cash Flows for the Three Quarters ended March 28, 2008 and March 30, 2007	5
Notes to Condensed Consolidated Financial Statements (Unaudited)	6
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3. Quantitative and Qualitative Disclosures About Market Risk	36
Item 4. Controls and Procedures	37
Part II. Other Information:	
Item 1. Legal Proceedings	39
Item 1A. Risk Factors	39
Item 6. Exhibits	39
Signature	40
Exhibit Index	
EXHIBIT 10.1	
EXHIBIT 10.15.1	
EXHIBIT 10.15.2	
EXHIBIT 15	
EXHIBIT 31.1	
EXHIBIT 31.2	
EXHIBIT 32.1	
EXHIBIT 32.2	

This Quarterly Report on Form 10-Q contains trademarks of Harris Stratex Networks, Inc.

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In millions, except per common share amounts)	Quarter Ended March 28, 2008	Quarter Ended March 30, 2007	Three Quarters Ended March 28, 2008	Three Quarters Ended March 30, 2007
Revenue from product sales and services:				
Revenue from external product sales	$ 147.3	$ 105.6	$ 444.8	$ 270.0
Revenue from product sales with Harris Corporation	1.5	2.3	6.4	3.7
Total revenue from product sales	148.8	107.9	451.2	273.7
Revenue from services	29.4	31.1	80.4	60.1
Total revenue from product sales and services	178.2	139.0	531.6	333.8
Cost of product sales and services:				
Cost of external product sales	(101.4)	(76.5)	(306.3)	(178.9)
Cost of product sales with Harris Corporation	(0.6)	(1.7)	(4.2)	(4.1)
Total cost of product sales	(102.0)	(78.2)	(310.5)	(183.0)
Cost of services	(21.4)	(23.1)	(59.8)	(44.7)
Cost of sales billed from Harris Corporation	—	(0.5)	(4.6)	(3.2)
Amortization of purchased technology	(1.8)	(1.2)	(5.3)	(1.2)
Total cost of product sales and services	(125.2)	(103.0)	(380.2)	(232.1)
Gross margin	53.0	36.0	151.4	101.7
Research and development expenses	(11.5)	(11.1)	(34.8)	(26.8)
Selling and administrative expenses	(28.7)	(26.1)	(90.0)	(57.5)
Selling and administrative expenses with Harris Corporation	(1.7)	(1.6)	(5.2)	(4.7)
Total research, development, selling and administrative expenses	(41.9)	(38.8)	(130.0)	(89.0)
Amortization of identifiable intangible assets	(1.9)	(3.0)	(5.6)	(3.0)
Acquired in-process research and development	—	(15.3)	—	(15.3)
Restructuring charges	—	(1.3)	(8.4)	(2.0)
Corporate allocations expense from Harris Corporation	—	(0.3)	—	(3.7)
Operating income (loss)	9.2	(22.7)	7.4	(11.3)
Interest income	0.3	0.9	1.4	1.2
Interest expense	(0.7)	(1.1)	(2.2)	(1.5)
Income (loss) before provision for income taxes	8.8	(22.9)	6.6	(11.6)
Provision for income taxes	(1.5)	(0.3)	(1.1)	(1.0)
Net income (loss)	$ 7.3	$ (23.2)	$ 5.5	$ (12.6)
Net income (loss) per common share of Class A and Class B common stock (1):				
Basic	$ 0.12	$ (0.58)	$ 0.09	$ (0.93)
Diluted(2)	$ 0.09	$ (0.58)	$0.05	$ (0.93)
Basic weighted average shares outstanding (3)	58.4	40.3	58.4	13.5
Diluted weighted average shares outstanding (3)	58.7	40.3	58.9	13.5

(1) The net income (loss) per common share amounts are the same for Class A and Class B because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

(2) For the quarter and three quarters ended March 28, 2008, the calculations of diluted earnings per share include a potential deduction to net income of $2.1 million and $2.7 million for the assumed after-tax effect of the change in fair value of warrants using the “treasury stock” method (see Note P).

(3) Prior to January 26, 2007, the Company was a division of Harris Corporation and there were no shares outstanding for purposes of income or loss calculations. Basic and diluted weighted average shares outstanding are calculated based on the daily outstanding shares, reflecting the fact that no shares were outstanding prior to January 26, 2007.

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except share amounts)	March 28, 2008	June 29, 2007
Assets		
Current Assets		
Cash and cash equivalents	$ 97.0	$ 69.2
Short-term investments and available for sale securities	3.4	20.4
Receivables	199.0	185.3
Unbilled costs	35.7	36.9
Inventories	125.3	135.7
Deferred income taxes	6.5	4.1
Other current assets	17.5	21.7
Total current assets	484.4	473.3
Long-Term Assets		
Property, plant and equipment	74.4	80.0
Goodwill	315.4	323.6
Identifiable intangible assets	133.2	144.5
Capitalized software	9.6	9.7
Non-current portion of notes receivable	3.4	5.3
Non-current deferred income taxes	—	0.5
Other assets	3.0	1.2
Total long-term assets	539.0	564.8
Total assets	$ 1,023.4	$ 1,038.1
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term debt	$ —	$ 1.2
Current portion of long-term debt	6.0	10.7
Accounts payable	81.8	84.7
Compensation and benefits	12.5	11.5
Other accrued items	44.8	44.7
Advance payments and unearned income	26.7	22.3
Income taxes payable	3.6	6.8
Restructuring liabilities	6.7	10.8
Current portion of long-term capital lease obligation to Harris Corporation	1.6	3.1
Due to Harris Corporation	20.5	17.2
Total Current Liabilities	204.2	213.0
Long-Term Liabilities		
Long-term debt	5.0	8.8
Long-term portion of capital lease obligation to Harris Corporation	1.6	2.8
Restructuring and other long-term liabilities	6.2	11.8
Redeemable preference shares	8.3	8.3
Warrants	0.6	3.9
Deferred income taxes	21.2	31.5
Total Liabilities	247.1	280.1
Commitments and contingencies		
Shareholders' Equity		
Preferred stock, $0.01 par value; 50,000,000 shares authorized; none issued	—	—
Common stock, Class A, $0.01 par value; 300,000,000 shares authorized; issued and outstanding 25,554,877 shares at March 28, 2008 and 25,400,856 shares at June 29, 2007	0.3	0.3
Common stock, Class B $0.01 par value; 100,000,000 shares authorized; issued and outstanding 32,913,377 shares at March 28, 2008 and June 29, 2007	0.3	0.3
Additional paid-in-capital	786.9	778.3
Accumulated deficit	(15.4)	(20.9)
Accumulated other comprehensive income	4.2	—
Total Shareholders' Equity	776.3	758.0
Total Liabilities And Shareholders' Equity	$ 1,023.4	$ 1,038.1

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

(In millions)	Three Quarters Ended March 28, 2008	Three Quarters Ended March 30, 2007
Operating Activities		
Net income (loss)	$ 5.5	$ (12.6)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of identifiable intangible assets acquired in the Stratex acquisition	10.9	19.4
Other non-cash charges related to the Stratex acquisition	—	5.4
Depreciation and amortization of property, plant and equipment and capitalized software	15.2	12.2
Non-cash stock-based compensation expense	5.3	1.0
Non-cash charges for restructuring and inventory write-downs	7.8	—
Decrease in fair value of warrants	(3.2)	—
Deferred income tax (benefit) expense	(0.2)	1.0
Changes in operating assets and liabilities:		
Receivables	(11.7)	2.7
Unbilled costs and inventories	8.0	(32.0)
Accounts payable and accrued expenses	(1.4)	(0.7)
Advance payments and unearned income	4.3	4.8
Due to Harris Corporation	4.6	(3.7)
Decrease in restructuring liabilities and other	(9.7)	(9.0)
Net cash provided by (used in) operating activities	35.4	(11.5)
Investing Activities		
Cash acquired from the Stratex acquisition, net of acquisition costs of $12.7 million	—	20.4
Purchases of short-term investments and available for sale securities	(8.3)	(33.2)
Sales of short-term investments and available for sale securities	25.3	17.8
Additions of property, plant and equipment	(6.3)	(4.4)
Additions of capitalized software	(7.9)	(2.8)
Net cash provided by (used in) investing activities	2.8	(2.2)
Financing Activities		
Decrease in short-term debt	(1.2)	—
Proceeds from issuance of redeemable preference shares	—	8.3
Payments on long-term debt	(8.4)	(2.6)
Proceeds from issuance of Class B common stock to Harris Corporation	—	26.9
Payments on long-term capital lease obligation to Harris Corporation	(3.2)	—
Proceeds from exercise of former Stratex stock options	1.5	1.4
Registration costs for Class A common stock issued in Stratex acquisition	—	(1.1)
Proceeds from exercise of former Stratex warrants	—	0.2
Net cash and other transfers from Harris Corporation prior to the Stratex acquisition	—	24.1
Net cash (used in) provided by financing activities	(11.3)	57.2
Effect of exchange rate changes on cash and cash equivalents	0.9	(2.9)
Net increase in cash and cash equivalents	27.8	40.6
Cash and cash equivalents, beginning of year	69.2	13.8
Cash and cash equivalents, end of period	$ 97.0	$ 54.4

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 28, 2008
(Unaudited)

Note A — Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of Harris Stratex Networks, Inc. and its wholly-owned and majority-owned subsidiaries ("we," "us" and "our") and have been prepared by us, without an audit, in accordance with accounting principles generally accepted in the United States for interim financial information and with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations and changes in cash flows in conformity with U.S. generally accepted accounting principles. In the opinion of our management, such financial statements reflect all adjustments (consisting only of normal, recurring adjustments) considered necessary for a fair presentation of financial position, results of operations and cash flows for such periods.

The results for the quarter ended March 28, 2008 are not necessarily indicative of the results that may be expected for the full fiscal year or any subsequent period. The balance sheet at June 29, 2007 has been derived from our audited financial statements but does not include all the information and footnotes required by generally accepted accounting principles in the United States for annual financial statements. We provide complete financial statements in our Annual Report on Form 10-K, which includes information and footnotes required by the rules and regulations of the SEC. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and accompanying Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended June 29, 2007 ("Fiscal 2007 Form 10-K").

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the condensed financial statements and accompanying notes. Actual results could differ from those estimates.

Prior to January 26, 2007, we were a division of Harris Corporation ("Harris"). For periods prior to January 26, 2007, our consolidated financial statements include the accounts of the MCD and Harris subsidiaries classified as part of MCD, our financial reporting predecessor entity. These financial statements have been determined to be our historical financial statements. As used in these notes, the term "MCD" refers to the consolidated operations of the Microwave Communications Division of Harris.

For periods prior to January 26, 2007, our historical financial statements are presented on a carve-out basis and reflect the assets, liabilities, revenue and expenses that were directly attributable to MCD as it was operated within Harris. Our condensed consolidated statements of operations include all of the related costs of doing business, including an allocation of certain general corporate expenses of Harris, which were in support of MCD, including costs for finance, legal, treasury, purchasing, quality, environmental, safety, human resources, tax, audit and public relations departments and other corporate and infrastructure costs. We were allocated $0.3 million and $3.7 million for these general corporate expenses from Harris during the quarter and three quarters ended March 30, 2007. These costs represented approximately 6.1% and 9.4% of the total cost of these allocated services in the quarter and three quarters ended March 30, 2007. These cost allocations were based primarily on a ratio of our revenue to total Harris revenue, multiplied by the total headquarters expense of Harris. The allocation of Harris overhead expenses to us concluded on January 26, 2007. We believe these allocations were made on a reasonable basis. Harris currently owns approximately 56% of our common stock.

On January 26, 2007, we acquired Stratex Networks, Inc. ("Stratex"). The results of operations and cash flows of Stratex were not included in any of our consolidated financial statements before January 26, 2007.

Note B — Recent Accounting Pronouncements

Accounting for Uncertain Tax Positions

On June 30, 2007, we adopted Financial Accounting Standards Board (“FASB”) Interpretation No. 48 “Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 prescribes a “more-likely-than-not” threshold for the recognition and derecognition of tax positions, provides guidance on the accounting for interest and penalties relating to tax positions and requires that the cumulative effect of applying the provisions of FIN 48 shall be reported as an adjustment to the opening balance in retained earnings (deficit) or other appropriate components of equity or net assets. Refer to *Note N – Income Taxes*, for additional information relating to our accounting for FIN 48 and income taxes.

Fair Value Measurements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“Statement 157”). Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Statement 157 applies under other accounting pronouncements that require fair value measurement in which the FASB concluded that fair value was the relevant measurement, but does not require any new fair value measurements. Statement 157 is effective for financial assets and financial liabilities for fiscal years beginning after November 15, 2007, which for us will be our fiscal 2009. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, “Effective Date of FASB Statement No. 157,” which defers the effective date of Statement 157 for nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008, which for us will be our fiscal 2010. We are currently evaluating the impact Statement 157 may have on our financial position, results of operations and cash flows.

Accounting for Business Combinations

On December 4, 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), “Business Combinations” (“Statement 141R”). Statement 141R requires that, upon a business combination, the acquired assets, assumed liabilities, contractual contingencies and contingent liabilities, be recognized and measured at their fair value at the acquisition date. Statement 141R also requires that acquisition-related costs be recognized separately from the acquisition and expensed as incurred. In addition, Statement 141R requires that acquired in-process research and development be measured at fair value and capitalized as an indefinite-lived intangible asset, and it is therefore not subject to amortization until the project is completed or abandoned. Moreover, Statement 141R requires changes in deferred tax asset valuation allowances and acquired income tax uncertainties that are recognized after the measurement period be recognized in income tax expense. Statement 141R is to be applied prospectively and is effective for fiscal years beginning on or after December 15, 2008, which for us will be our fiscal 2010.

Accounting for Noncontrolling Interests in Consolidated Financial Statements

On December 4, 2007, the FASB issued Statement of Financial Accounting Standards No. 160, “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51” (“Statement 160”). Statement 160 requires that noncontrolling interests (previously referred to as minority interests) be clearly identified and presented as a component of equity, separate from the parent’s equity. Statement 160 also requires that the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income; that changes in ownership interest be accounted for as equity transactions; and that when a subsidiary is deconsolidated, any retained noncontrolling equity investment in that subsidiary and the gain or loss on the deconsolidation of that subsidiary be measured at fair value. Statement 160 is to be applied prospectively, except for the presentation and disclosure requirements (which are to be applied retrospectively for all periods presented) and is effective for fiscal years beginning after December 15, 2008, which for us will be our fiscal 2010. We are currently evaluating the impact Statement 160 may have on our financial position, results of operations and cash flows.

Disclosures about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities —an amendment of FASB Statement No. 133" ("Statement 161"). Statement 161 applies to all derivative instruments, including bifurcated derivative instruments (and to nonderivative instruments that are designated and qualify as hedging instruments pursuant to paragraphs 37 and 42 of FASB Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("Statement 133")) and related hedged items accounted for under Statement 133. Statement 161 amends and expands the disclosure requirements of Statement 133 to provide greater transparency as to (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. To meet those objectives, Statement 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about the volume of derivative activity and fair value amounts of, and gains and losses on, derivative instruments including location of such amounts in the financial statements, and disclosures about credit-risk-related contingent features in derivative agreements. Statement 161 is effective for fiscal years and interim periods that begin after November 15, 2008, which for us will be the third quarter of our fiscal 2009. We are currently evaluating the impact Statement 161 may have on our financial position, results of operations and cash flows.

Note C — Short-Term Investments and Available for Sale Securities

Short-term investments and available for sale securities as of March 28, 2008 consisted of the following:

	March 28, 2008			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Market Value
	(In millions)			
Certificates of deposit	$ 0.6	$ —	$ —	$ 0.6
Commercial paper	1.5	—	—	1.5
Corporate notes	1.3	—	—	1.3
Total short-term investments and available for sale securities	$ 3.4	$ —	$ —	$ 3.4

Our short-term investments and available for sale securities have maturity dates of less than one year, with a weighted average maturity of 108 days.

Note D — Accumulated Other Comprehensive Income (Loss) and Comprehensive Income (Loss)

The changes in components of our accumulated other comprehensive income (loss) during the three quarters ended March 28, 2008 and March 30, 2007 were as follows:

	Foreign Currency Translation	Hedging Derivatives	Short-Term Investments and Available for Sale Securities	Total Accumulated Other Comprehensive Income (Loss)
	(In millions)			
Balance at June 29, 2007	$ —	$ —	$ —	$ —
Changes in accumulated other comprehensive income (loss)	4.9	(0.7)	—	4.2
Balance at March 28, 2008	$ 4.9	$ (0.7)	$ —	$ 4.2
Balance at June 30, 2006	$ (1.5)	$ 0.1	$ —	$ (1.4)
Changes in accumulated other comprehensive income (loss)	(4.1)	(0.2)	—	(4.3)
Balance at March 30, 2007	$ (5.6)	$ (0.1)	$ —	$ (5.7)

Table of Contents

Total comprehensive income (loss) for the quarters and three quarters ended March 28, 2008 and March 30, 2007 is comprised of the following:

	Quarter Ended		Three Quarters Ended	
	March 28, 2008	March 30, 2007	March 28, 2008	March 30, 2007
	(In millions)			
Net income (loss)	$ 7.3	$ (23.2)	$ 5.5	$ (12.6)
Other comprehensive income (loss):				
Foreign currency translation	(0.9)	(0.8)	4.9	(4.1)
Net unrealized loss on hedging activities	(0.7)	(0.2)	(0.7)	(0.2)
Total comprehensive income (loss)	$ 5.7	$ (24.2)	$ 9.7	$ (16.9)

Note E — Receivables

Our receivables are summarized below:

	March 28, 2008	June 29, 2007
	(In millions)	
Accounts receivable	$ 203.3	$ 190.5
Notes receivable due within one year — net	5.2	3.3
	208.5	193.8
Less allowances for collection losses	(9.5)	(8.5)
	$ 199.0	$ 185.3

Note F — Inventories

Our inventories are summarized below:

	March 28, 2008	June 29, 2007
	(In millions)	
Finished products	$ 59.5	$ 52.9
Work in process	31.3	28.6
Raw materials and supplies	61.2	68.4
	152.0	149.9
Inventory reserves	(26.7)	(14.2)
	$ 125.3	$ 135.7

During the second quarter of fiscal 2008, we recorded a total of $3.7 million for inventory markdowns which are classified in “Cost of product sales” on the Condensed Consolidated Statements of Operations (Unaudited) during the three quarters ended March 28, 2008 in accordance with the guidance in Emerging Issues Task Force (“EITF”) Abstracts Issues No. 96-9 “Classification of Inventory Markdowns and Other Costs Associated with a Restructuring.” These markdowns were part of our 2007 restructuring plan (see Note K).

