



Harris Stratex Networks Announces Q4 Fiscal 2009 and FY 2009 Financial Results

Reports Q4 revenue of \$135.2 million and strong cash performance

Research Triangle Park, N.C. – Aug. 20, 2009 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), a leading provider of wireless solutions that enable the evolution of next-generation fixed and mobile broadband networks, today reported financial results for the fourth quarter and fiscal year 2009, which ended July 3, 2009.

Revenue for the fourth quarter of fiscal 2009 was \$135.2 million, compared with \$186.8 million in the year ago period. GAAP net loss was \$3.4 million or \$0.06 per share, compared with a GAAP net loss of \$13.7 million or \$0.23 per share in the year ago quarter.

Non-GAAP Financial Results

Non-GAAP net income for the quarter was \$5.1 million, or \$0.09 per diluted share, compared with non-GAAP net income of \$4.8 million, or \$0.08 per diluted share, in the year ago quarter. The favorable non-GAAP gross margin of \$50.1 million, or 37.1 percent, was driven primarily by the favorable margin impact on some projects, gains on currency translations, decreased warranty expenses, favorable purchase price variance and product mix. Approximately \$8 million of the favorable margin impact was in the form of one time amounts that are not anticipated to recur in subsequent quarters. Non-GAAP results exclude \$18.9 million of pre-tax charges comprised primarily of a \$10.6 million non-cash intangible trade name impairment charge, \$4.3 million of restructuring and stock compensation expense and \$3.7 million for amortization of purchased intangibles.

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

As of the year end on July 3, 2009 cash, cash equivalents and short-term investments were \$137.1 million, compared with \$116.2 million as of the quarter ended April 3, 2009. The Company generated positive operating cash flow of \$26.0 million in the quarter.

Fourth Quarter Revenue by Business Segment

Revenue in the North America segment was \$58.5 million in the fourth quarter of fiscal 2009, compared with \$55.1 million in the year ago period. International revenue was \$73.3 million, compared with \$124.6 million in the year ago period. Network Operations revenue was \$3.4 million, compared with \$7.1 million in the year ago period.

“We are pleased that our continued focus on cash management delivered the second consecutive quarter of record cash balances, as well as positive operating cash flow for the eighth consecutive quarter,” said Harald Braun, president and chief executive officer of Harris Stratex Networks. “Our overall revenue for the fourth quarter reminds us that the global economic slowdown is restraining our full revenue growth potential. As we announced on August 7, during our year-end review, we determined that sales under one large contract expected in the quarter were classified as deferred revenue that is expected to be recognized in a subsequent period.”

“We see infrastructure build-outs continuing worldwide, along with demand for mobile backhaul solutions to resolve bottlenecks from increasing data traffic,” continued Braun. “We are seeing signs that North America has begun to stabilize and Asia Pacific is posting gains both in bookings and revenue. Despite these positive aspects, uncertainty in credit markets and the global economic downturn continue to restrict our customers’ ability to place orders in a timely manner and at the scale desired.”

Fiscal 2009 Results

For fiscal year 2009, the Company reported revenue of \$679.9 million, compared with revenue of \$718.4 million in the prior year. GAAP net loss for fiscal year 2009 was \$355.0 million, or a loss per share of \$6.05, compared with a net loss of \$11.9 million, or a loss per share of \$0.20 for fiscal year 2008. The fiscal year 2009 results include \$2.9 million in additional currency translation expense that has been included the cost of product sales and services. This expense is presented on a quarterly basis in a footnote to Tables 1 and 4. On a non-GAAP basis, net income was \$28.3 million or \$0.48 per diluted share compared with net income of \$34.4 million or \$0.59 per diluted share in the prior year period. Fiscal year 2009 non-GAAP results exclude \$373.0 million of pre-tax charges comprised of \$311.6 million for goodwill and intangible impairment charges, \$29.8 million for product transition charges, \$14.8 million for amortization of purchased intangibles, \$11.2 million for restructuring and stock compensation expense, and \$5.6 million for write-off of acquired in-process R&D and software.

Outlook and Guidance

Due to the current macro-economic situation, it is difficult to provide financial guidance, and it is likely that Harris Stratex Networks' actual results could differ materially from current expectations.

The Company's current revenue expectations for the first quarter of fiscal year 2010 are in the range of \$120 million to \$140 million.

The Company remains committed to executing its strategy to transition to a single, IP-based product platform and a fully outsourced manufacturing model. The Company will continue to manage its operating expense levels while maintaining its investment in the technology innovation that distinguishes Harris Stratex.

Conference Call

Harris Stratex Networks will host a conference call today at 4:30 p.m. Eastern Time to discuss the company's financial results. Those wishing to join the call should dial 480-629-9770 (Conference ID: 4118139) at approximately 4:20 p.m. A replay of the call will be available starting approximately one hour after the call's completion until August 26. To access the replay, dial 303-590-3030 (Conference ID: 4118139). A live and archived webcast of the conference call will also be available via the company's Web site at www.HarrisStratex.com/investors/conference-call.

Non-GAAP Measures and Comparative Financial Information

Harris Stratex Networks, Inc. reports information in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). 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 on a non-GAAP basis for planning and forecasting results in future periods, and may use these measures for some management compensation 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, Inc.

Harris Stratex Networks, Inc. is a leading provider of wireless solutions that enable the evolution of next-generation fixed and mobile broadband networks. 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", "view", 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:

- *downturn in the global economy affecting customer spend;*
- *continued price erosion as a result of increased competition in the microwave transmission industry;*
- *the volume, timing and customer, product and geographic mix of our product orders may have an impact on our operating results;*
- *the ability to achieve business plans for Harris Stratex Networks;*

- *the ability to manage and maintain key customer relationships;*
- *the ability to maintain projected product rollouts, product functionality, anticipated cost reductions or market acceptance of planned products;*
- *the ability to successfully integrate entities acquired by Harris Stratex Networks;*
- *future costs or expenses related to litigation;*
- *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;*
- *our ability to remediate our material weaknesses in internal control.*

For more information regarding the risks and uncertainties for our business, see “Risk Factors” in our form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on September 25, 2008 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.

[Financial tables can be accessed by clicking here.](#)

Contacts

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