



Harris Stratex Networks Reports Q3 Fiscal 2008 Financial Results

Research Triangle Park, NC – April 29, 2008 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), the leading independent supplier of turnkey wireless transmission solutions, today reported financial results for the third quarter of fiscal 2008, which ended March 28, 2008.

Revenue for the third quarter of fiscal 2008 was \$178.2 million. GAAP net income was \$7.3 million or \$0.09 per diluted share, which includes \$7.3 million in pre-tax charges associated with the merger transaction, integration and stock compensation expense.

Non-GAAP Financial Results

On a non-GAAP basis, the third quarter revenue of \$178.2 million was an increase of 21 percent compared with \$146.8 million in the prior year quarter. Non-GAAP gross margin was 31 percent in the third quarter of fiscal 2008, operating income was \$16.5 million, and net income was \$11.9 million or \$0.20 per diluted share.

A reconciliation of GAAP to non-GAAP financial measures is provided on Tables 4 and 6 along with the accompanying notes.

In its seasonally softest quarter, North America microwave grew 16 percent year-over-year with revenue of \$56.9 million. This compares with \$63.8 million in the prior quarter.

International revenue of \$117.1 million grew 6 percent from the prior quarter and increased 27 percent compared with the year-ago period. Growth was led by revenue from Africa at \$55.9 million, which increased 36 percent sequentially, and 49 percent when compared with the year-ago quarter, reflecting a rebound in capital investment following a series of operator consolidations. Revenue in Europe, the Middle East and Russia was \$39.2 million, a sequential increase of 23 percent and an increase of 17 percent compared with the year-ago period. Combined Q3 revenues for Latin America and Asia Pacific were \$22.0 million, compared with \$37.8 million in the prior quarter and \$21.4 million in the year-ago period. Network Operations revenue was \$4.2 million compared with \$6.5 million in the prior quarter and \$5.2 million in the year-ago period.

"I am pleased with our 21 percent year-over-year revenue improvement. In particular, I am pleased with the rebound in Africa as shipments to major operators gained traction," said Harald Braun, president and chief executive officer of Harris Stratex Networks.

"During the quarter we took remedial steps to improve logistics issues, and we renegotiated our freight costs, the benefits of which should be realized in future quarters," added Braun. "I am encouraged to see the integration successes as the company continues to capture cost synergies from the merger. I have already formed a team to address the areas where additional costs can be removed to both improve gross margins and reduce operating expenses."

Outlook and Guidance

Based on the strength of its revenue momentum exiting Q3, the company now believes revenue for fiscal 2008 will be at the high end of prior guidance. Due to continued pressure on gross margin, non-GAAP earnings for fiscal 2008 are expected to be at the low end of prior guidance. This excludes transition costs related to the company's management changes in the fourth quarter, which will be included in non-GAAP results.

"We enter our fourth quarter with a positive book to bill driven by orders in North America and Africa," said Braun. "While our near term cost issues are challenging, the opportunity in our market is sizeable and we plan to compete aggressively and improve our financial performance."

Conference Call

Harris Stratex Networks will host a conference call today to discuss the company's financial results at 5:30 p.m. Eastern Time. Those wishing to join the call should dial 303-262-2175 (no pass code required) at approximately 5:20 p.m. A replay of the call will be available starting one hour after the call's completion until May 6. To access the replay, dial 303-590-3000 (pass code: 11111496 #). 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. and the Microwave Communications Division of Harris Corporation report information in

accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The GAAP information presented in this press release consists of the results of operations, cash flows and financial position of Harris Stratex Networks, Inc. for the quarter and three quarters ended March 28, 2008 and March 30, 2007. On January 26, 2007, the Microwave Communications Division of Harris Corporation and Stratex Networks, Inc. merged into Harris Stratex Networks, Inc. and became one reporting entity. Accordingly, management of Harris Stratex Networks will monitor revenues, cost of product sales and services, research and development expenses, selling and administrative expenses, operating income or loss, tax expense or benefit, net income or loss, and net income or loss per share for the new combined entity for planning and forecasting results in future periods, and may use these measures for some management compensation purposes. As such, historical non-GAAP combined information has been included in this press release for comparative purposes. These measures exclude certain costs and expenses as discussed herein. As a result, management is presenting these non-GAAP measures in addition to results reported in accordance with GAAP to better communicate underlying operational and financial performance in each period. Management believes these non-GAAP measures provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionate positive or negative impact on results in any given period. Management also believes that these non-GAAP measures enhance the ability of an investor to analyze trends in Harris Stratex Networks' business and to better understand our performance.

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

About Harris Stratex Networks

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

Forward-Looking 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;
- the ability to successfully integrate the operations, personnel and businesses of the former Stratex Networks, Inc. with those of the former Microwave Communications Division of Harris Corporation;
- the ability 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.

[Financial Tables Attached.](#)

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