Our 2007 restructuring plan included product strategies resulting in the product discontinuance of the Company’s MegaStar product line during the second quarter of fiscal 2008. For international markets, the TruePoint 6500 product replaced MegaStar. MegaStar was produced at the Company’s facility in San Antonio, Texas. Accordingly, during the three quarters ended March 28, 2008, the Company recorded a $1.5 million charge for MegaStar inventory markdowns.

During the second quarter of fiscal 2008, these restructuring activities also resulted in scaled down operations and reduced activity in Canada, Brazil and China. As a result, we recorded inventory markdowns of $0.4 million, $1.0 million and $0.8 million in Canada, Brazil and China, respectively, during the three quarters ended March 28, 2008.

Note G — Property, Plant and Equipment

Our property, plant and equipment are summarized below:

	March 28, 2008	June 29, 2007
	(In millions)	
Land	$ 1.3	$ 1.3
Buildings	29.0	30.8
Software developed for internal use	7.8	3.0
Machinery and equipment	121.6	123.3
	159.7	158.4
Less allowances for depreciation and amortization	(85.3)	(78.4)
	$ 74.4	$ 80.0

Depreciation and amortization expense related to plant and equipment, including software amortization, was $5.1 million and $4.3 million during the quarters ended March 28, 2008 and March 30, 2007, and $13.1 million and $8.7 million in the three quarters ended March 28, 2008 and March 30, 2007.

Note H — Credit Facility and Debt

Our debt consisted of the following at March 28, 2008 and June 29, 2007:

	March 28, 2008	June 29, 2007
	(In millions)	
Credit Facility with Bank:		
Term Loan A	$ 1.0	$ 5.7
Term Loan B	10.0	13.8
Other short-term notes	—	1.2
Total	11.0	20.7
Less other short-term notes	—	(1.2)
Less current portion	(6.0)	(10.7)
Long-term debt	$ 5.0	$ 8.8

As part of the Stratex acquisition, we assumed Stratex's existing credit facility with a commercial bank (the "Credit Facility"). The Credit Facility allows for revolving credit borrowings of up to $50 million with available credit defined as $50 million less the outstanding balance of our term loans ($11.0 million as of March 28, 2008) and any usage under the revolving credit portion which includes unexpired standby letters of credit ($8.6 million as of March 28, 2008) and any short-term borrowings (none as of March 28, 2008). The Credit Facility is unsecured. The fair value of our debt approximates book values as of March 28, 2008.

Term Loan A of the Credit Facility requires monthly principal payments of $0.5 million plus interest at a fixed rate of 6.38% through May 2008. Term Loan B requires monthly principal payments of $0.4 million plus interest at a fixed rate of 7.25% through March 2010.

The credit facility agreement contains a minimum tangible net worth covenant and a liquidity ratio covenant. As of March 28, 2008 we were in compliance with these financial covenants.

We are currently negotiating a new credit facility to replace the current facility. Commitments have been received from two commercial banks for a $120 million revolving credit facility with an initial committed amount of $70 million. The existing lender has provided one of the commitment letters. We have negotiated the general terms and conditions of the new facility with the banks and are currently finalizing the loan agreement. To allow sufficient time for finalization of the loan documentation for the new facility, the expiry date of the current facility has been extended to July 29, 2008 by an amendment dated April 30, 2008. As a condition of the new facility, the remaining term debt balance will be repaid. However, all standby letters of credit issued by the current lender will remain outstanding.

As of March 28, 2008, our future principal payment obligations on long-term debt under the current facility were as follows:

	Years Ending in June (In millions)
2008	$ 2.3
2009	5.0
2010	3.7
Total	$ 11.0

We have other uncommitted short-term lines of credit aggregating $0.2 million from various international banks available on March 28, 2008. These lines provide for borrowings at various interest rates, typically may be terminated upon notice, may be used on such terms as mutually agreed to by the banks and us and are reviewed annually for renewal or modification.

Note I — Accrued Warranties

We have accrued for the estimated cost to repair or replace products under warranty at the time of sale. Changes in warranty liability, which is included as a component of “Other accrued items” on the Condensed Consolidated Balance Sheets (Unaudited), during the three quarters ended March 28, 2008 and March 30, 2007 were as follows:

	Three Quarters Ended	
	March 28, 2008	March 30, 2007
	(In millions)	
Balance as of the beginning of the year	$ 5.6	$ 3.9
Acquisition of Stratex accrued warranties on January 26, 2007	—	3.5
Warranty provision for revenue recorded during the period	5.4	1.5
Settlements made during the period	(6.1)	(2.5)
Other adjustments to liability, including foreign currency translation during the period	0.1	(0.1)
Balance as of the end of the period	$ 5.0	$ 6.3

Note J — Warrants

As part of the Stratex acquisition, we assumed warrants to purchase shares of our Class A common stock. As of March 28, 2008, warrants to purchase 520,445 shares of our Class A common stock were outstanding. These warrants have an exercise price of $11.80 per common share and will expire on September 24, 2009. The per share fair value of each warrant was $1.19 and $7.43 on March 28, 2008 and June 29, 2007, determined based on the Black-Scholes-Merton model with the assumptions listed in the table below.

	March 28, 2008	June 29, 2007
Dividend yield	0%	0%
Expected volatility	57.2%	43.1%
Risk-free interest rate	1.52%	4.91%
Expected holding period	0.75 year	1.25 years

As a result of recording these outstanding warrants at fair value at March 28, 2008, we recorded the change in fair value during the quarter and three quarters ended March 28, 2008 of $2.5 million and $3.2 million as decreases to selling and administrative expenses on our Condensed Consolidated Statements of Operations (Unaudited). During the three quarters ended March 28, 2008, there were no warrants exercised.

Note K — Restructuring Activities

During the three quarters ended March 28, 2008, Harris Stratex Networks, Inc. (the “Company”) continued its restructuring activities implemented within the merger restructuring plans approved in connection with the January 26, 2007 merger between the Microwave Communications Division of Harris Corporation and Stratex Networks,

Inc. These restructuring plans included the consolidation of facilities and operations of the predecessor entities in Canada, France, the U.S., China, Brazil and, to a lesser extent, Mexico, New Zealand and the United Kingdom.

In the first three quarters of fiscal 2008, we recorded an additional $8.4 million of restructuring charges in connection with implementation of these fiscal 2007 plans. The cost of these plans as they relate to the reductions in force during the first three quarters of fiscal 2008 primarily consisted of retention, severance and other benefits totaling $3.4 million. Additionally, during the first three quarters of fiscal 2008 we recorded $1.4 million in restructuring charges related to the impairment of a lease and $1.9 million relating to the write-off of fixed assets and leasehold improvements. These restructuring activities also resulted in scaled down operations and reduced activity in Brazil. This reduced activity in Brazil negatively affected the fair value of a recoverable value-added type tax (“ICMS”) included in “Other current assets” on our Condensed Consolidated Balance Sheets (Unaudited). We also recorded an impairment of $2.3 million in restructuring charges during the first three fiscal quarters of 2008 relating to the reduction in fair value of ICMS tax recoverable in Brazil. These charges to restructuring in the first three quarters of fiscal 2008 were partially offset by $0.3 million for the reduction in severance estimated to be paid in France and a $0.3 million reduction in the amount estimated to close out our restructuring liability in connection with our fiscal year 2006 restructuring plan to transfer our Montreal manufacturing activities to our San Antonio, Texas facility.

During the third quarter of fiscal 2007, in connection with the Stratex acquisition on January 26, 2007, we recognized $12.0 million of restructuring liabilities representing the fair value of Stratex restructuring liabilities incurred prior to, and not related to, the acquisition as summarized in the table below. Those charges related to building lease obligations at four of Stratex’ U.S. facilities. During the three quarters ended March 28, 2008, we made payments of $2.0 million on these leases, which reduced the liability by $1.5 million, net of $0.5 million in interest expense. Also during the three quarters ended March 28, 2008, new information became available with regard to our utilization of the space under these building lease obligations and we reduced our restructuring liability by $1.1 million with an offsetting decrease to goodwill under purchase accounting.

The information in the following table summarizes our restructuring activity during the quarter ended March 28, 2008 and the remaining restructuring liability as of March 28, 2008.

	Severance and Benefits	Facilities and Other	Total
		(In millions)	
Restructuring liability at June 29, 2007	$ 7.8	$ 10.8	$ 18.6
Provision in the three quarters ended March 28, 2008	3.4	5.6	9.0
Release of accrual to statement of operations in the three quarters ended March 28, 2008	(0.6)	—	(0.6)
Amount credited to goodwill in the three quarters ended March 28, 2008	—	(1.1)	(1.1)
Other adjustments to liability, including foreign currency translation during the period	0.6	—	0.6
Non-cash charges in the three quarters ended March 28, 2008	—	(4.1)	(4.1)
Cash payments in the three quarters ended March 28, 2008	(7.7)	(2.4)	(10.1)
Restructuring liability at March 28, 2008	$ 3.5	$ 8.8	$ 12.3
Current portion of restructuring liability at March 28, 2008	$ 3.5	$ 3.2	$ 6.7
Long-term portion of restructuring liability at March 28, 2008	—	5.6	5.6
Total restructuring liability at March 28, 2008	$ 3.5	$ 8.8	$ 12.3

Our fiscal year 2007 restructuring plans are expected to be fully implemented by June 27, 2008. The following table summarizes our costs incurred through March 28, 2008 for our fiscal 2007 restructuring plans:

	Total Costs Incurred through June 29, 2007	Total Costs Incurred During the Three Quarters Ended March 28, 2008	Cumulative Costs Incurred through March 28, 2008	Estimated Additional Costs to be Incurred	Total Restructuring Costs Expected to be Incurred
			(In millions)		
North America Microwave:					
Severance and benefits	$ 5.1	$ 2.8	$ 7.9	$ 0.3	$ 8.2
Facilities and other	—	3.2	3.2	—	3.2
Total North America Microwave	$ 5.1	$ 6.0	$ 11.1	$ 0.3	$ 11.4
International Microwave:					
Severance and benefits	$ 4.2	$ 0.1	$ 4.3	$ —	$ 4.3
Facilities and other	—	2.3	2.3	—	2.3
Total International Microwave	$ 4.2	$ 2.4	$ 6.6	$ —	$ 6.6
Totals	$ 9.3	$ 8.4	$ 17.7	$ 0.3	$ 18.0

Note L — Share-Based Compensation

Compensation expense for share-based awards was $2.0 million and $1.4 million for the quarters ended March 28, 2008 and March 30, 2007. Compensation expense for share-based awards was $6.3 million and $2.1 million for the three quarters ended March 28, 2008 and March 30, 2007. Amounts were included in our Condensed Consolidated Statements of Operations (Unaudited) as follows:

	Quarter Ended		Three Quarters Ended	
	March 28, 2008	March 30, 2007	March 28, 2008	March 30, 2007
	(In millions)			
Cost of product sales and services	$ 0.3	$ 0.1	$ 0.9	$ 0.1
Research and development expenses	0.4	0.5	1.1	0.5
Selling and administrative expenses	1.3	0.8	4.3	1.5
Total compensation expense	$ 2.0	$ 1.4	$ 6.3	$ 2.1

Grants to employees under our 2007 Stock Equity Plan during the quarter ended March 28, 2008 consisted of 7,580 stock option grants, 43,029 shares of restricted stock and 1,220 performance share awards. Grants to employees under our 2007 Stock Equity Plan during the three quarters ended March 28, 2008 consisted of 20,050 stock option grants, 43,029 shares of restricted stock and 6,900 performance share awards. The fair value of option grants was estimated on the date of grant using the Black-Scholes-Merton option–pricing model which used the following weighted average assumptions: expected volatility of 55.5%; expected dividend yield of 0.0%; and expected life in years of 5.875.

Upon the exercise of stock options, we issued 35,227 and 120,592 shares during the quarter and three quarters ended March 28, 2008.

Note M — Business Segments

We are organized into three operating segments around the markets we serve: North America Microwave, International Microwave and Network Operations. The North America Microwave segment designs, manufactures, sells and services microwave radio products, primarily for cellular network providers and private network users within North America (U.S. and Canada). The International Microwave segment designs, manufactures, sells and services microwave radio products, primarily for cellular network providers and private network users outside of North America. The Network Operations segment develops, designs, produces, sells and services network management software systems, primarily for cellular network providers and private network users.

During the quarter and three quarters in the period ended March 28, 2008, we had one customer in Africa (Mobile Telephone Networks or MTN) that accounted for 16% and 13% of our total revenue.

Table of Contents

Revenue and income (loss) before income taxes by segment are as follows:

	Quarter Ended		Three Quarters Ended	
	March 28, 2008	March 30, 2007	March 28, 2008	March 30, 2007
	(In millions)			
Revenue				
North America Microwave	$ 56.9	$ 48.9	$ 177.3	$ 157.5
International Microwave	117.1	84.9	337.1	161.6
Network Operations	4.2	5.2	17.2	14.7
Total Revenue	$ 178.2	$ 139.0	$ 531.6	$ 333.8
Income (Loss) Before Income Taxes				
Segment Operating Income (Loss):				
North America Microwave (1)	$ 3.9	$ 1.3	$ 2.8	$ 9.9
International Microwave (2)	5.6	(24.0)	3.5	(18.2)
Network Operations	(0.3)	0.3	1.1	0.7
Corporate allocations expense from Harris	—	(0.3)	—	(3.7)
Net interest expense	(0.4)	(0.2)	(0.8)	(0.3)
Income (loss) before provision for income taxes	$ 8.8	$ (22.9)	$ 6.6	$ (11.6)

(1) During the quarter ended March 28, 2008, we recorded $0.7 million in amortization of developed technology, tradenames, customer relationships, and non-compete agreements, $0.3 million in amortization of the step-up in the fair value of fixed assets related to the acquisition of Stratex, $0.3 million in merger-related integration charges, and $1.9 million in share-based compensation in our North America Microwave segment.

During the three quarters ended March 28, 2008, we recorded $2.0 million in amortization of developed technology, tradenames, customer relationships, and non-compete agreements, $0.8 million in amortization of the step-up in the fair value of fixed assets related to the acquisition of Stratex, $8.1 million in restructuring charges, $2.4 million in merger related integration charges, $6.0 million in share-based compensation, $1.9 million for inventory markdowns, and $0.9 million for an impaired lease in our North America Microwave segment.

During the quarter and three quarters ended March 30, 2007, we recorded $0.3 million write-off of a portion of the fair value adjustments related to inventory and fixed assets and $0.9 million amortization of developed technology, tradenames, customer relationships, contract backlog and non-competition agreements. Additionally, for the quarter and three quarters ended March 30, 2007 we recorded $1.3 million and $2.3 million of charges related principally to restructuring and integration activities undertaken in connection with the merger in our North America Microwave segment.

(2) During the quarter ended March 28, 2008, we recorded $3.0 million in amortization of developed technology, tradenames, customer relationships, and non-compete agreements, $0.4 million in amortization of the step-up in the fair value of fixed assets related to the acquisition of Stratex, $0.6 million in merger related integration charges, and $0.1 million in share-based compensation in our International Microwave segment.

During the three quarters ended March 28, 2008, we recorded $8.9 million in amortization of developed technology, tradenames, customer relationships, and non-compete agreements, $1.3 million in amortization of the step-up in the fair value of fixed assets related to the acquisition of Stratex, $0.3 million in restructuring charges, $4.5 million in merger related integration charges, and $0.3 million in share-based compensation in our International Microwave segment and $1.8 million for inventory markdowns.

During the quarter and three quarters ended March 30, 2007, we recorded $15.3 million write off of in-process research and development, $5.6 million write-off of a portion of the fair value adjustments related to inventory and fixed assets, $3.2 million amortization of developed technology, tradenames, customer relationships, contract backlog and non-competition agreements, and $2.2 million of charges related to integration activities undertaken in connection with the merger in our International Microwave segment.

Note N — Income Taxes

The income tax expense reflects our pre-tax income and is based on our estimated fiscal 2008 annual effective tax rate. The income tax provision on pre-tax income for the quarter and three quarters ended March 28, 2008 was $1.5 million and $1.1 million.

The income tax expense on the pre-tax loss for the quarter and three quarters ended March 30, 2007 was $0.3 million and $1.0 million. The variation between income taxes and income tax expense at the U.S. statutory rate of 35% is primarily due to the consolidation of our foreign operations, which are subject to income taxes at lower statutory rates. The effective tax rate in the quarter and three quarters ended March 30, 2007 was also impacted by favorable tax adjustments recorded in purchase accounting offset by unfavorable carve-out adjustments attributable to MCD.

As of March 28, 2008 and June 29, 2007, we had a liability for unrecognized tax benefits of $27.5 million and $28.1 million for various federal, foreign, and state income tax matters. Unrecognized tax benefits decreased by $0.6 million a majority of which was recorded as a reduction to our valuation allowance. The adoption of FIN 48 resulted in a reclassification of deferred tax asset items which included a full valuation allowance, as well as goodwill for appropriate balance sheet presentation. If the unrecognized tax benefits associated with these positions are ultimately recognized, they would not have a material impact on our effective tax rate or financial position.

We account for interest and penalties related to unrecognized tax benefits as part of our provision for federal, foreign, and state income tax expense. We accrued an additional amount for such interest of less than $0.1 million in the quarter and three quarters ended March 28, 2007. No penalties have been accrued. We accrued less than $0.1 million at June 29, 2007 for the payment of any such interest.

