

**HARRIS STRATEX NETWORKS, INC.**

**Fiscal Year 2010 First Quarter Summary**

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURE**

To supplement our consolidated financial statements presented in accordance with accounting principles generally accepted in the United States (GAAP), we provide additional measures of revenue, cost of product sales and services, gross margin, research and development expenses, selling and administrative expenses, operating income (loss), income (loss) before income taxes, income taxes, net income (loss), and net income (loss) per basic and diluted share adjusted to exclude certain costs, charges, expenses and losses, including such amounts related to our merger with Stratex Networks. Harris Stratex Networks, Inc. (“we” or “our”) believes that these non-GAAP financial measures, when considered together with the GAAP financial measures provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionate positive or negative impact on results in any particular period. We also believe these non-GAAP measures enhance the ability of investors to analyze trends in our business and to understand our performance. In addition, we may utilize non-GAAP financial measures as a guide in our forecasting, budgeting and long-term planning process and to measure operating performance for some management compensation purposes. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follows.

**Table 1**  
**HARRIS STRATEX NETWORKS, INC.**

**Fiscal Year 2010 First Quarter Summary**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	Quarter Ended							
	October 2, 2009			September 26, 2008				
	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales	As Reported	Non-GAAP Adjustments	Non-GAAP	
(In millions, except per share amounts)								
Revenue from product sales and services .....	\$ 120.0	\$ —	\$ 120.0		\$ 195.8	\$ —	\$ 195.8	
Cost of product sales and services (A) .....	(80.2)	0.2	(80.0)		(134.9)	0.4	(134.5)	
Amortization of purchased technology (B) .....	(2.1)	2.1	—		(1.8)	1.8	—	
Gross margin .....	37.7	2.3	40.0	33.3%	59.1	2.2	61.3	31.3%
Research and development expenses (C) .....	(10.7)	0.1	(10.6)	8.8%	(10.2)	0.2	(10.0)	5.1%
Selling and administrative expenses (D) .....	(30.8)	1.1	(29.7)	24.8%	(36.5)	1.1	(35.4)	18.1%
Amortization of intangible assets (E) .....	(1.5)	1.5	—		(1.4)	1.4	—	
Restructuring charges (F) .....	(1.1)	1.1	—		(3.3)	3.3	—	
Operating (loss) income .....	(6.4)	6.1	(0.3)	(0.3)%	7.7	8.2	15.9	8.1%
Interest income .....	—	—	—		0.4	—	0.4	
Interest expense .....	(0.5)	—	(0.5)		(0.7)	—	(0.7)	
(Loss) income before income taxes .....	(6.9)	6.1	(0.8)	Tax rate	7.4	8.2	15.6	Tax rate
Provision for income taxes (G) .....	(0.9)	0.9	—	0%	(0.9)	(2.8)	(3.7)	24%
Net (loss) income .....	<u>\$ (7.8)</u>	<u>\$ 7.0</u>	<u>\$ (0.8)</u>		<u>\$ 6.5</u>	<u>\$ 5.4</u>	<u>\$ 11.9</u>	
Net (loss) income per common share of Class A and Class B common stock (Notes 1 and 2):								
Basic .....	<u>\$ (0.13)</u>		<u>\$ (0.01)</u>		<u>\$ 0.11</u>		<u>\$ 0.20</u>	
Diluted .....	<u>\$ (0.13)</u>		<u>\$ (0.01)</u>		<u>\$ 0.10</u>		<u>\$ 0.20</u>	
Basic weighted average shares outstanding .....	<u>58.9</u>		<u>58.9</u>		<u>58.5</u>		<u>58.5</u>	
Diluted weighted average shares outstanding .....	<u>58.9</u>		<u>58.9</u>		<u>58.5</u>		<u>58.5</u>	

- (1) The net (loss) income 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 ended September 26, 2008, the calculation of diluted earnings per share includes a potential deduction to net income of \$0.2 million for the assumed after-tax effect of the change in fair value of warrants using the "treasury stock" method.

**Notes to Table 1:**

**Note A** – Cost of sales and services – Includes adjustment to cost of product sales and services for the first quarter of fiscal 2010 to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets (\$0.1 million) and adjustment to remove FAS 123R expense (\$0.1 million).

For the first quarter of fiscal 2009, includes adjustment to cost of product sales and services to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets (\$0.2 million) and adjustment to remove FAS 123R expense (\$0.2 million).

**Note B** – Amortization of purchased technology - Adjustment for the first quarters of fiscal 2010 and 2009 to remove amortization of purchased intangibles.

**Note C** – Research and development expenses - Adjustment for the first quarter of fiscal 2010 to remove FAS 123R expense of \$0.1 million.

For the first quarter of fiscal 2009, adjustment is to remove FAS 123R expense of \$0.2 million.

**Note D** – Selling and administrative expenses – Includes adjustment for the first quarter of fiscal 2010 to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets (\$0.1 million), to remove FAS 123R expense (\$0.9 million) and to remove expenses related to rebranding in connection with the anticipated change in Company name required by the license agreement termination notice from Harris Corporation (\$0.1 million).

For the first quarter of fiscal 2009, includes adjustment to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets (\$0.4 million) and FAS 123R expense (\$0.7 million).

**Note E** – Amortization of intangible assets - Adjustment for the first quarters of fiscal 2010 and 2009 to remove amortization of purchased intangibles.

**Note F** – Restructuring charges - Adjustment to remove charges for restructuring incurred during the first quarters of fiscal 2010 and 2009.

**Note G** – Provision for income taxes - Adjustment to reflect a zero pro forma percent tax rate for the first quarter of fiscal 2010 and a pro forma 24 percent tax rate for the first quarter of fiscal 2009.

Table 2

HARRIS STRATEX NETWORKS, INC.

Fiscal Year 2010 First Quarter Summary  
 SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA  
 (Unaudited)

	Quarter Ended					
	October 2, 2009			September 26, 2008		
	As Reported	Non-GAAP Adjustments	Non-GAAP	As Adjusted (1)	Non-GAAP Adjustments	Non-GAAP
North America (1)	\$ 48.0	\$ —	\$ 48.0	\$ 63.0	\$ —	\$ 63.0
International (1):						
Africa .....	29.9	—	29.9	65.8	—	65.8
Europe, Middle East, and Russia.....	18.6	—	18.6	37.8	—	37.8
Latin America and AsiaPac .....	23.5	—	23.5	29.2	—	29.2
<b>Total International .....</b>	<b>72.0</b>	<b>—</b>	<b>72.0</b>	<b>132.8</b>	<b>—</b>	<b>132.8</b>
	<u>\$ 120.0</u>	<u>\$ —</u>	<u>\$ 120.0</u>	<u>\$ 195.8</u>	<u>\$ —</u>	<u>\$ 195.8</u>

(1) We previously reported three operating segments in our public filings: North America Microwave, International Microwave and Network Operations. During the first quarter of fiscal 2010, we realigned the management structure of our Network Operations segment to geographically integrate with our North America Microwave and International Microwave segments to gain cost efficiencies. As a result, we eliminated the Network Operations segment as a separate reporting unit and consolidated this segment into our remaining two segments that are based on the geographical location where revenue is recognized. Additionally, we have dropped the word “Microwave” from the name of our North America and International segments. Segment information for the first quarter of fiscal 2009 has been adjusted to reflect this change.