



Harris Stratex Networks Reports Q4 Fiscal 2008 Financial Results

Company Increases Revenue Guidance for Q1 FY 2009

Research Triangle Park, NC – September 18, 2008 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), the leading independent supplier of turnkey wireless transmission solutions, today reported complete financial results for the fourth quarter and full year of fiscal 2008, which ended June 27, 2008.

The Company also released restated financial statements for prior periods to correct accounting errors discovered in the course of the fiscal 2008 year-end close. Prior period financial results included in this press release have been restated.

Revenue for the fourth quarter of fiscal 2008 was \$186.8 million, an increase of 7 percent compared to \$174.1 in the year ago period. GAAP net loss was \$13.7 million or \$0.23 per share, which includes \$21.0 million in pre-tax charges associated with inventory impairment, amortization of purchase related assets, merger integration and restructuring, and stock compensation expense. The net loss for the fourth quarter of fiscal 2007 was \$7.2 million.

Non-GAAP Financial Results

Non-GAAP gross margin was 30.6 percent in the fourth quarter of fiscal 2008, operating income was \$5.9 million, and net income was \$4.8 million or \$0.08 per diluted share.

A reconciliation of GAAP to non-GAAP financial measures is provided on Tables 4 and 5 along with the accompanying notes.

Fourth Quarter Revenue by Segment

North America microwave revenue was \$55.1 million in the fourth quarter of fiscal 2008, compared with \$58.8 million in the year ago period and \$56.9 million in the prior quarter. International revenue was \$124.6, compared with \$110.6 million in the year ago period and \$117.1 million in the prior quarter. Strong year-over-year growth was achieved in both Africa, which increased 16 percent, and Europe, Middle East and Russia, which increased 26 percent. Combined fourth quarter revenues for Latin America and Asia Pacific were \$21.1 million, compared with \$25.1 million in the year ago period and \$22.0 million in the prior quarter. Network Operations revenue was \$7.1 million compared with \$4.7 million in the year ago period and \$4.2 million in the prior quarter.

Fiscal 2008 Results

For fiscal year 2008, the Company reported GAAP and non-GAAP revenue of \$718.4 million, compared with non-GAAP revenue of \$653.7 million in the prior year, an increase of 10 percent, and compared with GAAP revenue of \$507.9 million in the prior year, an increase of 41 percent. GAAP net loss for fiscal year 2008 was \$11.9 million, or a loss per share of \$0.20, compared to a net loss of \$21.8 million in the 2007 fiscal year. On a non-GAAP basis, net income was \$34.3 million or \$0.59 per diluted share.

“We believe the strength of our revenue growth year-over-year, the gains made in all of our segments in fiscal 2008 compared with fiscal 2007, along with our increasing percentage of higher-capacity IP-capable product sales, attest to our leadership position in the wireless transmission solution market,” said Harald Braun, president and chief executive officer of Harris Stratex Networks. “We also are pleased to have completed the restatement to correct accounting errors we discovered during our year-end close. We have identified the root causes of the restatement, initiated corrective actions, and are in the process of remediating the control deficiencies that led to the errors. Further, we anticipate that we will file our 2008 annual report on Form 10-K and all restated financial statements by September 25.”

Outlook and Guidance

“The company achieved significant top line growth in all segments in fiscal 2008, and our cash position remained strong in the second half of the year. While the additional expenses incurred in the fourth quarter delayed the expansion of our earnings, the company is well-positioned for achievement of our growth objectives as we enter the new fiscal year. The company has added customers, achieved meaningful top line growth, and developed a significantly enhanced foundation for long-term competitiveness. Our revenue expectations for the first quarter of our new fiscal year, based on the strength of our bookings and our visibility at this point in the quarter, are between \$185 million and \$195 million. This is an increase from our prior

forecast of between \$175 million and \$185 million,” added Braun.

Conference Call

Harris Stratex Networks will host a conference call today to discuss the company's financial results at 4:30 p.m. Eastern Time. Those wishing to join the call should dial 303-262-2142 (no pass code required) at approximately 4:20 p.m. A replay of the call will be available starting one hour after the call's completion until September 25. To access the replay, dial 303-590-3000 (pass code: 11119594 #). A live and archived webcast of the conference call will also be available via the company's Web site at www.HarrisStratex.com/investors/conference-call.

Restated Financial Statements

The Company also released restated financial statements, which are attached to this press release: As previously announced on July 30, 2008, the company concluded that previously issued consolidated financial statements through March 28, 2008 would have to be restated for the correction of errors. The effect of these restatement items decreased shareholders' equity cumulatively by \$15.3 million as of March 28, 2008, \$11.6 million as of June 29, 2007, \$7.7 million as of June 30, 2006, \$4.9 million as of July 1, 2005 and \$1.9 million as of July 2, 2004, respectively. Previously reported net income was decreased by \$3.7 million for the three quarters ended March 28, 2008 and net loss was increased by \$3.9 million, \$2.8 million and \$3.0 million for the fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005, respectively. Details of the nature of the corrections are contained in the attached tables.