We expect that the amount of unrecognized tax benefit may change in the next twelve months; however, it is not expected to have a significant impact on our results of operations, financial position or cash flows.

We have a number of years with open tax audits which vary from jurisdiction to jurisdiction. Our major tax jurisdictions include the U.S., Nigeria, Singapore, New Zealand, Poland, South Africa, France, and the UK. The earliest years still open and subject to ongoing audits as of the date of adoption of FIN 48 for these jurisdictions are as follows: (i) United States (Federal/State)—2003/2002; (ii) Nigeria—2003; (iii) Singapore—2000; (iv) New Zealand—2003; (v) Poland—2003; (vi) South Africa—2001; (vii) France—2005; and (viii) UK—2006.

Note O — Related Party Transactions with Harris

Prior to the Stratex acquisition, Harris provided information services, human resources, financial shared services, facilities, legal support and supply chain management services to us. The charges for those services were billed to us primarily based on actual usage. During the quarter and three quarters ended March 30, 2007, Harris charged us $1.6 million and $4.7 million for those services.

On January 26, 2007, we entered into a Transition Services Agreement with Harris to provide for certain services during the periods subsequent to the Stratex acquisition. These services also are charged to us based primarily on actual usage and include database management, supply chain operating systems, eBusiness services, sales and service, financial systems, back office material resource planning support, HR systems, internal and information systems shared services support, network management and help desk support, and server administration and support. During the quarter and three quarters ended March 28, 2008, Harris charged us $1.7 million and $5.2 million for these services.

We have sales to, and purchases from, other Harris entities from time to time. Prior to January 26, 2007, the entity initiating the transaction sold to the other Harris entity at cost or transfer price, depending on jurisdiction. The entity making the sale to the end customer recorded the profit on the transaction above cost or transfer price, depending on jurisdiction. Subsequent to January 26, 2007, these purchases and sales are recorded at market price. Our sales to other Harris entities were $1.5 million and $2.3 million for the quarters ended March 28, 2008 and March 30, 2007 and $6.4 million and $3.7 million for the three quarters ended March 28, 2008 and March 30, 2007. We also recognized costs associated with related party purchases from Harris of zero and $0.5 million for the quarters ended March 28, 2008 and March 30, 2007 and $4.6 million, and $3.2 million for the three quarters ended March 28, 2008 and March 30, 2007.

Harris was the primary source of our financing and equity activities through January 26, 2007, the date of the Stratex acquisition. During the three quarters ended March 30, 2007, Harris' net investment in us increased by $8.5 million.

Additionally, through the date of the Stratex acquisition, Harris loaned cash to us to fund our international entities, and we distributed excess cash back to Harris. This arrangement ended on January 26, 2007. We recognized interest income and expense on these loans. The amount of interest income and expense for the quarter and three quarters ended March 30, 2007 was not significant.

The unpaid amounts billed from Harris are included within "Due to Harris Corporation" on our Condensed Consolidated Balance Sheets (Unaudited). Additionally, we have other receivables and payables in the normal course of business with Harris. These amounts are netted within "Due to Harris Corporation" on our Condensed Consolidated Balance Sheets (Unaudited). Total receivables from Harris were $4.2 million and $0.7 million at March 28, 2008 and June 29, 2007. Total payables to Harris were $24.7 million and $17.9 million at March 28, 2008 and June 29, 2007.

Prior to January 26, 2007, MCD used certain assets in Canada owned by Harris that were not contributed to us as part of the Combination Agreement. We continue to use these assets in our business and, on January 26, 2007, we entered into a five-year lease agreement with Harris for these assets. This agreement is a capital lease under generally accepted accounting principles with an initial lease obligation balance of $5.9 million and the related asset amount is included in property, plant and equipment on our Condensed Consolidated Balance Sheets (Unaudited).

During the first quarter of fiscal 2008, we recognized an impairment charge of $1.3 million on a portion of these assets which is included in our restructuring charges. We also recognized an increase of $0.4 million to the lease obligation balance during the three quarters ended March 28, 2008 from a recapitalization under the lease terms, primarily because of the impairment charge discussed above and a rescheduling of the lease payments. Quarterly lease payments are due to Harris based on the amount of 103% of Harris' annual depreciation calculated in accordance with U.S. generally accepted accounting principles. Our depreciation expense on this capital lease was $0.3 million and $1.2 million during the quarter and three quarters ended March 28, 2008.

During the first three quarters of fiscal 2008, we paid Harris $3.2 million under this capital lease obligation resulting from the $1.3 million impairment discussed above and the principal payments. As of March 28, 2008, our total capital lease obligation to Harris was $3.2 million.

Note P — Net Income per Share of Class A and Class B Common Stock

We compute net income per share of Class A and Class B common stock in accordance with Statement of Financial Accounting Standards No. 128 "Earnings per Share" ("Statement 128") using the two class method. Under the provisions of Statement 128, basic net income per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options. The dilutive effect of outstanding stock options is reflected in diluted earnings per share by application of the treasury stock method. The computation of the diluted net income per share of Class A common stock assumes the conversion of Class B common stock, while the diluted net income per share of Class B common stock does not assume the conversion of those shares.

The rights, including the liquidation and dividend rights, of the holders of our Class A and Class B common stock are substantially similar. However, the holders of Class B common stock have the sole and exclusive right to elect or remove the Class B directors, who currently number five of the nine members of our board of directors. Further, our restated certificate of incorporation cannot be amended or replaced to adversely affect the rights of the holders of Class B common stock or to approve a new issuance of Class B common stock without the approval of the holders of a majority of Class B common stock. At any time each holder may exchange the holder's shares of Class B common stock for an equal number of shares of Class A common stock at the holder's option. Under certain circumstances, each share of Class B common stock will convert automatically into one share of Class A common

stock. The holders of Class B common stock have the right to preserve their proportionate interest in the company by participating in any issuance of capital stock by the company other than issuances pursuant to stock option or similar employee benefit plan. As a result, and in accordance with EITF 03-6, *Participating Securities and the Two-Class Method under FASB Statement No. 128,* the undistributed earnings for each year are allocated based on the contractual participation rights of the Class A and Class B common shares as if the earnings for the year had been distributed. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis. Further, as we assume the conversion of Class B common stock in the computation of the diluted net income per share of Class A common stock, the undistributed earnings are equal to net income for that computation.

The following table sets forth the computation of basic and diluted net income per share of Class A and Class B common stock for the quarter and three quarters ended March 28, 2008:

	Quarter Ended March 28, 2008		Three Quarters Ended March 28, 2008	
	(In millions, except per common share amounts)			
	Class A	Class B	Class A	Class B
Basic net income per share:				
Numerator:				
Allocation of undistributed earnings	$ 3.2	$ 4.1	$ 2.4	$ 3.1
Denominator:				
Weighted average common shares outstanding	25.5	32.9	25.5	32.9
Basic net income per share	$ 0.1249	$ 0.1249	$ 0.0949	$ 0.0949
Diluted net income per share:				
Numerator:				
Allocation of undistributed earnings for basic computation	$ 3.2	$ 4.1	$ 2.4	$ 3.1
Reallocation of undistributed earnings as a result of conversion of Class B to Class A shares	4.1	—	3.1	—
Change in fair value of warrants, net of tax	(2.1)	—	(2.7)	—
Reallocation of undistributed earnings to Class B shares	—	(1.2)	—	(1.5)
Allocation of undistributed earnings	5.2	2.9	2.8	1.6
Denominator:				
Number of shares used in basic computation	25.5	32.9	25.5	32.9
Weighted average effect of dilutive securities – add:				
Conversion of Class B to Class A common shares outstanding	32.9	—	32.9	—
Stock options	0.2	—	0.3	—
Warrants	0.1	—	0.2	—
Number of shares used in per share computations	58.7	32.9	58.9	32.9
Diluted net income per share	$ 0.0888	$ 0.0888	$ 0.0484	$ 0.0484

We excluded 2.4 million shares for both the quarter and three quarters ended March 28, 2008 attributable to outstanding stock options from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The net income per share amounts are the same for Class A and Class B because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation. Diluted earnings per share is not presented for the quarter and three quarters ended March 30, 2007 due to a net loss in both periods.

Note Q — Legal Proceedings

On February 8, 2007, a court order was entered against Stratex do Brasil, a subsidiary of Harris Stratex Networks Operating Company, in Brazil, to enforce performance of an alleged agreement between the former Stratex Networks, Inc. entity and a supplier. We have not determined what, if any, liability this may result in, as the court did not award any damages. We have appealed the decision to enforce the alleged agreement, and do not expect this litigation to have a material adverse effect on our business, operating results or financial condition.

From time to time, we may be involved in various legal claims and litigation that arise in the normal course of our operations. While the results of such claims and litigation cannot be predicted with certainty, we currently believe that we are not a party to any litigation the final outcome of which is likely to have a material adverse effect on our financial position, results of operations or cash flows. However, should we not prevail in any such litigation; it could have a materially adverse impact on our operating results, cash flows or financial position.

Note R — Subsequent Event – Transition of Chief Executive Officer

Our Board of Directors has appointed Harald J. Braun as President and Chief Executive Officer of the Company, effective April 8, 2008. Our Class B Directors, joined by all Class A Directors, have also appointed Mr. Braun as a Class B Director. In connection with the appointment of his successor, Guy M. Campbell, who previously had announced his retirement at the end of the current fiscal year, submitted his resignation as President and Chief Executive Officer and a Class B Director, effective April 8, 2008. Mr. Campbell has agreed to remain as a senior advisor and employee of the Company until June 27, 2008.

During the fourth quarter of fiscal 2008, we expect to record a charge of approximately $2.0 million for separation payments, recruiting fees and other related expenses in connection with this management transition.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Harris Stratex Networks, Inc.

We have reviewed the condensed consolidated balance sheet of Harris Stratex Networks, Inc. and subsidiaries as of March 28, 2008, the related condensed consolidated statements of operations for the quarter and three quarters ended March 28, 2008 and March 30, 2007, and the condensed consolidated statements of cash flows for the three quarters ended March 28, 2008 and March 30, 2007. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Harris Stratex Networks, Inc. and subsidiaries as of June 29, 2007, and the related consolidated statements of operations and cash flows for the year then ended, not presented herein, and in our report dated August 16, 2007, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of June 29, 2007, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Raleigh, North Carolina

May 2, 2008

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which include, without limitation, statements about the market for our technology, our strategy and competition. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed below under the discussions of "Risk Factors" set forth in our annual report on Form 10-K filed with the Securities and Exchange Commission on August 27, 2007. All forward-looking statements in this document are based on information available to us as of the date hereof and we assume no obligation to update any such forward-looking statements.

Acquisition of Stratex Networks, Inc. and Combination with MCD

On January 26, 2007, Harris Stratex Networks, Inc. (the "Company," "HSTX," "Harris Stratex," "we," "us" and "our") completed its merger (the "Stratex acquisition") with Stratex Networks, Inc. ("Stratex") pursuant to a Formation, Contribution and Merger Agreement among Harris, Stratex, and Stratex Merger Corp., as amended and restated on December 18, 2006 and amended by letter agreement on January 26, 2007. In the transaction, Stratex Merger Corp., a wholly-owned subsidiary of the Company, merged with and into Stratex with Stratex as the surviving corporation (renamed as "Harris Stratex Networks Operating Corporation"). Concurrently with the merger of Stratex and Stratex Merger Corp. (the "merger"), Harris contributed the Microwave Communications Division ("MCD"), along with $32.1 million in cash (comprised of $26.9 million contributed on January 26, 2007 and $5.2 million held by the Company's foreign operating subsidiaries on January 26, 2007) to the Company and the Company assumed the liabilities (with certain exceptions) of MCD (the "contribution transaction").

Pursuant to the merger, each share of Stratex common stock was converted into one-fourth of a share of our Class A common stock, and a total of 24,782,153 shares of our Class A common stock were issued to the former holders of Stratex common stock. In the contribution transaction, Harris contributed the assets of MCD, along with $32.1 million in cash, and in exchange, we assumed certain liabilities of Harris related to MCD and issued 32,913,377 shares of our Class B common stock to Harris. As a result of these transactions, Harris owned approximately 57% and the former Stratex shareholders owned approximately 43% of our total outstanding stock immediately following the closing.

We completed the Stratex acquisition to create a leading global communications solutions company offering end-to-end wireless transmission solutions for mobile and fixed-wireless service providers and private networks.

The Stratex acquisition was accounted for as a purchase business combination, with MCD considered the acquiror for accounting purposes. Thus, the historical results discussed herein for periods prior to January 26, 2007 represent the separate financial results of MCD on a carve-out basis. Total consideration paid by us was approximately $493.1 million as summarized in the following table:

	January 26, 2007 (In millions)
Calculation of Allocable Purchase Price	
Value of Harris Stratex Networks shares issued to Stratex Networks stockholders	$ 464.9
Value of Stratex Networks vested options assumed	15.5
Acquisition costs	12.7
Total allocable purchase price	$ 493.1

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations, which is sometimes referred to in this Quarterly Report on Form 10-Q as the MD&A, is provided as a supplement to, should be read in conjunction with, and is qualified in its entirety by reference to our condensed consolidated financial statements and related notes presented under *Item 1. Financial Statements* of this report.

The following is a list of the sections of the MD&A, together with the perspective of our management on the contents of these sections of the MD&A, which is intended to make reading these pages more productive:

- Business Considerations — a general description of our businesses; the drivers of these businesses and our strategy for achieving value and key indicators that are relevant to us in the microwave communications industry.
- Operations Review — an analysis of our consolidated results of operations and of the results in each of its three operating segments, to the extent the operating segment results are helpful to gaining an understanding of our business as a whole.
- Liquidity, Capital Resources and Financial Strategies — an analysis of cash flows, contractual obligations, off-balance sheet arrangements, commercial commitments, financial risk management, impact of foreign exchange and impact of inflation.
- Critical Accounting Policies and Estimates — a discussion of accounting policies and estimates that require the most judgment and a discussion of accounting pronouncements that have been issued but not yet implemented by us and their potential impact.

Business Considerations

General

Prior to the merger and the contribution transaction, MCD was a leading global provider of turnkey wireless transmission solutions and comprehensive network management software, with an extensive services suite. With innovative products and a broad portfolio, MCD was a market share leader in North America and a top-tier provider in international markets, most notably in the growing Middle East/Africa region. Stratex was a leading provider of innovative wireless transmission solutions to mobile wireless carriers and data access providers around the world. As a result of the combination of the two historical businesses, Harris Stratex was formed and has become a leading independent wireless networks solutions provider, focused on delivering 1) microwave digital radio and other communications products, systems and professional services for private network operators and mobile telecommunications providers; and 2) turnkey end-to-end network management and service assurance solutions for broadband and converged networks. Our three segments serve markets for microwave products and services in North America Microwave, International Microwave and network management software solutions worldwide or Network Operations. All of our revenue, income and cash flow are derived from the sale of these products, systems, software and services. We generally sell directly to the end customer. However, to extend our global footprint and maximize our penetration in certain markets, we sometimes sell through agents, resellers and/or distributors, particularly in international markets.

Our mission statement is: "Harris Stratex Networks offers the most reliable, flexible, scalable, and easy to use wireless network solutions in the world for mobile, government and private networks. Every day, we build lasting customer relationships, grow our company and build new value for our shareholders by listening to our customers, delivering innovative products matched to market demand and offering superior service and quality. We're committed to helping customers meet their competitive demands by building new wireless networks, upgrading existing networks and providing complete professional services."

Drivers of Harris Stratex Businesses and Strategy for Achieving Value

We are committed to our mission statement, and we believe that executing the mission statement creates value. Consistent with this commitment, we currently focus on these key drivers:

- Achieving profitable revenue growth in all segments;
- Focusing on operating efficiencies and cost reductions; and
- Maintaining an efficient capital structure.

Achieving Profitable Revenue Growth in All Segments

We are a global provider of wireless transmission networks solutions. We focus on capitalizing on our strength in the North American market by continuing to win opportunities with wireless telecommunications providers as well as federal, state and other private network operators. We believe that our growth opportunities will come from network and capacity expansion and the evolution to IP networking in both the public and private segments. Other growth drivers for our business segments include the emerging *triple-play* services (voice, data and video) market in the public sector, the trend towards network hardening and interoperability for public safety and disaster response agencies and the FCC directive to relocate frequency bands in the 2 GHz range to open up spectrum for advanced wireless services. Wireless transmission systems are particularly well-suited to meet increasing demand for high-reliability, high-bandwidth networks that are more secure and better protected against natural and man-made disasters.

We are focused on increasing international revenue by offering innovative new products and expanding regional sales channels to capture greenfield network opportunities. We also focus on two major evolutionary trends in the global communications market by 1) penetrating large regional mobile telecom operators to participate in network expansion and new third-generation (“3G”) network opportunities; and 2) enabling the migration to Internet Protocol (IP) networking in both the public and private segments by providing both IP-enabled and IP-centric wireless transmission solutions.

We offer a broad range of engineering and other professional services for network planning, systems architecture design and project management as a global competitive advantage. We will expand our Network Operations offerings in microwave and non-microwave opportunities to create a differentiator for our total solutions offerings.

Focusing on Operating Efficiencies and Cost Reductions

The principal areas of focus for operating efficiencies and cost management are: 1) reducing procurement costs through an emphasis on coordinated supply chain management; 2) reducing product costs through dedicated value engineering resources focused on product value engineering; 3) improving manufacturing efficiencies across all segments; and 4) optimizing facility utilization.

Maintaining an Efficient Capital Structure

Our capital structure is intended to optimize our cost of capital. We believe a strong capital position, access to key financial markets, ability to raise funds at a low effective cost and overall low cost of borrowing provide a competitive advantage. We had $100.4 million in cash, cash equivalents, short-term investments and available for sale securities as of March 28, 2008.

Key Indicators

We believe our key drivers, when fully implemented, will improve key indicators such as: revenue, gross margin, net income and operating cash flows.

Quarter Ended March 28, 2008 Compared with Quarter Ended March 30, 2007

Revenue and Net income (Loss)

	Q3 FY 08	Q3 FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$ 178.2	$ 139.0	28.2%
Net income (loss)	$ 7.3	$ (23.2)	N/M
% of revenue	4.1%	N/M	

N/M = Not statistically meaningful

The results for the third quarter of fiscal 2008 include the operations acquired in the Stratex acquisition for the entire period while the results for the third quarter of fiscal 2007 include only the results of Stratex for the months of February and March 2007. Historically, Stratex derived its revenues primarily from international markets.

Our revenue for the third quarter of fiscal 2008 was $178.2 million, an increase of $39.2 million or 28.2%, compared with the third quarter of fiscal 2007. Revenue in the third quarter of fiscal 2008 included $93.6 million from sales of former Stratex products and services, compared with $48.8 million in the third quarter of fiscal 2007. Excluding the impact of the Stratex acquisition, revenue declined $5.6 million, primarily due to a decrease in the International Microwave segment in sales of the former MCD business products and services. The Network Operations segment revenue decreased by $1.0 million in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007 primarily due to delays in certain customer orders.

Our third quarter fiscal 2008 net income was $7.3 million compared with a net loss of $23.2 million in the third quarter of fiscal 2007. The third quarter fiscal 2008 net income and third quarter fiscal 2007 net loss included the following pre-tax purchase accounting adjustments and other expenses related to the acquisition and integration of Stratex, share-based compensation expense and inventory markdowns:

	Q3 FY 08	Q3 FY 07
	(In millions)	
Write off of in-process research & development	$ —	$ 15.3
Cost of integration activities undertaken in connection with the merger	0.9	2.2
Amortization of the fair value adjustments related to fixed assets and inventory	0.7	5.9
Amortization of developed technology	1.8	1.2
Amortization of trade names, customer relationships, non-competition agreements and backlog	1.9	3.0
Restructuring charges	—	1.3
Share-based compensation expense	2.0	1.4
Totals	$ 7.3	$ 30.3

Our net income for the third quarter of fiscal 2008 resulted from the increase in revenue discussed above and the lower amount of charges and expenses related to the Stratex acquisition presented above when compared with the third quarter of fiscal 2007. Net income as a percentage of revenue excluding the charges discussed above increased in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007 due to the increase in margin generated from the increased revenue, partially offset by comparable expense amounts year over year.

Gross Margin

	Q3 FY 08	Q3 FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$ 178.2	$ 139.0	28.2%
Cost of product sales and services	$(125.2)	$(103.0)	21.6%
Gross margin	$ 53.0	$ 36.0	47.2%
% of revenue	29.7%	25.9%	

Our third quarter fiscal 2008 gross margin was $53.0 million, or 29.7% of revenue, compared with $36.0 million, or 25.9% of revenue in the third quarter of fiscal 2007. Our third quarter fiscal 2008 gross margin was reduced by $1.8 million of amortization on developed technology, and $0.2 million of amortization of the fair value of adjustments for fixed assets acquired from Stratex. Our third quarter fiscal 2007 gross margin was reduced by $1.2 million of amortization on developed technology and $5.6 million write-off of a portion of the fair value adjustments related to inventory and fixed assets.

After consideration of the purchase accounting adjustments discussed in the previous paragraph, gross margin percentage for the third quarter of fiscal 2008 was flat when compared with the third quarter of fiscal 2007, after consideration of purchase accounting adjustments in both periods. Gross margin percentage continued to be adversely affected by increased freight costs in the third quarter of fiscal 2008 and by the product mix in the International Microwave segment. Our total gross margin increased in the third quarter fiscal 2008 compared with the third quarter of fiscal 2007 primarily due to higher revenue.

Research and Development Expenses

	Q3 FY 08	Q3 FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$178.2	$139.0	28.2%
Research and development expenses	$ 11.5	$ 11.1	3.6%
% of revenue	6.5%	8.0%	

Research and development ("R&D") expenses were $11.5 million in the third quarter of fiscal 2008, compared with $11.1 million in the third quarter of fiscal 2007. As a percent of revenue, these expenses decreased from 8.0% in the third quarter of fiscal 2007 to 6.5% in the third quarter of fiscal 2008 due to higher revenue. The increase in R&D expense was attributable to higher spending in the third quarter of fiscal 2008 related to our TRuepoint 6000 development efforts.

Selling and Administrative Expenses

	Q3 FY 08	Q3 FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$178.2	$139.0	28.2%
Selling and administrative expenses	$ 30.4	$ 27.7	9.7%
% of revenue	17.1%	20.0%	

Our third quarter fiscal 2008 selling and administrative ("S&A") expenses increased to $30.4 million from $27.7 million in the third quarter of fiscal 2007. As a percentage of revenue, these expenses decreased from 20.0% of revenue in the third quarter of fiscal 2007 to 17.1% of revenue in the third quarter of fiscal 2008. The decline in percentage of revenue during the third quarter of fiscal 2008 was primarily due to a $2.5 million gain on change in fair value of warrants classified in S&A expenses with none recorded in the third quarter of fiscal 2007 and the increase in revenue. The majority of the increase in spending in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007 came from S&A expenses associated with the former Stratex business. The remainder of the increase resulted from higher selling expenses associated with the increase in revenue, and increased costs incurred for compliance with Sarbanes-Oxley requirements. We anticipate that the total cost of compliance with the

Sarbanes-Oxley internal control review and attestation process will approximate $3.0 million in fiscal 2008.

Income Taxes

	Q3 FY 08	Q3 FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Income (loss) before income taxes	$ 8.8	$(22.9)	N/M
Income tax provision	$ (1.5)	$ (0.3)	N/M
% of Income (loss) before income taxes	17.0%	(1.3)%	

The income tax expense of $1.5 million for the third quarter of fiscal 2008 reflected our pre-tax income based on our estimated annual effective tax rate. The variation between income taxes and income tax expense at the statutory rate of 35% was primarily due to the consolidation of our foreign operations, which are subject to income taxes at lower statutory rates.

The effective tax rate in the quarter ended March 30, 2007 of 1.3% was impacted by favorable tax adjustments recorded in purchase accounting offset by unfavorable carve-out tax adjustments attributable to MCD. A deferred tax liability in the amount of $16.4 million was recognized in accordance with Statement 109 for the difference between the assigned values for purchase accounting purposes and the tax bases of the assets and liabilities acquired as a result of the Stratex acquisition. The offset was recorded as an increase to goodwill.

Discussion of Business Segments

North America Microwave Segment

	Q3 FY 08	Q3 FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$56.9	$48.9	16.4%
Segment operating income	$ 3.9	$ 1.3	200.0%
% of revenue	6.9%	2.7%	

North America Microwave segment revenue increased by $8.0 million or 16.4% from the third quarter of fiscal 2007 to the third quarter of fiscal 2008. Revenue for the third quarters of fiscal 2008 and fiscal 2007 included $6.9 million and $1.4 million from sales of former Stratex products and services. Revenue drivers in the North America Microwave segment included customer demand for increased bandwidth, footprint expansion and the relocation of advanced wireless services to the 2 gigahertz spectrum by mobile operators.

Our third quarter fiscal 2008 operating income was reduced by the following amounts related to the acquisition of Stratex and our restructuring plans: $0.3 million for amortization of the fair value adjustments for fixed assets, $0.7 million for amortization of developed technology, trade names, customer relationships, and non-compete agreements and $0.3 million of integration expenses undertaken in connection with the merger.

Operating income for this segment for the third quarter of fiscal 2007 was reduced by the following amounts related to the acquisition of Stratex: $0.3 million for amortization of a portion of the fair value adjustments related to fixed assets, for $0.9 million amortization of developed technology, tradenames, customer relationships, contract backlog and non-competition agreements and $1.3 million of charges related principally to restructuring and integration activities undertaken in connection with the merger.

During the third quarter of fiscal 2008 we also recorded $1.9 million in share-based compensation expense.in our North America Microwave segment compared with $1.4 million in the third quarter of fiscal 2007. Excluding the impact of the charges discussed above, the operating margin for our North America Microwave segment improved in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007 due to the higher gross margin generated by the higher revenue, partially offset by comparable levels of expenses.

International Microwave Segment

	Q3 FY 08	Q3 FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$ 117.1	$ 84.9	37.9%
Segment operating income (loss)	$ 5.6	$ (24.0)	N/M
% of revenue	4.8%	N/M	

International Microwave segment revenue increased by $32.2 million or 37.9% in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007. Revenue in the third quarters of fiscal 2008 and fiscal 2007 included $86.7 million and $47.4 million from sales of former Stratex products and services. Excluding the impact of the revenue from Stratex products and services, our International Microwave segment revenue decreased by $7.1 million because of our transition to selling the former Stratex products.

International Microwave segment reported an operating income of $5.6 million for the third quarter of fiscal 2008 compared with an operating loss of $24.0 million for the third quarter of fiscal 2007. The operating income for the third quarter of fiscal 2008 reflected the following charges related to the acquisition of Stratex: $0.4 million for amortization of the fair value adjustments for fixed assets, $3.0 million for amortization of developed technology, tradenames, customer relationships, contract backlog and non-compete agreements, and $0.6 million of integration expenses associated with the merger. The operating loss for this segment for the third quarter of fiscal 2007 of $24.0 million included the following amounts related to the acquisition of Stratex: a $15.3 million write-off of in-process research and development, $5.6 million for amortization of a portion of the fair value adjustments related to inventory and fixed assets, $3.2 million amortization of developed technology, tradenames, customer relationships, contract backlog and non-competition agreements, and $2.2 million of charges related principally to integration activities undertaken in connection with the merger.

We also recorded $0.1 million in share-based compensation expense during the third quarter of fiscal 2008 in our International Microwave segment compared with zero in the third quarter of fiscal 2007.

Excluding the impact of the charges discussed above, the operating margin for our International Microwave segment improved in the third quarter of fiscal 2008 compared with the third quarter of fiscal 2007 due to the higher gross margin generated by the higher revenue, partially offset by comparable levels of expenses.

Network Operations Segment

	Q3 FY 08	Q3 FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$ 4.2	$5.2	(19.2%)
Segment operating (loss) income	$(0.3)	$0.3	(200.0%)
% of revenue	(7.1)%	5.8%	

Network Operations segment revenue decreased by 19.2% from the third quarter of fiscal 2007 to the third quarter of fiscal 2008 due to delays in customer orders. Consequently, this segment had an operating loss of $0.3 million in the third quarter of fiscal 2008 compared with operating income of $0.3 million in the third quarter of fiscal 2007.

Three Quarters Ended March 28, 2008 Compared with the Three Quarters Ended March 30, 2007

Revenue and Net Income (Loss)

	3Qs FY 08	3Qs FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$531.6	$333.8	59.3%
Net income (loss)	$ 5.5	$ (12.6)	N/M
% of revenue	1.0%	N/M	

N/M = Not statistically meaningful

3Qs FY = First three quarters of fiscal year

The results for the first three quarters of fiscal 2008 include the operations acquired in the Stratex acquisition for the entire period while the results for the first three quarters of fiscal 2007 included only the results of MCD prior to the merger. Historically, Stratex derived its revenues primarily from international markets.

Our revenue for the first three quarters of fiscal 2008 was $531.6 million, an increase of $197.8 million or 59.3%, compared with the first three quarters of fiscal 2007. Revenue in the first three quarters of fiscal 2008 included $253.3 million from sales of former Stratex products and services compared with $48.8 million in the first three quarters of fiscal 2007. Excluding the impact of the Stratex acquisition, revenue declined $6.7 million, primarily due to a decrease in sales of the former MCD business products and services in the International Microwave segment. The Network Operations segment revenue increased by $2.5 million in the first three quarters of fiscal 2008 compared with the first three fiscal quarters of fiscal 2007, as this segment experienced increased demand for its service assurance solution with Next Generation Network customers.

Our net income for first three quarters fiscal 2008 was $5.5 million compared with a net loss of $12.6 million in the first three quarters of fiscal 2007. The net income in the three quarters ended March 28, 2008 and net loss in the three quarters ended March 30, 2007 included the following purchase accounting adjustments and other expenses related to the acquisition and integration of Stratex, share-based compensation expense and inventory markdowns:

	3Qs FY 08	3Qs FY 07
	(In millions)	
Write-off of in-process research & development	$ —	$ 15.3
Cost of integration activities undertaken in connection with the merger	6.9	3.9
Amortization of the fair value adjustments related to fixed assets and inventory	2.1	5.9
Amortization of developed technology	5.3	1.2
Amortization of trade names, customer relationships and non-competition agreements and backlog	5.6	3.0
Restructuring charges	8.4	1.3
Lease impairment	0.9	—
Share-based compensation expense	6.3	1.1
Inventory markdowns	3.7	—
Totals	$ 39.2	$ 31.7

During the three quarters ended March 28, 2008, we continued the restructuring activities and plans approved in connection with the merger between MCD and Stratex. These restructuring plans included the consolidation of facilities and operations of the predecessor entities in Canada, France, the U.S., China, Brazil and, to a lesser extent, Mexico, New Zealand and the United Kingdom. These restructuring activities were completed during the third quarter of fiscal 2008.

We recorded an additional $8.4 million of restructuring charges in connection with implementation of these fiscal 2007 plans during the three quarters ended March 28, 2008. The costs related to reductions in force consisted primarily of retention, severance and other benefits totaling $3.4 million. We also recorded $1.9 million in

restructuring charges related to the impairment of a lease, $1.4 million relating to leasehold improvements and $2.3 million relating to the reduction in fair value of ICMS tax recoverable in Brazil.

These charges to restructuring in the first three quarters of fiscal 2008 were partially offset by $0.3 million for the reduction in severance estimated to be paid in France and a $0.3 million reduction in the amount estimated to close out our restructuring liability in connection with our fiscal year 2006 restructuring plan to transfer our Montreal manufacturing activities to our San Antonio, Texas facility.

Gross Margin

	3Qs FY 08	3Qs FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$ 531.6	$ 333.8	59.3%
Cost of product sales and services	$(380.2)	$(232.1)	63.8%
Gross margin	$ 151.4	$ 101.7	48.9%
% of revenue	28.5%	30.5%	

Gross margin for the first three quarters of fiscal 2008 was $151.4 million, or 28.5% of revenue, compared with $101.7 million, or 30.5% of revenue in the first three quarters of fiscal 2007. Gross margin for this first three quarters fiscal 2008 was reduced by $3.7 million for inventory markdowns, $5.3 million for amortization on developed technology and $0.6 million for amortization of the fair value of adjustments for fixed assets acquired from Stratex and $1.5 million of merger integration costs. Gross margin for the first three quarters of fiscal 2007 was reduced by the following amounts related to the acquisition of Stratex: a $5.6 million write-off of a portion of the fair value adjustments related to inventory and fixed assets, and $1.2 million for amortization of developed technology.

Our gross margin percentage in the first three quarters of fiscal 2008 was comparatively lower than the gross margin percentage in the first three quarters of fiscal 2007 because of the expenses described above and because our International Microwave segment revenue included a significant amount of the lower-margin, low-capacity version of Eclipse microwave radio sales in the first three quarters of fiscal 2008. Gross margin percentage continued to be adversely affected by increased freight and service costs in the first three quarters of fiscal 2008.

Research and Development Expenses

	3Qs FY 08	3Qs FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$531.6	$333.8	59.3%
Research and development expenses	$ 34.8	$ 26.8	29.9%
% of revenue	6.5%	8.0%	

Research and development (“R&D”) expenses were $34.8 million in the first three quarters of fiscal 2008, compared with $26.8 million in the first three quarters of fiscal 2007. As a percent of revenue, these expenses decreased from 8.0% in the first three quarters of fiscal 2007 to 6.5% in the first three quarters of fiscal 2008 due to higher revenue. The majority of the increase in spending in the first three quarters of fiscal 2008 compared with the first three quarters of fiscal 2007 was attributable to the R&D activities acquired from Stratex. The remainder of the increase was attributable to higher spending in the first three quarters of fiscal 2008 related to our TRuepoint 6000 development efforts.

Selling and Administrative Expenses

	3Qs FY 08	3Qs FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$531.6	$333.8	59.3%
Selling and administrative expenses	$ 95.2	$ 62.2	53.0%
% of revenue	17.9%	18.6%	

Selling and administrative ("S&A") expenses for the first three fiscal quarters of fiscal 2008 increased to $95.2 million from $62.2 million in the first three quarters of fiscal 2007. As a percentage of revenue, these expenses decreased from 18.6% of revenue in the first three quarters of fiscal 2007 to 17.9% of revenue in the first three quarters of fiscal 2008 . This decline resulted primarily from a $3.2 million gain on the change in fair value of warrants classified in S&A expenses with no similar adjustment recorded in the third quarter of fiscal 2007. S&A expenses also increased as a result of the increase in revenue. The majority of the increase in spending in the first three quarters of fiscal 2008 compared with the first three quarters of fiscal 2007 was attributable to the S&A expenses associated with the former Stratex business. The remainder of the increase was due to higher selling expenses associated with the increase in revenue, and increased costs incurred for compliance with Sarbanes-Oxley requirements for review and attestation of internal control over financial reporting.

Income Taxes

	3Qs FY 08	3Qs FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Income (loss) before income taxes	$ 6.6	$(11.6)	N/M
Income tax provision	$ (1.1)	$ (1.0)	N/M
% of Income (loss) before income taxes	16.7%	(8.6)%	

The income tax provision of $1.1 million for the first three quarters of fiscal 2008 reflected our pre-tax income based on our estimated annual effective tax rate. The variation between income taxes and income tax expense at the statutory rate of 35% was primarily due to the consolidation of our foreign operations, which are subject to income taxes at lower statutory rates.