The restatements were prepared to correct accounting errors discovered during the course of the fiscal 2008 year-end close. The total amount of restatement adjustments is \$20.8 million, of which \$19.7 million is the cumulative reduction in prior period pre-tax income and \$1.1 million is an increase in goodwill. The Company anticipates filing amended quarterly reports on Form 10-Q for the first three quarters of fiscal 2008 and an amended annual report on form 10-K for fiscal 2007 concurrently with or shortly after the filing of its 2008 annual report on Form 10-K by September 25, 2008.

Litigation

On September 15, 2008 a complaint relating to the Company's prior announcement that it would restate its financial statements was filed in the United States District Court for the District of Delaware. Plaintiff Norfolk County Retirement System filed the complaint against Harris Stratex Networks, Inc., certain members of its Board of Directors and certain of its executive officers on behalf of an alleged class of purchasers of Harris Stratex Networks securities from January 29, 2007 to July 30, 2008 including shareholders of Stratex Networks, Inc. who exchanged shares of Stratex Networks, Inc. for shares of Harris Stratex Networks, Inc. as part of the merger between Stratex Networks and the Microwave Communications Division of Harris Corporation. The complaint alleges violations the Securities Act of 1933 and Exchange Act of 1934 and seeks unspecified damages.

Harris Stratex believes that it has valid defenses to this lawsuit and intends to defend the litigation vigorously. Harris Stratex anticipates that additional similar complaints may be filed in the future and Harris Stratex Networks does not intend to make future announcements regarding this or similar litigation, except as required in its Quarterly Reports on Form 10-Q or Annual Reports on Form 10-K.

Non-GAAP Measures and Comparative Financial Information

Harris Stratex Networks, Inc. reports information in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). On January 26, 2007, the Microwave Communications Division of Harris Corporation and Stratex Networks, Inc. merged into Harris Stratex Networks, Inc. becoming one reporting entity. Accordingly, management of Harris Stratex Networks monitors revenues, cost of product sales and services, research and development expenses, selling and administrative expenses, operating income or loss, tax expense or benefit, net income or loss, and net income or loss per share for the new combined entity on a non-GAAP basis for planning and forecasting results in future periods, and may use these measures for some management compensation purposes. As such, historical non-GAAP combined information has been included in this press release for comparative purposes. These measures exclude certain costs and expenses as shown on the attached GAAP reconciliation table. As a result, management is presenting these non-GAAP measures in addition to results reported in accordance with GAAP to better communicate underlying operational and financial performance in each period. Management believes these non-GAAP measures provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionate positive or negative impact on results in any given period. Management also believes that these non-GAAP measures enhance the ability of an investor to analyze trends in Harris Stratex Networks' business and to better understand our performance.

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

About Harris Stratex Networks

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

Forward-Looking Statements

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

- the volume, timing and customer, product and geographic mix of our product orders may have an impact on our operating results;
- the failure to obtain and retain expected cost synergies from the merger;
- continued price erosion as a result of increased competition in the microwave transmission industry;
- the ability to achieve business plans for Harris Stratex Networks;
- the ability to manage and maintain key customer relationships;
- the effect of technological changes on Harris Stratex Networks' businesses;
- the ability to maintain projected product rollouts, product functionality, anticipated cost reductions or market acceptance of planned products;
- unanticipated future costs or expenses associated with the integration of our previously separate operations and business;
- the ability of our subcontractors to perform or our key suppliers to manufacture or deliver material;
- customers may not pay for products or services in a timely manner, or at all;
- the failure of Harris Stratex Networks to protect its intellectual property rights and its ability to defend itself against intellectual property infringement claims by others;
- currency and interest rate risks;
- the impact of political, economic and geographic risks on international sales;
- the impact of slowing growth in the wireless telecommunications market combined with supplier and operator consolidations; and
- supplier pricing pressure.

For more information regarding the risks and uncertainties for our business as well as risks relating to the combination of the former Harris Corporation Microwave Communications Division and the former Stratex Networks, see "Risk Factors" in our form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on August 27, 2007, as well as other reports filed by Harris Stratex Networks with the SEC from time to time. Harris Stratex Networks undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

[HSTX FY08 Q4 & YE GAAP Tables](#)

Index to Restated Financial Statements

[HSTX FY08 & FY07 Quarterly Financial Tables \(Restated\)](#)

[HSTX FY05-FY08 Restated GAAP Financial Statements](#)

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