The effective tax rate during the three quarters ended March 30, 2007 of 8.6% was impacted by favorable tax adjustments recorded in purchase accounting offset by unfavorable carve-out tax adjustments attributable to MCD. A deferred tax liability in the amount of $16.4 million was recognized in accordance with Statement 109 for the difference between the assigned values for purchase accounting purposes and the tax bases of the assets and liabilities acquired as a result of the Stratex acquisition. The offset was recorded as an increase to goodwill.

Discussion of Business Segments

North America Microwave Segment

	3Qs FY 08	3Qs FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$177.3	$157.5	12.6%
Segment operating income	$ 2.8	$ 9.9	(71.7)%
% of revenue	1.6%	6.3%	

North America Microwave segment revenue increased by $19.8 million, or 12.6%, from the first three quarters of fiscal 2007 to the first three quarters of fiscal 2008. Revenue for the first three quarters of fiscal 2008 and fiscal 2007 included $19.9 million and $1.4 million from sales of former Stratex products and services. Revenue drivers in the North America Microwave segment include customer demand for increased bandwidth, footprint expansion and the relocation of advanced wireless services to the 2 gigahertz spectrum by mobile operators.

Operating loss for the first three quarters of fiscal 2008 operating loss was increased by the following amounts related to the acquisition of Stratex: $0.8 million for amortization of the fair value adjustments for fixed assets, $2.0 million for amortization of developed technology, trade names, customer relationships, and non-compete agreements, $8.1 million of restructuring charges, $0.9 million for impairment of a lease agreement and $2.4 million of integration expenses undertaken in connection with the merger including the reduction in force at our Montreal facility. The North America Microwave segment first three quarters fiscal 2008 operating loss was further increased by $1.9 million of inventory markdowns, as discussed above. Operating income for this segment in the first three quarters of fiscal 2007 was reduced by the following amounts related to the acquisition of Stratex: a $0.3 million write-off of a portion of the fair value adjustments for fixed assets, $0.9 million for amortization of developed technology, tradenames, customer relationships and noncompete agreements, and $2.3 million of charges related principally to restructuring and integration activities undertaken in connection with the merger.

The North America Microwave segment operating results also included $6.0 million in share-based compensation expense during the first three quarters of fiscal 2008 compared with $2.1 million in the first three quarters of fiscal 2007.

International Microwave Segment

	3Qs FY 08	3Qs FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$337.1	$161.6	108.6%
Segment operating income (loss)	$ 3.5	$ (18.2)	N/M
% of revenue	1.0%	N/M	

International Microwave segment revenue increased by $175.5 million or 108.6% in the first three quarters of fiscal 2008 compared with the first three quarters of fiscal 2007. Revenue in the first three quarters of fiscal 2008 and fiscal 2007 included $233.4 million and $47.4 million from sales of former Stratex products and services. Excluding the impact of the revenue from Stratex products and services, our International Microwave segment revenue decreased by $10.5 million because of our transition to selling the former Stratex products.

International Microwave segment had operating income of $3.5 million for the first three quarters of fiscal 2008 compared with operating loss of $18.2 million for the first three quarters of fiscal 2007. The operating income for the first three quarters of fiscal 2008 reflected the following charges related to the acquisition of Stratex: $1.3 million for amortization of the fair value adjustments for fixed assets, $8.9 million for amortization of developed technology, tradenames, customer relationships, contract backlog and non-compete agreements, $0.3 million of restructuring charges and $4.5 million of integration expenses associated with the merger. Our first three quarters fiscal 2008 operating income was further reduced by $1.8 million of inventory markdowns. Finally, we absorbed a significant increase in freight and service costs during the first three quarters of fiscal 2008. Operating loss for the first three quarters of fiscal 2007 was increased by the following amounts related to the acquisition of Stratex: a $15.3 million write-off of in-process research and development, $5.6 million for amortization of the fair value adjustments for inventory and fixed assets, $3.2 million for amortization of developed technology, tradenames, customer relationships, contract backlog and noncompete agreements, and $2.2 million of charges related principally to restructuring and integration activities undertaken in connection with the merger.

We also recorded $0.3 million in share-based compensation expense during the first three quarters of fiscal 2008 in our International Microwave segment compared with none in the first three quarters of fiscal 2007.

Network Operations Segment

	3Qs FY 08	3Qs FY 07	Percentage Increase/(Decrease)
	(In millions, except percentages)		
Revenue	$17.2	$14.7	17.0%
Segment operating income	$ 1.1	$ 0.7	57.1%
% of revenue	6.4%	4.8%	

Network Operations segment revenue increased by 17.0% from the first three quarters of fiscal 2007 to the first three quarters of fiscal 2008. This segment had operating income of $1.1 million in the first three quarters of fiscal 2008 compared with operating income of $0.7 million in the first three quarters of fiscal 2007. Additionally, operating income as a percentage of sales increased to 6.4% in the first three quarters of fiscal 2008 compared with 4.8% in the first three quarters of fiscal 2007. The increase in revenue resulted primarily from an increase in software and license revenue in the first three quarters of fiscal 2008 because of increased demand for our service assurance solution with next generation network customers as a result of new features and functionality in our product offerings. The increase operating income the first three quarters fiscal 2008 was driven by product mix including an increase in higher margin software and license revenue and a decrease in S&A expenses as a percentage of revenue.

Related Party Transactions with Harris

Prior to the Stratex acquisition, Harris provided information services, human resources, financial shared services, facilities, legal support and supply chain management services to us. The charges for those services were billed to us primarily based on actual usage. During the quarter and three quarters ended March 30, 2007, Harris charged us $1.6 million and $4.7 million for those services.

On January 26, 2007, we entered into a Transition Services Agreement with Harris to provide for certain services during the periods subsequent to the Stratex acquisition. These services also are charged to us based primarily on actual usage and include database management, supply chain operating systems, eBusiness services, sales and service, financial systems, back office material resource planning support, HR systems, internal and information systems shared services support, network management and help desk support, and server administration and support. During the quarter and three quarters ended March 28, 2008, Harris charged us $1.7 million and $5.2 million for these services.

We have sales to, and purchases from, other Harris entities from time to time. Prior to January 26, 2007, the entity initiating the transaction sold to the other Harris entity at cost or transfer price, depending on jurisdiction. The entity making the sale to the end customer recorded the profit on the transaction above cost or transfer price, depending on jurisdiction. Subsequent to January 26, 2007, these purchases and sales are recorded at market price. Our sales to other Harris entities were $1.5 million and $2.3 million for the quarters ended March 28, 2008 and March 30, 2007 and $6.4 million and $3.7 million for the three quarters ended March 28, 2008 and March 30, 2007. We also recognized costs associated with related party purchases from Harris of zero and $0.5 million for the quarters ended March 28, 2008 and March 30, 2007 and $4.6 million, and $3.2 million for the three quarters ended March 28, 2008 and March 30, 2007.

Harris was the primary source of our financing and equity activities through January 26, 2007, the date of the Stratex acquisition. During the three quarters ended March 30, 2007, Harris' net investment in us increased by $8.5 million.

Additionally, through the date of the Stratex acquisition, Harris loaned cash to us to fund our international entities, and we distributed excess cash back to Harris. This arrangement ended on January 26, 2007. We recognized interest income and expense on these loans. The amount of interest income and expense for the quarter and three quarters ended March 30, 2007 was not significant.

The unpaid amounts billed from Harris are included within "Due to Harris Corporation" on our Condensed Consolidated Balance Sheets (Unaudited). Additionally, we have other receivables and payables in the normal course

of business with Harris. These amounts are netted within "Due to Harris Corporation" on our Condensed Consolidated Balance Sheets (Unaudited). Total receivables from Harris were $4.2 million and $0.7 million at March 28, 2008 and June 29, 2007. Total payables to Harris were $24.7 million and $17.9 million at March 28, 2008 and June 29, 2007.

Prior to January 26, 2007, MCD used certain assets in Canada owned by Harris that were not contributed to us as part of the Combination Agreement. We continue to use these assets in our business and, on January 26, 2007, we entered into a five-year lease agreement with Harris for these assets. This agreement is a capital lease under generally accepted accounting principles with an initial lease obligation balance of $5.9 million and the related asset amount is included in property, plant and equipment on our Condensed Consolidated Balance Sheets (Unaudited).

During the first quarter of fiscal 2008, we recognized an impairment charge of $1.3 million on a portion of these assets which is included in our restructuring charges. We also recognized an increase of $0.4 million to the lease obligation balance during the three quarters ended March 28, 2008 from a recapitalization under the lease terms, primarily because of the impairment charge discussed above and a rescheduling of the lease payments. Quarterly lease payments are due to Harris based on the amount of 103% of Harris' annual depreciation calculated in accordance with U.S. generally accepted accounting principles. Our depreciation expense on this capital lease was $0.3 million and $1.2 million during the quarter and three quarters ended March 28, 2008.

During the first quarter of fiscal 2008, we paid Harris $3.2 million under this capital lease obligation resulting from the $1.3 million impairment discussed above and the principal payments. As of March 28, 2008, our total capital lease obligation to Harris was $3.2 million.

Liquidity and Capital Resources

Cash Flows

	Three quarters Ended	
	March 28, 2008	March 30, 2007
	(In millions)	
Net cash provided by (used in) operating activities	$ 35.4	$ (11.5)
Net cash provided by (used in) investing activities	2.8	(2.2)
Net cash (used in) provided by financing activities	(11.3)	57.2
Effect of foreign exchange rate changes on cash	0.9	(2.9)
Net increase in cash and cash equivalents	$ 27.8	$ 40.6

Cash and Cash Equivalents

We consider all highly liquid debt instruments purchased with a remaining maturity of three months or less at the time of purchase to be cash equivalents. Our cash and cash equivalents increased by $27.8 million to $97.0 million during the first three quarters of fiscal 2008. We generated $35.4 million in cash flow from operations, $25.3 million in cash and cash equivalents from the sale of short-term investments and realized proceeds from the exercise of stock options of $1.5 million. These increases to cash and cash equivalents were partially offset by our purchase of short-term investments totaling $8.3 million, $6.3 million in purchases of property, plant and equipment, $7.9 million in additions to capitalized software, the repayment of $1.2 million in short-term debt and principal payments of $8.4 million on long-term debt.

Our cash and cash equivalents increased by $40.6 million to $54.4 million during the first three quarters of fiscal 2007, primarily due to $24.1 million in cash and other transfers from Harris, proceeds from the issuance of $26.9 million of Class B common stock to Harris, $20.4 million in cash acquired from the Stratex acquisition and $17.8 million from the sale of short-term investments and available for sale securities. These increases were partially offset by $4.4 million in purchases of property, plant and equipment, $2.8 million of additions to capitalized software, $33.2 million of purchases of short-term investments and available for sale securities and $11.5 million cash and cash equivalents used in operations.

We currently believe that existing cash, cash equivalents, short-term investments and available for sale securities, funds generated from operations and access to our credit facility will be sufficient to provide for our anticipated requirements for working capital and capital expenditures for the next 12 months and the foreseeable future. We estimate that approximately $7.0 million of our cash will be used in integration and restructuring activities during the next 12 months. Our total additions of capitalized software and property, plant and equipment for fiscal year 2008 are expected to be in the range of $18 million to $20 million.

We do not anticipate other significant non-operational cash payments during the remainder of fiscal 2008.

There can be no assurance, however, that our business will generate cash flow, or that anticipated operational improvements will be achieved. If we are unable to maintain cash balances or generate sufficient cash flow from operations to service our obligations, we may be required to sell assets, reduce capital expenditures, or obtain financing. If we need to obtain additional financing, we cannot be assured that it will be available on favorable terms, or at all. Our ability to make scheduled principal payments or pay interest on or refinance any future indebtedness depends on our future performance and financial results, which, to a certain extent, are subject to general conditions in or affecting the microwave communications market and to general economic, political, financial, competitive, legislative and regulatory factors beyond our control.

Net Cash Provided by (Used in) Operating Activities

Our net cash and cash equivalents provided by operating activities was $35.4 million in the first three quarters of fiscal 2008 compared with $11.5 million used in operating activities in the first three quarters of fiscal 2007. Operating cash flow in the first three quarters of fiscal 2008 was positively affected by $5.5 million net income, a decrease in unbilled costs and inventories and increases in accounts payable and accrued expenses ($1.4 million), an increase in advance payments and unearned income ($4.3 million) and other cash flow from operations. These increases to operating cash flow were partially offset by an increase of $11.7 million in receivables and a $9.7 million decrease to restructuring liabilities and other during the first three quarters of fiscal 2008.

Net Cash Provided by (Used in) Investing Activities

Our net cash provided by investing activities was $2.8 million in the first three quarters of fiscal 2008 compared with $2.2 million used in investing activities during the first three quarters of fiscal 2007. Net cash used in investing activities in the first three quarters of fiscal 2008 was $8.3 million in purchases of short-term investments, $7.9 million of additions of capitalized software primarily for the purchase and implementation of new enterprise-wide information systems and $6.3 million of additions of property, plant and equipment. These uses of cash in investing activities during the first three quarters of fiscal 2008 were more than offset by the receipt of $25.3 million in proceeds from the sale and maturity of short-term investments and available for sale securities.

Net cash used in investing activities in the first three quarters of fiscal 2007 was primarily due to $4.4 million of additions of plant and equipment, $2.8 million of additions of capitalized software and $15.4 million of net purchases from short-term investing activities, partially offset by $20.4 million of net cash acquired from the Stratex acquisition.

Net Cash (Used in) Provided by Financing Activities

Our net cash used in financing activities in the first three quarters of fiscal 2008 was $11.3 million compared with $57.2 million provided by financing activities in the first three quarters of fiscal 2007. The net cash used in financing activities during the first three quarters of fiscal 2008 was for the repayment of $1.2 million in short-term debt, payment of $3.2 million on our capital lease obligation to Harris and $8.4 million in principal payments on long-term debt. We received $1.5 million in proceeds from the exercise of former Stratex stock options during the first three quarters of fiscal 2008.

During the first three quarters of fiscal 2007, our cash provided by financing activities was primarily from net cash and other transfers from Harris prior to the Stratex acquisition totaling $24.1 million, $26.9 million in proceeds from the issuance of Class B common stock to Harris, $8.3 million in proceeds from the issuance of redeemable preference shares and $1.4 million in proceeds from the exercise of former Stratex stock options. Cash used in financing activities during the first three quarters of fiscal 2007 primarily consisted of $2.6 million of payments on long-term debt.

Sources of Liquidity

At March 28, 2008, our principal sources of liquidity consisted of $100.4 million in cash, cash equivalents, short-term investments and available for sale securities and $30.4 million of available credit under our $50 million credit facility.

Available Credit Facility and Repayment of Debt

At March 28, 2008, we had $30.4 million of credit available against our $50 million revolving credit facility mentioned above. This amount was determined by reducing the total facility amount of $50 million by the amount of borrowings outstanding and unexpired standby letters of credit as of March 28, 2008. As of that date, the balance of the term loan portion of our credit facility was $11.0 million and there were $8.6 million in unexpired standby letters of credit. There were no borrowings under the short-term debt portion of the facility as of March 28, 2008.

We are currently negotiating a new credit facility to replace the current facility. Commitments have been received from two commercial banks for a $120 million revolving credit facility with an initial committed amount of $70 million. The existing lender has provided one of the commitment letters. We have negotiated the general terms and conditions of the new credit facility with the banks and are currently finalizing the loan agreement. To allow sufficient time for finalization of the loan documentation for the new facility, the expiry date of the current facility has been extended to July 29, 2008 by an amendment dated April 30, 2008. As a condition of the new facility, the remaining term debt balance will be repaid. However, all standby letters of credit issued by the current lender will remain outstanding.

Our debt consisted of the following at March 28, 2008 and June 29, 2007:

	March 28, 2008	June 29, 2007
	(In millions)	
Credit Facility with Bank:		
Term Loan A	$ 1.0	$ 5.7
Term Loan B	10.0	13.8
Other short-term notes	—	1.2
Total	11.0	20.7
Less current portion and short-term notes	(6.0)	(11.9)
Long-term debt	$ 5.0	$ 8.8

Term Loan A of the Credit Facility requires monthly principal payments of $0.5 million plus interest at a fixed rate of 6.38% through May 2008. Term Loan B requires monthly principal payments of $0.4 million plus interest at a fixed rate of 7.25% through March 2010.

At March 28, 2008, our future debt principal payment obligations were as follows:

	Years Ending in June (In millions)
2008	$ 2.3
2009	5.0
2010	3.7
Total	$ 11.0

Based on covenants included as part of the credit facility we have to maintain, as measured at the last day of each fiscal quarter, tangible net worth of at least $54 million plus: 1) 25% of net income, as determined in accordance with U.S. GAAP (exclusive of losses); and 2) 50% of any increase to net worth due to subordinated debt or net equity proceeds from either public or private offerings (exclusive of issuances of stock under our employee benefit plans) for such quarter and all preceding quarters since December 31, 2005. We also have to maintain, as measured at the last day of each fiscal month, a ratio of not less than 1.25 determined as follows: (a) the sum of total unrestricted cash and cash equivalents plus short-term and long-term marketable securities plus 25% of all accounts receivable due to us minus certain outstanding bank services and reserve for foreign currency contract transactions divided by (b) the aggregate amount of outstanding borrowings and other obligations to the bank. As of March 28, 2008, we were in compliance with these financial covenants.

Restructuring and Severance Payments

We had total liability for restructuring activities of $12.3 million as of March 28, 2008, of which $6.7 million was classified as a current liability and expected to be paid out in cash over the next 12 months.

Contractual Obligations

At March 28, 2008, we had contractual cash obligations for repayment of debt and related interest, purchase obligations to acquire goods and services, payments for operating lease commitments, obligations to Harris, payments on our restructuring and severance liabilities, redemption of our preference shares and payment of the related required dividend payments and other current liabilities on our balance sheet in the normal course of business. The amounts disclosed in our Fiscal 2007 Form 10-K included our contractual obligations as of June 29, 2007. During the three quarters ended March 28, 2008, no material changes occurred in our contractual obligations as disclosed in our Fiscal 2007 Form 10-K.

Commercial Commitments

We have entered into commercial commitments in the normal course of business including surety bonds, standby letters of credit and other arrangements with financial institutions and insurers primarily relating to the guarantee of future performance on certain contracts to provide products and services to customers. The amounts disclosed in our Fiscal 2007 Form 10-K include our commercial commitments. During the three quarters ended March 28, 2008, no material changes occurred in our commercial commitments and contingent liabilities on outstanding letters of credit, guarantees and other arrangements as disclosed in our Fiscal 2007 Form 10-K.

Use of Estimates and Critical Accounting Policies

Use of Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP, and the application of U.S. GAAP requires management to make estimates that affect our reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. In many instances, we could have reasonably used different accounting estimates. In other instances, changes in the accounting estimates from period to period are reasonably likely to occur. Accordingly, actual results could differ significantly from the estimates made by management. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation of our financial condition or results of operations may be affected.

On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, provision for doubtful accounts and sales returns, provision for inventory obsolescence, fair value of investments, fair value of acquired intangible assets and goodwill, useful lives of intangible assets and property and equipment, income taxes, restructuring obligations, product warranty obligations, and contingencies and litigation, among others. We base our estimates on historical experience, our assessment of current factors impacting the estimates and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We refer to accounting estimates of this type as "critical accounting estimates."

Critical Accounting Policies

Our Condensed Consolidated Financial Statements (Unaudited) and accompanying Notes are prepared in accordance with U.S. generally accepted accounting principles. Preparing financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by the application of our accounting policies. Our significant accounting policies are described in Note B — "Significant Accounting Policies" in our Notes to Consolidated Financial Statements included in our Fiscal 2007 Form 10-K. Critical accounting policies and estimates are those that require application of management's most difficult, subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies and estimates for us include: (i) revenue recognition, (ii) provisions for excess and obsolete inventory losses, (iii) goodwill and intangible assets, and (iv) income taxes and tax valuation allowances. For additional discussion of our critical accounting policies and estimates, see our "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Fiscal 2007 Form 10-K.

Impact of Recently Issued Accounting Pronouncements

As described in "Note B — Recent Accounting Pronouncements" in our Notes to Condensed Consolidated Financial Statements included in this Form 10-Q, there are accounting pronouncements that have recently been issued but have not yet been implemented by us. Note B in this Form 10-Q describes the potential impact that these pronouncements are expected to have, if known, on our financial position, results of operations and cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of doing business, we are exposed to the risks associated with foreign currency exchange rates and changes in interest rates. We employ established policies and procedures governing the use of financial instruments to manage our exposure to such risks.

Exchange Rate Risk

We use foreign exchange contracts to hedge both balance sheet and off-balance sheet future foreign currency commitments. Generally, these foreign exchange contracts offset foreign currency denominated inventory and purchase commitments from suppliers; accounts receivable from, and future committed sales to, customers; and inter-company loans. We believe the use of foreign currency financial instruments reduces the risks that arise from doing business in international markets. At March 28, 2008, we had open foreign exchange contracts with a notional amount of $58.2 million ($52.5 million at June 29, 2007), of which $9.8 million ($15.1 million at June 29, 2007) were designated as Statement 133 hedges and $48.4 million ($37.4 million at June 29, 2007) were not designated as Statement 133 hedges. At March 28, 2008, contract expiration dates ranged from less than one month to 2.5 months with a weighted average contract life of less than one month. The foreign exchange contracts designated as Statement 133 hedges have been used primarily to hedge currency exposures from customer orders denominated in non-functional currencies currently in backlog.

As of March 28, 2008, we estimated that a pre-tax loss of $0.7 million would be reclassified into earnings from accumulated other comprehensive income within the next three months related to these cash flow hedges.

We immediately recognize in earnings any portion of a derivative's change in fair value which is assessed as ineffective in accordance with the provisions of Statement 133. Amounts included in our Condensed Consolidated Statements of Operations (Unaudited) in the first three quarters of fiscal 2008 and the first three quarters of fiscal 2007 representing hedge ineffectiveness were not significant. We recognized less than $0.1 million, in our Condensed Consolidated Statements of Operations (Unaudited) in the quarter and three quarters ended March 28, 2008 and March 30, 2007 related to the component of the derivative instruments' gain or loss excluded from the assessment of hedge ineffectiveness. All of these derivatives were recorded at their fair value on the balance sheet in accordance with Statement 133.

Factors that could impact the effectiveness of our hedging programs for foreign currency include accuracy of sales estimates, volatility of currency markets and the cost and availability of hedging instruments. A 10% adverse change in currency exchange rates would have an impact of $5.5 million on the fair value of such instruments.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our cash equivalents, short-term investments and bank debt.

Exposure on Cash Equivalents and Short-term Investments: We do not use derivative financial instruments in our short-term investment portfolio. We invest in high-credit quality issues and, by policy, limit the amount of credit exposure to any one issuer and country. The portfolio includes only marketable securities with active secondary or resale markets to ensure portfolio liquidity. As of March 28, 2008, our portfolio does not contain mortgage based and auction rate securities. The portfolio is also diversified by maturity to ensure that funds are readily available as needed to meet our liquidity needs. This policy reduces the potential need to sell securities in order to meet liquidity needs and therefore the potential effect of changing market rates on the value of securities sold.

As of March 28, 2008, we had $3.4 million of short-term investments with contractual maturities ranging from 1 to 10 months. These investments included certificates of deposit, commercial paper and corporate notes.

The primary objective of our short-term investment activities is to preserve principal while maximizing yields, without significantly increasing risk. Our short-term investments are at fixed interest rates; therefore, changes in interest rates will not generate a gain or loss on these investments unless they are sold prior to maturity. Actual gains and losses due to the sale of our short-term investments prior to maturity have been not been significant. The average number of days to maturity for short-term investments held at March 28, 2008 was 108 days and had an average yield of 4.48% per annum. The average number of days to maturity for our cash equivalents at March 28, 2008 was less than 2 days and had an average yield of 2.84% per annum. The potential loss in fair value resulting from a hypothetical 10% decrease in quoted market price was approximately $0.3 million at March 28, 2008.

As of March 28, 2008, unrealized losses on short-term investments were less than $0.1 million. The investments have been recorded at fair value on our balance sheet.

Exposure on Borrowings: Any borrowings under the revolving portion of our credit facility will be at an interest rate of the bank's prime rate or LIBOR plus 2%. As of March 28, 2008 we had $30.3 million of available credit. All of our borrowings at March 28, 2008 bear interest at fixed rates. A hypothetical 10% change in interest rates would not have a material impact on our financial position, results of operations or cash flows.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures: Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of March 28, 2008, our disclosure controls and procedures were effective.

We are required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 by our fiscal year ending June 27, 2008. The notification of such compliance is due no later than the time we file our annual report on Form 10-K for the fiscal year ending June 27, 2008. We believe we will have adequate resources and expertise, both internal and external, in place to meet this requirement. However, there is no guarantee that our efforts will result in management's ability to conclude, or our independent registered public accounting firm to attest, that our internal control over financial reporting is effective as of June 27, 2008.

Table of Contents

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Descriptions of our legal proceedings are contained in Part I, Item 1, Financial Statements — Notes to Condensed Consolidated Financial Statements — “Note Q.”

Item 1A. Risk Factors.

Investors should carefully review and consider the information regarding certain factors which could materially affect our business, operating results, cash flows and financial condition set forth under Item 1A. “Risk Factors” in our Fiscal 2007 Form 10-K. We do not believe that there have been any material changes to the risk factors previously disclosed in our Fiscal 2007 Form 10-K, although we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Item 6. Exhibits.

The following exhibits are filed herewith or incorporated by reference to exhibits previously filed with the SEC:

Exhibit Number	Description
(10.1)	Amendment No. 6 to Amended and Restated Loan and Security Agreement.
(10.15.1)	Employment Agreement with Harald J. Braun.
(10.15.2)	Separation Agreement and Release of All Claims with Guy M. Campbell.
(15)	Letter Regarding Unaudited Interim Financial Information.
(31.1)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
(31.2)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
(32.1)	Section 1350 Certification of Chief Executive Officer.
(32.2)	Section 1350 Certification of Chief Financial Officer.

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 thereunto duly authorized.

HARRIS STRATEX NETWORKS, INC.
(Registrant)

Dated: May 6, 2008

By: /s/ Sarah A. Dudash
Sarah A. Dudash
Vice President and Chief Financial Officer
(principal financial officer and duly authorized officer)

EXHIBIT INDEX

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(32.1)	Section 1350 Certification of Chief Executive Officer.
(32.2)	Section 1350 Certification of Chief Financial Officer.

Exhibit 10.1

AMENDMENT NO. 6
TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 6 TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "***Amendment***") is entered into this 30th day of April, 2008, by and between **HARRIS STRATEX NETWORKS OPERATING CORPORATION**, a Delaware corporation fka Stratex Networks, Inc., a Delaware corporation ("***Borrower***"), and **SILICON VALLEY BANK** ("***Bank***"). Capitalized terms used herein without definition shall have the same meanings given them in the Loan Agreement (as defined below).

RECITALS

A. Borrower and Bank have entered into that certain Amended and Restated Loan and Security Agreement dated as of January 21, 2004 (as amended, restated, modified and/or supplemented from time to time, the "***Loan Agreement***"), pursuant to which Bank agreed to extend and make available to Borrower certain advances of money.

B. On January 26, 2007, Stratex Networks, Inc. issued additional shares to Harris Corporation ("***Harris***") in exchange for the assets of Harris' Microwave Communications Division, creating a newly formed public company, Harris Stratex Networks, Inc. (***"HSTX"***), now a majority owned Subsidiary of Harris. Stratex Networks, Inc. merged with Stratex Merger Corp., changed its name to Harris Stratex Networks Operating Company, and is now a wholly-owned Subsidiary of HSTX.

C. Borrower has now requested that Bank extend the maturity date of the Loan Agreement.

D. Subject to the representations and warranties of Borrower herein and upon the terms and conditions set forth in this Amendment, Bank is willing to amend the Loan Agreement as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and intending to be legally bound, the parties hereto agree as follows:

1. Amendments to Loan Agreement.

1.1 Section 13 (Definitions). The definition of "Revolving Maturity Date" is amended and restated in its entirety as follows:

"Revolving Maturity Date" is July 29, 2008.

2. Borrower's Representations And Warranties. Borrower represents and warrants that:

(a) immediately upon giving effect to this Amendment (i) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (ii) no Event of Default has occurred and is continuing;

(b) Borrower has the corporate power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

(c) the certificate of incorporation, bylaws and other organizational documents of Borrower delivered to Bank in connection with that certain Amendment No. 5 to Amended and Restated Loan and Security Agreement dated February 23, 2007 remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

(d) the execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized by all necessary corporate action on the part of Borrower; and

(e) this Amendment has been duly executed and delivered by the Borrower and is the binding obligation of Borrower, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

3. Limitation. The amendments set forth in this Amendment shall be limited precisely as written and shall not be deemed (a) to be a waiver or modification of any other term or condition of the Loan Agreement or of any other instrument or agreement referred to therein or to prejudice any right or remedy which Bank may now have or may have in the future under or in connection with the Loan Agreement or any instrument or agreement referred to therein; or (b) to be a consent to any future amendment or modification or waiver to any instrument or agreement the execution and delivery of which is consented to hereby, or to any waiver of any of the provisions thereof. Except as expressly amended hereby, the Loan Agreement shall continue in full force and effect.

4. Effectiveness. This Amendment shall become effective as of April 30, 2008 upon the satisfaction of all of the following conditions precedent:

4.1 Amendment. Borrower and Bank shall have duly executed and delivered this Amendment to Bank.

4.2 Bank Expenses. Borrower shall have paid all Bank Expenses (including all reasonable attorneys' fees and reasonable expenses) incurred through the date of this Amendment.

4.3 Amendment Fee. Borrower shall have paid Bank an amendment fee in the amount of $15,000.

5. Counterparts. This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

6. Integration. This Amendment and any documents executed in connection herewith or pursuant hereto contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings, offers and negotiations, oral or written, with respect thereto and no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Amendment; except that any financing statements or other agreements or instruments filed by Bank with respect to Borrower shall remain in full force and effect.

7. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICT OF LAW.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

BORROWER:

HARRIS STRATEX NETWORKS OPERATING CORPORATION,
a Delaware corporation

By: /s/ S. Dudash
Printed Name: Sarah A. Dudash
Title: Chief Financial Officer

By: /s/ C. Goudey
Printed Name: Carol A. Goudey
Title: Treasurer

BANK:

SILICON VALLEY BANK

By: /s/ T. Smith
Printed Name: Tom Smith
Title: Senior Relationship Manager

Exhibit 10.15.1

April 8, 2008

Harald J. Braun
2727 South Ocean Boulevard
Highland Beach, FL 33487

Employment Agreement

Dear Harald:

I am very excited about the prospect of having you join Harris Stratex Networks, Inc. (the "Company"). This letter agreement sets forth the terms of your employment with the Company, as well as our understanding with respect to any termination of that employment relationship. This Agreement will become effective on your first day of employment with the Company, which will be not later than April 15, 2008.

1. Position and Duties. You will be employed by the Company as its President and Chief Executive Officer, reporting to the Company's Board of Directors ("Board"). This position will be based at our corporate headquarters in Research Triangle Park (RTP). You accept employment with the Company on the terms and conditions set forth in this Agreement, and you agree to devote your full business time, energy and skill to your duties at the Company. Your primary responsibilities will be to assume the top leadership of the Company, direct the organization to ensure the attainment of revenue and profit goals, drive optimal return on invested capital and grow shareholder value, subject to the oversight and supervision of the Board. The Company will recommend that you be elected as a member of the Board at no additional compensation.

2. Term of Employment. Your employment with the Company is for a five-year term, and may be terminated pursuant to the provisions of Paragraphs 5 and 6 below.

3. Compensation. You will be compensated by the Company for your services as follows:

(a) Salary: You will be paid a monthly base salary of $57,917 ($695,000 per year), less applicable withholding, in accordance with the Company's normal payroll procedures. In conjunction with your annual performance review, which will occur at or about the start of each fiscal year (currently July 1st), your base salary will be reviewed by the Board, and may be subject to upward (but not downward) adjustment by the Board based upon various factors including, but not limited to, your performance and the Company's profitability.

(b) Annual Incentive Plan: Starting with FY2009, you will be eligible to participate in the Company's Annual Incentive Plan, with a target annual bonus of 100% of your

annual base salary, based on mutually-agreed performance targets. You will also be entitled to participate in the Company's FY2008 Annual Incentive Plan on the same basis, prorated for the portion of FY2008 falling between your start date and the end of FY2008. The Annual Incentive Plan will be paid (if minimum targets are met) in the calendar year in which the relevant fiscal year ends, promptly after the completion of each fiscal year's audit.

(c) Long-Term Incentive Program: Starting with FY 2009, you will be eligible to participate in the Company's Long-Term Incentive Program as defined by the Board. The GAAP value of your initial award, as determined by the Board in its reasonable discretion, will be $1,400,000. The expected structure is (i) 50% of such value will be represented by options with a 3-year vesting period (with a 1-year cliff partial vesting and monthly vesting thereafter) and (ii) 50% of such value will be represented by performance shares subject to vesting based on achievement of Company financial performance criteria for the three-year period ending at the end of FY 2011. The final structure is subject to determination by the Board.

(d) Benefits: You will have the right, on the same basis as other employees of the Company, to participate in and to receive benefits under any Company group medical, dental, life, disability or other group insurance plans, as well as under the Company's business expense and travel reimbursement, educational assistance, holiday, and other benefit plans and policies. You will also be eligible to participate in the Company's 401(k) plan, and to roll your vested balance in your current employer's qualified 401(k) plan into the Company's 401(k) plan in accordance with and subject to the respective plan provisions and applicable laws and regulations.

(e) Vacation: Commencing on your start date, you will accrue paid vacation in accordance with the Company's vacation policy at the rate of 5 weeks per year. However, the number of accrued vacation hours at any one time shall not exceed 400 hours.

4. Foregone Compensation, Temporary Living Expenses.

(a) In recognition of certain compensation from your former employer that you are relinquishing, the Company will furnish you the following additional one-time benefits (assuming continued employment on the due date):

(i) A cash payment of $50,000 payable thirty (30) days after your start date. You agree to repay this amount to the Company if you resign from your employment with the Company (other than for Good Reason as defined below) prior to six (6) months after of your start date.

(ii) An award of restricted common stock of the Company with a GAAP value, as determined by the Board of Directors in its reasonable discretion, of $100,000, subject to cliff vesting on the first anniversary of your start date, to be awarded within thirty (30) days after your start date.

(b) The Company will reimburse you for the reasonable cost of moving your personal possessions from your current principal residence to a new principal residence in the

RTP area, and for the reasonable closing costs incurred in connection with selling your current principal residence and purchasing a new principal residence in the RTP area, all in accordance with the Company's expense reimbursement policies and procedures. Such reimbursement shall be made promptly after submission of required documentation, but in any event, no later than the last day of the year following the year in which the expense is incurred.

(c) The Company will reimburse you for the following for the period starting on your start date and ending (unless otherwise agreed in writing by the Chairman of the Board) on the earlier of (x) your establishment of a new principal residence or (y) six (6) months after your start date:

(i) the reasonable cost of temporary living accommodations in the RTP area; and

(ii) the reasonable cost of up to two (2) trips per month by you or your spouse between the RTP area and Boca Raton, Florida,

all in accordance with the Company's expense reimbursement policies and procedures. Such reimbursement shall be made promptly after submission of required documentation, but in any event, no later than the last day of the year following the year in which the expense is incurred.

5. Voluntary Termination. In the event that you voluntarily resign from your employment with the Company (other than for Good Reason as defined below), you will be entitled to no compensation or benefits from the Company other than those earned under Paragraph 3 through the date of your termination. (For purposes of this Agreement, unless otherwise expressly provided, no part of (i) the Annual Incentive Plan for the year in which your termination occurs, (ii) no part of the performance shares of the multi-year period in which your termination occurs and (iii) no part of unvested options or restricted shares will be deemed earned.) You agree that if you voluntarily terminate your employment with the Company for any reason, you will provide the Company with at least 10 business days' written notice of your resignation. The Company shall have the option, in its sole discretion, to make your resignation effective at any time prior to the end of such notice period, provided the Company pays you all amounts under Paragraph 3 you would have earned through the end of the notice period.

6. Other Termination. Your employment may also be terminated under the circumstances set forth below.

(a) Termination for Cause: The Company may terminate your employment at any time for cause (as described below). If your employment is terminated by the Company for cause, you shall be entitled to no compensation or benefits from the Company other than those earned under Paragraph 3 through the date of your termination. For purposes of this Agreement, a termination for "cause" occurs if you are terminated for any of the following reasons: (i) theft, dishonesty or falsification of any employment or Company records; (ii) any willful failure by you to attend to your duties under this Agreement; or (iii) any material breach of this Agreement; provided, however, that for any alleged failure or breach under sub-sections (ii) or (iii) above, the Board first provides you written notice setting forth with reasonable specificity the reasons that

the Board believes you have committed such alleged failure or breach, and provides you thirty (30) days to cure such alleged failure or breach; (iv) your conviction of (or pleading guilty or nolo contendere to) any felony or misdemeanor involving theft, embezzlement, dishonesty or moral turpitude; or (v) any misconduct resulting in material harm to the Company's business or its reputation.

(b) Termination Without Cause or Upon Death or Disability: The Company may terminate your employment without cause at any time. If your employment is terminated by the Company without cause or by reason of death or any physical or mental incapacity which has prevented and/or will prevent you from performing your then-current duties under this Agreement for more than three consecutive months, and you (or your estate or personal representative, as applicable) sign a general release of known and unknown claims in a form satisfactory to the Company, which must be valid and enforceable no later than March 15 of the year following the year in which the termination occurs, and you fully comply with your obligations under Paragraphs 8, 9 and 11 below, you (or your estate or personal representative, as applicable) will receive the following severance benefits:

(i) all compensation and benefits under Paragraph 3 above that is earned but unpaid through the date of termination, to be paid within fifteen (15) days of the effective date of your release;

(ii) severance payments at your final base salary rate for a period of twenty-four (24) months following your termination; such payments will be subject to applicable withholding and made monthly commencing as of the effective date of your release;

(iii) in recognition of certain compensation from your former employer that you are relinquishing, an additional severance payment of $450,000 to be paid within fifteen (15) days of the effective date of your release, if (and only if) such termination occurs within three (3) years after your start date;

(iv) payment of the premiums necessary to continue your group health insurance under COBRA (or to purchase other comparable health insurance coverage on an individual basis if you are no longer eligible for COBRA coverage) until the earlier of (x) twenty-four (24) months following your termination date; or (y) the date you first became eligible to participate in another employer's group health insurance plan; provided, however, that if you are 60 years of age or older on the date of your termination (other than upon death), and if you have been employed by the Company for more than three years as of the date of your termination (other than upon death), the Company will pay the premiums necessary to continue your Company group health insurance coverage under COBRA (or to provide you with comparable health insurance coverage) until you reach the age of 65 or until you are eligible to participate in another employer's group health insurance plan, whichever comes first;

(v) the prorated portion of any Annual Incentive Plan bonus that you would have earned, if any, during the Annual Incentive Plan period in which your employment terminates (the pro-ration shall be equal to the percentage of that bonus period that you are actually employed by the Company). Your Annual Incentive Plan bonus, on which the proration

will be based, shall be computed in a manner consistent with the computation of bonuses for other senior level executives, and the prorated bonus will be payable at the time that such Annual Incentive Plan bonuses, if any, are paid to continuing Company employees;

(vi) with respect to any stock options granted to you by the Company, the vesting of any options which would otherwise become exercisable within 365 days after the termination date (and, if the termination occurs prior to the second (2nd) anniversary of your start date, any additional vesting that would have occurred through such second (2nd) anniversary) shall be accelerated, but no other vesting shall occur; however, you will be entitled to purchase any vested shares of stock that are subject to your options (after giving effect to the acceleration set forth in this subsection) until the earlier of (x) 24 months following your termination date, or (y) the date on which the applicable option(s) expire(s);

(vii) with respect to the restricted shares issued pursuant to Paragraph 4(a)(ii) above, the vesting thereof will be accelerated in full; and

(viii) with respect to performance shares, if and to the extent the minimum performance criteria for any performance measurement period in which your termination occurs are satisfied, a pro rata portion of your performance shares for such period will vest upon the Board's determination, which may be based on audited financial statements for such period, that the relevant performance criteria have been satisfied. The pro rata portion shall be (i) the proportion of the performance shares for such period, based on the achievement of the performance criteria for such period, times (ii) a fraction whose numerator is the number of days between the commencement of such period and the date of your termination and whose denominator is the total number of days in such period.

You will not be required to mitigate the severance payments and benefits described in Paragraphs 6(b)(ii) — (viii) above by seeking employment or otherwise, and there shall be no offset against amounts due you under Paragraphs 6(b)(ii) — (viii) on account of your subsequent employment (except as provided in Paragraph 6(b)(iv) above and in Paragraph 11(c) below). Except as expressly set forth in this Paragraph 6(b), your Company stock options, restricted shares and performance shares will continue to be subject to and governed by the Company's 2007 Stock Equity Plan (the "Plan") and the applicable stock option, restricted stock and performance share agreements between you and the Company. Nothing in this Paragraph 6(b) shall affect your rights under any applicable Company disability plan; provided, however, that your severance payments will be offset by any disability income payments received by you so that the total monthly severance and disability income payments during your severance period shall not exceed your then-current base salary.

(c) Resignation for Good Reason: If you resign from your employment with the Company for Good Reason (as defined in this Paragraph 6(c)), and you sign a general release of known and unknown claims in a form satisfactory to the Company, which must be valid and enforceable no later than March 15 of the year following the year in which the termination occurs, and you fully comply with your obligations under Paragraphs 8, 9 and 11 below, you shall receive the severance benefits described in Paragraph 6(b) above. For purposes of this Paragraph 6(c), "Good Reason" means any of the following conditions, which condition(s)

remain in effect 30 days after written notice from you to the Chairman of the Board of said condition(s):

(i) any reduction in your then-current base salary or annual target bonus (expressed as a percentage of your then-current base salary), without your written consent; or

(ii) a material reduction in your employee benefits taken as a whole without your written consent; or

(iii) a material reduction in your duties without your written consent; or

(iv) a material breach by the Company of any material provision of this Agreement; or

(v) a requirement that you relocate your Company office to a location more than thirty-five (35) miles from your then-current Company office location without your written consent.

The foregoing condition(s) shall not constitute “Good Reason” if you do not provide the Chairman of the Board with the written notice described above within 45 days after you first become aware of the condition(s).

(d) Termination Without Cause or Resignation for Good Reason in the Event of a Change of Control: If, within 6 months before or 18 months following any Change of Control (as defined below), your employment is terminated by the Company without cause, or if you resign from your employment with the Company for Good Reason, and you sign a general release of known and unknown claims in a form satisfactory to the Company, which must be valid and enforceable no later than March 15 of the year following the year in which the termination occurs, and you fully comply with your obligations under Paragraphs 8, 9 and 11 below, you shall receive the severance benefits described in Paragraph 6(b); provided, that the twenty-four (24) month time periods set forth in Paragraphs 6(b)(ii), (iv) and (vi) above shall each be increased by an additional twelve (12) months. The Company will also accelerate the vesting of all unvested stock options granted to you by the Company such that all of your Company stock options will be fully vested as of the date of such termination/resignation.

7. Change of Control. For purposes of this Agreement, a “Change of Control” of the Company shall mean the occurrence of any of the following unless both (i) immediately prior to such occurrence Harris Corporation (“Harris”) owns more than 30% of the total combined voting power of the Company’s outstanding securities and (ii) immediately after such occurrence (and the exercise or lapse of any rights triggered by such occurrence) Harris owns a majority of such total combined voting power of the outstanding capital stock of the Company:

(a) any merger, consolidation, share exchange or Acquisition, unless immediately following such merger, consolidation, share exchange or Acquisition at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (i) the entity resulting from such merger, consolidation or share

exchange, or the entity which has acquired all or substantially all of the assets of the Company (in the case of an asset sale that satisfies the criteria of an Acquisition) (in either case, the "Surviving Entity"), or (ii) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the "Parent Entity") is represented by Company securities that were outstanding immediately prior to such merger, consolidation, share exchange or Acquisition (or, if applicable, is represented by shares into which such Company securities were converted pursuant to such merger, consolidation, share exchange or Acquisition), or

(b) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and in effect from time to time) directly or indirectly acquires beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the said Exchange Act), other than through a merger, consolidation, share exchange or Acquisition, of securities possessing more than 30% of the total combined voting power of the Company's outstanding securities other than (i) Harris, provided that this exclusion of Harris shall no longer apply after such time, if any, as Harris beneficially owns less than 30% of such total voting power, (ii) an employee benefit plan of the Company or any of its Affiliates (other than Harris), (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates (other than Harris), or (iv) an underwriter temporarily holding securities pursuant to an offering of such securities, or

(c) over a period of 36 consecutive months or less, there is a change in the composition of the Board such that a majority of the Board members (rounded up to the next whole number, if a fraction) ceases, by reason of one or more proxy contests for the election of Board members, to be composed of individuals each of whom meet one of the following criteria: (i) have been a Board member continuously since January 26, 2007or the beginning of such 36 month period, (ii) have been appointed by Harris Corporation, or (iii) have been elected or nominated during such 36 month period by at least a majority of the Board members that (x) belong to the same class of director as such Board member and (y) satisfied the criteria of this subsection (c) when they were elected or nominated, or

(d) a majority of the Board determines that a Change of Control has occurred.

For purposes of this Agreement, the terms "Acquisition" and "Affiliates" have the meaning set forth in the Plan.

8. Confidential and Proprietary Information: As a condition of your employment, you agree to sign and abide by the Company's standard form of Invention, Authorship, Proprietary and Confidential Information Agreement.

9. Termination Obligations.

(a) You agree that all property, including, without limitation, all equipment, proprietary information, documents, books, records, reports, notes, contracts, lists, computer disks (and other computer-generated files and data), and copies thereof, created on any medium and furnished to, obtained by, or prepared by you in the course of or incident to your employment, belongs to the Company and shall be returned to the Company promptly upon any termination of your employment.

(b) Upon your termination for any reason, and as a condition of your receipt of any severance benefits hereunder, you will promptly resign in writing from all offices and directorships then held with the Company or any affiliate of the Company.

(c) Following the termination of your employment with the Company for any reason, you shall fully cooperate with the Company in all matters relating to the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees of the Company. You shall also cooperate in the defense of any action brought by any third party against the Company. The Company shall pay you for your time incurred to comply with this provision at a reasonable per diem or per hour rate.

10. Limitation of Payments and Benefits.

To the extent that any of the payments and benefits provided for in this Agreement or otherwise payable to you (the "Payments") constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the amount of such Payments shall be either:

(a) the full amount of the Payments, or

(b) a reduced amount that would result in no portion of the Payments being subject to the excise tax imposed pursuant to Section 4999 of the Code (the "Excise Tax"),

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by you, on an after-tax basis, of the greatest amount of benefit. In the event that any Excise Tax is imposed on the Payments, you will be fully responsible for the payment of any and all Excise Tax, and the Company will not be obligated to pay all or any portion of any Excise Tax.

11. Other Activities.

(a) In order to protect the Company's valuable proprietary information, you agree that during your employment and for the period, if any, during which severance payments at your final base salary rate are payable under Paragraph 6(b), 6(c) or 7 above, you will not, as a compensated or uncompensated officer, director, consultant, advisor, partner, joint venturer, investor, independent contractor, employee, for your own account or otherwise, provide to any person or entity in competition with the Company any labor, services, advice or assistance regarding the design, manufacture, distribution (directly or indirectly) or integration of any

digital microwave products substantially similar to then-current Company products in form, fit, or function and used in terrestrial microwave point-to-point telecommunications networks anywhere in the world.

(b) You agree that for a period of eighteen (18) months following the termination of your employment with the Company for any reason, you will not, as a compensated or uncompensated officer, director, consultant, advisor, partner, joint venturer, investor, independent contractor, employee, for your own account or otherwise, solicit any individual who is, or within six (6) months prior to the time of solicitation was, an employee of the Company or any subsidiary of the Company to leave his or her employment with the Company or any subsidiary of the Company.

(c) You acknowledge and agree that the restrictions contained in this Paragraph 11 are reasonable and necessary, as there is a significant risk that your provision of labor, services, advice or assistance to any of those competitors could result in the disclosure of the Company's proprietary information. You further acknowledge and agree that the restrictions contained in this Paragraph 11 will not preclude you from engaging in any trade, business or profession that you are qualified to engage in. In the event of your breach of this Paragraph 11, the Company shall not be obligated to provide you with any further severance payments or benefits subsequent to such breach.

12. Dispute Resolution. The parties agree that any dispute arising out of or relating to this Agreement, the parties' employment relationship or the termination of that relationship for any reason, shall settled by arbitration before a single arbitrator in the area of the Company's headquarters in accordance with the rules of the American Arbitration Association. The arbitrator's decision will be final and binding on the Company and you. If the Company and you cannot agree on the arbitrator within thirty (30) days after either party's request for arbitration, the arbitrator will be selected by, or in accordance with a procedure established by, the senior officer of the office of the American Arbitration Association nearest the Company's headquarters. The Company and you will each bear the cost of its or your counsel in connection with any such dispute. The Company shall bear all filing fees and costs of the American Arbitration Association and the fees and expenses of the arbitrator. Notwithstanding this Paragraph 12, the Company may bring an action for injunctive relief in any court of competent jurisdiction.

13. Compliance with Section 409A of the Internal Revenue Code. This Agreement is intended to comply with, or otherwise be exempt from Section 409A of the Code and the rules and regulations promulgated thereunder (collectively, "Section 409A"). However, the Company has not made and is making no representation to you relating to the tax treatment of any payment pursuant to this Agreement under Section 409A and the corresponding provisions of any applicable State income tax laws.

Notwithstanding anything to the contrary in this Agreement, any payments or benefits due hereunder upon a termination of employment which are a "deferral of compensation" within the meaning of Section 409A shall only be payable or provided to you upon a "separation from service" as defined for purposes of Section 409A. In addition, if you are a "specified employee"

as determined pursuant to Section 409A as of the date of your separation from service, as so defined, and if any payments or entitlements provided for in this Agreement constitute a "deferral of compensation" within the meaning of Section 409A and cannot be paid or provided in the manner provided herein without subjecting you to additional tax, interest or penalties under Section 409A, then any such payment or entitlement which is otherwise payable during the first six months following your separation from service shall be paid or provided to you in a lump sum on the earlier of (i) the first business day of the seventh calendar month immediately following the month in which your separation from service occurs and (ii) the date of the your death. To the extent required to satisfy the provisions of the foregoing sentence with respect to any benefit to be provided in-kind, the Company shall bill you, and you shall promptly pay, the value for tax purposes of any such benefit and the Company shall therefore promptly refund the amount so paid by you as soon as allowed by the foregoing sentence.

For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. With respect to any reimbursement of your expenses, or any provision of in-kind benefits to you, as specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (1) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Section 105(b) of the Code; (2) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

14. Severability. If any provision of this Agreement is deemed invalid, illegal or unenforceable, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected.

15. Applicable Withholding. All salary, bonus, severance and other payments identified in this Agreement are subject to applicable withholding by the Company.

16. Assignment. In view of the personal nature of the services to be performed under this Agreement by you, you cannot assign or transfer any of your obligations under this Agreement.

17. Entire Agreement. This Agreement and the agreements referred to above constitute the entire agreement between you and the Company regarding the terms and conditions of your employment, and they supersede all prior negotiations, representations or agreements between you and the Company regarding your employment, whether written or oral. This Agreement sets forth our entire agreement regarding the Company's obligation to provide you with severance benefits upon any termination of your employment, and you shall not be entitled to receive any other severance benefits from the Company pursuant to any Company severance plan, policy or practice.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the law of the state of North Carolina, without reference to principles of conflicts of laws.

19. Modification. This Agreement may only be modified or amended by a supplemental written agreement signed by you and an authorized representative of the Board.

20. Citizenship. If you choose to apply for U.S. citizenship while employed by the Company under this Agreement, the Company will reimburse you for the reasonable fees and expenses of your counsel and other reasonable out-of-pocket expenses in connection with your and your spouse's citizenship application, up to a maximum of $7,500, subject to the Company's expense reimbursement policies and procedures. Such reimbursement shall be made promptly after submission of required documentation, but in any event, no later than the last day of the year following the year in which the expense is incurred.

21. Legal Fees. The Company will reimburse you for the reasonable fees and expenses of your attorney in connection with the negotiation of this Agreement, up to a maximum of $15,000 unless otherwise agreed in writing by the Company's Chairman of the Board, within thirty (30) days after your start date, subject to the Company's expense reimbursement policies and procedures.

22. Indemnification, Advancement, Insurance. You will be entitled to indemnification and advancement in accordance with the Company's bylaws as currently in effect. The Company will provide reasonable directors' and officers' insurance coverage for its directors and officers, including you.

Harald, we look forward to having you join us at Harris Stratex Networks, Inc. Please sign and date this letter on the spaces provided below to acknowledge your acceptance of the terms of this Agreement.

Sincerely,

Harris Stratex Networks, Inc.

By: /s/ Charles Kissner
Name: Charles Kissner
Title: Chairman

I agree to and accept employment with Harris Stratex Networks, Inc. on the terms and conditions set forth in this Agreement.

/s/ Harald J. Braun
Harald J. Braun

Exhibit 10.15.2

SEPARATION AGREEMENT AND RELEASE OF ALL CLAIMS
Guy M. Campbell

The intent of this Separation Agreement and Release of All Claims ("Agreement") is to mutually and finally resolve all matters relating to your employment with and separation from Harris Stratex Networks, Inc. (the "Company"). All disputes between you and the Company have been settled and you have agreed to enter into a full and binding settlement releasing the below defined Releasees from any and all liability.

1. **Last Day Worked.** This Agreement will be considered your irrevocable resignation from employment with the Company, which the Company has agreed to accept. Your employment with the Company will end as of the close of business on June 27, 2008, the end of the Company's current fiscal year ("Last Day Worked").

2. **Separation Benefits.** The benefits you shall be entitled to receive on account of your separation are as follows:

   a. Separation Payments: Separation payments at your annual salary rate of $500,000 shall be paid to you for a period of thirty (30) months following the Last Day Worked, provided, however, that no such payments shall be made to you during the period commencing June 27, 2008 and ending December 27, 2008 (the "Suspension Period"), and a lump sum payment of $250,000 (representing the aggregate separation payments otherwise payable to you during the Suspension Period) shall be paid to you in January 2009 instead. The remaining separation payments shall be made on a monthly basis commencing in January 2009 and shall be made each calendar month thereafter. All separation payments will be subject to applicable withholding and made in accordance with the Company's normal payroll practices.

   b. Group Health Insurance Coverage: The Company shall make payments for the premiums necessary to continue group health insurance for you and your spouse under COBRA (or to purchase other comparable health insurance coverage on an individual basis if you are no longer eligible for COBRA coverage) until (x) the date on which you reach the age of 65 or (y) the date on which you are eligible to participate in another employer's group health insurance plan, whichever comes first.

   c. Incentive Bonus: You will be entitled to receive your incentive bonus, if any, earned for the Company's fiscal year 2008, subject to the achievement of performance goals set by the Company's Board of Directors. The incentive bonus shall be paid to you at the time that incentive bonuses are paid to other Company employees, and for avoidance of doubt, you will not be eligible to participate in the Company's incentive bonus plan for its fiscal year 2009 or any time thereafter.

   d. Stock Options: As of the Last Day Worked, you will have 23,950 vested options to purchase Company stock (assuming that you do not exercise any options between the date of this agreement and the Last Day Worked). Any other options you hold as of the Last Day Worked shall be forfeited. Following the Last Day

Worked, you shall be entitled to exercise any options vested as of the Last Day Worked until the earlier of (x) thirty (30) months following the Last Day Worked and (y) the date on which the applicable options expire. All vested options shall continue to be subject to the terms and conditions of the Company's 2007 Stock Equity Plan.

e. Outplacement Assistance: The Company shall provide you with outplacement assistance service which shall be selected and paid for by the Company, so long as you elect to use such service within one (1) year of the Last Day Worked.

f. Vacation Accrual: The Company shall pay you in respect of your accrued vacation as of the Last Day Worked, subject to a maximum of four hundred (400) hours, and such payment shall be made by July 31, 2008. Such payment will be subject to applicable withholding and made in accordance with the Company's normal payroll practices.

g. Performance Shares: You had previously received 23,100 performance shares under the Company's Long Term Incentive Program, which shares were to vest based on (i) achievement of performance goals covering the Company's fiscal years 2007 through 2009 and (ii) your continued employment by the Company through the end of the Company's fiscal year 2009. However, the performances shares shall instead vest based on (x) the achievement of performance goals for the period covering the Company's fiscal years 2007 through 2008, and (y) your continued employment by the Company through the end of the Company's fiscal year 2008. The Company's Board of Directors shall determine the extent to which such performance goals have been achieved, and shall adjust the number of performance shares vested accordingly. All performance shares shall be subject to the terms and conditions of the Company's 2007 Stock Equity Plan.

You certify by executing this Agreement that you agree that the foregoing accurately and fully sets forth all benefits you are entitled to receive from the Company on account of your resignation.

3. Resignation as Officer of Harris Stratex Networks, Inc. By executing this Agreement you agree that you will remain employed through June 27, 2008 but you agree that you will resign as President and Chief Executive Officer effective at close of business April 7, 2008. You also agree to execute other documents provided by the Company to effectuate your resignation from the Harris Stratex Board of Directors as well as from any other directorships or offices you hold on behalf of the Company and/or its affiliates and subsidiaries.

From April 8, 2008 through June 27, 2008 you will remain an active employee in the capacity of Senior Advisor and will work for the Company on an as-needed basis. You will also continue to be paid at your current salary during such period. You agree that you will work two (2) or more days per week and at least ten (10) hours per week. As of your Last Day Worked you may keep, at no cost to you, your Blackberry and personal computer (after IT removes all company information from it). You will remain covered by the

Company’s D&O insurance policy as a past Officer/Director subject to the terms and conditions of such policy.

4. **Surviving Employment Agreement Obligations.** You recognize and agree that your obligations pursuant to sections 7, 8 and 10 of the January 26, 2007 letter (employment) agreement between you and the Company (the “Employment Agreement”) survive beyond the end of your employment with the Company. Your continuing entitlement to the benefits set forth in Section 2 above is pre-conditioned upon your strict and continuing compliance with these obligations.

5. **No Further Benefits.** Unless otherwise provided herein, you will not be entitled to any pay, compensation, severance, insurance, or employment benefits from the Company after your Last Day Worked.

6. **Releasees.** For purposes of this Agreement, “Releasees” include the Company and its affiliated companies and subsidiaries (including, without limitation, Harris Corporation and Harris Stratex Networks Operating Corporation) and their respective officers, directors, shareholders, employees, agents, representatives, plans, trusts, administrators, fiduciaries, insurance companies, successors, and assigns.

7. **Release of All Claims.** You, on behalf of yourself and your personal and legal representatives, heirs, executors, successors and assigns, hereby acknowledge full and complete satisfaction of, and fully and forever waive, release, and discharge Releasees from any and all claims, causes of action, demands, liabilities, damages, obligations, and debts (collectively referred to as “Claims”), of every kind and nature, whether known or unknown, suspected or unsuspected, or fixed or contingent, that you hold as of the date you sign this Agreement, or at any time previously held against any Releasee, arising out of any matter whatsoever (with the exception of breach of this Agreement). This release specifically includes, but is not limited to, any and all Claims:

   a. Arising out of or in any way related to your employment with or separation from the Company, or Harris Corporation, or any contract or agreement between you and the Company or Harris Corporation;

   b. Arising under or based on Title VII of the Civil Rights Act of 1964, as amended; Section 1981 of the Civil Rights Act of 1866; the Equal Pay Act of 1963; the Americans with Disabilities Act of 1990; the National Labor Relations Act; the Worker Adjustment and Retraining Notification Act of 1988; the Employee Retirement Income Security Act of 1974; the Rehabilitation Act of 1973; the Occupational Safety and Health Act; the False Claims Act; the federal Whistleblower Protection Act and any state whistleblower protection statute;

   c. Arising under or based on any other federal, state, county or local law, statute, ordinance, decision, order, policy or regulation prohibiting employment discrimination; providing for the payment of wages or benefits (including overtime); or otherwise creating rights or claims for employees, including, but not limited to, any and all claims

alleging breach of public policy; the implied obligation of good faith and fair dealing; or any express, implied, oral or written contract, handbook, manual, policy statement or employment practice; or alleging misrepresentation; defamation; libel; slander; interference with contractual relations; intentional or negligent infliction of emotional distress; invasion of privacy; false imprisonment; assault; battery; fraud; negligence; or wrongful discharge; or

d. Arising under or based on the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended by the Older Workers Benefit Protection Act ("OWBPA"), and alleging a violation thereof by any Releasee, at any time prior to the effective date of this Agreement.

8. Filing an Action Despite Release. You represent and warrant that: (a) you have no pending claim(s) against any Releasee before any federal, state or local court, administrative agency or other forum; and (b) you will not file any claim or lawsuit against any Releasee with respect to any events occurring on or before the date of this Agreement (this does not include claims to vested benefits or claims which, by law, cannot be waived). If you break either of these promises, you will be required to repay the Company the total dollar value of all pay, insurance, and/or other benefits provided to you from your Last Day Worked to the date of your broken promise, and you also will be liable for the payment of all damages, costs, and attorneys' fees incurred by Releasees in defending any such claim or lawsuit. In addition, if you break either of the promises in (a) or (b) above, the Company may immediately terminate this Agreement, if it is still in effect, without any further obligation or liability of any kind to you. Nothing in this Agreement prohibits you from filing a charge with the Equal Employment Opportunity Commission ("EEOC") or participating in any EEOC investigation. However, you agree not to accept any monetary or other personal relief that might be awarded to you as a result of such a charge. If relief is nonetheless awarded to you as a result of such a charge, or as a result of any legal proceeding brought by you or on your behalf, you agree that the Company will be entitled to recover an amount equal to the total dollar value of all pay, insurance, and/or other benefits provided to you since your Last Day Worked from any money that is awarded to you. This Agreement does not preclude you from bringing suit to challenge the validity or enforceability of this Agreement under the ADEA, as amended by the OWBPA.

9. Confidentiality. In addition to your obligations pursuant to Section 7 of your Employment Agreement, you acknowledge that, while employed by the Company, you had access to and/or acquired and assisted in the development of confidential and proprietary information, inventions, and trade secrets relating to the present and anticipated business and operations of the Company and its subsidiaries and affiliates, including without limitation: research projects; manufacturing processes; sales and marketing methods; business opportunities; marketing plans; sales forecasts and product plans; distributor and customer pricing information; personnel data regarding employees, including salaries and other information of a similar confidential nature not available to the public. You agree to keep confidential and not to disclose or use such confidential or proprietary information without the written consent of the Company or until such time as the information becomes public knowledge. You further agree not to use or disclose confidential or proprietary

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information of the Company or any of its affiliates or subsidiaries to solicit business or potential employees directly or indirectly on behalf of any subsequent employer from any present or prospective customer(s) of the Company or any of its affiliates or subsidiaries. You understand that these obligations continue even after you leave the Company's employ.

10. Harris Stratex Business Ethics Program. You agree that you have received, read, and understand the Company's Code of Conduct and acknowledge that you do not have any information or knowledge as to non-compliance with, or violation of, the policies and standards set forth therein. You also acknowledge that you have no claims, charges, complaints, or pending actions against any Releasee arising from or based upon your employment with the Company, including but not limited to any violation of federal, state, or local laws or regulations or the Company's Code of Conduct.

11. Non-Disparagement. You agree that you will not publicly criticize or disparage the Company or any of its affiliates or subsidiaries (including, without limitation, Harris Corporation or Harris Stratex Networks Operating Corporation), its products or employees, nor will you unlawfully interfere with any of the Company's business relationships.

12. No Admission of Liability. By entering into this Agreement, the Company does not admit to any liability or wrongdoing whatsoever and expressly denies any and all such liability and wrongdoing. In addition, you acknowledge and agree that this Agreement may not be used as evidence to claim or prove any alleged wrongdoing by the Company, other than failure to comply with the terms of this Agreement.

13. Acknowledgement of Rights under the ADEA. You acknowledge as follows:

a. You are advised to consult with an attorney or other representative of your choice prior to signing this Agreement;

b. By executing this Agreement, you waive all rights or claims that you have or may have against any Releasee under the ADEA, as amended by the OWBPA;

c. You are not waiving rights or claims that you may have under the ADEA that may arise after the date this Agreement is signed;

d. You are waiving rights and claims that you may have under the ADEA in exchange for consideration that is additional to anything of value to which you are already entitled;

e. You have had ample opportunity to review this Agreement, fully understand the meaning of each of its terms, and are signing it voluntarily and of your own free will;

f. You received this Agreement on April 7, 2008 and you have been given a period of up to 21 calendar days from that date to consider whether to sign it;

g. If you wish to sign this Agreement prior to the expiration of the 21-day period explained above, you may do so;

h. You have been given a period of seven (7) calendar days following your signature of this Agreement to revoke your release of any claims under the ADEA, and your release of such claims will not become effective until the revocation period has expired without your revoking it (at which time it becomes fully enforceable and irrevocable); and

i. To revoke your release of claims under the ADEA, you must deliver to the Company (by hand, or via both U.S. mail and facsimile), within the 7-day revocation period, a signed written statement that you revoke your release of any claims under the ADEA. The revocation must be postmarked within the period stated above and addressed to:

Name: Steve Gilmore
Title: Vice President — Human Resources
Mailing address: Keystone Park 637 Davis Drive Morrisville, NC 27560
Fax # : 919/767-3231

With a copy to:

Name: Juan Otero
Title: General Counsel and Secretary
Mailing address: 120 Rose Orchard Way, San Jose, CA 94583
Fax # : 408/944-1770

14. **Entire Understanding.** This Agreement constitutes the entire agreement between you and the Company with respect to the subjects addressed herein, and supersedes all prior agreements, understandings and representations, written or oral, with respect to those subjects, including the Employment Agreement except for the provisions of the Employment Agreement which are expressly preserved herein.

15. **Successors and Assigns.** This Agreement will be binding in all respects upon, and will inure to the benefit of, the parties' representatives, heirs, executors, successors, and assigns. In the event of your death before all separation Benefits have been paid, all remaining payments shall be made to your beneficiaries, heirs or executors.

16. **Governing Law.** North Carolina law will govern the validity and interpretation of this Agreement.

17. **Severability.** If any of the provisions herein are determined to be invalid by a court, arbitrator, or government agency of competent jurisdiction, it is agreed that such determination will not affect the enforceability of the other provisions herein.

18. **Preparation of Agreement.** This Agreement will be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the parties hereto.

Regardless of which party initially drafted this Agreement, it will not be construed against any one party, and will be construed and enforced as a mutually-prepared document.

19. **Burden of Proof.** Any party contesting the validity or enforceability of any term of this Agreement will be required to prove by clear and convincing evidence fraud, concealment, failure to disclose material information, unconscionability, misrepresentation, or mistake of fact or law.

20. **Counterparts and Telecopies.** This Agreement may be executed in counterparts, or by copies transmitted electronically, all of which will be given the same force and effect as the original.

21. **Section 409A.** This Agreement shall be interpreted and construed in a manner that avoids the imposition of excise taxes and other penalties under section 409A of the Internal Revenue Code ("409A Penalties"). In the event the terms of this Agreement provide deferred compensation within the meaning of section 409A of the Code and do not comply with such section and regulations promulgated thereunder, the parties shall cooperate diligently to amend the terms of this Agreement to avoid 409A Penalties, to the extent possible. Notwithstanding the foregoing, under no circumstances shall the Company be responsible for any taxes, penalties, interest or other losses or expenses incurred by you due to any failure to comply with section 409A of the Code.

PLEASE READ AND CAREFULLY CONSIDER THIS AGREEMENT BEFORE SIGNING IT. THIS AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, INCLUDING BUT NOT LIMITED TO THOSE MADE UNDER FEDERAL, STATE, AND/OR LOCAL LAWS PROHIBITING DISCRIMINATION IN EMPLOYMENT, TO THE EXTENT PERMITTED BY LAW.

YOU AFFIRM AND ACKNOWLEDGE THAT, EXCEPT AS OTHERWISE PROVIDED HEREIN, THE COMPANY HAS PAID YOU ANY AND ALL WAGES, BONUSES, COMMISSIONS, INCENTIVES, SEVERANCE PAY, AND/OR VACATION PAY OWED TO YOU AS A RESULT OF YOUR EMPLOYMENT AT THE COMPANY, AND YOU AGREE THAT NO SUCH FURTHER PAYMENTS OR AMOUNTS ARE OWED OR WILL BE OWED. YOU FURTHER AUTHORIZE THE COMPANY TO DEDUCT FROM YOUR FINAL PAYCHECK ANY MONIES DUE AND OUTSTANDING BY YOU TO THE COMPANY.

[Remainder of Page Intentionally Left Blank.]

Agreed to:

Executive:	Harris Stratex Networks, Inc.
By: /s/ Guy M. Campbell Guy M. Campbell	By: /s/ Charles D. Kissner Charles D. Kissner Chairman of the Board
Date: ______________________	Date: ______________________

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Exhibit 15

The Board of Directors and Shareholders of Harris Stratex Networks, Inc.

We are aware of the incorporation by reference in the Registration Statement (Form S-8 No. 333-140442) of Harris Stratex Networks, Inc. dated February 5, 2007 of our reports dated November 2, 2007, February 1, 2008 and May 2, 2008 relating to the unaudited condensed consolidated interim financial statements of Harris Stratex Networks, Inc. that are included in its Forms 10-Q for the quarters ended September 28, 2007, December 28, 2007 and March 28, 2008.

/s/ Ernst & Young LLP

Raleigh, North Carolina
May 2, 2008

Exhibit 31.1

CERTIFICATION

I, Harald J. Braun, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Harris Stratex Networks, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: May 6, 2008

/s/ Harald J. Braun

Name: Harald J. Braun

Title: President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Sarah A. Dudash, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Harris Stratex Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 6, 2008

/s/ Sarah A. Dudash

Name: Sarah A. Dudash
Title: Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

Certification
Pursuant to Section 1350 of Chapter 63 of Title 18 of the
United States Code as Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Quarterly Report on Form 10-Q of Harris Stratex Networks, Inc. ("Harris Stratex") for the fiscal quarter ended March 28, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Harald J. Braun, President and Chief Executive Officer of Harris Stratex, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. §1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Harris Stratex as of the dates and for the periods expressed in the Report.

Dated: May 6, 2008

/s/ Harald J. Braun
Name: Harald J. Braun
Title: President and Chief Executive Officer

Exhibit 32.2

Certification
Pursuant to Section 1350 of Chapter 63 of Title 18 of the
United States Code as Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Quarterly Report on Form 10-Q of Harris Stratex Networks, Inc. (“Harris Stratex”) for the fiscal quarter ended March 28, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Sarah A. Dudash, Vice President and Chief Financial Officer of Harris Stratex, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. §1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Harris Stratex as of the dates and for the periods expressed in the Report.

Dated: May 6, 2008

/s/ Sarah A. Dudash
Name: Sarah A. Dudash
Title: Vice President and Chief Financial Officer